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# Nebraska's Income Growth Continues as Job Growth Slows

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# Business in Nebraska

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## Nebraska's Income Growth Continues as Job Growth Slows

*John Austin and Members of the Nebraska Business Forecast Council*

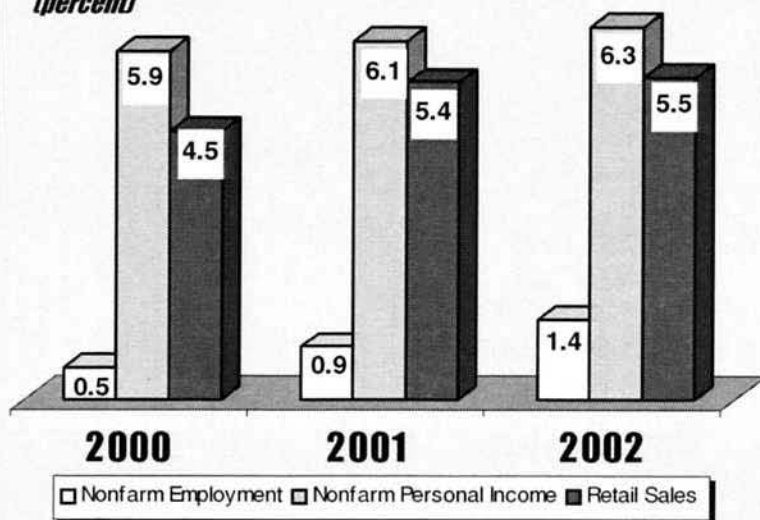
### Overview

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

**Figure 1**  
**Key Economic Growth Rates**  
(percent)



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 year-to-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 data<sup>1</sup> 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

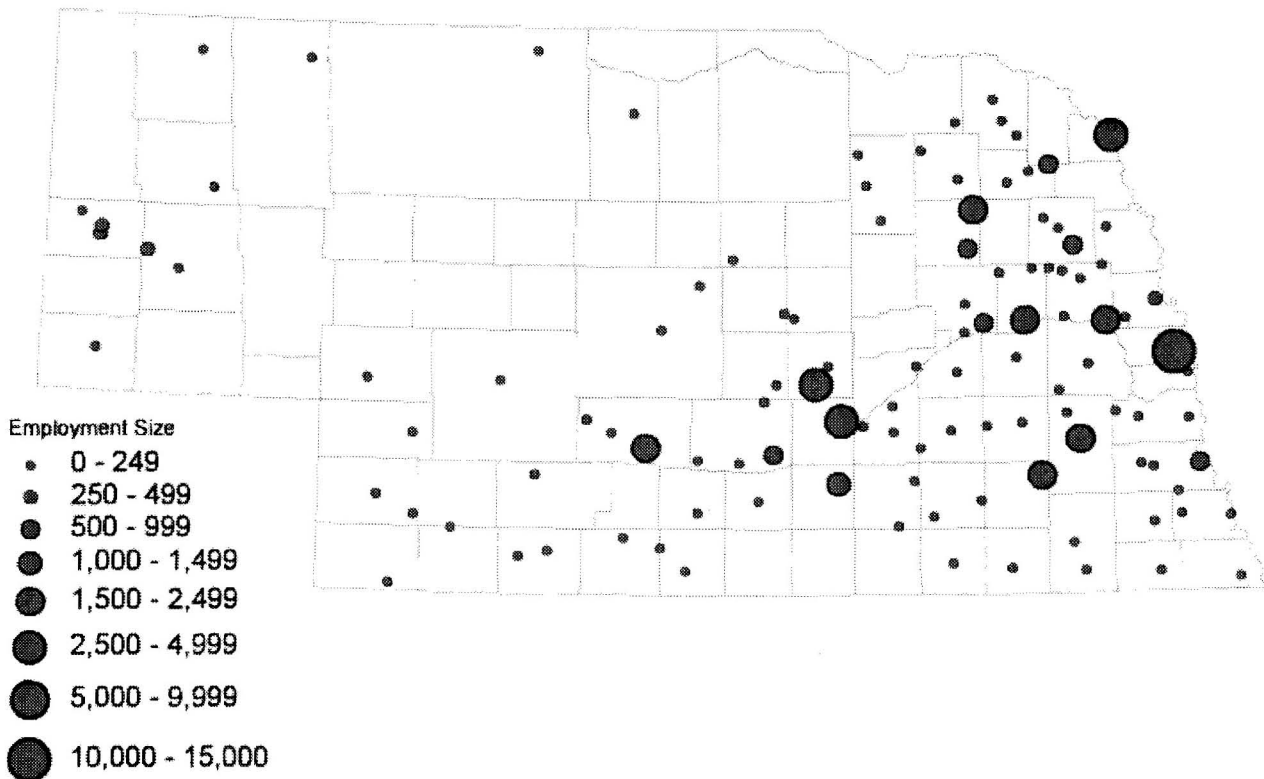
*Ernie Goss, Donis Petersan, and Charles Lamphear*

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 percent 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

<sup>1</sup>The data are derived from BEA's state personal income quarterly estimates program. Official annual estimates are issued with a substantial lag.

**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.

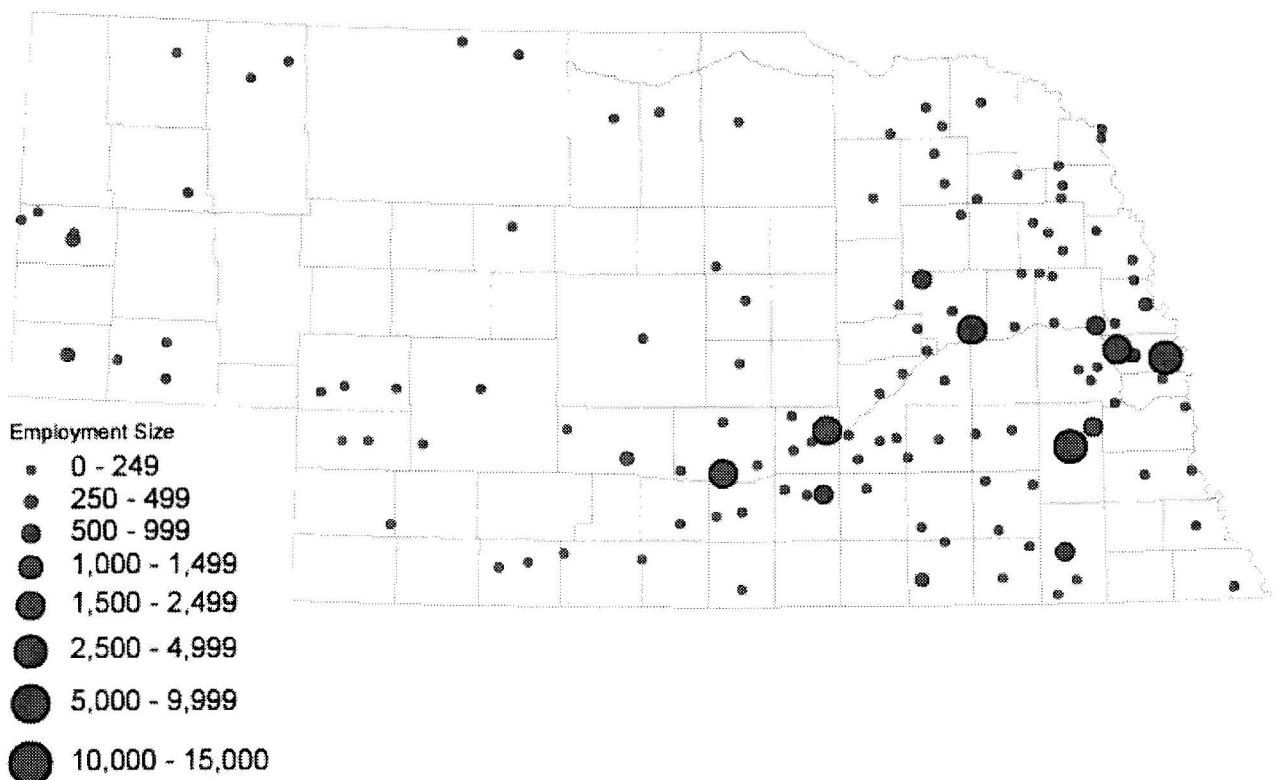
### **Construction and Mining**

*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**



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

	<i>Manufacturing</i>					<i>Retail</i>	<i>Wholesale</i>			<i>Federal</i>	<i>State &amp; Local</i>
	<i>Total</i>	<i>Durables</i>	<i>Non-durables</i>	<i>Const't &amp; Mining</i>	<i>TCU<sup>1</sup></i>	<i>Trade</i>	<i>Trade</i>	<i>FIRE</i>	<i>Services</i>	<i>Gov't</i>	<i>Gov't</i>
1997	872,381	56,764	59,228	39,708	53,448	155,202	54,763	54,655	229,409	32,837	136,367
1998	891,998	57,479	61,338	42,241	55,872	157,370	54,708	57,996	238,230	31,870	134,894
1999	906,027	56,848	60,653	44,390	57,426	159,943	55,419	60,932	243,156	31,250	136,010
2000	910,929	56,564	60,653	46,610	58,287	158,344	55,807	61,541	244,615	31,406	137,102
2001	919,059	56,422	60,805	49,173	58,870	158,344	55,974	62,772	248,040	30,464	138,195
2002	931,525	56,422	60,957	51,976	59,753	159,927	56,310	64,341	253,000	29,550	139,287
<b>Annual Percent Changes</b>											
1997	2.5	3.6	0.6	5.1	6.5	0.2	3.4	3.0	3.9	0.3	0.7
1998	2.2	1.3	3.6	6.4	4.5	1.4	-0.1	6.1	3.8	-2.9	-1.1
1999	1.6	-1.1	-1.1	5.1	2.8	1.6	1.3	5.1	2.1	-1.9	0.8
2000	0.5	-0.5	0.0	5.0	1.5	-1.0	0.7	1.0	0.6	0.5	1.5
2001	0.9	-0.3	0.3	5.5	1.0	0.0	0.3	2.0	1.4	-3.0	1.2
2002	1.4	0.0	0.3	5.7	1.5	1.0	0.6	2.5	2.0	-3.0	0.9
<b>Average Annual Growth Rates</b>											
1990 to 1992	1.2	-1.7	4.5	2.0	1.0	1.2	-1.0	1.0	2.1	-4.3	2.1
1992 to 1995	2.6	4.8	2.7	6.6	1.7	3.3	0.3	2.1	4.4	-3.8	0.9
1995 to 1999	2.1	1.3	1.0	5.4	3.7	1.4	1.2	3.7	3.6	-1.7	0.3
1990 to 1999	2.1	1.8	2.3	5.0	2.4	2.0	0.4	2.6	3.5	-3.0	0.9

Federal government column has been revised to include military.

<sup>1</sup>Transportation, Communication, & Utilities

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 2**  
**Nonfarm Personal Income and Selected Components and Net Farm Income (USDA)**  
**(\$ millions)**

**Annual Averages**

	<i>Nonfarm Personal Income</i>	<i>DIR<sup>1</sup></i>	<i>Transfer Payments</i>	<i>Nonfarm Wages &amp; Salaries</i>	<i>Other Labor Income</i>	<i>Nonfarm Proprietors' Income</i>	<i>Net Farm Income USDA Basis</i>
1997	39,056	8,397	5,186	22,024	2,696	3,142	2,068
1998	41,393	8,863	5,472	23,454	2,748	3,367	1,833
1999	43,585	9,240	5,678	24,891	2,839	3,606	1,651
2000	46,152	9,840	5,962	26,318	2,952	3,913	1,925
2001	48,946	10,480	6,260	27,891	3,073	4,226	1,825
2002	52,020	11,161	6,573	29,695	3,202	4,543	1,900

**Annual Percent Changes**

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

**Average Annual Growth Rates**

1990 to 1992	5.6	3.4	8.7	5.5	9.1	3.9	0.1
1992 to 1995	5.9	5.4	5.9	5.6	3.6	11.3	-13.3
1995 to 1999	5.6	5.1	4.9	6.5	1.0	6.4	0.3
1990 to 1999	5.7	4.8	6.1	6.0	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.

<sup>1</sup>Dividends, Interest, and Rent

employment somewhat above the usual seasonal cutback for the early winter months.

Growth rates in total shipments in the transportation category are increasing faster than growth rates in employment. Technology, consolidation, and good management may contribute to improved operational efficiencies. Fuel cost is a problem for transportation in general, although most of the recent increases were passed on to customers through surcharges.

Competition for qualified employees is intense in a tight labor market. The growth rate for TCU wages will mimic the growth rate for the state's nonfarm wages over the forecast period.

### **Retail Trade**

*Franz Schwarz*

Year-to-date (January through September 2000) data indicate that Nebraska's retail employment declined 1.3 percent from the same period in 1999. Nebraska's overall tight labor market and competition from the other higher paying sectors of the economy caused a high employee turnover rate. These problems are expected to persist in the near future.

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.

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 in-state 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<sup>2</sup>. 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.

The forecast of employment levels and wage rates<sup>3</sup> 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.

<sup>2</sup>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.

<sup>3</sup>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.



## 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.<sup>4</sup>

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.<sup>5</sup>

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 3**  
**Net Taxable Retail Sales, Annual Totals**  
**(\$ millions)**

	<i>Total Sales</i>	<i>Motor Vehicle Retail Sales</i>	<i>Other Retail Sales</i>
1997	17,815	2,205	15,610
1998	19,005	2,417	16,588
1999	19,752	2,523	17,229
2000	20,650	2,664	17,986
2001	21,756	2,819	18,937
2002	22,943	2,980	19,963
<b>Annual Percent Changes</b>			
1997	5.7	6.6	5.6
1998	6.7	9.6	6.3
1999	3.9	4.4	3.9
2000	4.5	5.6	4.4
2001	5.4	5.8	5.3
2002	5.5	5.7	5.4
<b>Average Annual Growth Rates</b>			
1990 to 1992	3.6	-0.5	4.1
1992 to 1995	5.8	8.2	5.5
1995 to 1999	5.6	7.6	5.3
1990 to 1999	5.2	5.9	5.1

<sup>4</sup>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.

<sup>5</sup>On-line sales are not captured in the net taxable sales figures.

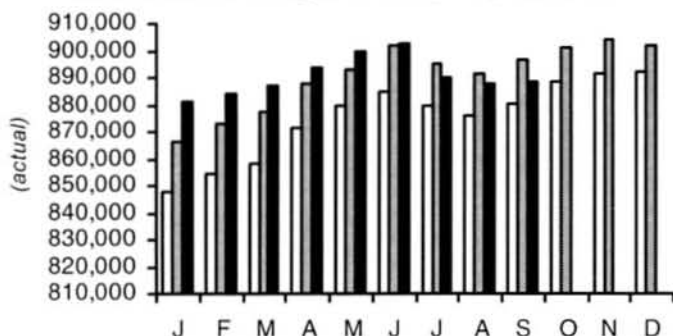
# FORECAST

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

1998 1999 2000

### Total Nonfarm Wage & Salary Employment



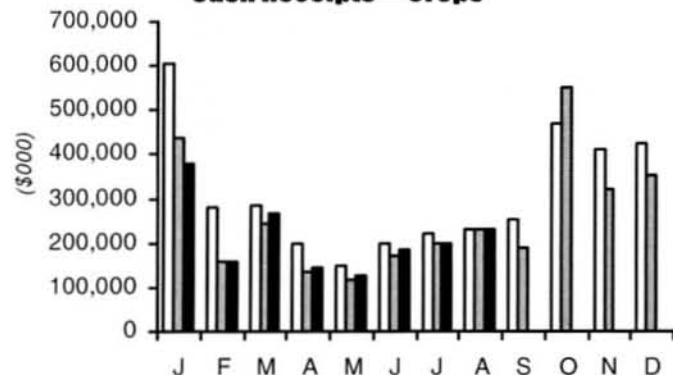
### Unemployment Rate



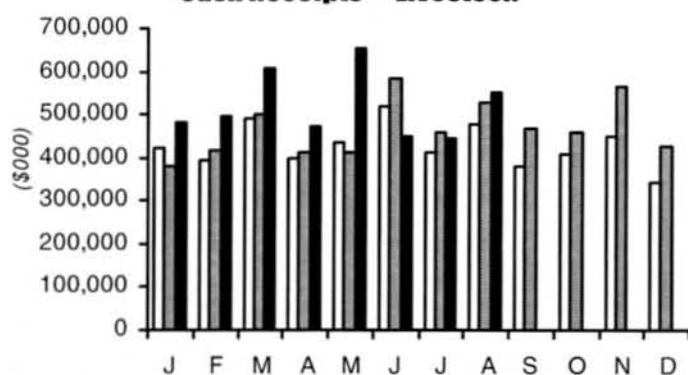
Note: All 1999 and 2000 monthly employment data are considered estimates until benchmarked. Data shown for 1999 and 2000 are the most current revised estimates available. Final benchmarked monthly data for 1999 are expected to be released by the Nebraska Department of Labor in mid-2000.

1998 1999 2000

### Cash Receipts—Crops



### Cash Receipts—Livestock



# Net Taxable Retail Sales\* for Nebraska Cities (\$000)

	August 2000 (\$000)	YTD (\$000)	YTD % Change vs Yr. Ago		August 2000 (\$000)	YTD (\$000)	YTD % Change vs Yr. Ago
Ainsworth, Brown	1,853	12,397	-11.9	Kenesaw, Adams	191	1,819	-3.6
Albion, Boone	1,712	13,216	-5.0	Kimball, Kimball	1,862	14,547	5.6
Alliance, Box Butte	6,044	45,834	-1.6	La Vista, Sarpy	10,550	80,700	12.2
Alma, Harlan	579	4,580	-15.4	Laurel, Cedar	307	2,755	-0.6
Arapahoe, Furnas	979	6,509	11.2	Lexington, Dawson	7,901	60,084	7.6
Arlington, Washington	247	1,761	10.5	Lincoln, Lancaster	232,135	1,720,738	5.3
Arnold, Custer	257	2,302	10.4	Louisville, Cass	859	4,552	-0.8
Ashland, Saunders	1,488	10,934	13.5	Loup City, Sherman	430	3,433	-32.7
Atkinson, Holt	1,097	8,320	6.2	Lyons, Burt	585	3,489	-5.4
Auburn, Nemaha	2,294	19,063	3.4	Madison, Madison	714	6,317	4.7
Aurora, Hamilton	2,347	18,533	-9.9	McCook, Red Willow	12,271	94,988	5.4
Axtell, Kearney	60	487	0.6	Milford, Seward	805	6,875	-5.0
Bassett, Rock	596	3,978	0.4	Minatare, Scotts Bluff	149	1,263	10.4
Battle Creek, Madison	1,059	5,208	1.0	Minden, Kearney	2,032	14,562	-1.2
Bayard, Morrill	453	3,569	5.4	Mitchell, Scotts Bluff	498	4,868	-13.7
Beatrice, Gage	11,924	93,324	10.5	Morrill, Scotts Bluff	565	4,362	14.3
Beaver City, Furnas	151	1,062	4.4	Nebraska City, Otoe	6,596	49,115	-2.1
Bellevue, Sarpy	20,665	163,621	5.2	Neligh, Antelope	1,377	10,745	-0.4
Benkelman, Dundy	615	4,708	6.5	Newman Grove, Madison	287	2,237	-0.9
Bennington, Douglas	642	4,733	10.6	Norfolk, Madison	33,015	247,403	7.0
Blair, Washington	6,925	55,154	2.7	North Bend, Dodge	471	3,987	1.6
Bloomfield, Knox	519	3,995	-17.7	North Platte, Lincoln	26,206	190,277	4.0
Blue Hill, Webster	441	3,317	-5.7	O'Neill, Holt	4,769	35,505	6.9
Bridgeport, Morrill	1,203	9,270	2.7	Oakland, Burt	559	4,612	-18.2
Broken Bow, Custer	3,883	30,696	5.5	Ogallala, Keith	6,537	46,141	-0.9
Burwell, Garfield	970	6,355	7.0	Omaha, Douglas	515,738	3,949,104	3.4
Cairo, Hall	358	2,427	18.5	Ord, Valley	2,238	16,089	6.5
Central City, Merrick	1,704	13,889	-0.9	Osceola, Polk	481	3,993	-29.7
Ceresco, Saunders	1,589	10,444	-3.8	Oshkosh, Garden	430	3,390	-5.4
Chadron, Dawes	5,847	38,411	3.0	Osmond, Pierce	484	3,539	-2.2
Chappell, Deuel	477	3,773	-0.9	Oxford, Furnas	399	3,443	-6.0
Clarkson, Colfax	421	3,280	-0.3	Papillion, Sarpy	7,410	58,645	1.3
Clay Center, Clay	235	2,311	-24.6	Pawnee City, Pawnee	243	2,320	-9.1
Columbus, Platte	22,190	167,836	3.6	Pender, Thurston	802	5,995	2.9
Cozad, Dawson	3,020	24,626	1.4	Pierce, Pierce	692	4,914	-2.9
Crawford, Dawes	814	4,828	6.5	Plainview, Pierce	582	5,199	6.3
Creighton, Knox	1,014	7,823	-18.0	Plattsmouth, Cass	3,687	27,369	-0.5
Crete, Saline	3,064	22,203	-20.8	Ponca, Dixon	275	2,048	-49.3
Crofton, Knox	429	2,963	-7.1	Ralston, Douglas	3,539	26,594	5.2
Curtis, Frontier	384	2,779	-1.4	Randolph, Cedar	386	3,124	-1.2
Dakota City, Dakota	425	3,393	1.8	Ravenna, Buffalo	508	4,483	-20.7
David City, Butler	1,879	12,659	8.5	Red Cloud, Webster	639	5,478	2.7
Deshler, Thayer	323	2,403	7.7	Rushville, Sheridan	397	3,382	-16.4
Dodge, Dodge	181	1,890	0.7	Sargent, Custer	201	1,661	7.7
Doniphan, Hall	713	8,164	8.4	Schuyler, Colfax	1,860	14,522	3.2
Eagle, Cass	542	3,495	2.0	Scottsbluff, Scotts Bluff	22,626	174,967	4.0
Elgin, Antelope	354	3,193	1.1	Scribner, Dodge	390	3,150	-5.6
Elkhorn, Douglas	2,677	18,969	-6.9	Seward, Seward	4,513	37,690	2.0
Elm Creek, Buffalo	394	2,976	-9.2	Shelby, Polk	374	3,134	12.4
Elwood, Gosper	356	2,390	-36.8	Shelton, Buffalo	387	3,431	-30.8
Fairbury, Jefferson	3,291	25,358	-3.0	Sidney, Cheyenne	11,610	72,892	10.0
Fairmont, Fillmore	232	1,493	20.0	South Sioux City, Dakota	8,298	62,068	-2.4
Falls City, Richardson	2,546	19,858	-1.0	Springfield, Sarpy	627	5,235	25.2
Franklin, Franklin	501	4,437	3.2	St. Paul, Howard	1,464	9,918	2.2
Fremont, Dodge	24,488	190,031	6.0	Stanton, Stanton	673	4,829	0.0
Friend, Saline	515	3,610	-5.7	Stromsburg, Polk	1,393	8,443	23.3
Fullerton, Nance	556	4,263	4.1	Superior, Nuckolls	1,461	12,251	-2.8
Geneva, Fillmore	1,314	11,110	-15.4	Sutherland, Lincoln	432	3,093	6.8
Genoa, Nance	278	2,293	1.4	Sutton, Clay	798	6,643	1.7
Gering, Scotts Bluff	4,127	33,593	9.3	Syracuse, Otoe	1,174	9,226	4.1
Gibbon, Buffalo	782	6,439	0.9	Tecumseh, Johnson	784	6,674	-5.2
Gordon, Sheridan	1,599	13,013	-4.2	Tekamah, Burt	1,127	8,097	-10.9
Gothenburg, Dawson	2,718	19,751	4.4	Tilden, Madison	296	2,253	-35.2
Grand Island, Hall	56,893	425,384	7.2	Utica, Seward	335	2,495	6.4
Grant, Perkins	1,547	9,011	9.4	Valentine, Cherry	4,919	34,790	4.7
Gretna, Sarpy	3,382	22,691	-5.5	Valley, Douglas	2,240	13,897	51.6
Hartington, Cedar	1,522	11,505	-8.6	Wahoo, Saunders	2,451	18,728	6.7
Hastings, Adams	22,194	168,340	2.5	Wakefield, Dixon	527	2,894	10.8
Hay Springs, Sheridan	359	2,913	9.7	Wauneta, Chase	269	2,450	3.5
Hebron, Thayer	980	11,557	-21.4	Waverly, Lancaster	1,067	6,463	16.5
Henderson, York	670	5,452	13.5	Wayne, Wayne	4,618	29,468	0.8
Hickman, Lancaster	254	1,979	0.6	Weeping Water, Cass	694	5,041	-7.3
Holdrege, Phelps	4,533	35,771	3.2	West Point, Cuming	3,735	28,460	0.1
Hooper, Dodge	344	3,062	10.7	Wilber, Saline	509	3,612	-4.6
Humboldt, Richardson	320	2,613	-35.3	Wisner, Cuming	791	5,172	9.5
Humphrey, Platte	815	5,807	2.5	Wood River, Hall	490	3,229	-1.9
Imperial, Chase	1,947	14,568	-9.4	Wymore, Gage	409	3,432	3.6
Juniata, Adams	211	1,754	4.9	York, York	11,260	81,324	1.2
Kearney, Buffalo	40,188	282,914	8.7				

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

Source: Nebraska Department of Revenue

# Net Taxable Retail Sales for Nebraska Counties (\$000)

	Motor Vehicle Sales			Other Sales				Motor Vehicle Sales				Other Sales		
	August 2000 (\$000)	YTD (\$000)	% Chg. vs Yr. Ago	August 2000 (\$000)	YTD (\$000)	% Chg. vs Yr. Ago		August 2000 (\$000)	YTD (\$000)	% Chg. vs Yr. Ago		August 2000 (\$000)	YTD (\$000)	% Chg. vs Yr. Ago
Nebraska	238,877	1,794,902	5.3	1,498,334	11,483,484	4.3		Howard	977	7,261	13.0	1,729	12,749	2.4
Adams	3,962	30,716	2.5	22,794	174,031	2.2		Jefferson	1,173	9,401	9.6	4,522	33,517	-1.0
Antelope	970	8,111	4.7	2,060	16,811	-2.0		Johnson	726	4,357	-7.5	1,069	9,221	-4.0
Arthur	80	552	-16.2	(D)	(D)	(D)		Kearney	929	8,316	9.3	2,207	16,024	-1.7
Banner	215	1,188	44.2	(D)	(D)	(D)		Keith	1,548	11,669	7.7	7,200	50,831	-1.0
Blaine	153	1,127	82.1	(D)	(D)	(D)		Keya Paha	37	1,307	55.6	165	861	5.5
Boone	857	7,330	18.1	2,229	16,984	-3.6		Kimball	480	5,436	29.2	1,887	14,867	5.8
Box Butte	1,571	12,628	3.3	6,357	48,256	-1.3		Knox	1,025	9,800	19.8	2,715	20,017	-11.3
Boyd	366	2,159	8.5	494	4,368	1.6		Lancaster	33,588	235,387	4.9	235,850	1,743,985	5.5
Brown	547	4,241	19.7	1,992	13,257	-11.0		Lancaster	5,034	36,148	-1.4	27,292	198,235	4.1
Buffalo	5,958	45,009	11.0	42,800	303,504	7.0		Lincoln	101	1,210	20.6	113	864	0.0
Burt	1,065	8,495	7.0	2,520	17,957	-9.9		Loup	87	748	31.2	(D)	(D)	(D)
Butler	1,196	8,451	-9.6	2,254	16,084	6.9		McPherson	175	790	42.9	(D)	(D)	(D)
Cass	4,742	29,813	-2.7	7,686	53,449	0.8		Madison	4,356	34,147	1.7	35,414	263,859	6.2
Cedar	1,394	11,370	17.3	2,572	19,663	-5.6		Merrick	1,190	8,940	5.6	2,652	19,331	2.4
Chase	785	6,180	16.4	2,244	17,485	-6.6		Morrill	728	6,572	7.7	1,673	13,020	3.1
Cherry	1,236	7,330	8.5	5,115	36,418	4.4		Nance	601	4,391	14.5	866	6,803	3.4
Cheyenne	1,503	13,301	15.9	11,922	75,377	10.1		Nemaha	1,000	7,980	2.4	2,714	21,324	4.7
Clay	802	8,695	8.5	2,047	16,927	-1.7		Nuckolls	633	5,490	8.6	2,383	17,962	4.5
Colfax	1,356	10,290	5.3	2,768	21,353	5.1		Otoe	2,188	16,824	4.5	8,233	61,871	-0.8
Cuming	1,464	12,155	22.0	5,078	37,896	0.9		Pawnee	396	3,085	4.6	437	3,826	-5.9
Custer	1,708	13,535	20.8	4,954	39,668	7.0		Perkins	685	4,977	3.9	1,744	10,802	8.4
Dakota	2,237	19,671	1.8	9,278	70,123	-2.4		Phelps	1,458	11,802	6.3	4,772	37,959	3.3
Dawes	1,143	7,360	3.7	6,661	43,247	3.3		Pierce	946	8,259	7.9	1,860	14,332	0.8
Dawson	3,069	28,243	26.1	14,245	108,481	6.0		Platte	4,010	35,649	3.4	23,609	178,975	3.9
Deuel	236	2,836	35.2	1,144	8,650	2.3		Polk	890	7,912	21.2	2,366	16,651	0.5
Dixon	887	6,524	1.8	910	5,827	-22.0		Red Willow	1,629	13,530	15.3	12,625	97,873	5.4
Dodge	4,544	36,695	6.1	26,181	204,484	5.7		Richardson	973	9,122	8.6	3,036	24,091	-6.1
Douglas	62,324	444,845	0.0	526,546	4,028,116	3.4		Rock	363	2,525	35.7	611	4,109	0.4
Dundy	442	3,012	7.4	630	4,830	6.4		Saline	1,598	13,862	11.1	4,390	32,313	-16.5
Fillmore	936	8,336	26.8	2,289	18,725	-4.5		Sarpy	19,867	138,946	7.0	46,080	356,248	8.8
Franklin	473	3,945	13.0	741	6,316	1.0		Saunders	2,903	23,750	6.6	6,725	50,346	11.3
Frontier	511	3,960	17.1	732	5,208	-1.5		Scotts Bluff	4,616	37,329	1.2	28,048	219,751	4.6
Furnas	911	6,844	23.7	2,473	17,630	4.3		Seward	2,279	16,920	-2.7	5,846	49,018	1.1
Gage	2,748	23,220	10.7	13,283	102,822	10.0		Sheridan	978	6,813	17.5	2,681	21,711	-3.4
Garden	379	2,476	8.5	640	5,048	0.7		Sherman	428	3,275	2.5	559	4,415	-26.5
Garfield	190	1,732	-6.5	970	6,355	7.0		Sioux	244	2,171	8.4	157	1,021	9.1
Gosper	397	3,087	18.3	406	2,868	-32.3		Stanton	789	6,011	-6.1	812	6,060	-4.3
Grant	217	1,233	3.0	223	2,012	10.9		Thayer	838	6,950	14.9	1,914	18,546	-11.4
Greeley	369	2,884	9.5	754	5,175	1.4		Thomas	130	1,166	20.6	302	2,074	-0.5
Hall	7,563	57,031	10.6	58,911	442,129	7.2		Thurston	485	3,835	3.8	900	6,955	1.6
Hamilton	1,545	11,952	9.4	2,691	21,182	-9.2		Valley	656	5,043	18.7	2,521	17,990	6.7
Harlan	684	4,056	-5.7	825	6,479	-10.3		Washington	3,249	24,481	0.0	7,972	60,851	3.6
Hayes	225	1,606	15.9	(D)	(D)	(D)		Wayne	1,114	9,073	12.3	4,766	30,580	0.4
Hitchcock	488	4,034	26.1	676	4,901	4.6		Webster	557	4,679	21.8	1,223	9,867	1.8
Holt	1,661	13,607	13.9	6,627	49,111	6.1		Wheeler	149	1,239	23.9	101	733	3.5
Hooker	109	961	4.0	743	3,159	13.9		York	1,878	16,368	12.0	12,352	90,445	2.3

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

Source: Nebraska Department of Revenue

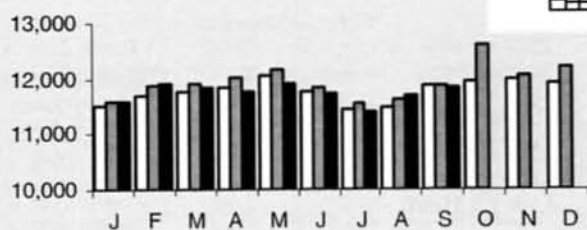
## Note on Net Taxable Retail Sales

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.

# Regional Nonfarm Wage and Salary Employment\* 1998 to August\*\* 2000

1998 1999 2000

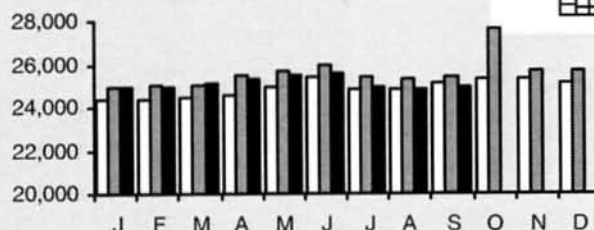
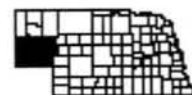
## Northwest Panhandle



## Note to Readers

The charts on pages 8 and 9 report nonfarm employment by place of work for each region.

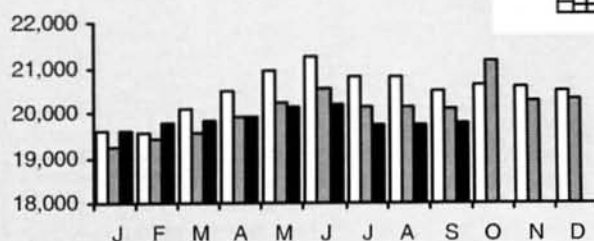
## Southwest Panhandle



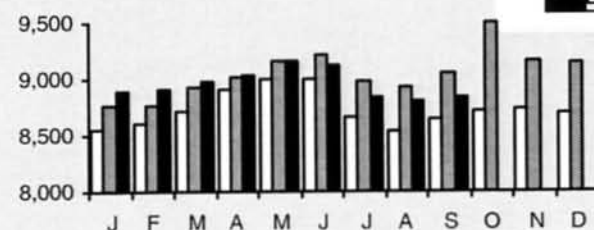
## North Central



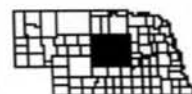
## West Central



## Southwest Central



## East Central

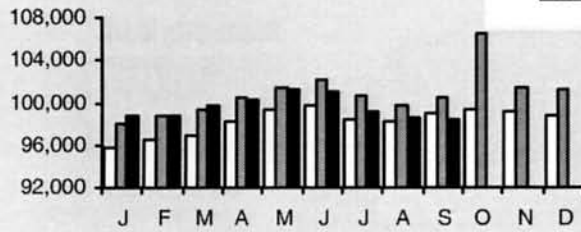
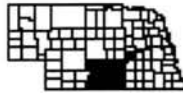




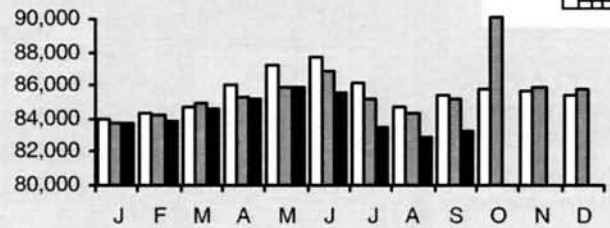
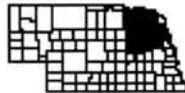
# Regional Nonfarm Wage and Salary Employment\* 1998 to August\*\* 2000

1998 1999 2000

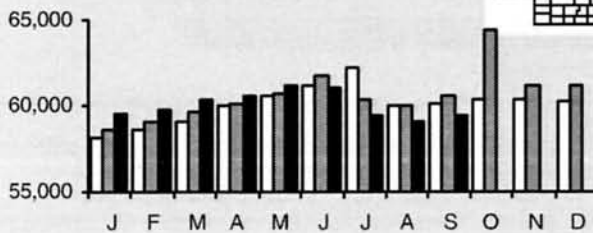
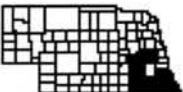
## Southeast Central



## Northeast

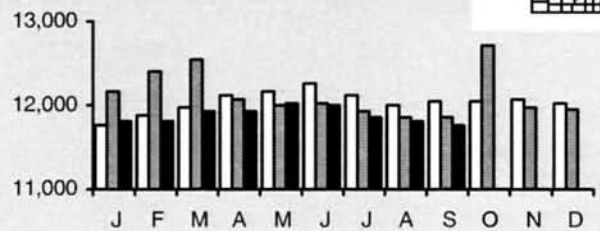
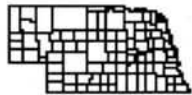


## Southeast



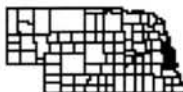
## Sioux City MSA

Nebraska portion only

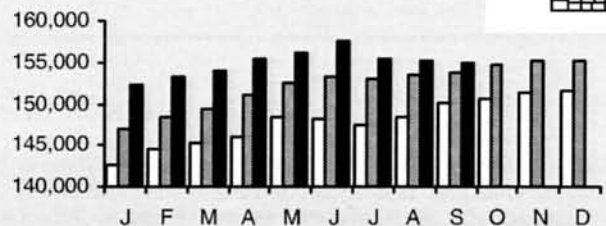
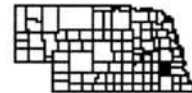


## Omaha MSA

Nebraska portion only



## Lincoln MSA



\*By place of work

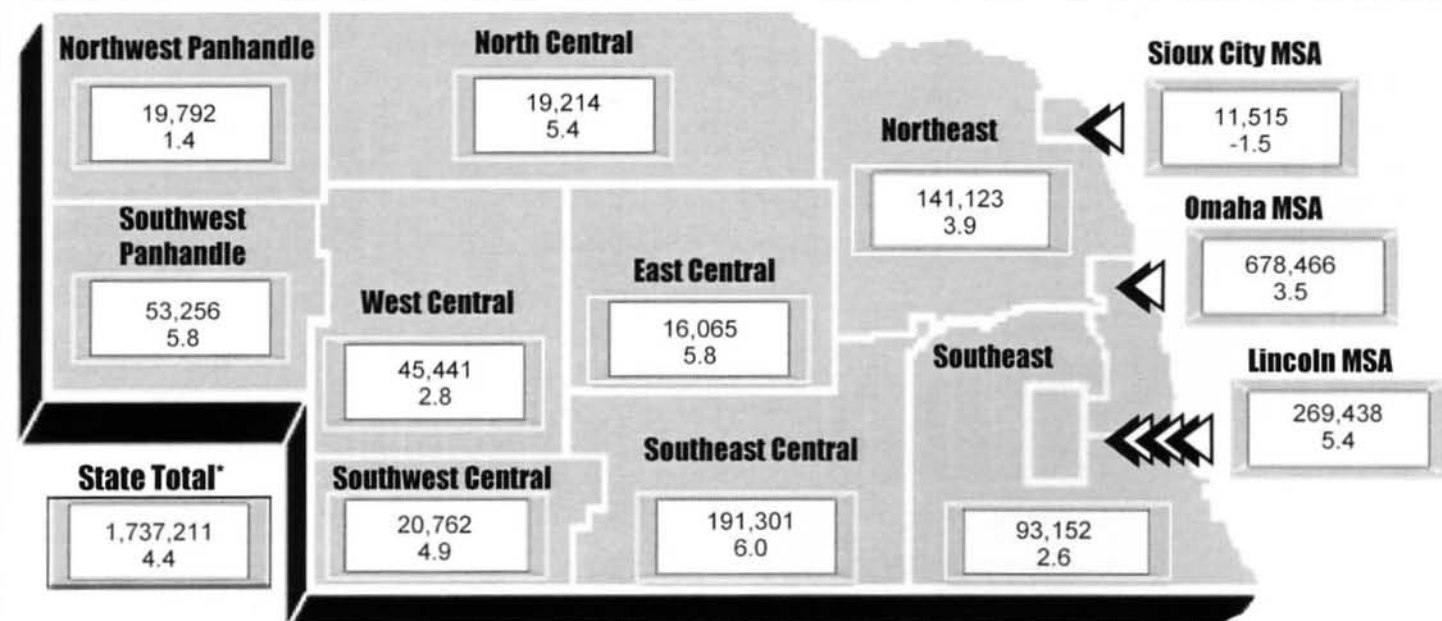
\*\*Current month data are preliminary and subject to revision

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

# August 2000 Regional Retail Sales (\$000)

## YTD Change vs Yr. Ago



\*Regional values may not add to state total due to unallocated sales

Source: Nebraska Department of Revenue

## State Nonfarm Wage & Salary Employment by Industry\*

	September 2000
Total	888,879
Construction & Mining	46,682
Manufacturing	116,367
Durables	55,850
Nondurables	60,517
TCU**	57,496
Trade	210,498
Wholesale	54,321
Retail	156,177
FIRE***	60,833
Services	244,317
Government	152,686

\*By place of work

\*\*Transportation, Communication, and Utilities

\*\*\*Finance, Insurance, and Real Estate

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.

## Consumer Price Index

Consumer Price Index - U\*

(1982-84 = 100)

(not seasonally adjusted)

	October 2000	% Change vs Yr. Ago	YTD % Change vs Yr. Ago (inflation rate)
All Items	174.0	3.4	3.3
Commodities	150.4	2.7	3.4
Services	197.6	3.9	3.3

\*U = All urban consumers

Source: U.S. Bureau of Labor Statistics

Inflation Rate

3.3

## State Labor Force Summary\*

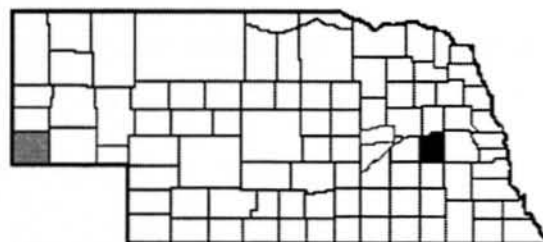
	September 2000
Labor Force	929,344
Employment	907,873
Unemployment Rate	2.3

\*By place of residence

Source: Nebraska Department of Labor, Labor Market Information

## Butler

### David City—County Seat



License plate prefix number: 25

Size of county: 584 square miles, ranks 44<sup>th</sup> 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 48<sup>th</sup> 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

	State	Butler County
<b>Nonfarm employment (1999)<sup>1</sup>:</b>	890,821	2,170
(wage & salary)	(percent of total)	
Construction and Mining	5.0	3.3
Manufacturing	13.2	21.0
TCU	6.4	2.9
Wholesale Trade	6.2	6.4
Retail Trade	18.0	17.9
FIRE	6.8	4.1
Services	27.3	16.6
Government	17.1	27.7

#### 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)

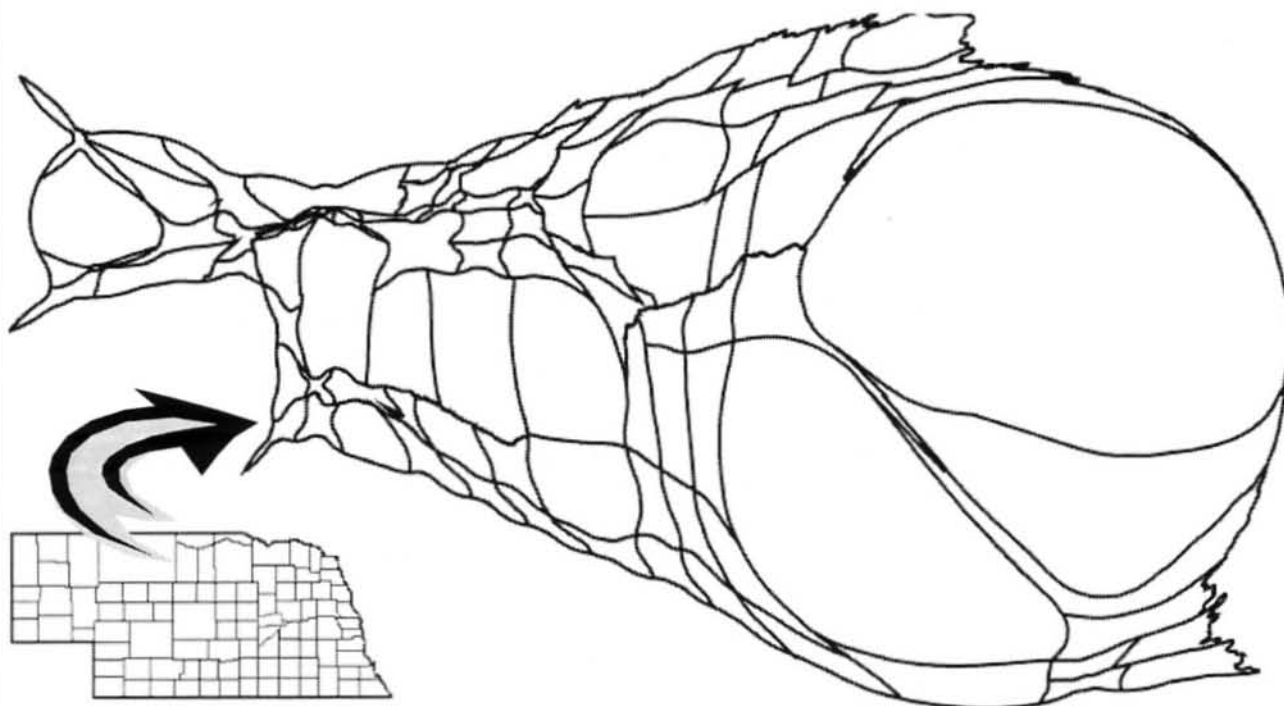
<sup>1</sup>By place of work

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

# bulletin board

## 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>.



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