

8-2011

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Cantrell, Randolph L., "Nebraska and “The Great Recession” - Jobs and Income: 2007-2009" (2011). *Cornhusker Economics*. 540.
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CORNHUSKER ECONOMICS

UNIVERSITY OF
Nebraska
Lincoln

August 31, 2011

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
<http://agecon.unl.edu/cornhuskereconomics>

University of Nebraska–Lincoln Extension

Nebraska and “The Great Recession” - Jobs and Income: 2007-2009

Recovery may be seen as weak, but “The Great Recession” which officially began with a second consecutive quarter of negative economic growth in December, 2007, officially ended in June, 2009.

The effect of the recession on employment was dramatic and continues through today, with a seasonally adjusted national unemployment rate at 9.2 percent as of July, 2011, according to the National Bureau of Labor Statistics. Unemployment remains at or above ten percent in seven states.

Nebraska fared better than most states during the recession. The state’s seasonally adjusted unemployment rate never exceeded five percent and is currently at 4.2 percent and dropping. Only the oil boom state of North Dakota has a lower level of unemployment (3.2% as of July, 2011).

The fact that Nebraska has been better able to retain jobs than have other states does not, however, mean that the recession had no effect on the state’s labor force. Nor does it mean that all parts of the state were affected in the same way. In this newsletter, we will examine the changes in employment and income that Nebraska experienced between 2007 and 2009, paying special attention to how those changes varied between counties with differing population characteristics.

All data reported here was obtained from the Bureau of Economic Analysis (BEA) Regional Economic Information System. These data cover all United States counties, and have been updated annually since 1969. BEA reports rely heavily on tax filings by individuals and employers, along with data obtained from other federal agencies. BEA data always lags two years behind the current year. The most recent BEA data released includes the year 2009, and thus allows for comparison of the years included in the recent recession. Note, however, that while

Market Report	Yr Ago	4 Wks Ago	8/26/11
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.	\$99.17	\$109.69	113.01
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	133.87	151.83	146.23
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	118.45	135.25	135.80
Choice Boxed Beef, 600-750 lb. Carcass.	163.79	175.04	187.25
Western Corn Belt Base Hog Price Carcass, Negotiated.	79.14	100.15	92.11
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.	94.99	103.57	104.04
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.	140.00	184.50	*
National Carcass Lamb Cutout, FOB.	304.41	404.96	407.57
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.	5.40	6.83	7.78
Corn, No. 2, Yellow Omaha, bu.	3.81	7.26	7.53
Soybeans, No. 1, Yellow Omaha, bu.	10.13	13.65	14.04
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	6.75	11.63	12.86
Oats, No. 2, Heavy Minneapolis, MN, bu.	2.64	3.76	3.94
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	135.00	180.00	185.00
Alfalfa, Large Rounds, Good Platte Valley, ton.	75.00	135.00	117.50
Grass Hay, Large Rounds, Good Nebraska, ton.	95.00	72.50	85.00
Dried Distillers Grains, 10% Moisture, Nebraska Average.	105.00	189.50	210.00
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	38.00	61.50	70.50
*No Market			



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jobs are counted on a county basis, incomes are counted on a resident basis and will include commuting populations. Thus, income per job may be inflated or deflated for some counties, especially for wage and salary workers.

In this report, Nebraska's counties have been aggregated according to a typology originally developed by Dr. Sam Cordes, to represent population and trade characteristics that are particularly appropriate to this state. Definitions of the county types appearing here can be found on-line at the University of Nebraska Rural Initiative's Web site:

http://ruralinitiative.nebraska.edu/rural_information/

The typology is stratified from generally heavily populated metropolitan counties, down to very rural "frontier" counties, which are characterized by population densities of less than six per square mile.

Jobs

Nebraska, in fact, added jobs during the first year of the recession (Table 1, on following page). Between 2007 and 2008 total full-time and part-time employment increased by 0.4 percent. This represented 5,541 additional jobs in the state's economy. That growth was not, however, evenly distributed. Over that year, Nebraska's nine metropolitan counties added 6,870 jobs (0.9% growth), while non-metropolitan counties experienced a net loss of 1,329 jobs (-0.3%). The majority of non-metropolitan counties saw job numbers decline. However, the state's 22 "Small Town" counties (which contain no community as large as 2,500 residents) were able to net a very modest increase of 73 jobs (+0.1%).

Statewide, the growth in employment from 2007 to 2008 resulted from the economy adding 5,397 wage and salary jobs (+0.5%) and 517 non-farm proprietorships (+0.3%), while losing 373 farm proprietorships (-1.0%). The decline in farm proprietorships continues a long-term trend for that population of about minus one percent annually.

During the recession's second year (2008 to 2009), more counties saw declines in employment. Between 2008 and 2009, Nebraska lost a total of 20,370 full-time and part-time jobs (-1.6%). Wage and salary jobs declined by 2.1 percent (20,945 jobs) and farm proprietorships again declined, this time by 1.1 percent (367 jobs). On the other hand, non-farm proprietorships increased by 942 (+0.5%). The growth in non-farm proprietorships may have resulted in part from individuals substituting self-employment for the loss of a wage and salary position.

Unlike more urban parts of the state, the 50 most rural (small town and frontier) Nebraska counties saw increases in wage and salary employment between 2008 and 2009. A total of 545 such jobs (+0.9%) were added, to go along with an increase of 56 non-farm proprietorships (+0.2%).

Income

Changing job numbers are, of course, reflected in changing incomes, as demonstrated in Table 2 (on following page). Between 2007 and 2008, total wage and salary disbursements (the total of wages and employer benefit contributions) grew by 3.7% for the state. Growth in wage and salary disbursements was highest in the most rural areas of the state, increasing by an average 6.7 percent in small town counties and by an average 6.1 percent in frontier counties.

Total non-farm proprietor income also increased between 2007 and 2008, albeit at a slower rate, averaging 2.3 percent for the state. Non-farm proprietor income increased most rapidly for the state's ten micropolitan core counties, averaging growth of 5.3 percent.

Nebraska's farm proprietor income increased somewhat dramatically between 2007 and 2008, averaging growth of 43.8 percent for all counties in the state. Farm proprietor income should, however, be interpreted with considerable caution, because it is highly volatile and subject to significant swings and changes in direction from year to year, often being reported as an average loss for entire counties.

Between 2008 and 2009 Nebraska's income situation changed direction for most counties. Statewide, total wage and salary distributions declined by 1.3 percent or slightly over \$500 million. The exceptions to this trend were most likely to be found in very rural counties, where wage and salary employment had tended to increase. Total non-farm proprietor income also declined during this period, and in fact did so more rapidly. Statewide, total non-farm proprietor income shrank by 6.4 percent between 2008 and 2009, representing a loss of \$336 million to the state's economy. Farm proprietor income also appears to have declined significantly. However, again, those numbers must be read with caution.

Table 3 (on following page) presents the same income trends on a per job basis. Despite losses in wage and salary jobs, income per wage and salary job actually increased in most Nebraska counties during both years of the recession. This indicates that employers either continued to provide raises or increased starting salaries during that period. This is in contrast to declining income per job for non-farm proprietors. Many self-employed individuals provide goods or services for which the demand tends to be affected by consumer confidence and the general condition of the economy.

Other Income Sources

As seen in Table 4 (on following page), the recession had an impact on unemployment compensation, which on a per capita basis increased by 39.3 percent between 2007 and 2008, and increased by another 110.4 percent between 2008 and 2009. For the two year period, per capita unemployment compensation in Nebraska grew from \$55

to \$161. Growth in unemployment compensation appears to exceed the rate of job losses. Because much unemployment is short-term, an individual who experienced a layoff that did not last the entire year might receive unemployment compensation without their job actually disappearing from the data. Since BEA data does not include actual unemployment numbers, it is not possible to calculate a rate of compensation per lost job.

Increases were also seen in per capita income maintenance transfers, which are basically public assistance to individuals and households experiencing poverty. It is logical to assume that job losses increase the likelihood that an individual or household will experience a situation in which they become eligible for such assistance. Per capita income maintenance transfers in Nebraska increased by five percent between 2007 and 2008. Those transfers increased by another 13.2 percent between 2008 and 2009, and increased most rapidly (+15.5%) in Nebraska's most rural frontier counties. Between 2007 and 2009, per capita income maintenance transfers increased from \$414 to \$492.

Dividend, interest and rent income also declined on average for all county types between 2008 and 2009. This is, of course, largely attributable to the declines that most investment markets experienced during the recession.

Table 1. Percent Change in Wage and Salary Jobs, Non-farm Proprietorships and Farm Proprietorships: Nebraska by County Type, 2007-2009

County Type (# Counties)	% Change in Total Full and Part-time Employment		% Change in Total Wage and Salary Employment		% Change in Total Non-farm Proprietorships		% Change in Total Farm Proprietorships	
	2007 2008	2008 2009	2007 2008	2008 2009	2007 2008	2008 2009	2007 2008	2008 2009
Nebraska Total (93)	0.4	-1.6	0.5	-2.1	0.3	0.5	-1.0	-0.9
Metropolitan (9)	0.9	-2.0	1.0	-2.4	0.4	0.7	-1.1	-0.9
Non-metropolitan (84)	-0.3	-1.2	-0.3	-1.5	0.1	0.2	-0.9	-1.0
Micropolitan Core (10)	-0.2	-1.7	-0.3	-2.0	0.0	0.1	-1.0	-0.9
Small Trade Center (24)	-0.5	-1.4	-0.6	-1.9	0.1	0.2	-1.0	-0.9
Small Town (22)	0.1	0.5	0.3	0.9	0.2	0.1	-1.0	-0.9
Frontier (28)	-0.4	0.4	-0.5	0.9	0.1	0.4	-0.7	-1.0

Source: Bureau of Economic Analysis

Table 2. Percent Change in Total Wage and Salary Disbursements, Total Non-farm Proprietor Income and Total Farm Proprietor Income: Nebraska by County Type, 2007-2009

County Type (# Counties)	% Change in Total Wage and Salary Disbursements		% Change in Total Non-farm Proprietor Income		% Change in Total Farm Proprietor Income	
	2007 2008	2008 2009	2007 2008	2008 2009	2007 2008	2008 2009
Nebraska Total (93)	3.7	-1.3	2.5	-6.4	42.4	-14.8
Metropolitan (9)	3.5	-1.5	1.8	-7.8	56.8	8.2
Non-metropolitan (84)	3.9	-1.1	4.0	-3.5	41.2	-16.9
Micropolitan Core (10)	2.7	-1.8	5.3	-2.7	28.0	-7.5
Small Trade Center (24)	5.2	-1.3	3.7	-4.5	39.5	-14.2
Small Town (22)	6.7	2.0	1.0	-4.1	52.1	-12.7
Frontier (28)	6.1	2.1	2.8	-3.9	45.4	-48.2

Source: Bureau of Economic Analysis

Table 3. Percent Change in Wage and Salary Disbursements Per Job, Income per Non-farm Proprietorship and Income per Farm Proprietorship: Nebraska by County Type, 2007-2009

County Type (# Counties)	% Change in Wage and Salary Disbursements Per Job		% Change in Income Per Non-farm Proprietorship		% Change in Income Per Farm Proprietorship	
	2007 2008	2008 2009	2007 2008	2008 2009	2007 2008	2008 2009
Nebraska Total (93)	3.1	0.8	2.3	-6.8	43.8	-14.0
Metropolitan (9)	2.5	1.0	1.4	-8.5	58.7	9.3
Non-metropolitan (84)	4.3	0.5	4.0	-3.6	42.5	-16.1
Micropolitan Core (10)	2.9	0.3	5.4	-2.8	29.2	-6.6
Small Trade Center (24)	5.9	0.6	3.6	-4.7	40.9	-13.3
Small Town (22)	6.3	1.1	0.8	-4.2	53.6	-11.9
Frontier (28)	6.7	1.2	2.7	-4.3	46.3	-47.7

Source: Bureau of Economic Analysis

Table 4. Percent Change in Per Capita Unemployment Compensation, Per Capita Income Maintenance and Per Capita Dividends, Interest and Rent: Nebraska by County Type, 2007-2009

County Type (# Counties)	% Change in Per Capita Unemployment Compensation		% Change in Per Capita Income Maintenance		% Change in Per Capita Dividends, Interest and Rent	
	2007 2008	2008 2009	2007 2008	2008 2009	2007 2008	2008 2009
Nebraska Total (93)	39.3	110.4	5.0	13.2	4.6	-7.1
Metropolitan (9)	35.9	109.4	5.7	12.7	3.0	-8.3
Non-metropolitan (84)	44.4	111.9	4.0	14.1	7.4	-5.0
Micropolitan Core (10)	45.7	111.4	5.3	13.4	6.8	-6.5
Small Trade Center (24)	46.2	115.8	4.0	14.8	7.2	-4.2
Small Town (22)	38.0	108.5	2.0	14.1	8.6	-3.3
Frontier (28)	64.1*	114.7*	-1.7	15.5	10.0	-2.4

* Estimated for 11 of 28 Counties

Source: Bureau of Economic Analysis

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