Nebraska: A Sturdy Economic Expansion

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Outline

U.S. Economic Outlook

Nebraska Economic Outlook
  Skills Gap

Sub-State Outlook
U.S. Economic Outlook

• Strengths
• Weaknesses
• The Bottom Line
U.S. Economic Outlook – Strengths

• There is a self-sustaining recovery in the U.S. economy, with improved
  – Real wage growth/consumer spending
  – Business Investments
  – Housing Activity
• Oil prices have dropped sharply
• Interest rates will stay low – an “era” of low interest rates
U.S. Economic Outlook – Challenges

• The aging of the workforce
• Weak growth in China
  – The related issue of a rising U.S. dollar
• Failure to address 3 critical reforms
  – tax reform
  – entitlement reform
  – immigration reform
U.S. Economics Outlook – Bottom Line

• Moderate growth
  – The three reforms won’t be addressed
  – Chinese growth will be a modest drag in 2016
  – The rapid rise in the dollar may be ending

• Moderate growth in 2015
• Growth stronger in 2016 and 2017
Nebraska Economic Outlook
Next 3 Years

• Key Industries

• Forecast from the Nebraska Business Forecast Council
Key Industries

- Agricultural Industrial Complex
- Transportation
- Insurance
Agricultural Production Cluster
Competitive Position of Nebraska

#1 in irrigated acres with nine million acres
#1 in commercial red meat production
#1 (tied with Texas) for cattle-on-feed numbers
#2 in corn-based ethanol production
#3 in corn for grain production
#4 in soybean production
#5 in all hay production
#6 in all hogs and pigs, and
#7 in hog slaughtering

Source: Nebraska Department of Agriculture
The Other Source of Nebraska’s Advantage
Transportation & Warehousing

• Strong Agricultural Sector
• Rail Industry Center
• Interstate 80 Location
• Skilled Workforce
• Entrepreneurship
Insurance Industry

- Historic Cluster
- Agglomeration – Abundant Industry Labor
- UNL Actuarial Science Programs
Farm Income

- Crop Prices Low, Beef Prices Falling

<table>
<thead>
<tr>
<th>Year</th>
<th>Farm Income</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$3.5B</td>
<td>-44.6%</td>
</tr>
<tr>
<td>2016</td>
<td>$4.1B</td>
<td>16.4%</td>
</tr>
<tr>
<td>2017</td>
<td>$4.0B</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Year</td>
<td>Transportation &amp; Warehousing</td>
<td>Financial Services</td>
</tr>
<tr>
<td>------</td>
<td>-----------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>2007</td>
<td>56.2</td>
<td>68.7</td>
</tr>
<tr>
<td>2014</td>
<td>53.3</td>
<td>72.5</td>
</tr>
<tr>
<td>2015</td>
<td>53.8</td>
<td>73.2</td>
</tr>
<tr>
<td>2016</td>
<td>54.6</td>
<td>74.0</td>
</tr>
<tr>
<td>2017</td>
<td>55.7</td>
<td>74.8</td>
</tr>
</tbody>
</table>

Sources: BLS and UNL Bureau of Business Research
## Nebraska Employment Outlook (1000s)

Nebraska Business Forecast Council

<table>
<thead>
<tr>
<th>Year</th>
<th>Construction</th>
<th>Manufacturing</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>50.5</td>
<td>101.4</td>
<td>354.6</td>
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<tr>
<td>2014</td>
<td>47.0</td>
<td>97.3</td>
<td>385.2</td>
</tr>
<tr>
<td>2015</td>
<td>49.4</td>
<td>97.5</td>
<td>391.4</td>
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<tr>
<td>2016</td>
<td>51.6</td>
<td>97.8</td>
<td>397.2</td>
</tr>
<tr>
<td>2017</td>
<td>53.9</td>
<td>98.2</td>
<td>403.2</td>
</tr>
</tbody>
</table>

Sources: BLS and UNL Bureau of Business Research
Non-Farm Employment Growth Outlook

<table>
<thead>
<tr>
<th>Year</th>
<th>Nebraska</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1.3%</td>
<td>1.7%</td>
</tr>
<tr>
<td>2016</td>
<td>1.2%</td>
<td>1.7%</td>
</tr>
<tr>
<td>2017</td>
<td>1.2%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>
## Other Growth Indicators

<table>
<thead>
<tr>
<th>Measure</th>
<th>Rate of Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Non-Farm Personal Income</td>
<td>3.6%</td>
</tr>
<tr>
<td>Population</td>
<td>0.7%</td>
</tr>
</tbody>
</table>
Skills Gap

• A “skills gap” may be limiting growth in Nebraska

• What is the nature of this skills gap?

• Example: Make It Work For Lincoln Survey
Make It Work For Lincoln Survey

• Thank you to ATD - Lincoln Chapter, NDOL and NEDED

• Designed to identify the hiring needs and challenges faced by business as well as training activity

• Mailed to 1,300 Lincoln Metro Area businesses with 20 or more employees

• Responses received from 248 businesses
Hiring Challenges

Is It Difficult to Find Workers?

- Yes: 62.5%
- No: 37.5%
Hiring Challenges By Occupation

• Occupations Most Difficult to Hire
  – Installation, Maintenance and Repair workers
  – Personal Care and Service workers
  – Production workers

• Occupations Least Difficult to Hire
  – Office and Administrative Support workers
  – Food Preparation and Serving workers
  – Sales workers
Hiring Challenges By Occupation

- Occupations where the primary difficulty is a lack of occupation-specific skills
  - Computer and Mathematical workers
  - Installation, Maintenance and Repair workers
  - Production workers
Hiring Challenges By Occupation

• Occupations where the primary difficulty is applicants with a poor work history
  – Health Care Support workers
  – Food Preparation and Serving workers
  – Construction workers
  – Transportation and Material Moving workers
Post-Hire Training

• The Primary Issues Are “Pre-Hire”
  – Training for Occupational Skill
  – Workers With Poor Work History

• Employers Are Training, Especially in the Occupations With the Greatest Skill Shortages
Training
Is Job-Specific Training Provided For New Workers?

- Yes: 76.7%
- No: 23.3%
Training By Occupation

- Occupations where certification, college or community college course most common:
  - Managers
  - Computer and Mathematical workers
  - Installation, Maintenance and Repair workers
  - Personal Care and Service workers
Sub-State Regions

• Larger Metros Thrive With National Economy

• Smaller Metros and Non-Metro Areas Decline With Struggles in Agriculture
  – Job Losses Among Agricultural Suppliers
  – Consumer Goods
## Sub-State Regions (BLS Data)

### Job Growth 3rd Q, 2014 – 3rd Q, 2015

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide</td>
<td>7,900</td>
<td>0.8%</td>
</tr>
<tr>
<td>Omaha</td>
<td>7,200</td>
<td>1.5%</td>
</tr>
<tr>
<td>Lincoln</td>
<td>3,600</td>
<td>1.9%</td>
</tr>
<tr>
<td>Grand Island</td>
<td>-500</td>
<td>-1.1%</td>
</tr>
</tbody>
</table>
THANK YOU

Any Questions?