

# Business in Nebraska

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## The Importance of Transfer Payments to Nebraska Counties

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Last month's *Business in Nebraska* presented data showing the importance of transfer payments to Nebraska and selected multicounty areas of the state during the past two decades. The relative importance of the various components of Nebraska's transfer payments in 1991 also was shown. Highlights of that article include:

- The Bureau of Economic Analysis (BEA), U.S. Department of Commerce generates these data annually for the nation, states, and counties. BEA defines transfer payments as "payments to persons, generally in monetary form, for which they do not render current services." Total transfer payments for the State of Nebraska in 1991 were more than \$4.2 billion and accounted for more than 15 percent of the state's total personal income. Social Security and medical payments (Medicare and Medicaid, *et al.*) were the heavy hitters in these totals. Unemployment insurance, certain retirement and disability payments, and veterans benefits also are included in transfer payments.
- Transfer payments do not include government payments made under various U.S. Department of Agriculture programs with the exception of food stamps. In 1991 payments from farm programs to Nebraskans were \$490.7 million or about 11.5 percent of total transfer payments.

### County Transfer Payments

Transfer payments per capita for Nebraska's 93 counties are shown in Figure 1, and transfer payments for selected counties are highlighted in Table 1. These are 1990 data, the most recent year for which county data are currently available. There are 16 counties where transfer payments exceed \$3,000 per capita. Three thousand dollars per capita is approximately 20 percent greater than the state average of \$2,484. The highest

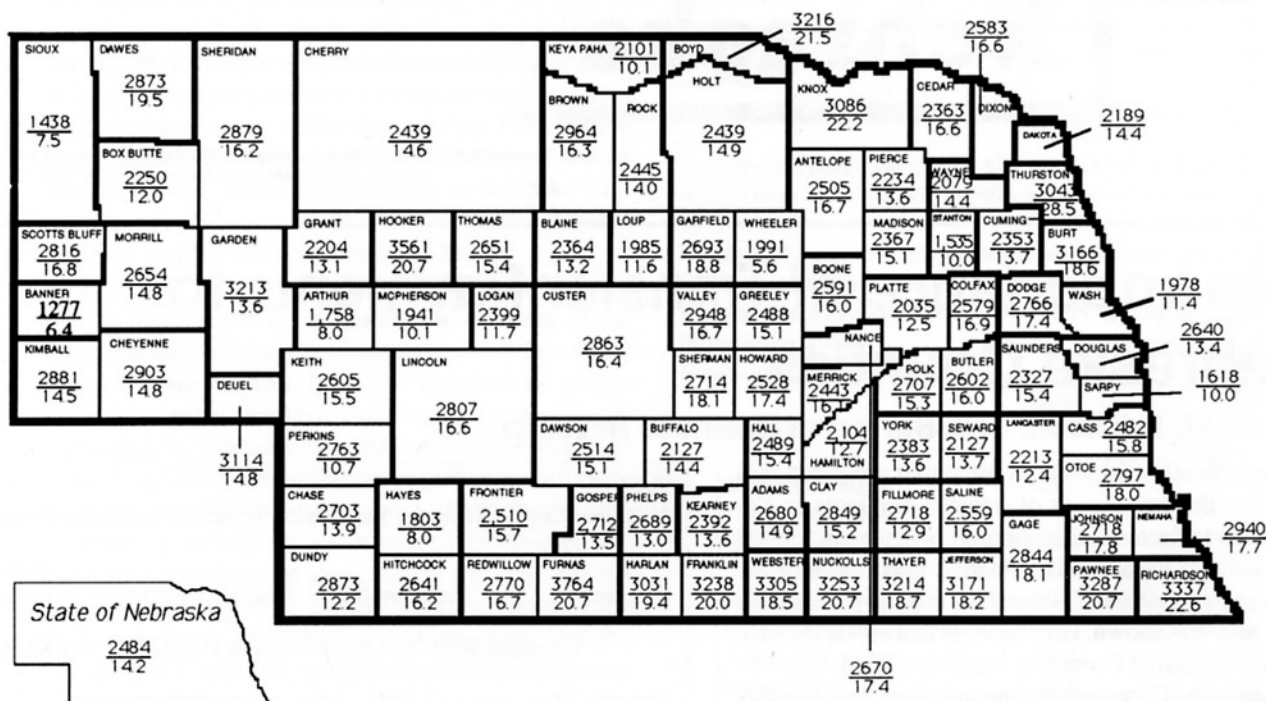
**Table 1**  
1990 Per Capita Transfer Payments, Selected Nebraska Counties

County	Payment (\$)	Median Age (years)	% Population Age 65 or Over
Counties With Per Capita Transfer Payments Over \$3,000 <sup>1</sup>			
Furnas	3,764	42.4	27.4
Hooker	3,561	42.3	27.7
Richardson	3,337	39.7	23.8
Webster	3,305	43.8	26.8
Pawnee	3,287	44.1	28.6
Nuckolls	3,253	40.3	23.5
Franklin	3,238	42.6	26.6
Boyd	3,216	41.1	25.1
Thayer	3,214	41.8	26.0
Garden	3,213	41.9	24.0
Jefferson	3,171	39.9	23.6
Burt	3,166	38.8	21.6
Deuel	3,114	38.9	22.8
Knox	3,086	40.6	23.9
Thurston	3,043	29.9	13.7
Harlan	3,031	41.1	24.0
Counties With Per Capita Transfer Payments Below \$2,000 <sup>2</sup>			
Banner	1,277	36.3	15.0
Sioux	1,438	38.5	16.2
Stanton	1,535	31.6	12.2
Sarpy	1,618	28.6	4.8
Arthur	1,758	37.8	18.4
Hayes	1,803	38.2	18.0
McPherson	1,941	36.8	19.8
Washington	1,978	34.8	13.6
Loup	1,985	38.9	18.7
Wheeler	1,991	33.0	14.8
Nebraska	2,484	33.0	14.1

<sup>1</sup>Twenty percent or more above Nebraska's average

<sup>2</sup>Twenty percent or more below Nebraska's average

**Figure 1**  
**1990 BEA Data**  
**Transfer Payments Per Capita (\$)**  
**Transfer Payments as a Share of Total Personal Income (%)**



transfer payment per capita in a county is in Furnas County at \$3,764, followed by Hooker County at \$3,561, and Richardson and Webster counties with more than \$3,300 in transfer payments per person. At the other end of the spectrum is Banner County with only \$1,277 in transfer payments per capita followed by Sioux, Stanton, and Sarpy counties with less than \$1,700 per capita. The ten counties receiving less than \$2,000 per capita also are shown in Table 1. Two thousand dollars per capita is approximately 20 percent below the state average.

A primary determinant of the level of transfer payments per capita is the age of the recipients. Counties where average transfer payments are the highest usually are the counties with high median ages and the higher percentages of population 65 years of age or older. Eligibility for Social Security and/or medical (Medicare, Medicaid, etc.) payments depends heavily on the age of the recipients.

The 1990 total transfer payments as percentages of total personal income for all Nebraska counties also are shown in Figure 1. For each county, the percentage appears as the number below the line that separates the percentage from per capita transfer payments. These percentages range from a high of 28.5 percent in Thurston County to a low of 5.6 percent in Wheeler County.

The reasons that Nebraska counties have different levels of transfer payments are varied and complex.

Nevertheless, transfer payments have increased in all Nebraska counties, the state, and the nation. From 1970 to 1990 transfer payments and total personal income in Nebraska increased at average annual rates of 10.4 percent and 8.3 percent, respectively. In comparison, the average annual percentage change in the Consumer Price Index (CPI) during the same two decades was nearly 6.3 percent, suggesting that transfer payments and personal income for the State of Nebraska increased at paces exceeding the rate of inflation.

In 1990 total transfer payments in seven Nebraska counties (i.e., Boyd, Franklin, Keya Paha, Loup, McPherson, Pawnee, and Webster) were more than total wages and salaries. All of these counties are sparsely populated, and present job opportunities are quite limited. Collectively these seven counties experienced a 13.7 percent loss in population and a 9.4 percent loss in nonfarm employment from 1980 to 1990. During this period the total nonmetro area of Nebraska lost 5.7 percent of its population, but benefited from a 2.4 percent gain in nonfarm population.

This article and one appearing in a previous issue of *Business in Nebraska* point out the importance of transfer payments to Nebraska's economy because of their significant contribution to total personal income. As these payments are spent or invested in the local area they help to create and support jobs.

# Educational Attainment and Its Payoff, 1990

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It still pays to get an education. There remains a considerable gap in earnings power between a high school diploma and a college degree and even between the types of college degrees themselves, according to a report by the U.S. Bureau of the Census entitled *What's it Worth? Educational Background and Economic Status: Spring 1990*. The report examines educational attainment of the U.S. population age 18 and over and compares the earnings of high school diplomas with four college degree levels: advanced (doctorate, professional, masters), bachelor's, associate, and vocational. The report compares areas of study within the degrees and also examines the amount of work-related training received by individuals.

Degree attainment is increasing among the adult population nationwide. In 1990 one in four adults age 18 and over had obtained a degree of some type beyond high school, compared to 23 percent in 1987 and 21 percent in 1984. Twenty-seven percent of men and 24 percent of women nationwide held postsecondary degrees. Women were less likely to have advanced degrees, but more likely to hold associate or vocational degrees.

Twenty-four percent of adults in Nebraska age 18 and over had obtained either an associate, bachelor's, or advanced degree according to the 1990 Census. An additional 24 percent of persons in this group had completed some college course work without obtaining a degree. (Vocational certificates or diplomas from vocational, trade, or business schools or colleges were not reported unless they were college level degrees.)

During the 1989-1990 academic year more than half of the associate, bachelor's, and master's degrees awarded in Nebraska were earned by women. In contrast, two-thirds of both professional and doctoral degrees awarded in the state were earned by men.

The proportion of whites nationwide completing postsecondary degrees was almost double that of blacks and more than double that of Hispanics in 1990; 26 percent of whites, 14 percent of blacks, and 12 percent of Hispanics (of any race) age 18 and over completed postsecondary degrees. Thirty-two percent of blacks, 44 percent of Hispanics, and 19 percent of whites did not complete high school. Comparable data for the population age 18 and over in Nebraska are not available, but we can examine completion rates of the state's 25 and over population. Twenty-six percent of whites, 8 percent of blacks, and 16 percent of Hispanics age 25 and over completed either an associate, bachelor's, or advanced degree according to the 1990 Census. Hispan-

ics age 25 and over had the highest proportion of non-high school graduates, at 40 percent, versus 26 percent for blacks and 18 percent for whites.

The average time to complete a bachelor's degree nationwide was 6.21 years after high school. A higher proportion of women (49 percent) completed bachelor's degrees within four years than did men. Women took longer to complete doctorate and master's programs than did men, but the sexes had comparable durations in completing professional degrees. Blacks took nearly one year longer to complete bachelor's degrees than did whites. Hispanic completion time was between those of blacks and whites.

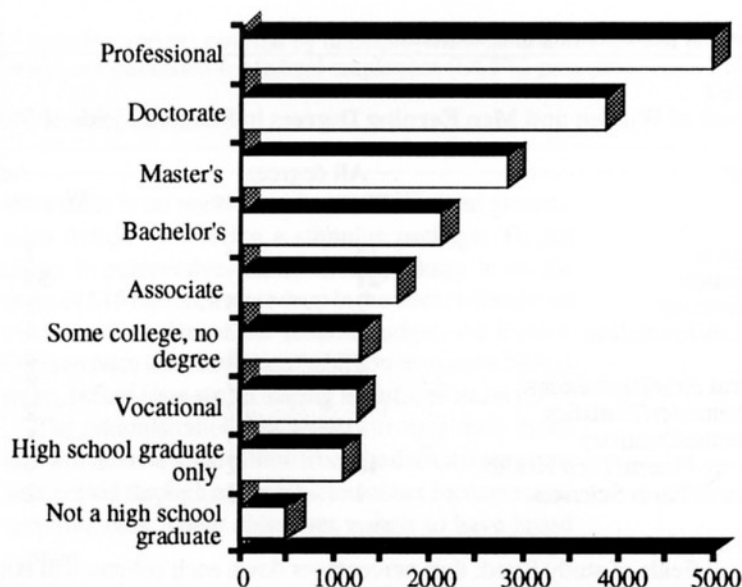
## Earnings Differentials

The average monthly employment earnings for college degree holders was substantially higher than that of individuals with high school diplomas only (Figure 1). For example, average monthly earnings of bachelor's degree holders was \$2,116, compared to \$1,077 for individuals receiving only a high school diploma.

Controlling for inflation, no single educational level (including non-high school graduate) experienced a significant increase in average monthly earnings between 1987 and 1990. Earnings among those holding doctorate and vocational degrees decreased over the period, although the decrease was not statistically significant. In contrast, the earnings power of associate, bachelor's, and advanced degrees increased significantly from 1984 to 1987.

Two subsets of the population, women and whites, did register significant increases in monthly earnings power between 1987 and 1990. The data reveal, how-

Figure 1  
Average Monthly Earnings by Education Level  
1990



ever, that the gap between the earnings of women and men continues. The average monthly earnings of males (across all educational levels) in 1990 was \$1,792 versus \$819 for women, a difference of 119 percent. The data show that the average months with work activity during a four month period were only 25 percent higher for men than for women (3.0 months versus 2.4 months.) The extent of part-time versus full-time employment by sex is not addressed in this report.

### Fields of Study

Although economic status is determined by more than simply the field of study, certain majors do provide advantages in terms of financial rewards. (It is important to note that this report looks solely at fields of study as opposed to fields of employment—degree holders do not necessarily obtain employment within their particular field of study.) Table 1 presents 1990 average monthly earnings of bachelor's and advanced degrees by field of study. The percentage of women and men earning these degrees is shown in Table 2. Utilizing these data, we can explore in more detail the earnings gaps between men and women nationwide.

**Table 1**  
Average Monthly Earnings by Attainment Level for Selected Fields of Study (sorted by bachelor's level earnings) 1990

	Advanced* (rank)	Bachelor's
Engineering	\$3,780 (3)	\$2,953
Mathematics/Statistics	2,953 (4)	2,569
Business	3,802 (2)	2,447
Physical/Earth Sciences	3,982 (1)	2,399
Nursing/Pharm/Tech Health	2,683 (5)	1,898
English/Journalism	2,055 (8)	1,607
Liberal Arts/Humanities	2,383 (7)	1,592
Education	2,597 (6)	1,532
Law	5,608	n/a
Medicine/Dentistry	5,650	n/a

\*Masters, professional, and doctorate

Looking at degrees across all levels, women were most likely to hold postsecondary degrees in education, nursing, or business. Men were most likely to hold postsecondary degrees in business and engineering.

At the bachelor's level, almost one-quarter of women held degrees in education, followed by business, liberal arts/humanities, and nursing/technical health. Only one of these four degrees, business, ranked in the upper half of the earnings scale for both bachelor's and advanced degrees. Bachelor's degrees among men were most common in business and engineering, both fields in the upper half of the earnings scale. It should be noted that bachelor's degrees in the field of nursing/technical health had significantly higher earnings in 1990 than in 1987. Average monthly earnings declined in the field of business during the same period.

During a five year period in Nebraska from academic year 1985-1986 to 1989-1990 23 percent of bachelor's degrees awarded to women were in the field of education and 22 percent were in business. Among men, 32 percent of bachelor's degrees were awarded in business and 18 percent in physical sciences (a category that includes the field of engineering in this data set.)

The choice of a field of study is only one of many factors that may be driving the earnings differentials between women and men. A discussion of these issues, including overt or subtle discrimination, job-tenure occupational segregation, and labor force attachment, is beyond the scope of this article.

### Recommended Readings

For two different perspectives on the issues of sex-related earnings differentials and economic equality between men and women, see "Does the Labor Market for Women Need Fixing?" by Barbara R. Bergmann and "Women's Quest for Economic Equality" by Victor R. Fuchs. Both articles appeared in the Winter 1989 issue of the *Journal of Economic Perspectives*.

**Table 2**  
Percent of Women and Men Earning Degrees in Selected Fields of Study by Degree Level, 1990

Field*	All degrees		Advanced		Bachelor's	
	Women	Men	Women	Men	Women	Men
Business	15	23	7	16	14	28
Education	21	7	36	14	24	6
Engineering	2	15	1	9	2	19
English/Journalism	5	2	4	1	8	2
Law	1	4	4	12	-	-
Liberal Arts/Humanities	11	7	8	5	13	7
Mathematics/Statistics	1	2	2	2	1	3
Medicine/Dentistry	2	3	5	11	-	-
Nursing/Pharm/Tech Health	16	2	9	2	10	-
Physical/Earth Sciences	1	3	2	4	1	3

-less than 1 percent

\*not all fields of study listed; thus percentages down each column will not add to 100

## Nebraska Pay Gap

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More evidence on the pay gap between Nebraska and the nation was released recently. In a U.S. Bureau of Labor Statistics report on the Mountain-Plains Region there was both good news and bad news for Nebraskans. While the Mountain-Plains gain in average annual pay lagged the U.S., Nebraska's gain at 4.3 percent surpassed the U.S. average and was second best in the Mountain-Plains. That figure was tied with South Dakota and lagged only behind Colorado at 4.7 percent. The U.S. gain was 4.1 percent and the Mountain-Plains 3.9 percent.

The bad news was that Nebraska's average annual pay is only 78.8 percent of the U.S. average. Shown in Table 1 are average annual pay for 1991, the percent change from 1990, and average annual pay as a percent of the U.S. for various states. Note that average annual pay does include both full-time and part-time workers. In the Mountain-Plains Region, only North Dakota, South Dakota, and Montana had average annual pay below Nebraska. Nebraska is below U.S. levels in all broad industry classifications. Those classifications include things such as construction, manufacturing and services.

The data does not reveal why average annual pay is low for Nebraska. There are three major reasons possible:

- Nebraska could have a higher percentage of part-time jobs than other states. With fewer hours worked on a job, average annual pay is reduced.
- Nebraska employment may be concentrated in lower paying industries.
- Nebraskans may be paid less for the same job.

In one sense, lower wages may be reflecting Nebraska's lower cost of living. Data from the American Chamber of Commerce Research Association suggest that the cost of living in Nebraska cities is about ten percent less than the U.S. average. Sorting out the reasons for Nebraska's low average pay would take a detailed analysis well beyond the scope of this brief note.

Nebraska's very low average annual pay is in contrast to information from personal income data. In 1991, Nebraska's per capita personal income was 93.6 percent of the U.S. average. The gap between the low ratio of annual average pay and that of the personal income figures could be explained by Nebraskans holding multiple jobs and income from sources other than wages such as income from family farming and social security. Nevertheless, concern continues over Nebraska's pay situation. Adding high paying jobs to the Nebraska mix of jobs should be a high priority in future development plans.

Finally, wage rates are only one factor in why people choose to live in a particular area. Other positive characteristics of the area, such as low cost housing, can offset a wage disadvantage.

**Table 1**  
Average Annual Pay for 1990 and 1991 and Percent Change for all Covered Workers by State<sup>1</sup>

State	Average Annual Pay 1991 <sup>2</sup>	Percent Change, 1990-1991	Average Annual Pay as a Percent of United States
United States	\$24,575	4.1%	100.0%
Mountain-Plains Region	21,330	3.9	86.8
Colorado	23,981	4.7	97.6
Iowa	19,810	3.0	80.6
Kansas	21,002	3.8	85.5
Missouri	22,567	3.9	91.8
Montana	18,648	4.2	75.9
Nebraska	19,372	4.3	78.8
North Dakota	18,132	2.9	73.8
South Dakota	17,131	4.3	69.7
Utah	20,874	4.0	84.9
Wyoming	20,591	2.7	83.8

<sup>1</sup>Includes workers covered by unemployment insurance (UI) and unemployment compensation for federal employees (UCFE) programs

<sup>2</sup>Data are preliminary

## Review & Outlook

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### National Outlook

#### Budget Battles

Congress currently is reviewing legislation that will implement the Clinton plan for solving the budget deficit crisis. At this writing (early April), there is some squabbling over the short-term stimulus package. Some argue that because the economy has recovered on its

own, there is no point in adding to the federal government deficit by offering a stimulus package. To put things in perspective, the stimulus package is on the order of \$16 billion, a mere drop in the bucket compared to the overall size of the federal budget. As Everett Dirksen once said, however, "a billion here and a billion there, before long we're talking about real money."

The administration has agreed to long-term goals that will remove \$500 billion from the deficit over a four year period through a combination of tax increases and spending cuts. These objectives appear to have broad support.

One issue that remains to be resolved is whether Congress will pass the BTU tax. The BTU tax is obscure to many. Perhaps this is one of its virtues. A simple gasoline tax increase might be easier to sell to Congress. It would be much easier to administer than a BTU tax.

### The Current Scene

Just where is our economy? There is some discussion that the first quarter of 1993 may have slowed from the rapid pace of economic growth at the end of last year. As real Gross Domestic Product (GDP) increased 3.4 percent in the third quarter last year and 4.7 percent in the fourth quarter, it may be reasonable to expect that the economy will have trouble maintaining such a pace. Toward the end of the month we will receive our first snapshot of first quarter growth. If real growth rates have moderated to 2.0 percent to 3.0 percent at annual rates, it should not cause great alarm.

What may cause concern is that consumer confidence has dropped continually for three months according to the Conference Board. These drops won't set well with American auto producers. Auto sales were off to a good start in 1993 with levels ahead of the 1992 pace. Total vehicle sales increased 4.5 percent in March versus a year ago. Auto producers don't want to see a resurgence of the 1991/1992 auto sales doldrums.

One area that is not a problem at this time is inflation. Price advances have been moderate. The Consumer Price Index (CPI) gained 0.3 percent in February, while the Producer Price Index (PPI) gained 0.4 percent. We are a long way from runaway inflation.

Moderation in inflation has resulted in lower long-term interest rates. Now is a good time to buy a home if

one is in a stable position both with respect to employment and location. There is a lot of mortgage refinancing under way.

New home sales responded to low interest rates, gaining 4.6 percent in February. Housing starts increased to 1.208 million units at annual rates in February. This figure contrasts with the low point in the cycle in January 1991 of 844,000.

Retail sales increased 0.3 percent in February to \$167.8 billion, a sharp contrast to the January 1991 low of under \$150 billion.

The economy clearly has recovered from its 1990/1991 recession lows. The remarkable phenomenon in this cycle is the weak response of unemployment rates. Unemployment peaked at 7.7 percent in June 1992, over a year after the recession officially ended. Unemployment in March matched February's level at 7.0 percent. Furthermore, payrolls shrank by 22,000 em-

**Table II**  
City Business Indicators  
Dec. 1992 Percent Change from Year Ago

The State and Its Trading Centers	Employment (1)	Building Activity (2)
NEBRASKA	0.0	12.3
Alliance	0.4	-7.5
Beatrice	1.9	20.5
Bellevue	-3.2	-13.3
Blair	-3.2	146.9
Broken Bow	0.7	221.4
Chadron	4.6	37.0
Columbus	0.2	8.3
Fairbury	-6.3	-49.5
Falls City	0.5	170.4
Fremont	0.4	43.8
Grand Island	5.1	17.9
Hastings	-5.7	58.4
Holdrege	1.7	-38.2
Kearney	-2.7	-6.3
Lexington	20.9	-52.2
Lincoln	1.3	41.0
McCook	-9.8	16.9
Nebraska City	0.8	-76.5
Norfolk	-1.8	51.6
North Platte	5.6	6.3
Ogallala	-0.2	-42.9
Omaha	-3.2	0.5
Scottsbluff/Gering	-0.6	6.4
Seward	3.0	130.8
Sidney	1.0	27.5
South Sioux City	5.8	-37.1
York	9.2	152.6

(1) As a proxy for city employment, total employment (labor force basis) for the county in which a city is located is used

(2) Building activity is the value of building permits issued as a spread over an appropriate time period of construction. The U.S. Department of Commerce Composite Cost Index is used to adjust construction activity for price changes

Sources: Nebraska Department of Labor and reports from private and public agencies

**Table I**  
Employment in Nebraska

	Revised January 1993	Preliminary February 1993	% Change vs. Year Ago
Place of Work			
Nonfarm	735,869	738,545	0.8
Manufacturing	101,264	101,317	1.6
Durables	47,519	47,775	2.2
Nondurables	53,745	53,542	1.0
Mining	1,267	1,299	-0.4
Construction	24,894	25,318	8.1
TCU*	46,885	46,929	0.5
Trade	186,137	185,393	0.5
Wholesale	52,977	53,084	4.2
Retail	133,160	132,309	-0.9
FIRE**	48,715	48,553	-0.3
Services	182,022	181,956	2.1
Government	144,685	147,780	-2.9
Place of Residence			
Civilian Labor Force	835,186	849,131	1.7
Unemployment Rate	3.2	3.1	

\* Transportation, Communication, and Utilities

\*\* Finance, Insurance, and Real Estate

Source: Nebraska Department of Labor

employees in March after job gains of 350,000 in February. The February spike exceeded the gain of the previous five month total. After such a sharp climb it is not unusual to see moderation in the next month's statistics. Nevertheless, job formation remains a problem.

### Nebraska Outlook

The Nebraska economy has seen an increase in job growth. Nonfarm jobs expanded 0.8 percent in February 1993 versus the year ago level. This increase followed a gain of 0.9 percent in January. Thus, during the first two months of this year we've seen rather nice growth in jobs. The strongest areas of growth in February were construction, wholesale trade, services, and nondurable manufacturing (Table I).

The unemployment rate in Nebraska for February was estimated at 3.1 percent, less than half the national level of unemployment.

Construction activity in Nebraska slowed at the end of last year. F.W. Dodge data reported by the Kansas

City Federal Reserve Bank showed a decrease of 12.5 percent in the value of total construction contracts in the fourth quarter of 1992 compared to year ago values. Nonbuilding construction contracts (streets, roads, etc.) and nonresidential buildings were down 26.3 percent and 44.3 percent, respectively. Only residential building was up 25.9 percent. U.S. Department of Commerce data, however, show a decrease of 25.8 percent in Nebraska's total housing permits over the same time

**Table III  
Price Indices**

	February 1993	% Change vs. Year Ago	YTD % Change vs. Year Ago
Consumer Price Index - U* (1982-84 = 100)			
All Items	143.1	3.2	3.3
Commodities	130.9	2.6	2.6
Services	155.8	3.8	3.8

U\* = All urban consumers

Source: U.S. Bureau of Labor Statistics

**Table IV  
Net Taxable Retail Sales of Nebraska Regions and Cities**

Region Number and City (1)	City Sales (2)		Region Sales (2)		Year to Date % Change vs. Year Ago
	December 1992 (000s)	% Change vs. Year Ago	December 1992 (000s)	% Change vs. Year Ago	
<b>NEBRASKA</b>	1,287,072	8.7	1,399,069	8.5	4.4
1 Omaha	466,079	13.3	551,233	12.6	5.9
Bellevue	17,976	5.2	*	*	*
Blair	5,503	-2.3	*	*	*
2 Lincoln	160,630	5.6	177,644	6.0	2.4
3 South Sioux City	8,216	16.3	10,535	16.4	12.3
4 Nebraska City	5,267	4.9	22,325	0.6	1.2
6 Fremont	22,313	2.1	37,864	3.3	3.1
West Point	4,466	11.1	*	*	*
7 Falls City	2,880	-2.7	11,845	5.6	8.2
8 Seward	6,151	9.1	18,117	6.0	4.2
9 York	8,842	2.4	17,638	-1.6	-1.7
10 Columbus	19,907	0.3	33,830	4.0	-0.7
11 Norfolk	28,650	10.0	45,251	8.8	5.1
Wayne	4,160	8.1	*	*	*
12 Grand Island	48,249	6.1	62,314	5.1	5.9
13 Hastings	22,837	5.8	33,123	5.8	3.8
14 Beatrice	13,293	38.7	25,259	17.1	6.6
Fairbury	3,786	8.8	*	*	*
15 Kearney	27,924	5.0	36,320	4.6	5.0
16 Lexington	8,554	2.8	20,404	4.9	3.8
17 Holdrege	6,041	7.1	9,793	9.9	2.3
18 North Platte	22,740	1.8	27,357	2.8	2.6
19 Ogallala	5,344	-14.0	11,180	-6.8	-7.0
20 McCook	10,835	-0.8	14,371	-2.0	0.6
21 Sidney	6,371	9.7	11,052	11.0	7.4
Kimball	2,200	10.3	*	*	*
22 Scottsbluff/Gering	26,223	3.8	33,664	1.8	0.5
23 Alliance	6,544	4.2	17,537	7.2	2.6
Chadron	3,587	7.0	*	*	*
24 O'Neill	5,280	8.1	17,597	5.7	-1.4
Valentine	3,854	7.6	*	*	*
25 Hartington	2,292	4.0	10,565	7.5	1.4
26 Broken Bow	4,460	12.3	13,678	10.6	2.3

(1) See Figure II of previous *Business in Nebraska* issues for regional composition

(2) Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales

\*Within an already designated region

Compiled from data provided by the Nebraska Department of Revenue

period. This decrease is reinforced with permit data from Omaha indicating a slowdown in January and February due to bad weather.

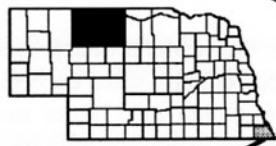
As Nebraska's construction activity remained strong throughout the period of the national recession, it should not surprise us to see some slackening of the pace of construction. Whether the decrease in activity is a pause or the start of a longer term downturn remains to be seen. With mortgage rates as low as they are, one would expect continued activity in residential building. Nonbuilding construction activity in terms of dollars spent should remain high as further improvements to Nebraska's Interstate system progress. The future of nonresidential building activity remains a puzzle. One can argue that such activity was stimulated by LB775, job creation activity and, therefore, is destined to diminish as the impact of that bill largely has played out. Others could argue that we are merely on the threshold of greater activity as more employers realize the advantages to expanding in Nebraska. Our forecasts call for moderate expansion in jobs. Therefore, we expect moderate levels of building activity to accommodate these jobs.

Banking activity shows continued increase in Nebraska as contrasted to decreases in the U.S. and the Tenth Federal Reserve District (Kansas City). While U.S. and Tenth District total deposits decreased 0.8 percent and 1.3 percent, respectively, from fourth quarter 1991 to fourth quarter 1992, Nebraska gained 2.6 percent. Nebraska's commercial banks gained 5.7 percent while thrifts dropped 7.7 percent.

Nebraska's December retail sales were strong. Non-motor vehicle sales increased 8.7 percent over year ago levels, and total net taxable retail sales increased 8.5 percent (Table IV). Total net taxable retail sales increased 4.4 percent on an annual basis, slightly ahead of last year's inflation rate of about 3.0 percent.

## County of the Month

# Cherry



Valentine—County Seat

License plate prefix number: 66

Size of county: 6,013 square miles, ranks 1st in the state

Population: 6,307 in 1990, a change of -6.7 percent from 1980

Median age: 36.1 years in Cherry County, 33.0 years in Nebraska in 1990

Per capita personal income: \$16,765 in 1990, ranks 47th in the state

Net taxable retail sales (\$000): \$44,481 in 1991, a change of +4.3 percent from 1990; \$44,457 in 1992, a change of +0.2 percent from 1991

Number of business and service establishments: 206 in 1990; 68.0 percent had less than five employees

Unemployment rate: 1.8 percent in Cherry County, 2.7 percent in Nebraska for 1991

Nonfarm employment (1991):

	State	Cherry County
Wage and salary workers	736,172	1,618
	(percent of total)	
Manufacturing	13.5%	1.8%
Construction and Mining	4.0	3.4
TCU	6.4	4.3
Retail Trade	18.3	31.0
Wholesale Trade	7.0	7.1
FIRE	6.6	4.6
Services	24.4	17.4
Government	19.8	30.4
Total	100.0%	100.0%

### Agriculture:

Number of farms: 745 in 1987, 708 in 1982

Average farm size: 5,319 acres in 1987

Market value of farm products sold: \$87.2 million in 1987 (\$117,000 average per farm)

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

Merlin W. Erickson

## Business in Nebraska

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