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How Nebraska Reacts to National Recessions

John S. Austin, Research Associate, Bureau of Business Research

With the ongoing talk of a downturn in the national economy, it is natural to ask how Nebraska may weather the oncoming storm. There is some talk that Nebraska is recession proof. A more accurate statement is that part of Nebraska's economy is vulnerable to a recession. If the recession is mild, it is possible that Nebraska may escape a downturn. Nebraska is influenced more heavily by the farm economy than is the United States as a whole. The farm economy is an important determinant of Nebraska's business cycle and is cause for concern for the 1991 state outlook.

To investigate the influences of a national recession on the Nebraska economy, we will look at three past recessions. These recessions are explored best graphically. The dates of the recessions are determined by the National Bureau of Economic Research. The three recessions we will consider are from November 1973 (peak) through March 1975 (trough); January 1980 through July 1980; and July 1981 through November 1982. The figures are shaded to show these national recessions. This analysis will focus on how particular sectors of the Nebraska economy may react to the national cycle.

The anticipated recession of late 1990 and early 1991 is expected to be short and shallow. The past recessions reviewed here are all deeper and (with one exception) longer than the expected forthcoming downturn. The exception is 1980.

We will start with an examination of employment by sector. Employment is a real variable not affected by inflation.

When we examine all the major sectors in the Nebraska economy, we find three general patterns:

- Pattern I shows a downturn paralleling all three of the national recession periods.
- Pattern II shows growth during the 1973-1975 recession, but follows both recession patterns of the 1980s.
- Pattern III shows no downturn in any of the recession years, although there is some flatness in growth.

We must issue a warning at this point. Recessions are not the only influence on the Nebraska business cycle. There are specific influences on individual sectors. For example, agriculture is important to Nebraska's economy, but the ag cycle does not follow national recessions.

The data for employment are not seasonally adjusted. Therefore, there may be some extra ups and downs in the series that are due to regular seasonal influences.

Pattern I

There is only one sector that fits Pattern I: the durable manufacturing sector. This

State Economic Scoreboard

Change from same month one year ago
See Review and Outlook on page 8 for more details

	State	Metro+	Nonmetro
Motor Vehicle Sales (August) Constant $	↓ -14.1%	↓ -21.3%	↓ -7.5%
Nonmotor Vehicle Sales (August) Constant $	↓ -5.6%	↓ -12.1%	↑ 1.6%
Building Activity (August) Constant $	↓ -1.4%	↑ 2.4%	↓ -6.3%
Employment (October)	↑ 2.3%	↑ 1.0%	↑ 3.6%
Unemployment Rate* (October)	↓ 2.0%	↓ 2.1%	↓ 1.9%

+Omaha and Lincoln. *Unemployment is this month's rate, not a percent change from year ago

Recession Patterns in Nebraska Employment Sectors

Pattern I
Employment turns down in all three national recession periods.

Pattern II
Employment turns down in the last two national recession periods, but does not turn down in the first recession period.

Pattern III
Employment does not turn down during any of the three national recession periods.

sector's employment is displayed in Figure 1. This sector is most vulnerable to the business cycle, a pattern generally followed by durable manufacturing at the national level. In the first recession period, Nebraska's durable manufacturing grew at first, but then dropped sharply. On a peak-to-trough basis, employment losses for the three recessions were:

- Recession period 1, -16.8 percent;
- Recession period 2, -9.4 percent;
- Recession period 3, -17.7 percent.

For the 1980 recession there was a loss of nearly 5,000 jobs in durable manufacturing. For the other two recessions, the job losses were well in excess of 8,000 jobs from peak to trough.

Figure 1 reveals another interesting phenomenon. There is a cycle starting in mid-1984 and ending in the first quarter of 1986 that is not related to changes in the national economy. A recovery starts in the second quarter of 1986. There was no U.S. downturn at this time, although there was widespread talk of a recession. A national recession did not materialize; rather, the cycle was due to unique Nebraska effects. The downturn in Nebraska's durable manufacturing from 1984 to 1986 was more severe than the downturn of 1980 and almost as severe as the other recession period downturns were.

No other sector shares this clear pattern of downturns associated with the three recessions we study here. The construction sector was similar, but actual 1974 annual total employment exceeded 1973 total employment. Thus, construction is classified as a Pattern II sector.

Pattern II

A prime example of a Pattern II sector is shown in Figure 2. Nondurable manufacturing employment grew in the first recession period and fell later. In the second recession period, nondurable manufacturing employment started to fall before the recession occurred. In the third recession period, the fall in Nebraska nondurable employment was coincident with the fall in the national economy. Nebraska lost 10.3 percent of its nondurable manufacturing jobs, a drop of almost 5,000 jobs from peak to trough. Although this number is cause for concern, it was not as large as the drop in durable manufacturing.

There is a lack of recovery in 1983 for nondurable manufacturing. Approximately 60 percent of Nebraska's nondurable manufacturing employment is in the food manufacturing business. 1983 was a bad year for agriculture generally. The impact of the agricultural sector likely retarded recovery in nondurable manufacturing.

Figure 1
Nebraska Employment-Durable Manufacturing
(Number of Jobs, by Year and Quarter)

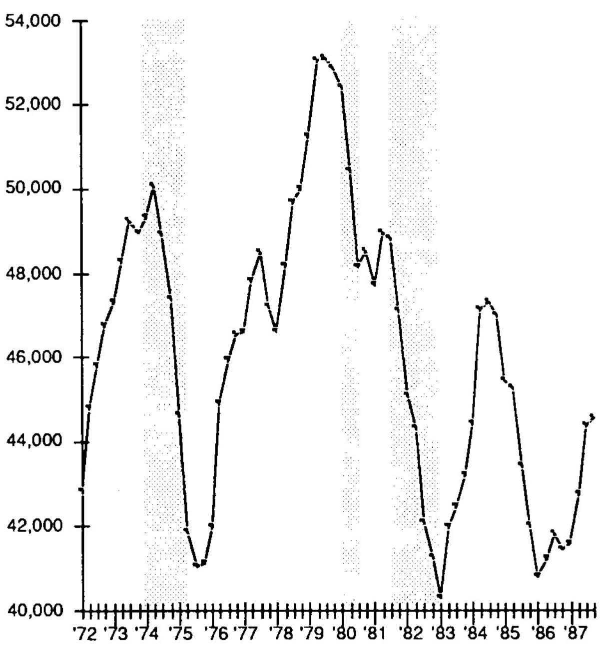
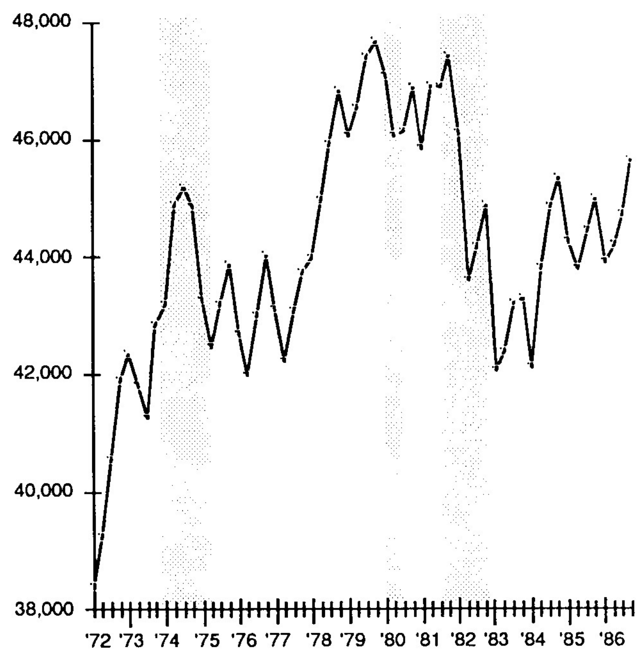


Figure 2
Nebraska Employment-Nondurable Manufacturing
(Number of Jobs, by Year and Quarter)



For all figures, shaded areas indicate recessions

Retail employment (Figure 3) (we are not looking at the dollar volume of retail sales) is another example of Pattern II. There was growth in retail employment in the first recession period, probably a carryover from the good agricultural year of 1973. There was a fall in employment at the end of this recession period.

There was a seasonal dip before the 1980 downturn, but employment generally stayed flat and somewhat below 1979 levels. The third recession showed a clearer pattern in retail employment.

Other members of the Pattern II group are construction; transportation, communication, and utilities (TCU); and wholesale trade. TCU ran in its own cycle. The downturns shown in the 1980s were probably a result of prolonged railroad employment cuts related to a reorganization of the industry, not a result of business cycle influences.

After the downturn in the third recession period, wholesale trade employment stagnated until 1987. At this point, wholesale trade employment shot upward. It is not clear why this occurred. Nebraska somehow became a much more attractive state for wholesale trade industry.

Patterns and Employment Sectors

Pattern I

Durable Manufacturing

Pattern II

Nondurable Manufacturing, Construction, Retail Trade, TCU, Wholesale Trade

Pattern III

Services, FIRE

Pattern III

Perhaps one of the best examples of Pattern III is the service sector. Service employment (Figure 4) sailed through the recessions virtually unscathed. Growth rates may have fallen, but there was still positive growth during these time periods. Although the growth curves were somewhat flattened, annual figures for service employment continued to grow throughout the recession periods. Such stability in employment is refreshing, especially as the service sector is a fairly large employer. It is not clear that we can weather the next recession without a dampening of service employment. The service sector in Nebraska is becoming a more mature industry. In 1989 total employment was 36 percent above 1982 levels. As the industry matures, it is possible that service employment may become more vulnerable to future business cycles.

The other sector that shares Pattern III is the finance, insurance, and real estate sector. The story is similar to that of the service sector. There was flatness during the third recession period, but clear growth in the other recession periods.

Notably missing from the discussion of recession effects is employment by government, both federal government employment and state and local

Figure 3
Nebraska Employment-Retail Trade
(Number of Jobs, by Year and Quarter)

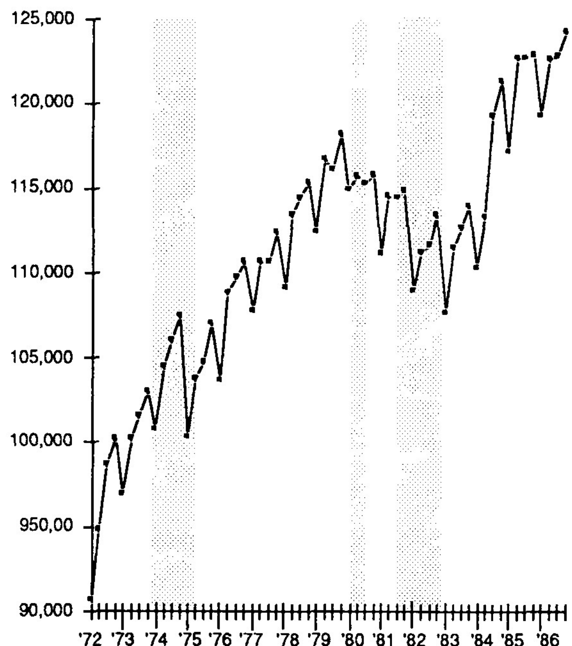
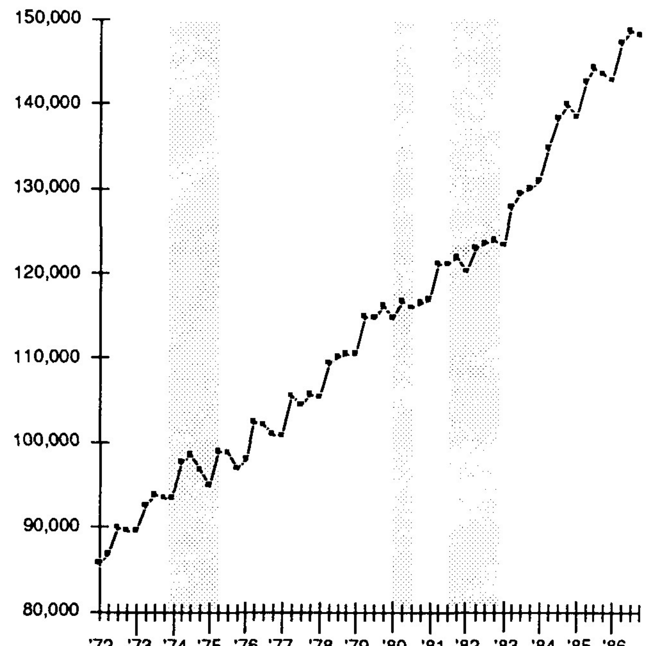


Figure 4
Nebraska Employment-Services
(Number of Jobs, by Year and Quarter)



government employment. These sectors have their own cycle, with no clear pattern related to recessions. One example is the peak in federal government employment in our state in the second quarter of this year—this employment peak was due to an increase in census workers.

Agricultural Sector

The employment concept does not work as an analytical tool in the agricultural sector. Instead, we look at net farm income. The definition of net farm income is this year's receipts minus this year's expenditures plus government transfers. We would like to look at real net farm income, but it is difficult to determine a proper deflator for this sector. If we look at net farm income as a family income concept, then perhaps the Consumer Price Index is appropriate. If we look at net farm income as a business income concept, however, it is not clear that the CPI applies.

As we can see in Figure 5, 1973 was an outstanding year for net farm income. 1983, on the other hand, was a poor year for agriculture. We also see that the volatility in net farm income is extreme. For example, there is a spike from the first to the second quarter of 1986 of 294 percent.

Unfortunately the net farm income series is a low quality data series. Net farm income is a residual calculation; the data depend upon allocation schemes used by the U.S. Bureau of Economic Analysis.

Figure 5 shows that farm income runs in its own cycle, one that is not related to national recessions.

Personal Income

An overall picture of the impacts of recessions on the Nebraska economy is shown by Nebraska's real personal income (NPI) (Figure 6). This data series follows Pattern I. In addition, there are unique aspects to NPI. In 1983 there was a lag in the recovery related to the downturn in the farm sector. While the national economy troughed in November 1982, Nebraska's personal income troughed nearly a year later in the third quarter of 1983.

Summary

Nebraska is not recession proof. The impacts of a national recession differ by sector. Some sectors have emerged unharmed from national recessions in the past. Durable manufacturing, however, is especially vulnerable.

The forecast for the forthcoming national recession is for a short and shallow downturn. If the future follows that scenario, it is possible that Nebraska could escape any ill effects. Nebraska has its own problems, nevertheless; 1991 is expected to be a poor agricultural year. Farm income for our state may dip 15 percent to 20 percent below 1990 levels due to increases in the cost of oil-related products, to a lessening of government payments, and to low crop prices.

If the forthcoming recession proves to be long and deep, then there is no guarantee that past patterns will hold. At best, past patterns can be a guide to what may happen in Nebraska's future. The good luck that we experienced in the service and finance, insurance, and real estate sectors may change, as these industries are more mature than they were in previous recessions. Nebraska businesses are well advised to consider the impacts of recessions on their businesses when making plans for the next year.

Figure 5
Nebraska Farm Proprietors' Income
($ Thousands, Current Dollars, by Year and Quarter)

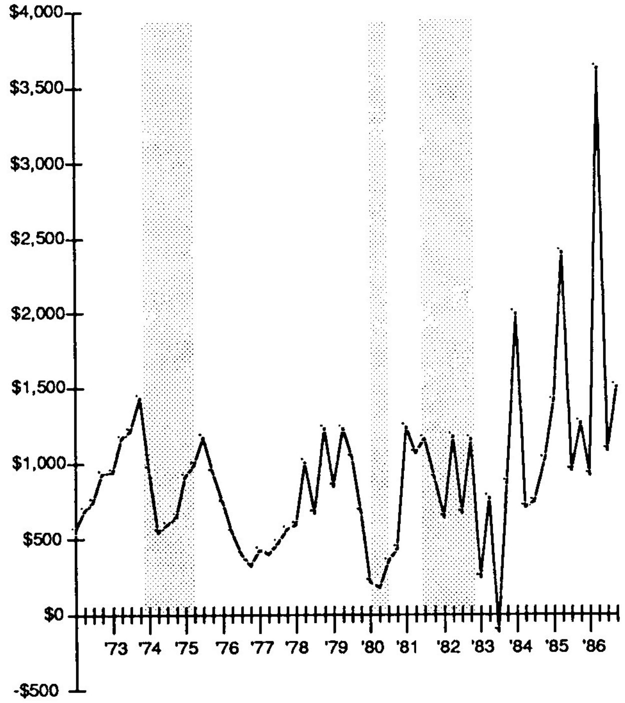
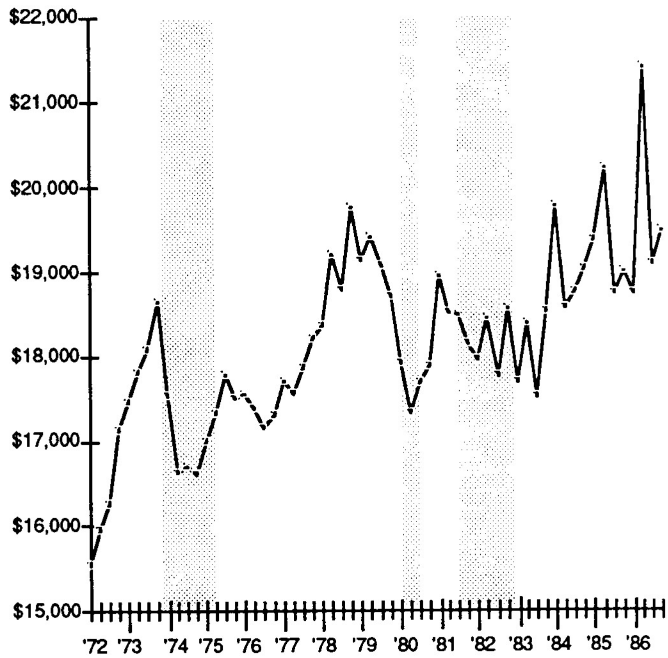


Figure 6
Nebraska Real Total Personal Income
($ Thousands, 1982-1984 Dollars, by Year and Quarter)



Projected Per Capita Income for Midwest MSAs

F. Charles Lamphear

Director of the Bureau of Business Research and Nelson Professor of Economics

Table 1 shows that the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce expects only slight movements in the ranking of the MSAs within an eight state area that includes Nebraska. Lincoln, one of Nebraska's two MSAs, is expected to move from 15th position in 1988 to 13th position by 2000. Omaha's position is expected to remain unchanged. The Davenport-Rock Island-Moline MSA is expected to experience the greatest change in rank, moving from 14th position in 1988 to 19th position by 2000.

BEA projects that in the year 2000, per capita income for the nation will be $15,345 (in 1982 dollars). The per capita income projection for Cedar Rapids, Iowa matches the national average. In the year 2000, Cedar Rapids is projected to rank 100th in the nation in per capita personal income. Any MSA ranked below Cedar Rapids is expected to experience a per capita income level below the national average.

An article that appeared in the October issue of the *Survey of Current Business*,

Table 1
Per Capita Income Estimates and Projections for MSAs in Nebraska and Nearby States
(1982 dollars)

Metropolitan Statistical Area	1988 Area Amount	1988 Area Rank	2000 Area Amount	2000 Area Rank	2000 U.S. Rank
Colorado					
Boulder-Longmont	$15,274	1	$17,691	1	31
Colorado Springs	12,421	12	14,627	14	136
Denver	14,583	2	16,661	3	55
Fort Collins-Loveland	11,919	19	13,848	21	170
Greeley	10,680	27	12,590	28	247
Pueblo	9,755	31	11,683	31	288
Iowa					
Cedar Rapids	13,150	9	15,346	8	100
Davenport, Rock Island-Moline (IA-IL)	12,215	14	14,129	19	157
Des Moines	13,780	4	15,972	4	68
Dubuque	10,844	26	12,769	26	237
Iowa City	13,302	7	15,336	9	101
Sioux City, IA-NE	11,519	22	13,916	20	164
Waterloo-Cedar Falls	11,390	24	13,681	23	174
Kansas					
Lawrence	10,426	29	12,762	27	239
Topeka	13,513	6	15,944	5	70
Wichita	13,226	8	15,814	7	79
Missouri					
Columbia	12,495	11	15,105	11	115
Joplin	10,078	30	12,230	30	265
Kansas City, MO-KS	13,718	5	15,830	6	76
St. Joseph	11,309	25	13,610	24	180
St. Louis, MO-IL	14,302	3	16,686	2	53
Springfield	11,567	21	13,796	22	172
Nebraska					
Lincoln	12,111	15	14,938	13	121
Omaha, NE-IA	12,749	10	15,247	10	106
Oklahoma					
Enid	12,023	18	14,434	16	144
Lawton	9,173	32	10,945	32	305
Oklahoma City	11,737	20	14,209	17	153
Tulsa	12,108	16	14,469	15	142
South Dakota					
Rapid City	10,583	28	12,444	29	255
Sioux Falls	12,277	13	14,976	12	119
Wyoming					
Casper	12,087	17	14,146	18	156
Cheyenne	11,518	23	13,519	25	190

Source: Bureau of Economic Analysis

published by BEA, contained BEA's latest estimates of per capita personal income for 1988 for the nation's 319 metropolitan statistical areas (MSAs). The article also included BEA's projections of per capita income to the year 2000 for the 319 MSAs. The geographic definition of each MSA was held constant for comparison purposes for the projection period.

Table 1 presents per capita income figures for Nebraska's MSAs and for the MSAs located in seven nearby states. A total of 32 MSAs are located in the eight state area. The per capita income figures presented in Table 1 are in constant dollar terms for 1982.

Table 1 also includes MSA rankings on the basis of the 32 MSAs in the eight state area and, also, on the basis of the 319 MSAs in the nation.

A MSA is defined in terms of entire counties, except in New England where MSAs are formed on the basis of cities and towns. The general concept of a MSA is one of a large population nucleus with adjacent communities that have a high degree of social and economic integration with the nucleus.

Announcing Nebraska County Profiles

This handy reference set, prepared by the Bureau of Business Research, University of Nebraska-Lincoln, contains facts and figures about agriculture, population, income, retail sales, employment, education, medical services, and recreation areas for every county in the state. A state profile is also available.

To obtain Nebraska *County Profiles*, note the number of copies in the blank next to the counties that you wish to order and send this form with a check or money order to the Bureau of Business Research, University of Nebraska-Lincoln, 200 CBA, Lincoln, NE 68588-0406.

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____Nemaha
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Construction Activity: 1991 Projections

The F.W. Dodge projections of building activity indicate that the 1991 total dollar value of all construction activity will be about $241 billion for the year, 10 percent below the 1989 peak of $268 billion. F.W. Dodge has estimated the total value of construction activity for 1990 at slightly over $245 billion. The 1991 projection indicates further decline from the 1989 peak year.

Figure 1
Building Forecast by Region
Percent Change 1990 to 1991

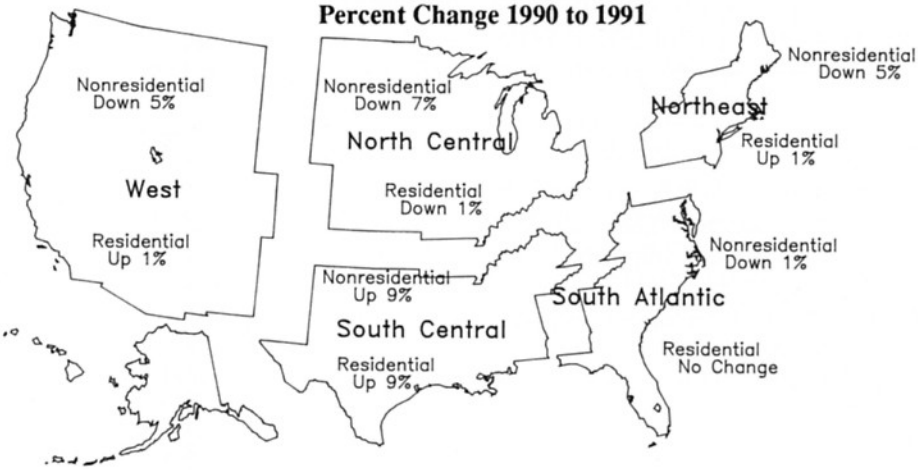


Figure 1 shows projected percentage changes (1991 projections over 1990 estimates) by region for nonresidential and residential building activity. At the regional level, the bright spot is the South Central region. For that region, both nonresidential and residential construction are expected to increase 9 percent over 1990 levels. The weakest region for construction activity appears to be the North Central region, where nonresidential building activity is expected to drop 7 percent and residential building is projected to fall 1 percent from 1990 levels.

Source: McGraw-Hill, Inc., F.W. Dodge Division, 1221 Avenue of the Americas, New York, N.Y. 10020

David DeFruiter

Change in Unemployment Rate by State

Unemployment rates were higher in September than a year earlier in 30 states and the District of Columbia, according to a recent report by the Bureau of Labor Statistics of the U.S. Department of Labor.

The national unemployment rate for all civilian workers, not seasonally adjusted, was up 0.4 percentage point, from 5.1 percent in September 1989 to 5.5 percent in September 1990.

Figure 1 shows the September 1989-to-September 1990 change in the unemployment rate for the 50 states. Year-to-year changes are being used, as the data for individual states are not seasonally adjusted. Monthly changes, unadjusted for seasonal changes, could paint a misleading picture of underlying economic trends.

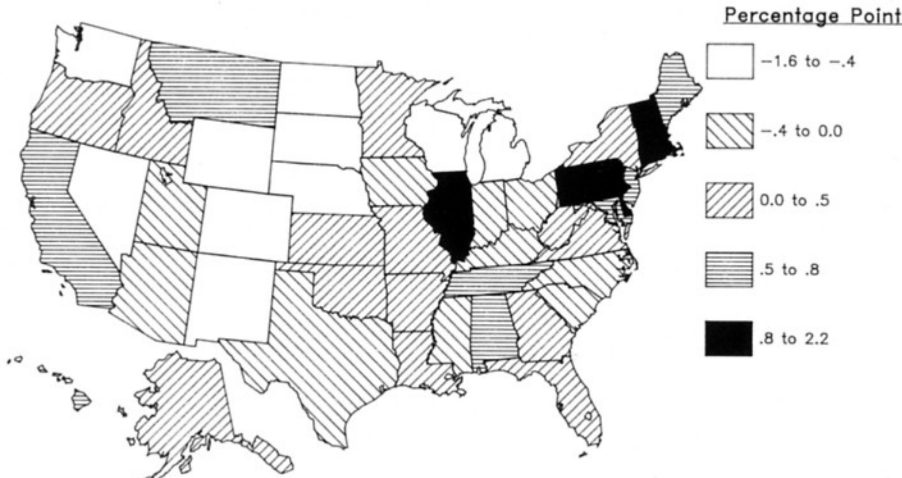
Eight states and the District of Columbia reported yearly increases in their unemployment rate of 0.8 percentage point or more. The largest increases were in Delaware (2.2 percent), Massachusetts (1.9 percent), the District of Columbia (1.8 percent), and Rhode Island (1.7 percent). Seven of the eight states are located in the Middle Atlantic and New England regions.

States with declines in their unemployment rates were concentrated in the Great Plains and Rocky Mountain areas. Washington and Wyoming were the only two states with declines in their rates of more than 1 percentage point (Figure 1).

Eight states had September unemployment rates below 4 percent. The lowest were Nebraska (2.1 percent), Hawaii (2.8 percent), North Carolina (3.3 percent), and North Dakota and South Dakota (both 3.4 percent). At the upper end, four states had unemployment rates of 7 percent or more. West Virginia was the highest (9.0 percent), followed by Alabama (7.5 percent), Mississippi (7.1 percent), and Louisiana (7.0 percent).

David DeFruiter

Figure 1
Change in Unemployment Rate
September 1989 to September 1990



Review and Outlook

John S. Austin, Research Associate, UNL Bureau of Business Research

National Outlook

According to most prominent business economists, the economy currently is poised on the brink of a recession. Many are arguing over whether the recession already has started.

Three-fourths of the 51 economists surveyed by the National Association of Business Economists (NABE) say that we are in a recession. The NABE consensus forecast calls for a decrease in the current quarter of 1.0 percent in real Gross National Product (GNP) and -0.8 percent in the first quarter of 1990. Even Alan Greenspan, the current chairman of the Federal Reserve Board and a former NABE president, acknowledges that GNP is likely to fall.

One of the things that is fundamentally different about this recession versus previous recessions is that both the private sector and the public sector are carrying an extremely high debt load. In the private sector, we have seen a growth in the 1980s of so-called junk bonds. In the public sector, we have seen a substantial increase in the federal debt brought by recurring large federal deficits. The impact of a recession with a debt-loaded economy is unclear. If a short shallow recession comes, there may not be much of an impact upon either the public or the private sectors. If the recession lengthens and becomes deeper, however, then corporations heavily indebted with junk bonds may have difficulties in making their bond payment. Such an event may call for some reorganization in the corporation world.

If the consensus short and shallow recession comes, Nebraska could make it through in fairly good shape. It is possible that Nebraska may not show a net downturn. But if the forthcoming recession proves to be long and deep, then it will be a different story. Nebraska likely will suffer with the rest of the nation.

The Consumption Sector

The consumer will be in the driver's seat for this recession. There are three major factors that are important to the consumer sector.

Number one is consumer confidence. Consumer confidence, according to a University of Michigan survey, fell again in October. This was the third month of decline, with a net decrease of 24.3 points from the July figure of 88.2 points. Consumers are negative about government economic policies, about their plans to buy new homes, about their plans to purchase consumer durables, about unemployment considerations, about inflation, and about the economy as a whole. According to a survey conducted by the Conference Board, consumer confidence fell again in November.

Given the state of consumer confidence, it will be difficult to see much of a recovery in the consumption sector--an important consideration because consumption accounts for two-thirds of total national spending.

Another major issue in the consumption sector is inflation. In the last three months, higher gasoline prices have meant that the consumer has had to use money normally spent on other items on gasoline. As a result, nongasoline purchases have suffered.

Although consumer spending advanced 0.9 percent in September, there was no increase in October. After removing the effects of inflation, real consumer spending fell 0.7 percent. Current dollar personal income advanced only 0.1 percent in October. Disposable income after inflation slipped 0.5 percent in October.

The third major item in the consumption sector is Thanksgiving weekend sales. Nationwide, retailers acknowledged widespread discounting in order to attract customers to their stores. Retailers characterized the price situation as being competitive. As a whole, the Thanksgiving weekend results were mixed. Given the usual optimism of retailers, perhaps we should interpret this as meaning retail sales were poor.

Thus, we must be somewhat pessimistic about the current state of the consumption sector. It is likely that when the fourth quarter GNP results are reported we will see a substantial decline in this sector. Given that likely decline, it will be difficult to maintain a positive growth rate in real GNP.

Other Economic News

Industrial production in October fell 0.8 percent. Despite this drop, the employment rate was maintained at the

Table 1
National Indicators

	Annual		Quarterly (SAAR)				
	1988	1989	1989:III	1989:IV	1990:I	1990:II	1990:III
Real GNP (% change)	4.5	2.5	1.7	0.3	1.7	0.4	1.7
Real Consumption (% change)	3.6	1.9	4.6	-0.8	1.1	0.2	3.2
Housing Starts (millions)	1.5	1.3	1.3	1.3	1.4	1.2	1.1
Auto Sales (millions)	10.6	9.9	10.8	8.7	9.7	9.5	9.7
Interest Rate (90 day T-bill)	6.7	8.1	7.8	7.6	7.8	7.8	7.5
Unemployment Rate (%)	5.5	5.3	5.3	5.3	5.3	5.3	5.6
Money Supply, M2 (% change)	5.1	3.7	7.0	7.1	6.4	3.2	3.1
Industrial Production Index (1987=100)	105.4	108.1	108.1	108.1	108.3	109.4	110.5

NOTE: SAAR—seasonally adjusted at annual rates
Source: Bureau of Economic Analysis

5.7 percent level recorded in September. Both of those figures contrast with the 5.3 percent unemployment rate that characterized the early part of this year. Retail sales in October advanced 0.1 percent from September. Taking gasoline purchases from this figure left a net decrease of 0.1 percent. These figures contrasted sharply to the 1.3 percent September level. General merchandise stores are having difficulties. General merchandise stores decreased 0.6 percent in October, following a fall of 1.1 percent in September. General merchandise stores rely heavily on Christmas sales.

The Consumer Price Index (CPI) advanced 0.6 percent in October, following a 0.8 percent advance in September and August. For these three months, the CPI advanced 8.9 percent at annual rates versus 4.6 percent for all of 1989.

When food and energy prices are removed from the October figure, the CPI advanced 0.3 percent. Contributing to the increases in the CPI in October was a jump in gasoline prices of 7.7 percent. Fuel oil itself advanced 12.8 percent. For the three month period, gasoline prices advanced 26.9 percent. On a year-to-date basis, gasoline prices increased 36.9 percent.

Housing starts in October were down 6 percent from September. That brings them to the lowest level since June 1982.

The Big Three auto producers are idling 14 plants in the United States and Canada. Meanwhile, Toyota plans to double the Georgetown, Kentucky, plant by 1993. That will bring the total of expansions or new plants by the so-called transplant Japanese producers in the United States to ten.

The GNP growth rate for the third quarter was revised marginally from 1.8 percent to 1.7 percent.

Nebraska Outlook

Overall, the construction sector in Nebraska continued to do well. Housing starts in Nebraska, however, decreased for the second month in a row. February, April, September, and October all showed decreases in housing starts. On a year-to-date basis, housing starts advanced 7 percent versus a year ago. In October there was some weakness in totals due to building construction. Residential and nonresidential construction figures were lower than a year ago. On a year-to-date basis, however, they were still ahead of a 1989 figures. Nonbuilding construction area is hot in Nebraska, showing a 45 percent increase in value on a year-to-date basis. Most of the strength is in street and highway construction. This category accounts for nearly one-half of total nonbuilding construction. Work in the category now has reached a seasonal slowdown.

To contrast Nebraska's construction to U.S. construction, consider the following.

Year-to-Date Contract Values

	U.S.	Nebraska
Nonresidential	-12%	+9%
Residential	-12%	+9%
Nonbuilding	-3%	+45%
Total	-10%	+17%

Source: F.W. Dodge Reports

The agricultural sector continues to do well in Nebraska. The harvest levels were good and were in line with previous outputs. Grain prices were weak. Corn prices were a little over $2 per bushel in mid-November. Livestock, on the other hand, is doing well, with most prices ahead of year ago values.

Retail sales in Nebraska have slipped. In August, retail sales for the state were down 1.6 percent versus year ago levels. On a year-to-date basis, retail sales remain 5.3 percent ahead of year ago levels. A large part of the decrease came from a fall in motor vehicle retail sales. It is important not to make too much of a decrease in one month's data. If this figure is reinforced by two or three more months of downturns, then perhaps we can say a trend has begun.

Table II
Employment in Nebraska

	Revised September 1990	Preliminary October 1990	October % Change vs. Year Ago
Place of Work			
Nonfarm	728,895	734,838	2.7
Manufacturing	97,492	98,282	2.4
Durables	46,779	46,826	0.9
Nondurables	50,713	51,456	3.8
Mining	1,653	1,604	3.0
Construction	26,146	26,091	4.4
TCU*	47,113	47,341	2.7
Trade	185,587	186,853	1.1
Wholesale	54,947	55,372	2.1
Retail	130,640	131,481	0.6
FIRE**	47,879	47,804	-1.0
Services	175,308	176,212	3.6
Government	147,717	150,651	4.9
Place of Residence			
Civilian Labor Force	824,583	836,206	1.4
Unemployment Rate	2.1%	2.0%	

* Transportation, Communication, and Utilities
**Finance, Insurance, and Real Estate

Source: Nebraska Department of Labor

Table III
Price Indices

	October 1990	% Change vs. Year Ago	YTD % Change vs. Year Ago
Consumer Price Index - U* (1982-84 = 100)			
All Items	133.5	6.3	5.2
Commodities	126.1	6.8	4.9
Services	141.7	6.0	5.5
Producer Price Index (1982 = 100)			
Finished Goods	122.3	6.4	4.6
Intermediate Materials	117.8	4.9	1.7
Crude Materials	124.6	22.0	4.9
Ag Index of Prices Received (1977 = 100)			
Nebraska	156	2.6	3.5
Crops	107	-14.4	-8.0
Livestock	187	10.7	9.1
United States	147	1.4	2.9
Crops	121	-5.5	-4.1
Livestock	171	5.6	8.5

U* = All urban consumers
Source: U.S. Bureau of Labor Statistics, Nebraska Department of Agriculture

More Hold College Degrees and Earn Higher Incomes

The U.S. Department of Commerce, Bureau of Census, reports that in 1987 about 23 percent of the nation's adult population held degrees beyond the high school level. This is a 2 percent increase from 1984. Meanwhile, the number of adults who had not completed high school dropped from 26 percent to 23 percent.

The report shows that the highest average monthly incomes were received by those with professional degrees ($4,323), followed by those with master's degrees ($2,776), bachelor's degrees ($2,109), and associate degree holders ($1,630). Average monthly income received by those with less than a four year college level education include some college but no degree ($1,283), high school graduate only ($1,135), and non-high school graduate ($761).

Merlin W. Erickson

Gasoline Taxes

According to the Transportation Planning Division, Nebraska Department of Roads, the total gas tax rate is 21.4 cents per gallon in this state. Nebraska ranks sixth in the nation, behind Illinois, Connecticut, Washington, North Carolina, and Wisconsin who had higher gasoline taxes per gallon.

Among the 50 states, Alaska had the lowest total gas tax rate (8 cents per gallon), and Illinois had the highest rate (24 cents per gallon). All of these rates were in effect October 1, 1990.

Merlin W. Erickson

Holiday Greetings

The entire staff at the Bureau of Business Research extends Holiday Greetings to our readers of *Business in Nebraska*. We wish each of you a happy and successful New Year.

Table IV
City Business Indicators
August 1990 Percent Change from Year Ago

The State and Its Trading Centers	Employment (1)	Building Activity (2)
NEBRASKA	3.0	2.2
Alliance	1.5	537.0
Beatrice	1.6	58.4
Bellevue	1.5	-29.9
Blair	1.5	-15.4
Broken Bow	0.0	1,039.7
Chadron	11.6	-60.5
Columbus	4.4	-10.8
Fairbury	-0.6	311.0
Falls City	5.4	38.7
Fremont	5.3	-37.9
Grand Island	4.0	6.4
Hastings	4.3	64.8
Holdrege	0.5	147.9
Kearney	3.7	4.0
Lexington	6.0	-61.4
Lincoln	2.7	-1.0
McCook	0.9	-29.2
Nebraska City	-3.2	-68.4
Norfolk	7.6	-37.8
North Platte	8.2	20.1
Ogallala	7.0	43.3
Omaha	1.5	14.9
Scottsbluff/Gering	2.2	5.2
Seward	4.1	298.7
Sidney	3.0	-30.3
South Sioux City	-1.1	-50.4
York	7.5	105.6

(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

Figure I
City Business Index
August 1990 Percent Change from Year Ago

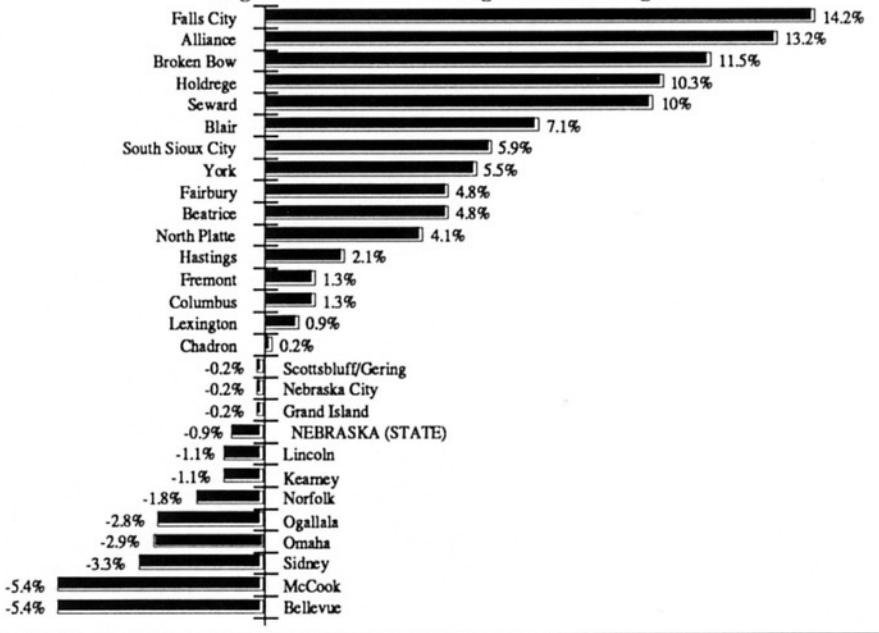
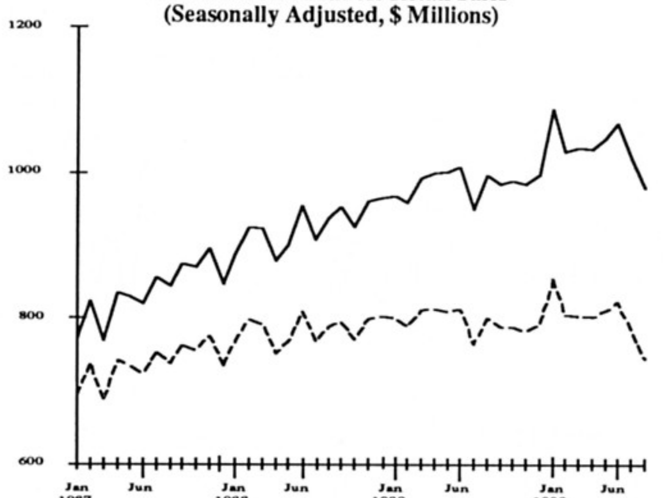


Table V
Net Taxable Retail Sales of Nebraska Regions and Cities

Region Number and City (1)	City Sales (2) August 1990 (000s)	City Sales (2) % Change vs. Year Ago	Region Sales (2) August 1990 (000s)	Region Sales (2) % Change vs. Year Ago	YTD % Change vs. Year Ago
NEBRASKA	$882,000	-0.3	$1,019,165	-1.6	5.3
1 Omaha	302,526	-4.8	375,568	-6.1	2.6
Bellevue	11,969	-5.0	*	*	*
Blair	5,062	22.3	*	*	*
2 Lincoln	121,960	-0.2	141,411	-1.9	5.3
3 South Sioux City	6,776	28.3	9,030	21.5	29.1
4 Nebraska City	4,256	21.3	19,400	6.7	9.2
6 Fremont	17,177	8.2	30,915	4.1	8.4
West Point	2,868	4.6	*	*	*
7 Falls City	2,303	29.5	9,205	9.1	7.6
8 Seward	4,622	8.9	15,571	8.4	8.4
9 York	6,568	2.1	15,045	-2.2	3.0
10 Columbus	15,289	5.1	26,568	0.8	6.9
11 Norfolk	18,627	-1.5	34,004	2.4	6.4
Wayne	3,056	19.2	*	*	*
12 Grand Island	34,671	-0.2	48,536	-1.8	2.5
13 Hastings	16,136	0.1	25,059	-3.3	2.5
14 Beatrice	7,557	9.7	18,010	7.5	12.1
Fairbury	2,638	1.0	*	*	*
15 Kearney	21,093	-1.7	29,588	-1.7	4.5
16 Lexington	6,075	11.9	16,758	2.4	4.9
17 Holdrege	5,078	18.7	8,869	3.2	7.0
18 North Platte	17,731	4.3	22,276	1.8	7.4
19 Ogallala	6,144	-12.8	11,979	-8.4	3.1
20 McCook	7,610	-4.6	11,096	-4.7	6.7
21 Sidney	3,926	-1.5	7,812	-2.1	4.1
Kimball	1,777	5.6	*	*	*
22 Scottsbluff/Gering	18,396	1.8	25,794	1.2	4.7
23 Alliance	5,336	13.6	14,137	-3.3	3.4
Chadron	2,696	4.2	*	*	*
24 O'Neill	4,019	-4.3	14,473	-0.4	7.4
Valentine	2,959	6.7	*	*	*
25 Hartington	1,302	1.8	8,543	5.3	7.1
26 Broken Bow	3,480	4.6	11,971	-2.5	2.9

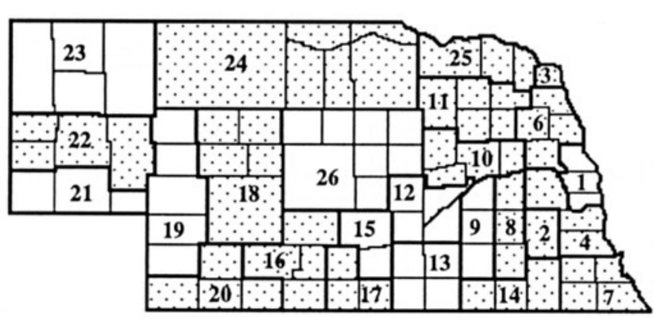
(1) See region map
(2) Sales on which sales taxes are collected by retailers located in the state. Region totals include motor vehicle sales
*Within an already designated region
Compiled from data provided by the Nebraska Department of Revenue

Figure II
Nebraska Net Taxable Retail Sales
(Seasonally Adjusted, $ Millions)



(1) The Consumer Price Index (1982-84 = 100) is used to deflate current dollars into constant dollars. Solid line indicates current dollars; broken line indicates constant dollars

Figure III
Region Sales Pattern
YTD as Percent Change from Year Ago



Shaded areas are those with sales gains above the state average. See Table V for corresponding regions and cities

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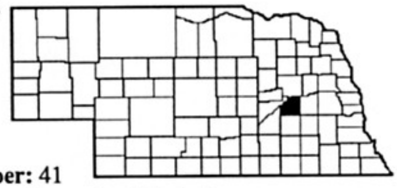
County of the Month

Polk



Osceola--County Seat

License plate prefix number: 41
Size of county: 434 square miles, ranks 84th in the state
Population: 5,900 (estimated) in 1988, a change of -6.3 percent from 1980
Median age: 35.4 years in Polk County, 29.7 years in Nebraska in 1980
Per capita personal income: $15,040 in 1988, ranks 27th in the state
Net taxable retail sales ($000): $31,083 in 1989, a change of +3.3 percent from 1988; $21,768 from January through August 1990, a change of +5.2 percent from the same period one year ago
Number of business and service establishments: 150 in 1988; 69 percent had less than five employees
Unemployment rate: 3.0 percent in Polk County, 3.1 percent in Nebraska for 1989
Nonfarm employment (1989):

	State	**Polk County**
Wage & salary workers	705,672	1,391
	(percent of total)	
Manufacturing	13.4%	3.4%
Construction and Mining	3.6	2.4
TCU	6.5	5.7
Retail Trade	18.5	15.1
Wholesale Trade	7.6	8.8
FIRE	6.8	5.8
Services	23.7	21.4
Government	19.9	37.4
Total	100.0%	100.0%

Agriculture:

Number of farms: 736 in 1987, 727 in 1982
Average farm size: 360 acres in 1987
Market value of farm products sold: $99.4 million in 1987 ($135,005 average per farm)

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

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