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Business in Nebraska

In This Issue

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Who is on First? A Taxpayer's Guide to Fiscal Federalism—Part I

John E. Anderson, Ph.D.
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WHO 'S ON FIRST,
WHAT 'S ON SECOND, AND
I DON'T KNOW IS ON THIRD

Have you ever had the feeling that federal-state-local government fiscal relationships are a lot like the classic Abbott and Costello comedy routine "Who's on First?" You have asked the question "Who is on first?" and gotten "yes" for a reply. "But I want to know who is on first," you respond. The answer is, "You've got it. Precisely, Who is on first." Frustrated, you turn to ask who is on second, only to find that What is on second, not Who. So it goes.

Our system of federal, state, and local governments sometimes seems hopelessly confused. The purpose of this article is to clarify some of the confusion and suggest that there is some rational basis for the division of responsibility. Of course, there is also ample room for improvement. Beyond considering the current state of fiscal relations, however, in Part II I will explore some new ways through which we may make the arrangement even more rational and effective.

Functions of Government

Governments must fulfill three important functions: allocation, distribution, and stabilization. These functions are assigned to one of three levels of government in our federal system: national, state, or local.

Allocation

Governments play an important role in allocating resources to the production of public goods. Public goods are characterized by a lack of rivalry in consumption. That is, you and I both can consume them without affecting the quality or amount of goods left for the other. Classic examples of public goods include national defense and lighthouses. A bit closer to home, you may consider the light produced by a street light to be a public good.

Public goods are not provided in adequate quantities by the private market mechanism because of the problems of non-exclusion and free riding. A private entrepreneur cannot produce light along a city street, charge motorists for the light, and make a profit. Motorists benefit from the light and would be willing to pay for it, although they likely would not be willing to admit this in a referendum.

As a result, it is the responsibility of government to allocate resources for the provision of public goods. The federal government provides defense and highways, the state provides roads and bridges, and the city provides street lights and libraries.

A distinction should be made between government responsibility for allocation of resources for the provision of public goods and government production of these goods. There is no necessity for government to produce public goods. Government may contract with private firms for provision of public goods.

Distribution

Distributing the proceeds of the economy is also a function of government. Beyond mere enforcement of contracts within the judicial system, government also is involved in redistributing goods and services, income, and wealth. As an example of redistribution of services, consider Medicaid, the federal-state program for providing health care services to the poor. Medicaid distributes health care to low income families who otherwise would not be able to purchase such services.

Other forms of in-kind transfers include food stamps and housing programs. Redistribution of income and

Intergovernmental Transfers

Intergovernmental transfers occur at two levels. First, there are transfers from the federal government to state and local governments. In 1990 these amounted to $147 billion. These transfers went to fund education (15.5 percent), highways (10.6 percent), public welfare (41.1 percent), housing and urban renewal (8.4 percent), and other expenditures (25.3 percent). Table 1 provides an overview of the federal intergovernmental transfers from 1954 to 1990.

The importance of these transfers in state and local government budgets is illustrated in Table 2.

Federal transfers peaked at 22 percent of state and local own-source revenues in 1978. Since then they have fallen to 16 percent. State governments have relied, correspondingly, more heavily on income taxes. This table also illustrates the long-term decline in the reliance on property taxes to fund local government services. Since 1948 reliance on the property tax has been cut in half.

Another important aspect of fiscal federalism is grants-in-aid to state and local governments. Table 3 provides a clear view of the changing nature of these grants. The growing

Table 1
Federal Intergovernmental Expenditures To State and Local Governments by Function
Selected Years 1954-1990
($ millions)

	Total ($)	Education ($)	Highways ($)	Public Welfare ($)	Housing and Urban Renewal ($)	General Revenue Sharing[1] ($)	All Other ($)
1954	2,967	475	530	1,439	90	n.a.	433
1980	90,836	12,889	9,457	28,494	6,093	6,835	27,068
1990	146,990	22,757	14,233	60,456	12,320	n.a.	37,224

[1]The program was eliminated for states in 1980 and for local governments in 1986

Table 2
State and Local General Revenue Percentage Distribution by Source
Selected Years 1948-1990

			Own-Source						
				Taxes					
Year	Total ($)	Intergov-ernmental (%)	Total (%)	Total (%)	Individual Income (%)	Sales and Gross Receipts (%)	Property (%)	Other (%)	Charges and Miscellaneous (%)
1948	17,250	10.8	89.2	77.3	3.1	25.8	35.5	12.9	11.9
1980	382,322	21.7	78.3	58.4	11.0	20.9	17.9	8.6	19.8
1990	849,502	16.1	83.9	59.0	12.4	20.9	18.3	7.4	24.8

Table 3
Federal Grants-in-Aid in Relation to State and Local Outlays, Total Federal Outlays, and Gross Domestic Product
Selected Years 1955-1997
($ billions)

	Federal Grants-in-Aid (current dollars)					Exhibits:			
			As a Percentage of			Federal Grants Constant Dollars (1987 dollars)		Grants for Payments to Individuals	
Fiscal Year	Amount ($)	Percent Increase or Decrease (-) (%)	Total State-Local Outlays (%)	Total Federal Outlays (%)	Gross Domestic Product (%)	Amounts ($)	Percent Real Increase or Decrease (-) (%)	Amount ($)	Percent of Total Grants (%)
1980	91.5	10.4	25.8	15.5	3.5	127.6	-0.4	32.7	35.7
1990	135.4	11.0	19.4	10.8	2.5	119.7	6.7	77.1	57.0
1995	235.5	7.0	n.a.	15.3	3.3	175.3	3.5	163.5	69.4

importance of health care grants, mainly for Medicaid, is painfully obvious. Estimates through 1995 indicate that health care grants will be the only growing area of federal grant activity.

Intergovernmental transfers also occur between state and local governments. Table 4 illustrates that state transfers to local governments accounted for $175 billion in 1990. These transfers went to fund education (62.5 percent), public welfare (12.4 percent), general support (9.5 percent), highways (4.4 percent), and other spending (11.2 percent).

Table 4
State Intergovernmental Expenditures to Local Governments by Function Percentage Distribution for Selected Years 1954-1990

Fiscal Year	General Support (%)	Education (%)	Highways (%)	Public Welfare (%)	Other (%)
1954	10.6	51.6	15.3	17.7	4.8
1980	10.4	63.7	5.3	11.2	9.4
1990	9.5	62.5	4.4	12.4	11.2

Source for all tables: ACIR computations based on U.S. Department of Commerce, Bureau of the Census, *Government Finances in [year]*

wealth comes through the tax system. Taxes based on ability to pay take more from the wealthy and less from the poor.

Conventional wisdom holds that redistribution is only proper for the federal government. If subnational units of government implement redistributive transfer programs or highly progressive tax systems, people will relocate in response; the wealthy move out and the poor move in.

But current experience requires us to reconsider this so-called wisdom. The states all have different menus of services provided in their Medicaid programs, for example. Progressive income taxes are common at the state and even city levels. Subnational governments are involved in redistribution (e.g., Medicaid and general assistance programs), but the extent to which they exercise this function is limited by the mobility of the economic actors (individuals and businesses) involved.

Stabilization

Government is expected to stabilize the economy. We typically think of the federal government and its role in stabilizing output (measured in GNP or GDP), income (measured by national income), prices (measured by the Consumer Price Index), and other key economic indicators. A stable economy that provides employment, income, and predictable opportunities is an important goal for the federal government.

State governments increasingly are taking an active role in stabilization efforts, trying to provide a setting for increased employment and economic opportunity. We have witnessed a number of creative efforts in this arena. States have implemented funds to provide venture capital, investment incentives for the location or expansion of plants and equipment, and a host of other facilitating programs.

The Role of Taxes

It has been said that taxes are the price we pay for civilization. Taxes are the means by which we pay for the services we need and want from government. In a federal system, all three levels of government have some degree of power to tax. These powers are constrained by constitutional and legal settings.

Specific powers of taxation are provided the federal government in the U.S. Constitution. Article 1, Section 8 states that Congress may "pay the debts and provide for the common defense and general welfare of the United States." The section further provides for taxes, duties, imposts, and excises. Section 9 of the constitution forbade a general income tax, but the sixteenth amendment granted the federal government the right in 1913 to implement an income tax.

State powers of taxation are granted by the tenth amendment which provides state governments powers not given to the federal government. As a result, states can use income, sales, excise, and other taxes. States are prohibited, however, from applying imposts or duties on imports or exports. Hence, international trade policy is the exclusive purview of the federal government. Local governments such as counties, cities, and school districts are granted limited powers of taxation by their states.

The federal government relies most heavily on income and payroll taxes to fund the services it provides. A progressive income tax has been implemented at the national level (rather than at the state or local levels) to eliminate some of the problems of tax avoidance that would occur if subnational governments used highly progressive taxes. Payroll taxes are used to fund Social Security and Medicare.

States rely heavily on sales and excise taxes. Local governments rely heavily on property taxes. While state and local governments also may rely on income taxes, they typically are not very progressive in nature.

Intergovernmental transfers also play an important role in subnational government finance. (See sidebar on intergovernmental transfers.) The set of fiscal relationships between federal, state, and local governments is known as fiscal federalism.

In recent years there have been reduced transfers from the federal level to state and local governments coupled with increased responsibility to provide services (for example, medical care). These trends have resulted in extreme pressure on state and local government budgets. John Shannon, former director of the Advisory Commission on Intergovernmental Relations (ACIR) has referred to our present situation as "fend-for-yourself-federalism," as state and local governments are largely on their own to figure out how to pay for mandated programs.

*In Part II in the March **Business in Nebraska**, Dr. Anderson rethinks federal-state fiscal relations. His examination of functions best performed by various levels of government suggests a reassignment of responsibilities. Dr. Anderson also discusses a way to finance these new responsibilities.*

Review & Outlook

John S. Austin
UNL Bureau of Business Research

National Outlook

In the last few months evidence of economic progress has become more apparent. The strengthened economy allows the Clinton Administration to move from promises of short-term stimulation packages to a focus on longer-run issues such as the deficit. At this writing (early February), however, the Clinton Administration is in the early stages of announcing a $31 billion stimulation package. The reason given for the package is that despite continued signs of recovery, job growth has been lackluster and unemployment remains high.

Table I
Employment in Nebraska

	Revised Nov. 1992	Preliminary Dec. 1992	% Change vs. Year Ago
Place of Work			
Nonfarm	748,027	743,761	0.3
Manufacturing	99,811	100,372	0.7
Durables	47,258	47,655	0.7
Nondurables	52,553	52,717	0.8
Mining	1,432	1,354	4.5
Construction	28,771	28,819	1.3
TCU*	47,787	47,965	1.7
Trade	185,053	186,567	-1.7
Wholesale	51,369	51,747	0.1
Retail	133,684	134,826	-2.4
FIRE**	48,636	48,663	0.3
Services	182,660	180,896	0.5
Government	153,877	149,985	1.2
Place of Residence			
Civilian Labor Force	843,444	838,995	-0.2
Unemployment Rate	2.5	2.6	

* Transportation, Communication, and Utilities
** Finance, Insurance, and Real Estate
Source: Nebraska Department of Labor

The January unemployment rate fell marginally to 7.1 percent from December's 7.3 percent. While below the midyear peak unemployment rate, January's rate matches that of a year ago. The January fall in the unemployment rate was matched by a meager rise in new jobs. There are several reasons for the slow growth in jobs. First, the relatively mild recession has meant a relatively mild recovery. Second, American corporations have been downsizing and restructuring to become more competitive in international markets. Third, increased productivity means that more is produced by American firms with the same number of workers.

Details of the Clinton Administration's package are few at this stage. The stimulus portion will be split evenly between quick start jobs (such as $7 billion for highway construction) and tax breaks. The tax break will be an investment tax credit for new investment. To keep the package from adding to the deficit, there will be an effort to push through some tax increases, most notably an increase in the top tax bracket to 36.0 percent. Gasoline taxes also may be raised.

Economic improvement was evident in the recently released fourth quarter 1992 GDP. GDP rose 3.8 percent in the fourth quarter, following a 3.4 percent jump in the third quarter. This advance is the largest in over four years. The increase was definitely consumer led—of the $46.1 billion advance in real GDP, $35.2 billion was from the consumer sector. Advances in consumption were spread throughout durable, nondurable, and service purchases. Both residential and nonresidential investment areas gave solid boosts to fourth quarter performance. Each area advanced over $12 billion.

Offsetting these advances were losses in net exports, the government sector (especially the federal area), and in a technical adjustment for changes in inventory. The last item is hard to follow because rapidly advancing economies can chew up inventories quicker than they are produced. If inventories fail to increase as much as they did last quarter, GDP is reduced.

The overall advance in GDP for 1992 was 2.1 percent, a contrast to the 1.2 percent loss in 1991. The 1991 loss was moderate. On the whole, the recession of 1990/1991 will be recorded as a fairly modest recession. A survey of 24 Midwest economists recently released by the Chicago Fed reinforces the notion that growth will be more rapid this year than last. This survey called for a 2.8 percent advance in GDP. The survey was done in December, long before the fourth quarter GDP results were known.

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

The State and Its Trading Centers	Employment (1)	Building Activity (2)
NEBRASKA	-0.3	11.7
Alliance	1.1	31.7
Beatrice	0.8	69.8
Bellevue	-3.9	-25.6
Blair	-3.9	118.5
Broken Bow	-0.5	202.3
Chadron	2.9	-43.8
Columbus	-0.5	-13.4
Fairbury	-6.6	70.2
Falls City	-0.7	252.8
Fremont	-0.3	11.0
Grand Island	3.8	6.8
Hastings	-5.8	-23.9
Holdrege	0.3	-81.3
Kearney	-2.8	-1.7
Lexington	20.6	-40.2
Lincoln	1.7	33.3
McCook	-10.0	103.2
Nebraska City	-0.4	216.8
Norfolk	7.8	17.5
North Platte	5.6	-16.2
Ogallala	-1.1	-8.7
Omaha	-3.9	3.0
Scottsbluff/Gering	-1.3	122.6
Seward	3.4	-21.9
Sidney	1.3	49.2
South Sioux City	6.0	16.7
York	7.7	49.3

(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

*For September data, contact the Bureau of Business Research

Other Economic News

Recent news tends to support the idea that we are in a recovery phase. Personal income grew 1.0 percent in December, and spending increased 0.5 percent. Housing starts in December reached 1.3 million units, a 5.5 percent increase over November. Housing starts for 1992 stood at 1.2 million units, an 18.0 percent gain above 1991's 1.0 million units. In December the average mortgage interest rate was 8.1 percent.

Helping to explain the low growth in jobs was a recent release on productivity. In 1992 labor productivity advanced 2.7 percent, the largest gain in 20 years. With employers getting more output from each worker, the need to increase the number of employees is lessened, thus helping to explain the slow drop in the unemployment rate.

The increase in consumer prices last year remained moderate. For the year as a whole the Consumer Price Index (CPI) advanced 2.9 percent. In December the advance was a modest 0.1 percent. The gain in the Producer Price Index in December was 0.2 percent, slightly ahead of the CPI advance.

The Industrial Production Index increased 0.3 percent in December after increasing 0.4 percent in November. Restraining advances in the Industrial Production Index was a drop in the production of defense goods of 9.9 percent.

Retail sales in 1992 advanced 5.1 percent, with December advancing 1.2 percent over November. Both automobile sales and building supply company sales were leaders in the overall advance.

Early reports on January from major retailers indicate that the spending pace has not slackened. Auto sales sharply rebounded last month. Domestically produced cars sold at an annual rate of 7.6 million units, and trucks sold at a rate of 4.8 million. The Japanese share of the U.S. market fell to 27 percent from 30 percent a year ago.

Perhaps somewhat confusing were two different reports on consumer confidence last month. After a sharp rise in December, the University of Michigan survey fell one point to 90. The Conference Board's Consumer Confidence Index rose to 77.0 percent. By either measure, consumer confidence now is higher than it was only a few months ago.

Table III
Price Indices

	December 1992	% Change vs. Year Ago	YTD % Change vs. Year Ago
Consumer Price Index - U* (1982-84 = 100)			
All Items	141.9	2.9	3.0
Commodities	130.1	2.0	2.0
Services	154.2	3.6	3.9

U* = All urban consumers
Source: U.S. Bureau of Labor Statistics

The recent rise in the index of leading indicators received more attention than it deserved. The index advanced 1.9 percent in December, the largest one month gain in a decade. While the rise verifies that the recovery continues, let us not read too much into the report. First, the figure is for only one month's data. It is more important that the index has been rising for several months than that it spiked in December. Second, the index does give false signals. As one observer puts it, "the index has signaled ten of the last two recessions." Third, the information in the index is based on data that are already stale.

A big part of December's rise was a 14 point increase in the University of Michigan survey of consumer confidence. We already know the survey dropped a percentage point in January. We should not make too much of changes in the leading indicators. They are only one more piece of information, and a flawed one at that.

Nebraska Outlook

Figures for personal income in the third quarter of last year were released recently. U.S. personal income advanced 4.5 percent, the same increase as in nonfarm personal income. Farm income, on the other hand, advanced 12.9 percent in the third quarter of 1992 over the third quarter of 1991.

Plains states saw an increase in total personal income of 5.6 percent, while nonfarm personal income rose 5.2 percent. The rise in farm personal income in the Plains region was 26.8 percent. Nebraska did not share fully in these rises. Nebraska's total personal income advanced 4.6 percent, while nonfarm personal income rose 4.4 percent. Nebraska farm personal income rose 7.0 percent (Table A). Compared to all the states that surround Nebraska, Nebraska's nonfarm personal income increase was only greater than that of Wyoming. Wyoming's nonfarm personal income increase was 4.2 percent.

Table IV
Net Taxable Retail Sales of Nebraska Regions and Cities

Region Number	and City (1)	City Sales (2) October 1992 (000s)	City Sales (2) % Change vs. Year Ago	Region Sales (2) October 1992 (000s)	Region Sales (2) % Change vs. Year Ago	Year to Date % Change vs. Year Ago
NEBRASKA		982,066	3.1	1,115,247	4.1	4.5
1	Omaha	332,481	2.4	411,333	4.0	6.2
	Bellevue	12,592	3.4	*	*	*
	Blair	5,037	9.4	*	*	*
2	Lincoln	130,725	3.9	150,242	4.7	2.8
3	South Sioux City	6,977	17.0	9,523	15.2	10.2
4	Nebraska City	4,422	5.6	21,223	4.2	0.9
6	Fremont	18,005	-2.0	32,731	0.7	2.2
	West Point	3,511	-1.3	*	*	*
7	Falls City	2,239	-3.1	10,646	9.8	0.4
8	Seward	4,740	2.6	15,432	0.3	3.3
9	York	7,455	3.9	15,793	1.3	-0.8
10	Columbus	16,107	-12.6	29,042	-4.1	0.6
11	Norfolk	21,611	5.9	37,1636	6.9	2.2
	Wayne	3,685	10.9	•	*	*
12	Grand Island	37,275	8.5	52,720	10.7	6.3
13	Hastings	16,675	4.0	25,774	1.5	3.2
14	Beatrice	8,617	6.5	18,621	1.0	1.9
	Fairbury	2,960	-12.4	*	*	*
15	Kearney	22,639	6.9	31,058	6.4	4.0
16	Lexington	7,678	22.1	18,619	12.7	4.1
17	Holdrege	5,262	4.5	8,809	2.5	0.5
18	North Platte	17,497	4.7	22,473	6.3	2.8
19	Ogallala	4,439	-19.6	9,864	-11.6	-2.5
20	McCook	8,303	4.6	11,643	2.0	0.8
21	Sidney	5,725	10.8	9,764	5.8	7.7
	Kimball	1,626	-1.2	*	*	*
22	Scottsbluff/Gering	20,838	3.4	28,185	0.9	1.0
23	Alliance	4,969	-1.4	14,409	2.7	-0.5
	Chadron	2,786	-3.7	*	*	*
24	O'Neill	3,882	-0.3	14,983	4.4	-3.4
	Valentine	3,059	5.9	*	*	*
25	Hartington	1,883	10.9	9,271	5.3	-2.9
26	Broken Bow	3,570	-1.3	11,714	3.6	-1.6

(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

With the exception of Kansas, all surrounding states had increases in farm personal income that exceeded Nebraska's. Kansas farm personal income decreased 7.9 percent versus year ago. Some states even saw extraordinarily high growth in farm personal income; Missouri grew 52.7 percent over 1991 third quarter levels. In looking at such data, we must recall that Nebraska had very good farm years in 1990 and 1991 and, thus, was already at a fairly high level of farm personal income.

Nebraska sectors showing strength in earnings were construction, with an increase of 8.0 percent in the third quarter 1992 versus the same period a year ago; nondurable manufacturing, increasing 9.4 percent; finance, insurance, and real estate, growing 7.1 percent; and services, growing 6.6 percent. Areas showing losses in earnings versus a year ago were federal defense, dropping 17.2 percent; and wholesale trade, falling 1.7 percent. The drop in military earnings restrained overall growth in the government sector. Earnings in the government sector grew 2.5 percent over the period. At the same time the CPI increased 3.1 percent. Thus, Nebraska's nonfarm personal income showed a real advance of 1.3 percent.

Some have asked how Nebraska's economy will perform as the nation continues to recover. Estimates are that U.S. real personal income will increase about 3.0 percent to 3.5 percent per year in the next two years. According to the latest forecast from the Bureau's quarterly model, our state's real personal income will grow about 0.9 percent in 1993 and 1.3 percent in 1994. Thus, although Nebraska generally outperformed the national economy during the last downturn, we likely will lag in the recovery. Nebraska's economy will continue to grow—it just won't grow as fast as the rest of the nation will. The lack of heavy cyclical industries that benefited Nebraska during the downturn will restrain us in the upswing.

Net taxable retail sales gains for October 1992 are shown in Table IV. In October nonmotor vehicle sales increased 3.1 percent in the state, an advance roughly in line with overall inflation. Total net taxable retail sales in the state grew 4.1 percent in October and advanced 4.5 percent for the first ten months of 1992 versus the first ten months of 1991. Thus, the net taxable retail sales figures tend to reinforce the personal income figures just reported. It will be approximately two more months before we see data on Christmas sales in Nebraska.

In December Nebraska jobs advanced 0.3 percent over year ago levels. The unemployment rate increased marginally to 2.6 percent over November's low 2.5 percent level.

Table A
Personal Income Third Quarter 1992
Nebraska and Surrounding States

	Personal Income		Nonfarm Personal Income		Farm Income	
	$ Millions	% Change From Year Ago	$ Millions	% Change From Year Ago	$ Millions	% Change From Year Ago
Nebraska	29,580	4.6	27,788	4.4	1,791	7.1
South Dakota	11,922	7.9	10,917	6.3	1,004	28.6
Iowa	51,082	7.0	49,352	5.8	1,731	54.8
Colorado	69,652	6.3	69,082	6.2	570	17.0
Kansas	47,711	5.0	47,455	5.1	255	-7.9
Missouri	97,142	4.8	96,521	4.6	620	52.7
Wyoming	8,155	4.7	7,979	4.2	176	33.3
Plains Region	337,471	5.6	330,294	5.2	7,177	26.8
U.S.	5,051,466	4.5	5,009,069	4.5	42,397	12.9

Source: U.S. Bureau of Economic Analysis
Note: Plains Region includes Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

NEIP Demonstration

David DeFruiter, information systems manager at the Bureau of Business Research, will demonstrate NEIP (the Nebraska Economic Information Program) at the March session of the IANR Communications and Computing Services Monthly Seminar Series. This series is broadcast via satellite across the state. Interested persons can attend the seminar on March 11, 1993 from 1:00 to 2:30 in room 116 of Chase Hall on UNL's East Campus.

For more information about the seminar series, contact IANR's Ron Roeber at 402/472-5571.

New Publications From the Bureau of Business Research

— "Net Taxable Retail Sales, 1984-1991, Nebraska and Counties." Price is $5.00 plus $1.00 for postage and handling.

— "Nebraska: Critical Issues in the 1990s," 1993 Annual Economic Outlook Report. Price is $15.00 plus $1.00 for postage and handling.

— "Nebraska County Profiles." The county profiles were updated in the fall of 1992. Price is $1.00 per county with a minimum order of $10.00. An entire set of 93 counties plus the state profile is available for $45.00.

Contact:

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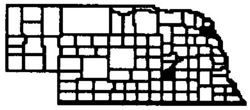
County of the Month

Thurston



Next County of Month

Pender—County Seat
License plate prefix number: 55
Size of county: 393 square miles, ranks 89th in the state
Population: 6,936 in 1990, a change of -3.5 percent from 1980
Median age: 29.9 years in Thurston County, 33.0 years in Nebraska in 1990
Per capita personal income: $10,670 in 1990, ranks 93rd in the state
Net taxable retail sales ($000): $14,088 in 1991, a change of -2.8 percent from 1990; $11,944 during January-October 1992, a change of +2.0 percent from the same period one year ago
Number of business and service establishments: 115 in 1989; 61 percent had less than five employees
Unemployment rate: 7.1 percent in Thurston County, 2.7 percent in Nebraska for 1991
Nonfarm employment (1991):

	State	Thurston County
Wage and salary workers	736,172	1,971
	(percent of total)	
Manufacturing	13.5%	12.7%
Construction and Mining	4.0	2.3
TCU	6.4	*
Retail Trade	18.3	8.6
Wholesale Trade	7.0	6.6
FIRE	6.6	*
Services	24.4	32.5
Government	19.8	31.6
Total	100.0%	100.0%

Agriculture:
Number of farms: 462 in 1987, 535 in 1982
Average farm size: 419 acres in 1987
Market value of farm products sold: $40.3 million in 1987 ($87,200 average per farm)

Sources: U.S. Bureau of the Census, U.S. Bureau of Economic Analysis, Nebraska Department of Labor, Nebraska Department of Revenue
*Data not available because of disclosure suppression

Merlin W. Erickson

Business in Nebraska

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