

Business in Nebraska

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Nebraska Migration by County, 1980-1990

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John S. Austin, UNL Bureau of Business Research

In the last Census decade, Nebraska continued to lose population via migration. Slightly over 100,000 more persons left the state than entered it, amounting to some 6.4 percent of the 1980 population. The loss is not unique to Nebraska. Plains States tend to lose population via net migration.

Net migration is simply the number who enter an area less the number who leave over a specific time period. If more persons move into an area than move out, the area is said to have positive net migration or net immigration. If more move out than in, the area is said to have negative net migration or net outmigration.

Although it is theoretically possible to follow all individuals in the U.S. and determine their change in location, such tracking is both impractical and unnecessary to establish net migration data. Instead, we may use a simple calculation. *Net migration* is defined as the change in total population less the natural increase in population. The *natural increase in population* is the number of births less the number of deaths.

Fortunately, the numbers of births and deaths in the state and in each county are tracked by the Nebraska Department of Health. The U.S. Census provides highly detailed information on the population every ten years. These two sources were merged to form estimates of net migration for Nebraska's counties. In addition, the data were broken down into several age groups using standard mortality tables. The data are available in tabular form on the Department of Economic Development electronic bulletin board. The data were prepared by Donis Petersan and Steve Haider, both of the Nebraska Public Power District.

Age Distribution

One of the key features of the migration phenomenon is that migrants tend to concentrate in key working ages. In Nebraska, those between the ages of 25 and 44 had the highest net outmigration rates. Table 1 presents an age breakdown of migration. On net, 10 percent of those between the ages of 25 and 44 left the state between 1980 and 1990. The next highest migration rate was in the 15 to 24 year old category. Together they accounted for just over 70 percent of the state's net migration over the decade. These two age categories are vital to the state's future—they contain individuals who are just starting their careers and those in the middle stages of their careers. These ages represent a long-run source of labor for current and future Nebraska jobs. Stemming the outflow of young working-age adults may be the most effective way to provide an expanding labor force for tomorrow's jobs.

Table 1
Nebraska Net Migration by Age
1980-1990

Age Group	1990 Population	Net Migration	Percent of 1980 Population
0-14	363,392	-11,528	-3.0
15-24	221,509	-16,072	-6.1
25-44	486,021	-54,347	-10.0
45-64	284,399	-12,279	-2.2
65+	223,066	-5,942	-1.7
Total	1,578,387	-100,126	-6.4

largest county has outmigration problems. The problem of outmigration is not restricted to Nebraska's small towns and rural areas, although its relative intensity does appear to be greater in smaller communities.

Last Words

More details of the calculations are available from NPPD. However, the data only start the story. Why persons migrate and where they migrate is beyond the scope of this short paper. Instead, this paper is intended to document the migration problem and to stimulate discussion on the problem of Nebraska's long-term labor supply.

Table 2
Ten Nebraska Counties With the
Highest Migration Rates
1980-1990

County	1990 Population	Total Net Migration Rate as a Percent of 1980 Population	Net Migration Rate 15-24 Year Olds as a Percent of 1980 Population
Blaine	675	-25.8	-51.6
Loup	683	-25.0	-60.3
Keya Paha	1,029	-25.0	-51.3
Wheeler	948	-22.8	-50.6
Kimball	4,108	-21.2	-50.9
Grant	769	-20.0	-55.1
Rock	2,019	-19.9	-45.5
Thomas	851	-19.6	-40.7
Hooker	793	-19.6	-38.7
Sioux	1,549	-19.1	-44.7

Table 3
Nebraska Counties With Strong
Immigration of 15-24 Year Olds
1980-1990

County	College/University	Net Migration Rate of 15-24 Year Olds	Net Migration Rate of 25-44 Year Olds
Adams	Hastings College	1.8	-15.8
Buffalo	University of Nebraska-Kearney	82.6	-26.7
Dawes	Chadron State College	68.2	-41.5
Lancaster	University of Nebraska, Nebraska Wesleyan, Union College, Southeast Community College (Lincoln)	63.8	-13.8
Nemaha	Peru State College	16.4	-21.1
Saline	Doane	6.8	-16.9
Seward	Concordia, Southeast Community College (Milford)	20.0	-28.2
Wayne	Wayne State College	91.1	-41.7

Strategies for Developing Nebraska's Human Resource Infrastructure

Lisa Valladao

(Following is an excerpt from an article that appeared in Issues and Perspectives, published in conjunction with the Outlook 1993 conference.)

According to the U.S. Department of Labor, Bureau of Labor Statistics, almost 40 percent of all new jobs in the labor market between now and 2008 will require specialized training; 25 percent will require a college degree. Nearly gone are the days when an individual can graduate from high school and move directly into a job or company that will afford them a lifetime career with good pay and benefits. Since only about half of high school graduates go on to college and as new developments, such as market globalization and the growth of technology, continue to change the nature of the Ne-

braska workplace, education too must change. This change must come about in order to ensure that high school students, especially those not bound for four-year academic degrees, not only learn to master the basic skills, but also learn to apply those skills in a real world context.

Vocational education in the form of tech-prep, cooperative education, and school-to-work apprenticeship programs offer potential means of meeting the skills requirements of the jobs of the future (and the present!), as well as reviving the opportunities for noncollege bound individuals to obtain productive, career-track employment. If a well-trained workforce is a desired

To be successful, however, the popular conception of vocational education needs to be reexamined. No longer should vocational education be viewed as a dumping ground for marginal students.

goal, then vocational education must be accepted and encouraged as a viable and respectable educational alternative to traditional college preparation.

The administration's recent proposal for a national apprenticeship program, is modeled in some ways after the successful German system of apprenticeship. This new program would link businesses, government, and education in a partnership that would guarantee noncollege-bound graduates one year of job training, after high school, in one of 15 to 20 nationally recognized, competencies. Following the year-long training, participating students would be required to pass a certifying exam to receive a nationally recognized certificate in their chosen field.

The administration's proposal is ambitious. Minimum occupational competencies and the linking of national standards with locally controlled schools may take years to iron out successfully. However, a modified German model apprenticeship system may be more easily adopted on a smaller scale, perhaps regionally or at the state level. At the regional level, states with similar labor market characteristics and projected needs could form training consortia composed of businesses, trade associations, school districts, and state labor and education departments. The consortia's main responsibilities would be to define the types of occupations to be certified by the regional apprenticeship system, establish curriculum and certification standards, determine the necessary length of training programs, seek federal funding for program implementation, and devise a plan for the distribution of funding to local schools.

Employers would bear much of the direct training costs and, therefore, would need considerable flexibility in administering training programs, evaluating students progress toward training goals, and in making postcertification hiring decisions. Local schools districts must be allowed similar flexibility in tailoring the recruitment process and career exploration activities to the unique characteristics of the student population, the number of apprenticeship openings in the district, and the personnel and funding resources available.

Involvement of local businesses will be the vital component of any successful system of vocational education. For individual businesses and industries in Nebraska to benefit, they will have to be involved at the grassroots level in defining the types of occupations in the state that can be served best by apprenticeship, the employability skills that should result from cooperative education programs that already exist, and the curricula

that can best meet the needs of both students and businesses.

Linking Human Resource Infrastructure to Electronic Infrastructure

The current work force, too, will be required to adapt to new processes, technologies, and methods of production. The ability to acquire and apply new knowledge is crucial for meeting the demands of less centralized, less hierarchical organizational structures. As organizations are "leveled" and permanent work forces are downsized in the face of heightened competition, workers are increasingly becoming responsible for their own career development and advancement.

Identifying sources of training that meet the varied needs of those already employed will become vital to ensuring that workers keep up with changing circumstances. Matching employers with potential employees possessing requisite skills will be vital to maintaining productivity and competitiveness.

Interactive electronic databases offer the potential to coordinate the provision of training and job search services.

Such a system, accessible at public libraries or even in the home via PC and modem, could contain directories of training and education providers sorted by type of program, location, and cost, among other criteria. The system could be

set up to allow users to enter their own training needs, location, and availability, and could cross reference these needs with the needs of others in the area. As a result, users could be directed to training programs already in place that meet these needs, or programs could be established as a result of a number of users with similar needs interacting with the system.

The technology for such "expert" systems is not at all futuristic, and indeed the building blocks for such a system exist today in the state as a result of the efforts of the Nebraska Departments of Labor and Economic Development, the Bureau of Business Research, and the State Library Commission. While the building blocks exist, the need for enhanced development of the state's electronic infrastructure is an issue that must be considered.

New conceptions of appropriate training for Nebraska's work force must be adopted if the state is to be a successful national and global competitor. New methods of delivering training, and new technologies for matching individuals with training programs and employer with employee are vital to this effort. Committed and open partnerships between business and government are key to ensuring the success of education and training systems statewide that meet the economic and technological challenges of the future.

Review & Outlook

John S. Austin

National Outlook

Rain, Rain Go Away...

This month the national story is also the area story: the flood of 1993. Damage originally was estimated at some \$2.8 billion. Later damage estimates exceeded \$12 billion. By the time you read this review, estimates are likely to be even higher. At this time, it is impossible to tell what total losses will be. Estimates of short-term losses—lost crops, lost business, and lost incomes—should be relatively straightforward to assess. However, the value of lost assets—homes, businesses, farms that were totally or partly destroyed—will be impossible to assess until the waters have receded.

Just as damage assessments from the flood are difficult to determine, so too will be the economic impact of the flood. Many persons have experienced personal losses that will never be recovered. Businesses and farm operations will fail. Insurance payments may not cover all income and property losses. However, some business activity in the flood area simply may have been delayed, and some activity may have been transferred to businesses that remained dry. While the latter is a loss to flooded businesses, it is not a loss to the region. Further, to the extent that losses are insured, the cost of the portion that is insured is shifted from flood victims to insurers.

There likely will be a strong area economic impact from the rebuilding effort. In the short run, there will be an increase of employment and an increase of materials purchased in the rebuilding effort. For the most part, the rebuilding effort will be a replacement of lost assets rather than a creation of new assets. In the long run, there will be little impact from rebuilding other than the benefit of having newer structures in place. A major consideration will be whether rebuilding will be allowed in the flood plain or whether rebuilding should be forced further uphill according to some governmental mandate.

The Lackluster Economy

The economy continues to spit and sputter. Forward progress is slow. Advances often are offset by declines. For example, retail sales in June advanced by 0.4 percent, while industrial production slipped 0.2 percent.

Despite slow growth in the first half of this year, the outlook for the second half remains good. A recent *Wall Street Journal* survey of 44 economists indicated that he economy would grow 3.1 percent in real terms in the

second half of this year. Inflation is expected to remain low. While growth in the U.S. is far from robust, it generally exceeds that of our European counterparts.

The advance report on second quarter GDP shows real growth at only 1.6 percent at annual rates. Closer examination of the data indicates that the reported growth figure for GDP was restrained by a technical correction for changes in business inventories. Total real consumption grew 3.8 percent and total final sales (GDP without the inventory correction) grew 3.7 percent. Thus, second quarter economic activity is not as gloomy as is indicated by the GDP figure alone.

We should not expect a boost from international trade in our economic outlook. Net exports were a source of strength during the early 1990s. Net exports kept the economy from going into an even deeper recession. Now both Europe and Japan are in a major slump. These two trade areas represent approximately 40.0 percent of our export market. Strength in the near future will have to come from our North American partners, Canada and Mexico, and from parts of Asia, including China, Hong Kong, and Taiwan. While improvement is foreseen in both of these areas, it will not replace the trade lost from Europe and Japan.

Consumer confidence remains a puzzle. Frankly, at this point in a recovery we would expect consumer confidence to have picked up considerably. Instead, it is headed downward once again. The Conference Board's Index of Consumer Confidence fell to 58.9 percent in

Table 1
Employment in Nebraska

	Revised May 1993	Preliminary June 1993	% Change vs. Year Ago
Place of Work			
Nonfarm	755,367	758,518	1.5
Manufacturing	101,644	102,538	2.2
Durables	48,192	48,721	2.0
Nondurables	53,452	53,817	2.4
Construction & Mining	31,748	33,014	5.7
TCU*	47,389	47,314	-1.4
Trade	189,272	188,889	2.5
Wholesale	54,474	54,633	5.7
Retail	134,798	134,256	1.3
FIRE**	48,750	49,213	0.2
Services	186,843	186,936	2.3
Government	149,721	150,614	0.7
Place of Residence			
Civilian Labor Force	871,096	869,702	1.0
Unemployment Rate (SA)	3.1	3.0	

* Transportation, Communication, and Utilities

** Finance, Insurance, and Real Estate

*** SA = Seasonally Adjusted

Source: Nebraska Department of Labor

June from 61.9 percent in May. Perhaps the new low levels of consumer confidence are an indication of the way headlines are written more than they are of underlying economic phenomena.

Inflation remains low. In June, the Consumer Price Index (CPI) remained unchanged from May at only 3.0 percent ahead of its year ago value. The June Producer Price Index (PPI) fell 0.3 percent. The low inflation figures imply that there will be little pressure on the Federal Reserve Board to raise interest rates.

There appears to be no relief in sight for the lackluster economy. We expect slow to moderate growth for the next several quarters.

Nebraska Outlook

The flood of 1993 had its greatest impact on the southeast corner of the state. From April 1 to July 16, the three eastern crop reporting districts in the state received precipitation in excess of 150 percent of normal levels. Whether Nebraska will benefit from the flood-induced higher grain prices remains an open question. There are some crop losses in the southeastern part of the state from the flood. Crop losses from high winds were evident following one of the major summer storms. Further, higher grain prices will increase costs to meat producers. It is likely that Nebraska's net farm income this year will drop from last year's level. Any farmer who can bring in a near normal crop will do well.

Statistics on Nebraska's construction activity remain confounding. The total value of construction contracts in the first quarter of 1993 is down 16.0 percent from the corresponding level in 1992 according to F.W. Dodge, as reported in the *Regional Economic Digest* of the Kansas City Federal Reserve Bank. The downturn stems mostly from a 30.4 percent drop over the period in the dollar value of nonbuilding construction contracts. Nonbuilding contracts are mostly public construction of highways, bridges, and sewers. Both residential and nonresidential building contracts were also off, but in both cases by less than 10.0 percent.

As we can see in Table II, however, construction employment in the state has not suffered as much. Construction employment remains above year ago levels, with May employment levels 6.7 percent ahead of year ago.

How do we resolve the seeming conflict in data? The answer is that in one case we are looking at permits, while in the other case we are looking at construction activity. While housing permits generally have a rather short turnaround between the permit and the construction phase, nonbuilding construction contracts often are written well ahead of the physical work. Thus, the heavy level of contracting experienced over the last several years has resulted in improved employment in our state this year. In a sense, the employment levels of this year

are feeding off past year permit levels. Employment eventually will fall if contracting doesn't increase.

In a broader historical framework, the F.W. Dodge data from 1988 to 1992 show that its index for the value of total construction contracts increased from 126.5 in 1988 to 171.0 in 1992. Thus, we experienced a large scale increase in contracting activity over a four year period. Staying near last year's peak activity implies that construction activity is healthy.

Nebraska's depository institutions have done well through the first quarter of 1993 in relative terms. While total deposits in our state increased a mere 0.3 percent in the first quarter of 1993 versus the first quarter of 1992, a large advance of 9.8 percent occurred in checkable (checking) deposits. Total time and savings deposits at all institutions dropped 2.7 percent. When we compare these figures to national numbers, Nebraska did quite well. Deposits in the U.S. as a whole

Table II
City Business Indicators
April 1993 Percent Change from Year Ago

The State and Its Trading Centers	Employment (1)	Building Activity (2)
NEBRASKA	2.3	-8.0
Alliance	0.2	-34.6
Beatrice	1.5	-61.5
Bellevue	1.0	11.7
Blair	1.0	36.7
Broken Bow	2.6	104.4
Chadron	2.3	-91.1
Columbus	1.7	79.6
Fairbury	2.8	-70.9
Falls City	2.3	-62.7
Fremont	1.6	-5.4
Grand Island	1.7	23.1
Hastings	1.0	42.1
Holdrege	2.5	0.0
Kearney	1.3	-11.5
Lexington	2.4	-26.3
Lincoln	0.9	12.6
McCook	0.8	-34.2
Nebraska City	2.2	-81.5
Norfolk	1.8	17.1
North Platte	0.2	24.9
Ogallala	1.7	-57.0
Omaha	1.0	-2.7
Scottsbluff/Gering	1.8	-81.0
Seward	1.4	24.2
Sidney	1.6	203.2
South Sioux City	2.4	-73.0
York	0.3	15.6

(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

dropped 1.8 percent, with total checkable deposits increasing 12.9 percent, and total time and savings deposits decreasing 5.6 percent. The last category is an important one because it is much larger than checkable deposits. What appears to be happening is that individuals are not renewing their CDs, but are investing in other financial instruments.

Nebraska's employment continues to advance. June job totals jumped 1.5 percent ahead of last year. Only two categories showed decreases—Government and Transportation, Communication, and Utilities (TCU). The largest increases were in Wholesale Trade and Construction and Mining. The strong job increase helped to keep the state's unemployment rate low. In June, the unemployment rate was 3.0 percent, well under half the national figure.

Nebraska's net taxable retail sales emerged from its early year doldrums. In April, total net taxable retail sales increased 5.4 percent (Table IV). Motor vehicle sales led the April increase. On a year-to-date basis, the increase was 1.8 percent. With inflation in the area of 3.0 percent, real retail sales still lag last year's pace in the first four months of the year.

Table III
Price Indices

	June 1993	% Change vs. Year Ago	YTD % Change vs. Year Ago
Consumer Price Index - U* (1982-84 = 100)			
All Items	144.4	3.0	3.2
Commodities	131.4	1.7	2.3
Services	157.8	4.0	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
	April 1993 (000s)	% Change vs. Year Ago	April 1993 (000s)	% Change vs. Year Ago	
NEBRASKA	990,899	4.0	1,137,918	5.4	1.8
1 Omaha	347,125	5.9	429,678	6.6	3.4
Bellevue	13,556	12.3	*	*	*
Blair	5,669	15.8	*	*	*
2 Lincoln	136,308	12.0	156,178	9.4	5.0
3 South Sioux City	6,788	11.3	9,352	13.8	8.5
4 Nebraska City	4,088	0.3	21,238	11.9	2.4
6 Fremont	18,751	5.0	32,538	5.5	-2.9
West Point	2,813	-14.5	*	*	*
7 Falls City	2,279	2.7	9,614	8.3	-1.1
8 Seward	4,214	-5.5	15,909	8.6	-0.4
9 York	7,283	7.5	16,078	7.4	-2.7
10 Columbus	16,156	-3.7	28,141	-0.4	-2.7
11 Norfolk	21,522	12.5	37,350	10.1	1.9
Wayne	3,182	-5.7	*	*	*
12 Grand Island	38,354	4.4	58,479	4.7	-1.5
13 Hastings	18,752	4.7	28,473	6.6	-1.4
14 Beatrice	8,711	5.6	21,435	18.6	4.4
Fairbury	4,724	60.4	*	*	*
15 Kearney	22,526	8.4	31,774	10.7	2.8
16 Lexington	6,522	2.5	17,844	1.5	-3.2
17 Holdrege	4,720	-15.4	8,344	6.6	-7.9
18 North Platte	17,120	-2.1	22,009	0.6	0.1
19 Ogallala	4,333	-20.1	9,928	-10.2	-16.3
20 McCook	7,991	2.3	11,589	2.4	-2.7
21 Sidney	4,825	8.5	9,023	9.8	5.2
Kimball	1,623	2.1	*	*	*
22 Scottsbluff/Gering	19,235	3.0	27,161	5.1	2.2
23 Alliance	4,948	-6.4	13,911	4.3	4.6
Chadron	2,657	6.9	*	*	*
24 O'Neill	3,724	-8.8	13,633	-0.1	-2.5
Valentine	2,647	-6.4	*	*	*
25 Hartington	1,518	3.3	9,063	18.2	4.7
26 Broken Bow	3,676	-1.1	11,749	0.8	-5.0

(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



NEIP

Nebraska Economic Information Program

New County Data Online

- Bureau County Profile Series
- 1991 Personal Income by Source & Earnings by Industry
- 1991 Per Capita Income
- 1991 Employment by Industry
- 1991 Transfer Payments
- 1991 Farm Income and Expenses
- Population Migration by Age Group
- Employees, Payroll, & Establishments by Industry
- Personal Income Projections by Industry
- Employment Projections by Industry

The NEIP modem access number is (402) 472-5201.
Call David DeFruiter at (472) 472-7927 for assistance.

County of the Month

Sarpy

Papillion—County Seat



Next County of Month

License plate prefix number: 59

Size of county: 248 square miles, ranks 93rd in the state

Population: 102,583 in 1990, a change of +19.3 percent from 1980

Median age: 28.6 years in Sarpy County, 33.0 years in Nebraska in 1990

Per capita personal income: \$16,439 in 1991, ranks 45th in the state

Net taxable retail sales (\$000): \$366,933 in 1992, a change of +7.1 percent from 1991; \$81,401 during January-March 1993, a change of +3.1 percent from the same period one year ago

Number of business and service establishments: 1,429 in 1990; 54.0 percent had less than five employees

Unemployment rate: 2.6 percent in Sarpy County, 2.7 percent in Nebraska for 1991

Nonfarm employment (1991):

	State	Sarpy County
Wage and salary workers	736,172	22,236
	(percent of total)	
Manufacturing	13.5%	4.6%
Construction and Mining	4.0	2.6
TCU	6.4	19.7
Retail Trade	18.3	20.9
Wholesale Trade	7.0	1.6
FIRE	6.6	3.4
Services	24.4	20.0
Government	<u>19.8</u>	<u>27.2</u>
Total	100.0%	100.0%

Agriculture:

Number of farms: 437 in 1987, 460 in 1982

Average farm size: 252 acres in 1987

Market value of farm products sold: \$59.5 million in 1987
(\$136,300 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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Association for University Business & Economic Research

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