

Results of the January Survey of Nebraska Business: February 6, 2015

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***Summary:** Respondents to the January 2015 Survey of Nebraska Business had a modestly optimistic outlook for sales and maintained a very optimistic outlook for employment. January respondents were somewhat more likely to expect sales to rise (27%) than fall (24%) at their business over the next six months. Respondents were much more likely to plan to increase employment (21%) than to reduce it (6%). Within the state, optimism about sales and employment was especially strong in the Omaha area. Respondents from Southeast and West Nebraska were close to state averages. Respondents from Northeast and Central Nebraska held a neutral outlook, far below state averages. These latter two regions are most impacted by the decline in crop prices over the last year. When asked about the most important issue facing their business, customer demand was the top issue named by 29 percent of respondents. The quality and availability of labor was named as the top issue by 21 percent of respondents. This is the highest share recorded for this indicator in any survey month and reflects growing concern about labor availability. Concerns about competition from other businesses and improving business practices were named as the top concern by 13 percent of respondents.*

Survey of Nebraska Business

The *Survey of Nebraska Business* is sent to 500 Nebraska business establishments each month. The survey asks business owners and managers whether they expect to expand sales and employment over the next 6 months. The survey also asks “What is the most important issue facing your business today?” Individual responses to that question fall into one dozen categories of business and public policy issues. Surveyed businesses are randomly selected from all industries, including agriculture. Businesses of all sizes are surveyed. In January, responses were received from 147 of the 500 surveyed businesses. This 29% response rate is more than sufficient for analysis of the results.

As seen in Table 1 below, respondents to the January 2015 *Survey of Nebraska Business* are optimistic in their outlook for employment but only modestly optimistic in their sales outlook. This is the eleventh month in the last twelve in which businesses indicated a positive outlook for both sales and employment. Looking at specific numbers, while over half of January respondents expect no change in sales, 27 percent expect sales to increase and 24 percent sales to decrease in the next 6 months. This is a positive 3 percent gap. For employment, 21 percent of January respondents expect to add jobs over the next 6 months while 6 percent expect to reduce employment, a positive 15 percent gap.

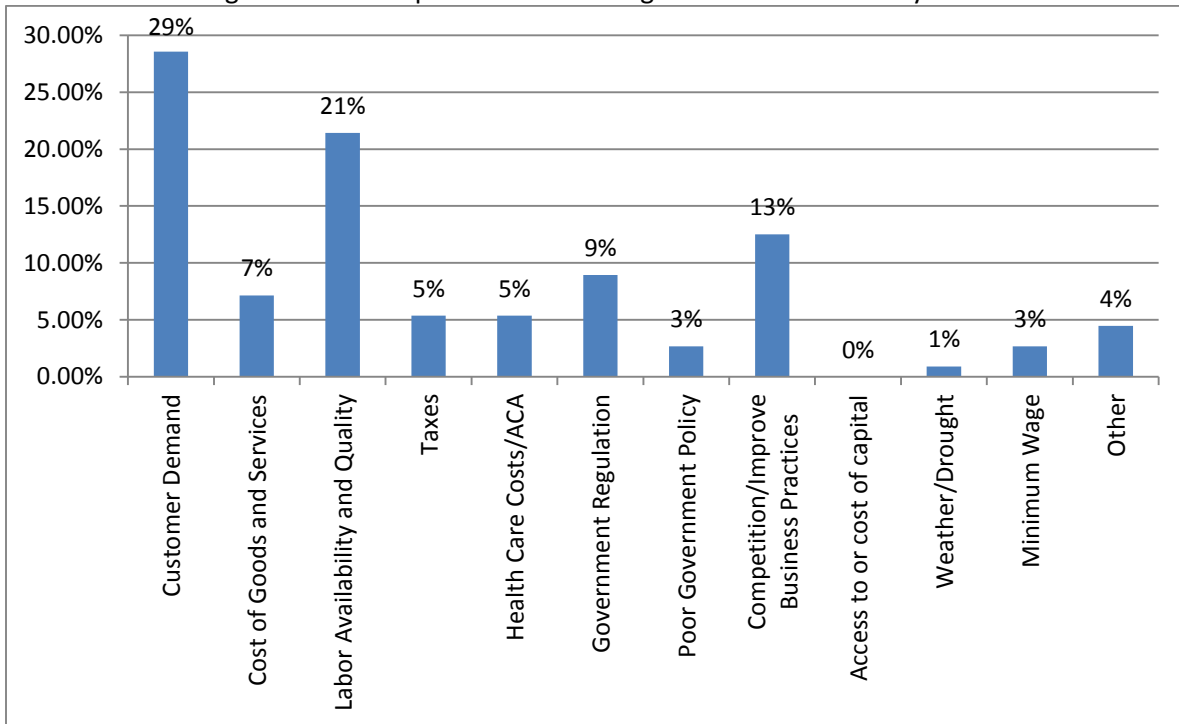
Table 1: Business Expectations for the Next Six Months, January 2015

	Change Over the Next Six Months	
	Sales	Employment
Increase	27%	21%
Stay the Same	49%	73%
Decrease	24%	6%

Note: Column totals may not sum to 100% due to rounding.

Results in Figure 1 show the top concerns of responding business owners and managers. Three of four responses were related to business operations issues such as customer demand for business products or services, the cost of supplies (goods and services), labor availability and quality, competition from other businesses, and improved business practices. Customer demand was the most common top concern, named by 29 percent of respondents. For the fifth consecutive month, the quality and availability of labor was the second most cited top concern, chosen by 21 percent of respondents. This is the highest share recorded for labor availability in any survey month and reflects a growing concern about labor supply. Competitive issues also are rising as a concern as businesses focus more on competition rather than economic conditions and overall demand. Competition and a need to improve business practices was named as the top issue by 13 percent of respondents. One in four responding businesses listed public policy issues as their top concern. Nine percent named regulation as the top concern while another 5 percent chose health care costs and the Affordable Care Act. Taxes were cited by 5 percent of respondents. The minimum wage was named as the top issue of 3 percent of respondents.

Figure 1: Most Important Issue Facing Each Business January 2015



Note: Percentages may not sum to 100% due to rounding

Omaha Area Responses to the Survey of Nebraska Business

Table 2 and Figure 2 summarize responses from Omaha Metropolitan Area businesses (Nebraska portion only).¹ The responses are combined from the December 2014 and January 2015 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 85 responses from Omaha Metropolitan Area businesses during December and January.

As seen in Table 2, Omaha Metropolitan Area businesses (Nebraska portion only) continued to be much more positive in their outlook for sales and employment growth than businesses from other parts of the state. For sales, 37 percent expect sales to increase and just 10 percent sales to decline over the next 6 months. This was much more positive than the balance of the state. In particular, Omaha businesses were 13 percent more likely to foresee an increase in sales. The employment outlook also was more optimistic in Omaha. For employment, 24 percent of respondents from the Omaha area expect to add jobs over the next 6 months and 5 percent expect to reduce employment. Omaha area businesses were 7 percent more likely to plan an increase in employment.

Table 2: Omaha Metro Area Business Expectations for the Next Six Months, December, 2014 and January, 2015

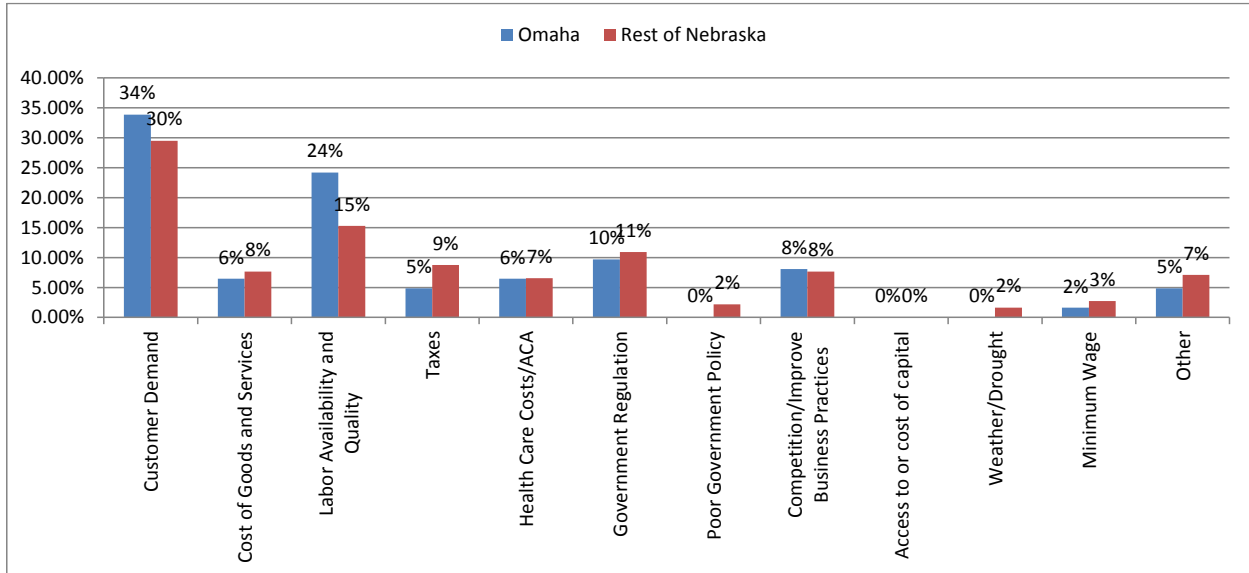
	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	24%	37%	13%
Stay the Same	54%	54%	0%
Decrease	22%	10%	-13%
	Employment		
Increase	17%	24%	7%
Stay the Same	78%	71%	-7%
Decrease	5%	5%	0%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 2 compares the top business concerns of Omaha Metropolitan Area respondents (Nebraska portion only) from December and January with those from businesses located in other parts of Nebraska. The results were similar. The primary difference is that Omaha area businesses were much more likely to be concerned about the quality and availability of labor. Labor supply issues are becoming an increasingly important problem in the metropolitan areas, despite faster population growth.

¹ The region includes Cass, Douglas, Sarpy, Saunders and Washington counties.

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, December, 2014 and January, 2015



Note: Percentages may not sum to 100% due to rounding

Southeast Nebraska Responses to the Survey of Nebraska Business

Table 3 and Figure 3 summarize responses from Southeast Nebraska businesses. Southeast Nebraska includes counties stretching east from York County through Lancaster County to Otoe County and also south to the Nebraska-Kansas border.² The responses discussed in Table 3 and Figure 3 are combined from the December 2014 and January 2015 surveys, in order to generate a sufficient sample size. There were a combined 86 responses from Southeast Nebraska businesses during November and December.

As seen in Table 3, over the last two months the outlook of Southeast Nebraska businesses has been nearly identical to the outlook of businesses in other parts of Nebraska. For sales, 27 percent expect sales to increase and 19 percent expect sales to decline in the next 6 months. These figures are identical to those for the rest of Nebraska. For employment, 18 percent of Southeast Nebraska businesses expect to add employment while just 5 percent expect to reduce it over the next six months. These results are nearly identical to the results for the rest of Nebraska.

Table 3: Southeast Nebraska Business Expectations for the Next Six Months, December, 2014 and January, 2015

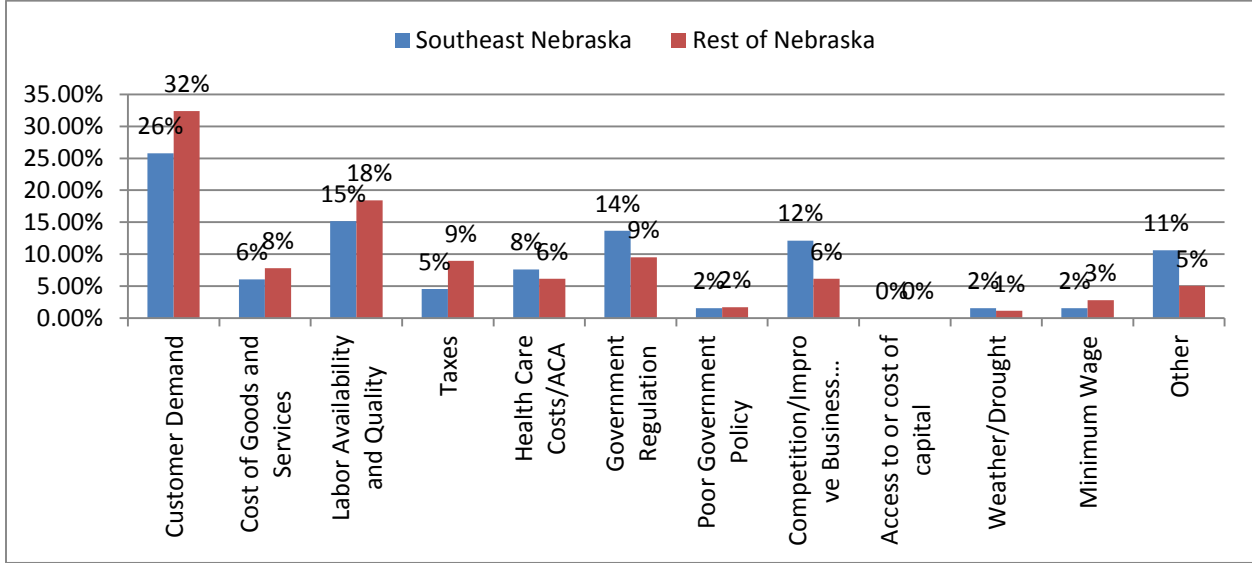
	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	Sales		
Increase	27%	27%	0%
Stay the Same	54%	54%	0%
Decrease	19%	19%	0%
	Employment		
Increase	18%	18%	-1%
Stay the Same	76%	77%	1%
Decrease	5%	5%	0%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 3 compares the top business concerns of Southeast Nebraska respondents from December and January with those from businesses located in other parts of the state. Results are broadly similar but respondents from Southeast Nebraska are less likely to be concerned about customer demand and more likely to be concerned about competition from other businesses. Businesses are focusing more on competition rather than economic conditions and overall demand. Southeast Nebraska respondents were less likely to be concerned about taxes but more likely to be concerned about regulatory issues.

² The regions include Filmore, Gage, Jefferson, Johnson, Lancaster, Nemaha, Otoe, Pawnee, Richardson, Saline, Seward, Thayer, and York counties.

Figure 3: Most Important Issue Facing Southeast Nebraska Businesses, December, 2014 and January, 2015



Note: Percentages may not sum to 100% due to rounding

Central Nebraska Responses to the Survey of Nebraska Business

Table 4 and Figure 4 summarize responses from Central Nebraska businesses. Central Nebraska includes Hall County and Buffalo County, counties to the north including Custer County and counties to the south to the Nebraska-Kansas border, including Adams County.³ The responses discussed in Table 4 and Figure 4 are combined from the December 2014 and January 2015 surveys, in order to generate a sufficient sample size. There were a combined 55 responses from Central Nebraska businesses during December and January.

Central Nebraska businesses were close to neutral in their outlook for sales and employment over the next 6 months. The outlook was much less optimistic than in other parts of the state. As seen in Table 4, Central Nebraska businesses were as likely to expect sales to decline as to increase. Expectations for sales growth were far below expectations in the rest of the state. At the same time, 11 percent of Central Nebraska respondents expect to add employees over the next six months while 7 percent expected to decrease employees. Central Nebraska businesses were 9 percent less likely to plan an employment increase than businesses located in other parts of the state.

Table 4: Central Nebraska Business Expectations for the Next Six Months, December, 2014 and January, 2015

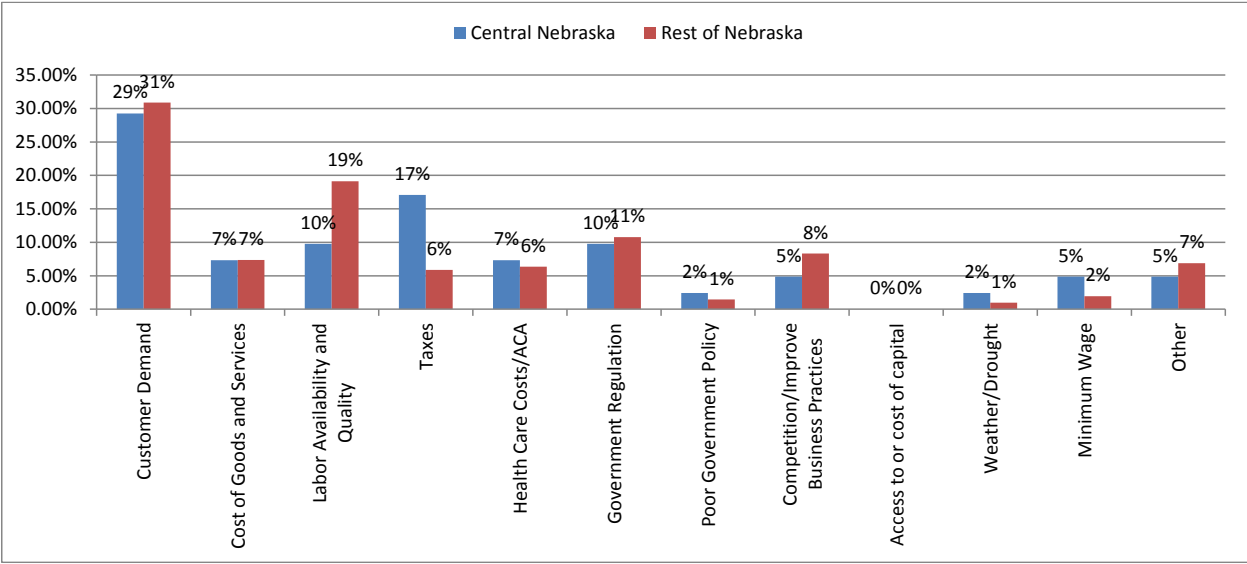
	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	29%	19%	-11%
Stay the Same	52%	63%	11%
Decrease	19%	19%	0%
	Employment		
Increase	20%	11%	-9%
Stay the Same	75%	81%	6%
Decrease	5%	7%	3%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 4 compares the top business concerns of Central Nebraska respondents from December and January with those from businesses located in other parts of the state. Broadly speaking, the pattern in Central Nebraska follows the pattern found in other parts of the state. The primary difference is that Central Nebraska businesses were much less likely to list labor availability and quality as the top business concern and much more likely to list taxes.

³ The region includes Adams, Blaine, Buffalo, Clay, Custer, Franklin, Garfield, Greeley, Hall, Hamilton, Harlan, Howard, Kearney, Loup, Merrick, Nance, Nuckolls, Phelps, Sherman, Valley, Webster, and Wheeler counties.

Figure 4: Most Important Issue Facing Central Nebraska Businesses, December, 2014 and January, 2015



Note: Percentages may not sum to 100% due to rounding

Northeast Nebraska Responses to the Survey of Nebraska Business

Table 5 and Figure 5 summarize responses from Northeast Nebraska businesses. Northeast Nebraska includes Platte and Madison Counties, counties to the north and east through to the borders with Iowa and South Dakota.⁴ The responses discussed in Table 5 and Figure 5 are combined from the December 2014 and January 2015 surveys, in order to generate a sufficient sample size. There were a combined 62 responses from Northeast Nebraska businesses during December and January.

Responding businesses in Northeast Nebraska are pessimistic in their outlook for sales but optimistic in their outlook for employment. For sales, 21 percent of respondents expect sales to rise over the next six months, while 32 percent expect sales to fall. For employment, 16 percent of businesses expect to add employees in the next six months while 3 percent expect to reduce employment. The outlook in Northeast Nebraska may reflect weakness in crop prices which is impacting crop producers and agriculture-related manufacturers. The outlook is neutral overall, with pessimism for sales mitigated by optimism for employment. The outlook for sales will need to improve in the coming months in order to maintain expectations for growing employment.

Table 5: Northeast Nebraska Business Expectations for the Next Six Months, November, 2014 and January, 2015

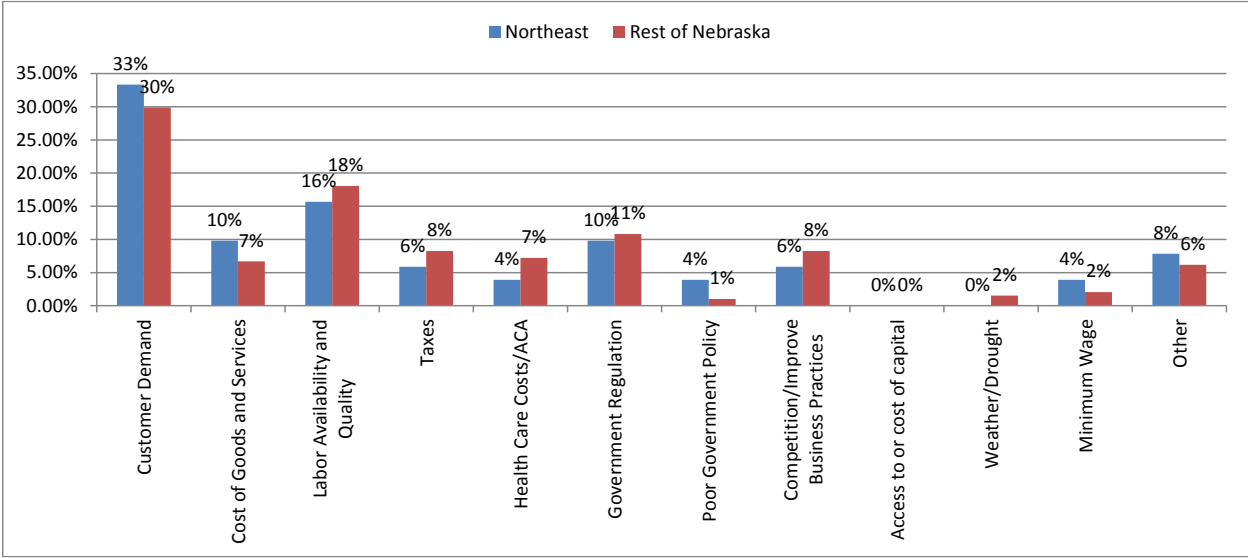
	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	29%	21%	-8%
Stay the Same	56%	47%	-9%
Decrease	15%	32%	17%
	Employment		
Increase	19%	16%	-3%
Stay the Same	75%	80%	5%
Decrease	6%	3%	-2%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 5 compares the top business concerns of Northeast Nebraska respondents from December and January with those from businesses located in other parts of the state. While there are modest differences, business concerns in Northeast Nebraska are similar across the board to those found in other parts of the state.

⁴ The region includes Antelope, Boyd, Boone, Brown, Burt, Butler, Colfax, Cedar, Cuming, Dakota, Dixon, Dodge, Holt, Keya Paha, Knox, Madison, Pierce, Platte, Polk, Rock, Stanton, Thurston and Wayne counties.

Figure 5: Most Important Issue Facing Northeast Nebraska Businesses, November, 2014 and January, 2015



Note: Percentages may not sum to 100% due to rounding

West Nebraska Responses to the Survey of Nebraska Business

Table 6 and Figure 6 summarize responses from West Nebraska businesses. West Nebraska includes Dawson and Lincoln Counties, counties north to the Dakota border, south to Kansas border, Scottsbluff County and the rest of the Nebraska Panhandle.⁵ The responses discussed in Table 6 and Figure 6 are combined from the December 2014 and January 2015 surveys, in order to generate a sufficient sample size. There were a combined 33 responses from West Nebraska businesses during December and January.

Responding businesses in West Nebraska were positive in their outlook for sales and employment over the next 6 months, roughly in line with other parts of the state. For sales, 29 percent of West Nebraska respondents from December and January expect to sales to increase at their business over the next six months while 16 percent expect sales to decrease. For employment, 23 percent expect to increase employment while 6 percent expect to decrease employment. Overall, the region shares the optimism found in many other parts of the state.

Table 6: West Nebraska Business Expectations for the Next Six Months,
December, 2014 and January, 2015

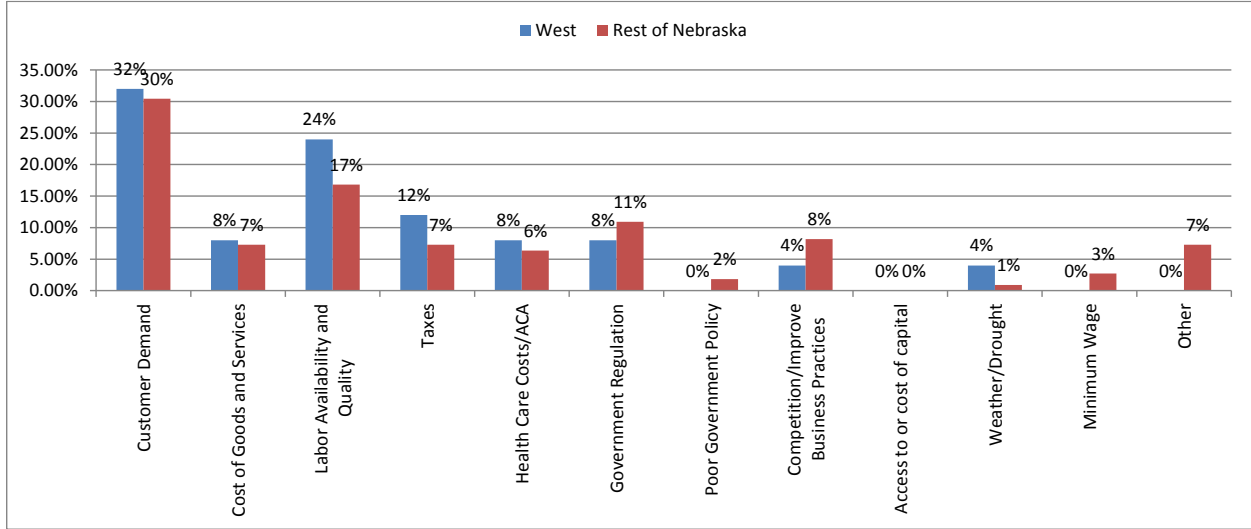
	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	27%	29%	2%
Stay the Same	54%	55%	1%
Decrease	19%	16%	-3%
	Employment		
Increase	18%	23%	5%
Stay the Same	77%	71%	-6%
Decrease	5%	6%	2%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 6 compares the top business concerns of West Nebraska respondents from December and January with those from businesses located in other parts of the state. Generally speaking, the top concerns of respondents from West Nebraska are similar to those from business respondents located in other parts of the state. West Nebraska businesses, however, are somewhat more likely to list taxes and labor availability and quality as their top concerns.

⁵ The region includes Arthur, Banner, Box Butte, Chase, Cherry, Cheyenne, Deuel, Dawes, Dawson, Dundy, Frontier, Furnas, Garden, Gosper, Grant, Hayes, Hitchcock, Hooker, Keith, Kimball, Lincoln, Logan, McPherson, Morrill, Perkins, Red Willow, Scotts Bluff, Sheridan, Sioux and Thomas counties.

Figure 6: Most Important Issue Facing West Nebraska Businesses, December, 2014 and January, 2015



Note: Percentages may not sum to 100% due to rounding