Results of the September Survey of Nebraska Business: October 2, 2015

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Summary: *Respondents to the September Survey of Nebraska Business had a positive outlook for employment growth and a slightly positive outlook for sales growth over the next six months. To be specific, 27 percent of respondents to the September 2015 survey expected to increase sales over the next 6 months while 24 percent expected to decrease sales. Respondents also were more likely to plan to increase employment (12%) than reduce it (5%). Businesses in the Northeast Nebraska region were the most optimistic about their outlook for the next six months, followed by the Omaha region. The outlook also was modestly positive in Southeast and West Nebraska and neutral in Central Nebraska. When asked about the most important issue facing their business, customer demand was the top issue named by 30 percent of respondents. The quality and availability of labor was named as the top issue by 19 percent. Regulation was chosen as the top issue by 15 percent of respondents while 9 percent chose taxes.*

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 September, responses were received from 114 of the 500 surveyed businesses. This 23% response rate is sufficient for analysis of the results.

As seen in Table 1 below, respondents to the September 2015 *Survey of Nebraska Business* were positive in their outlook for employment and slightly positive in their outlook for sales. Just under half of September respondents expected no change in sales over the next six months, while 27 percent expected sales to increase and 24 percent sales to decrease. This represents an increase in the share of respondents expecting sales to drop, compared to recent months. For employment, 12 percent of September respondents expected to add jobs over the next 6 months while 5 percent expected to reduce employment, a positive 7 percent gap. The outlook for sales and employment has been positive in the *Survey of Nebraska Business* every month this year.

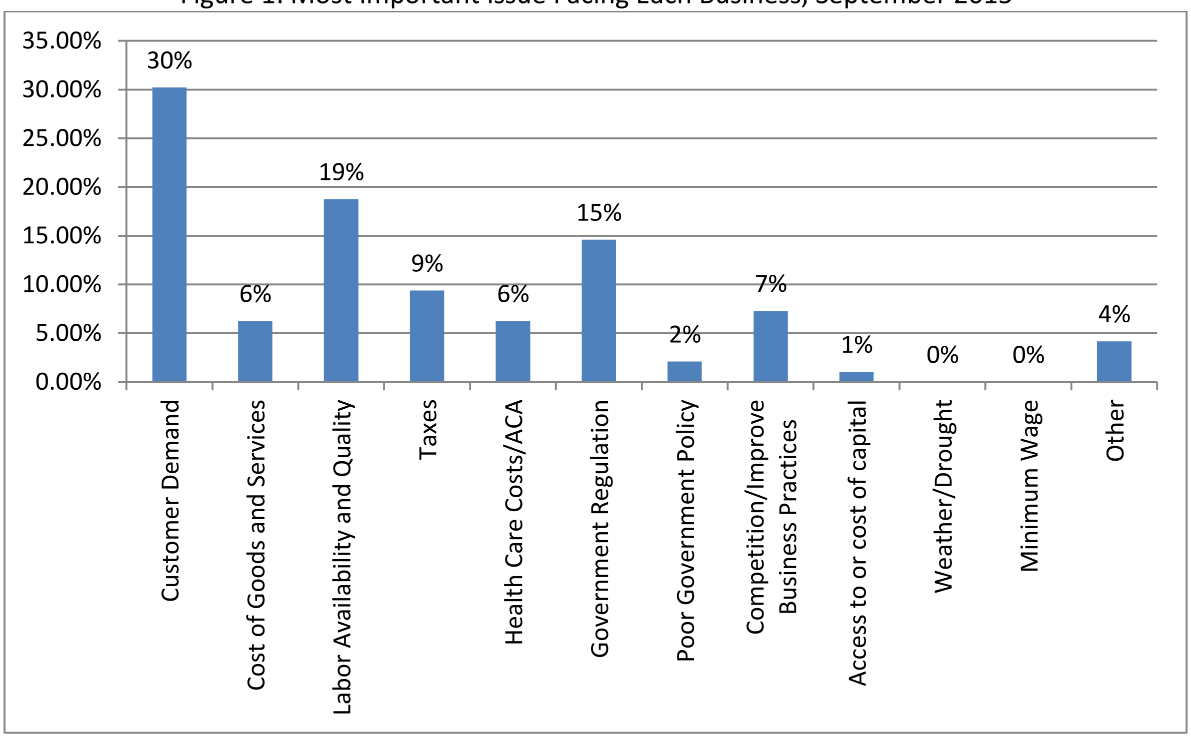
Table 1: Business Expectations for the Next Six Months, September 2015

	Change Over the Next Six Months	
	Sales	Employment
Increase	27%	12%
Stay the Same	49%	82%
Decrease	24%	5%

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. Two of three responses were related to business operations issues such as customer demand for goods or services, the cost of supplies, labor availability and quality, competition from other businesses or the need to improve business practices. Customer demand was the most common top concern, named by 30 percent of respondents. For the thirteenth consecutive month, the quality and availability of labor was the second most cited top concern, chosen by 19 percent of respondents. Both percentages are similar to those in recent months. One in three businesses listed public policy issues as their top concern. Government regulation was chosen as the top concern by 15 percent of businesses while taxes were chosen by 9 percent. Another 6 percent of respondents named the Affordable Care Act or health care costs in general as the top concern.

Figure 1: Most Important Issue Facing Each Business, September 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 August and September 2015 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 65 responses from Omaha Metropolitan Area businesses during August and September.

As seen in Table 2, the outlook of Omaha Metropolitan Area businesses (Nebraska portion only) was similar to those of businesses from other parts of the state. For sales, 32 percent expected sales to increase over the next six months and 26 percent sales to decline. This is a 6 percent gap, similar to the gap in other parts of the state. For employment, 12 percent of Omaha respondents expected to add jobs over the next 6 months, again in line with other parts of the state. This Omaha outlook, while positive, is less optimistic than in recent months. In fact, for most of this year Omaha area businesses have been significantly more optimistic than business located in other parts of Nebraska.

Table 2: Omaha Metro Area Business Expectations for the Next Six Months, August and September, 2015

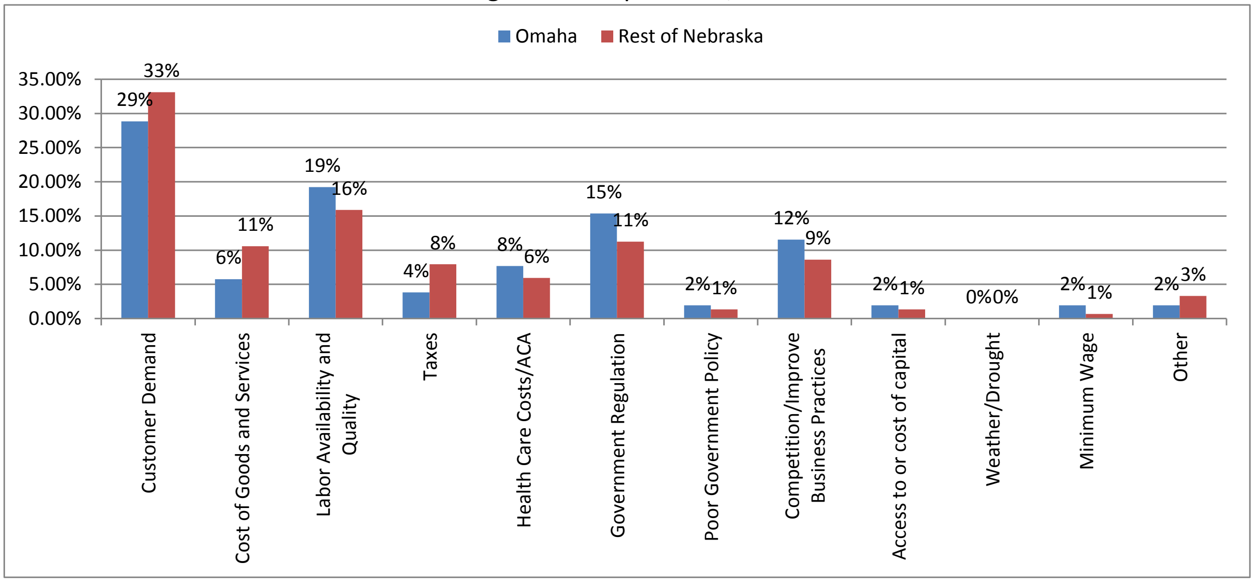
	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	26%	32%	7%
Stay the Same	55%	42%	-14%
Decrease	19%	26%	7%
	Employment		
Increase	12%	12%	0%
Stay the Same	83%	82%	-2%
Decrease	5%	6%	1%

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 August and September with those from businesses located in other parts of Nebraska. Responses from Omaha area businesses were largely consistent with those from respondents in other parts of the state. However, Omaha businesses were somewhat more likely to cite the quality and availability of labor, regulation, and competition from other businesses as their top concern.

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

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, August and September, 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 August and September 2015 surveys, in order to generate a sufficient sample size. There were a combined 72 responses from Southeast Nebraska businesses during August and September.

As seen in Table 3, Southeast Nebraska businesses had a modestly positive outlook in August and September. For sales, 24 percent expected to increase sales and 17 percent to decrease sales in the next 6 months. For employment, 11 percent of businesses expected to add employment over the next 6 months while 7 percent expected to reduce it. For sales, Southeast Nebraska businesses were as optimistic as business located in other parts of the state. For employment, Southeast Nebraska businesses were slightly less optimistic.

Table 3: Southeast Nebraska Business Expectations for the Next Six Months, August and September, 2015

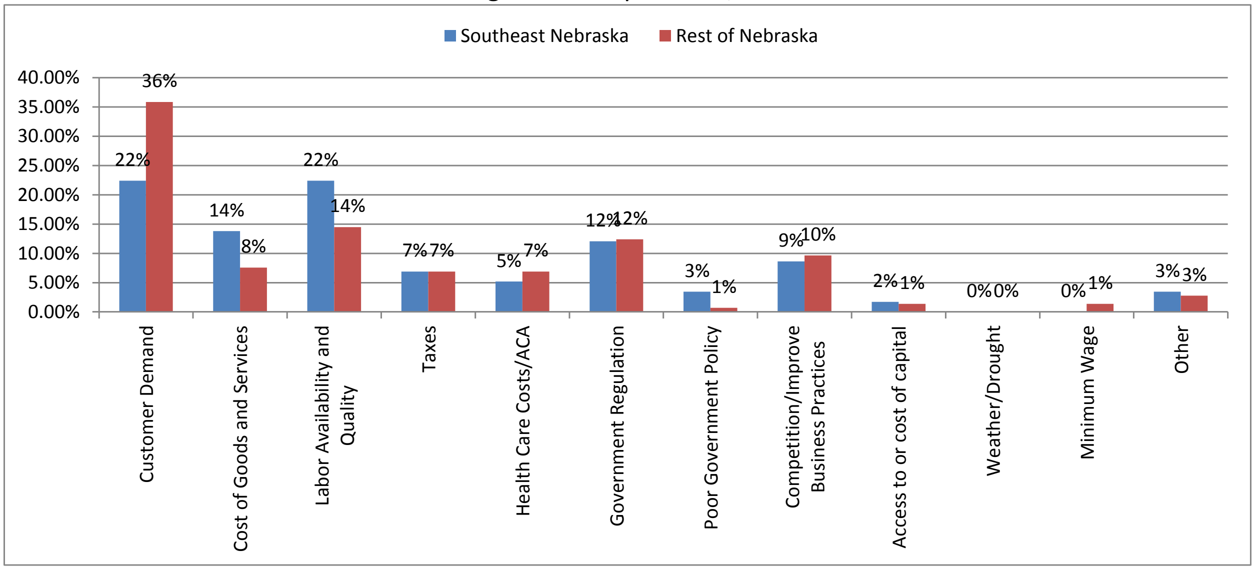
	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	Sales		
Increase	29%	24%	-5%
Stay the Same	49%	59%	11%
Decrease	23%	17%	-6%
	Employment		
Increase	12%	11%	-1%
Stay the Same	83%	81%	-1%
Decrease	5%	7%	2%

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

Figure 3 compares the top business concerns of Southeast Nebraska respondents from August and September with those from businesses located in other parts of the state. Responses from Southeast Nebraska businesses were largely consistent with those from respondents in other parts of the state. However, Southeast Nebraska business were less likely to be concerned about customer demand and more likely to be concerned about business costs such as the cost of goods and services or the availability and quality of labor.

[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, August and September, 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 August and September 2015 surveys, in order to generate a sufficient sample size. There were a combined 40 responses from Central Nebraska businesses during August and September.

Central Nebraska businesses had a negative outlook about sales and a positive outlook about employment at their business for the next six months. As seen in Table 4, 20 percent of Central Nebraska businesses expected sales to rise in the next six months compared to 33 percent which expected sales to decline. For employment, 15 percent of Central Nebraska businesses planned to expand employment while 3 percent planned to reduce it. Taken together, the divergent expectations for sales and employment point to a neutral outlook for the Central Nebraska economy.

Table 4: Central Nebraska Business Expectations for the Next Six Months, August and September, 2015

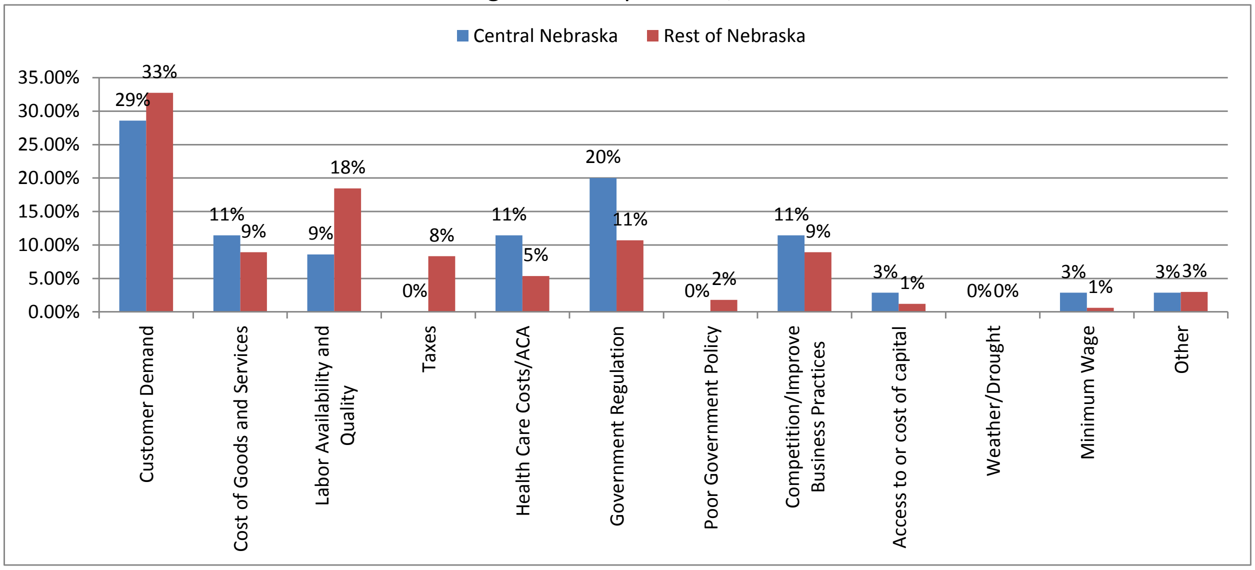
	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	29%	20%	-9%
Stay the Same	52%	48%	-5%
Decrease	19%	33%	14%
	Employment		
Increase	11%	15%	4%
Stay the Same	83%	83%	0%
Decrease	6%	3%	-3%

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

Figure 4 compares the top business concerns of Central Nebraska respondents from August and September with those from businesses located in other parts of the state. Responses from Central Nebraska businesses were largely consistent with those from respondents in other parts of the state. However, Central Nebraska businesses were more likely to list regulation as their top business issue and less likely to list concern with the availability and quality of labor.

[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, August and September, 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 August and September 2015 surveys, in order to generate a sufficient sample size. There were a combined 42 responses from Northeast Nebraska businesses during August and September.

Responding businesses in Northeast Nebraska were positive in their outlook for sales and employment over the next six months. For sales, 29 percent of respondents expected sales to rise over the next six months, compared to 20 percent who expected sales to fall. For employment, 17 percent of businesses expected to add employees in the next six months while 5 percent expected to reduce employment. This outlook for sales is more slightly more optimistic than found in the rest of Nebraska. The outlook for employment is significantly more optimistic.

Table 5: Northeast Nebraska Business Expectations for the Next Six Months,
August and September, 2015

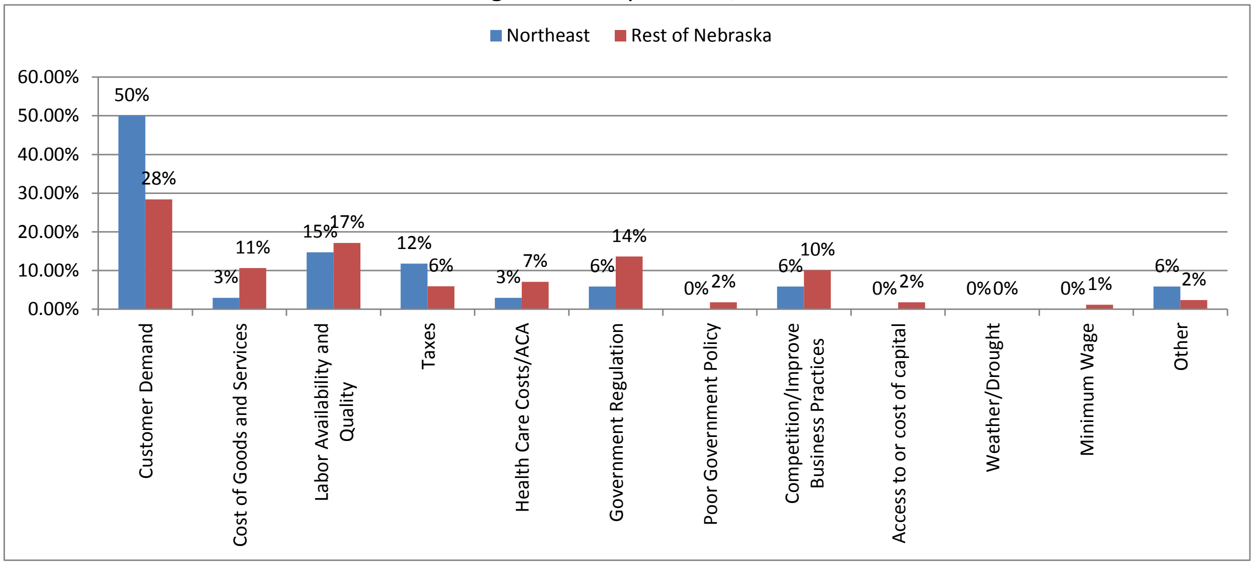
	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	27%	29%	2%
Stay the Same	52%	51%	-1%
Decrease	21%	20%	-2%
	Employment		
Increase	11%	17%	6%
Stay the Same	84%	79%	-5%
Decrease	5%	5%	-1%

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

Figure 5 compares the top business concerns of Northeast Nebraska respondents from August and September with those from businesses located in other parts of the state. Responses from Northeast Nebraska businesses were different than responses in other parts of the state. Northeast Nebraska business were much more likely to choose customer demand as their top business concern and much less likely to choose the cost of goods and services, health care costs and the Affordable Care Act or other regulation as their top concern. Northeast Nebraska businesses also were more likely to choose taxes as their top concern; in particular, property taxes.

[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, August and September, 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 August and September 2015 surveys, in order to generate a sufficient sample size. There were a combined 34 responses from West Nebraska businesses during August and September.

Responding businesses in West Nebraska were positive in their outlook for sales over the next 6 months. For sales, 31 percent of West Nebraska respondents expected sales to increase at their business over the next six months while just 6 percent expected sales to fall. This optimism for sales, however, does not translate into optimism for employment. Just 3 percent of responding businesses expected to increase employment while the same percentage expected to decrease it.

Table 6: West Nebraska Business Expectations for the Next Six Months, August and September, 2015

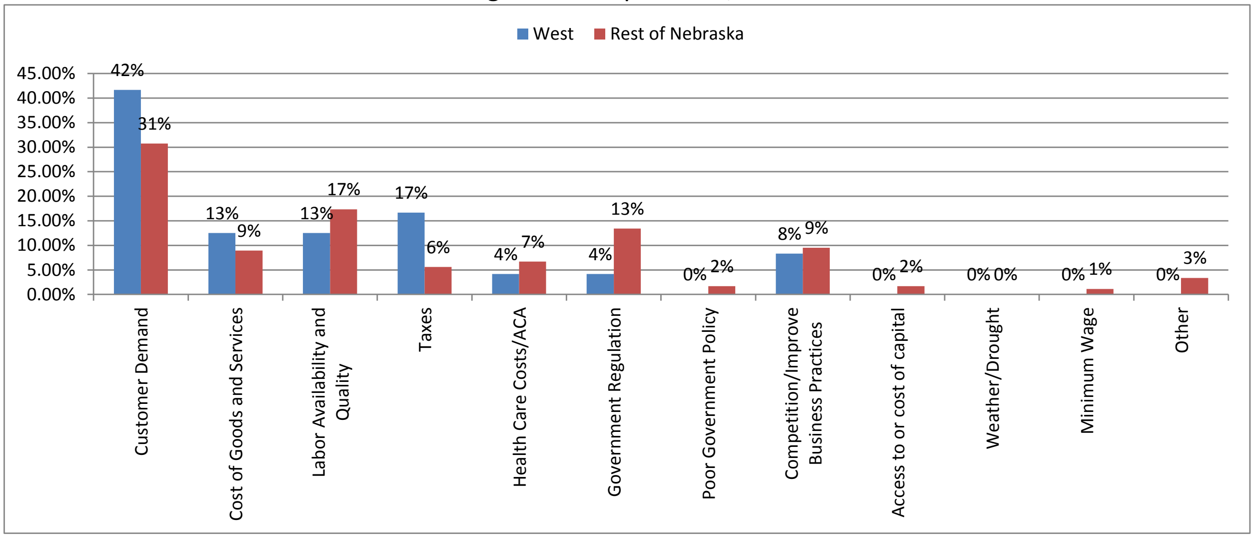
	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	27%	31%	4%
Stay the Same	50%	63%	13%
Decrease	23%	6%	-17%
	Employment		
Increase	13%	3%	-10%
Stay the Same	81%	94%	13%
Decrease	6%	3%	-3%

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

Figure 6 compares the top business concerns of West Nebraska respondents from August and September with those from businesses located in other parts of the state. Responses from West Nebraska business were largely similar with responses from business in other parts of the state. However, as in Northeast Nebraska, West Nebraska respondents were much more likely to list customer demand or taxes as their top concern and much less likely to list health care costs and the Affordable Care Act or other regulations.

[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, August and September, 2015



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