

RECENT TRENDS IN SELECTED NEBRASKA ECONOMIC NUMBERS

by
NDED Research Staff
Updated October 23, 2019

LABOR FORCE AND UNEMPLOYMENT: Preliminary numbers from the Nebraska Department of Labor show the state’s not seasonally adjusted nonfarm employment totaled 1,006,983 persons in August 2019.

The monthly average Nebraska unemployment rate has been among the lowest in the nation for years (Figure 1). In August 2019, the preliminary Nebraska seasonally adjusted unemployment rate was 3.1 percent, compared to 3.7 percent for the nation.¹

In August 2019, the Omaha MSA, which includes counties in Iowa, had a preliminary not seasonally adjusted unemployment rate of 3.0 percent; the Lincoln MSA also had a preliminary not seasonally adjusted rate of 2.9 percent; and the Grand Island MSA had a preliminary unemployment rate of 3.1 percent.

The annual average Nebraska unemployment rate was 4.0 percent in 2012; 3.8 percent in 2013; 3.3 percent in 2014; 3.1 percent in 2015; 3.1 percent in 2016, 2.9 percent in 2017, and 2.8 percent in 2018; compared to 8.1 percent, 7.4 percent, 6.2 percent, 5.3 percent, 4.9 percent, 4.4 percent, and 3.9 percent overall in the U.S. (Figure 1).

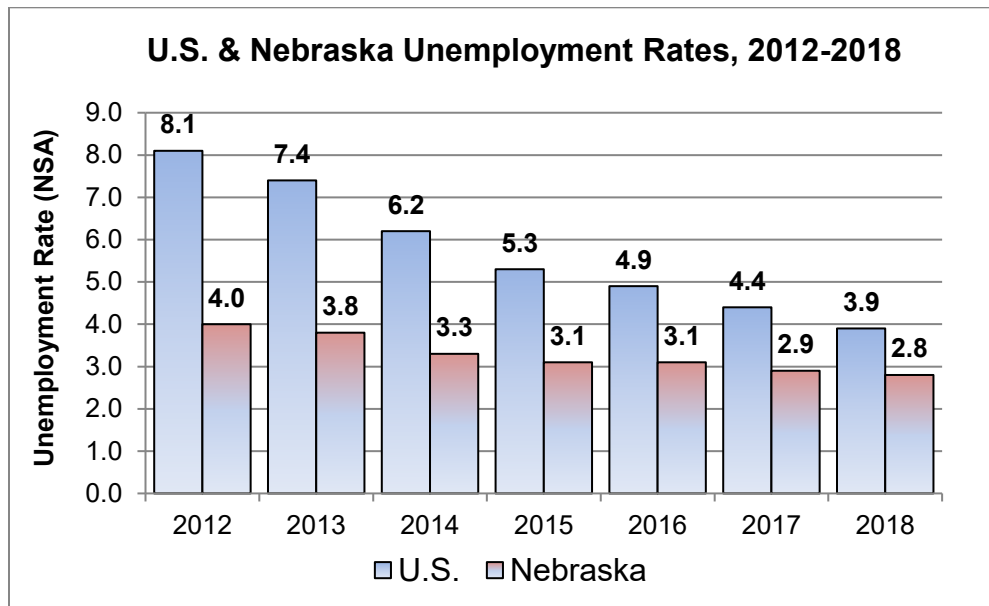


Figure 1

¹ The unemployment rate comes in seasonally adjusted and not seasonally adjusted versions because “This rate depends particularly on seasonal influences, which is why it is important to free the unemployment rate of its seasonal component. Such seasonal influences can be due to school graduates or dropouts looking to enter into the workforce and regular fluctuations during holiday periods. Once the seasonal influence is removed from this time series, the unemployment rate data can be meaningfully compared across different months and predictions for the future can be made.” (Wikipedia, 2018)

OVERALL JOB GROWTH: The Nebraska growth in non-farm payroll employment (jobs) has generally been positive in recent years. The Bureau of Labor Statistic’s preliminary numbers estimate that there were 1,033,990 nonfarm jobs in the state in August 2019. That represented an increase of 8,711 in not seasonally adjusted jobs from August 2018 to August 2019.

MANUFACTURING JOB GROWTH: During the 2007-2009 recession years, manufacturing job growth in both the nation and Nebraska suffered – state manufacturing job numbers fell 8.1 percent between those years. Since then, there has been some rebound (a 5.0 percent growth in Nebraska’s manufacturing job numbers between 2011 and 2015), but there was another fall-off in job growth in 2015 (Figure 2). In August 2019, the Bureau of Labor Statistics preliminary estimates show that Nebraska averaged 100,909 manufacturing jobs – an increase of 296 manufacturing workers between August 2018 and August 2019.

The number of Nebraska manufacturing jobs increased 1.7 percent in 2012, increased 1.6 percent in 2013, increased a 1.0 percent in 2014, decreased 0.1 percent in 2015, was unchanged in 2016, increased 1.3 percent in 2017, and increased 1.5 percent in 2018. Overall, U.S. manufacturing jobs increased 1.7 percent in 2012, increased 0.8 percent in 2013, increased 1.4 percent in 2014, increased 1.2 percent in 2015, increased 0.1 percent in 2016, increased 0.8 percent in 2017; and increased 2.0 percent in 2018. So, between 2014 and 2018, Nebraska fell behind national manufacturing employment growth trends.

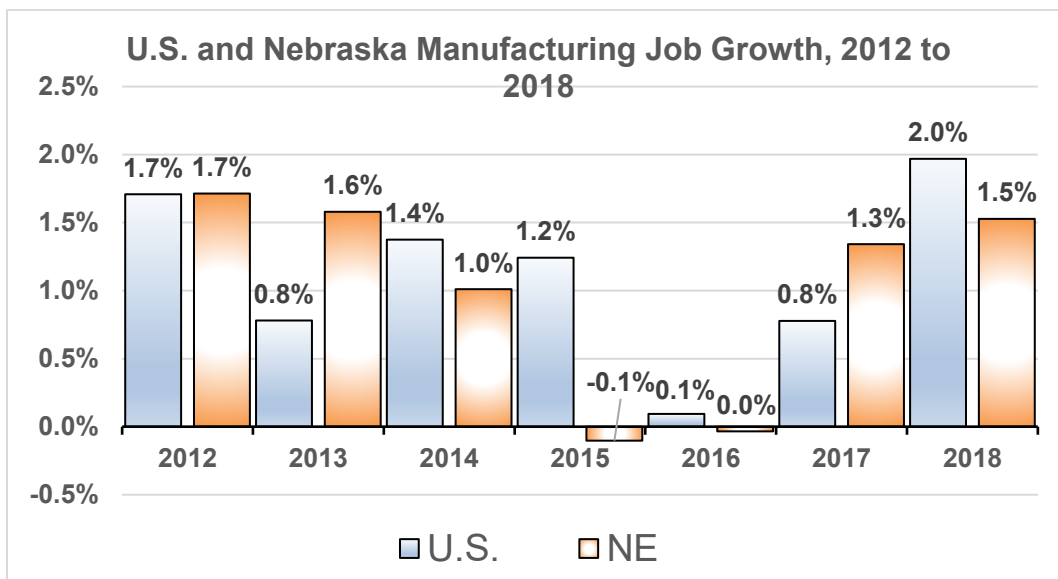


Figure 2

RESIDENTIAL BUILDING PERMITS: The U.S. Bureau of the Census' Construction Statistics Division reported that Nebraska permit-issuing places authorized the construction of 798 new residential units in August 2019. That represented an increase of 91.8 percent in the number of new units compared to the number authorized in July 2019, but a 1.1 percent increase over August 2018. The value of new residential permits increased from \$84,038,000 in July 2019 to \$120,451,000 in August, a 43.3 percent increase. That also represented an 4.5 percent increase compared to August 2018.

The annual number of new Nebraska residential building permits; increased 23.3 percent in 2013, increased 1.9 percent in 2014; increased a 5.3 percent in 2015; decreased 0.2 percent in 2016; increased 9.7 percent in 2017; and decreased 7.6 percent in 2018 (see Figure 3 and *Nebraska Databook*). Nationally, the number of residential units increased 19.4 percent in 2013; 6.2 percent in 2014; 12.4 percent in 2015; 2.0 percent in 2016; 6.2 percent in 2017; and 2.8 percent in 2018. So, Nebraska growth rate of new residential construction fell below the national growth rate in 2018.

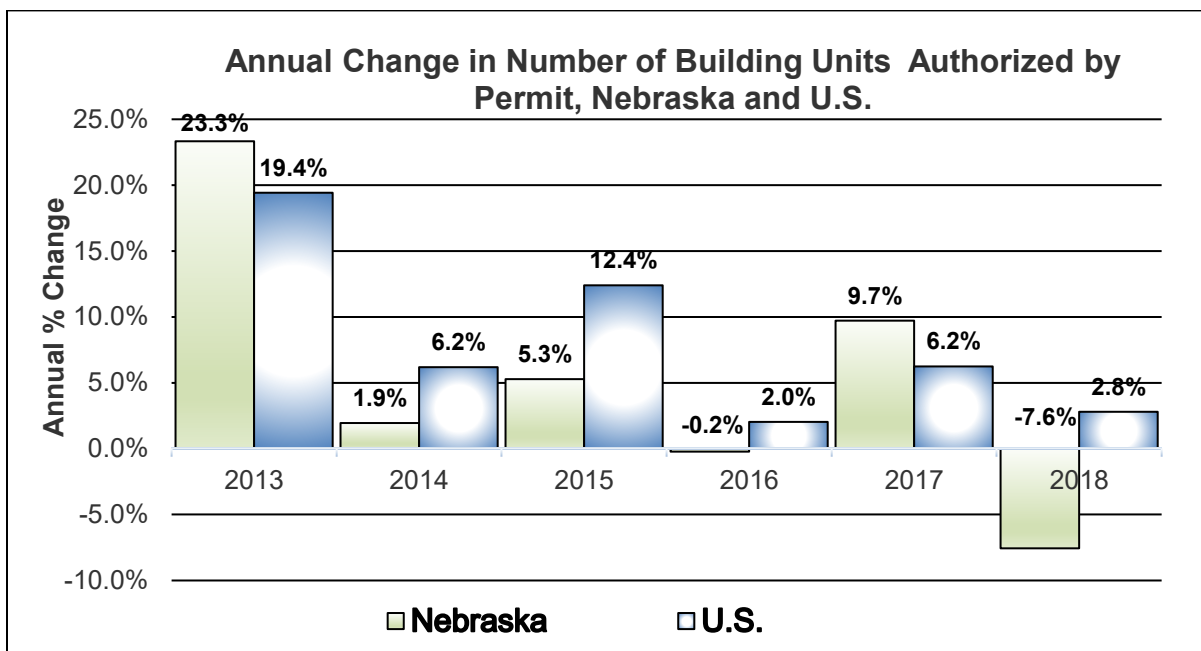


Figure 3

NET TAXABLE RETAIL SALES: For the past several years, Nebraska’s monthly net taxable retail sales have increased modestly on an annual basis (see Figure 4). Each month’s sales are usually slightly higher than the previous year’s. In July 2019, state net taxable retail sales totaled \$2.8 billion, which was 2.4 percent lower than June 2019. It was also 6.8 percent more than in July 2018. Net taxable sales in Nebraska exhibit a strong seasonality, which is one reason November and January sales are usually significantly lower than December’s.

Total annual net taxable retail sales in Nebraska increased 4.2 percent in 2012; increased 5.3 percent in 2013; increased 3.0 percent in 2014; increased 1.0 percent in 2015; increased 2.5 percent in 2016; and increased 1.4 percent in 2017. In 2004, the state sales tax rate was set permanently at 5.5 percent and sales taxes on some services were eliminated.

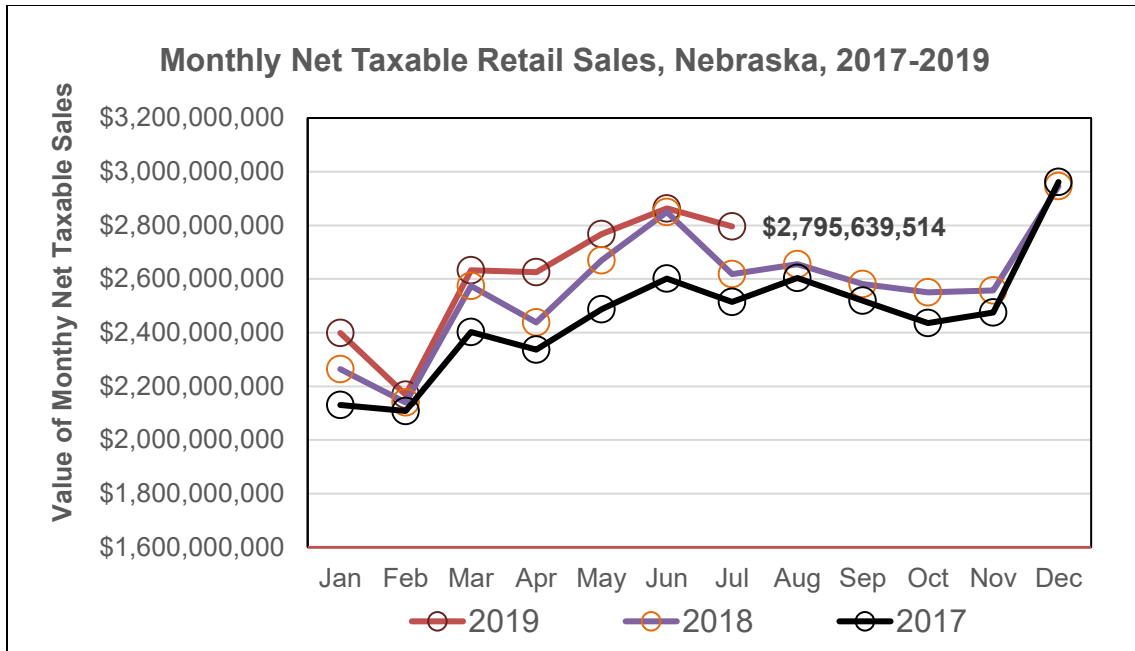


Figure 4

MERCHANDISE EXPORTS AND IMPORTS: Nebraska has been a major exporter of agricultural crops and livestock products for many years (see *Nebraska Databook* table). The state has also increased exports of other goods and services (see Figure 5). In August 2019, Nebraska goods exports were up 3.2 percent compared to the previous month. Specifically, they totaled \$619.6 million in August compared to \$600.2 million in July. However, they were down 4.5 percent compared to August 2018. They've been below the previous year's monthly values since February.

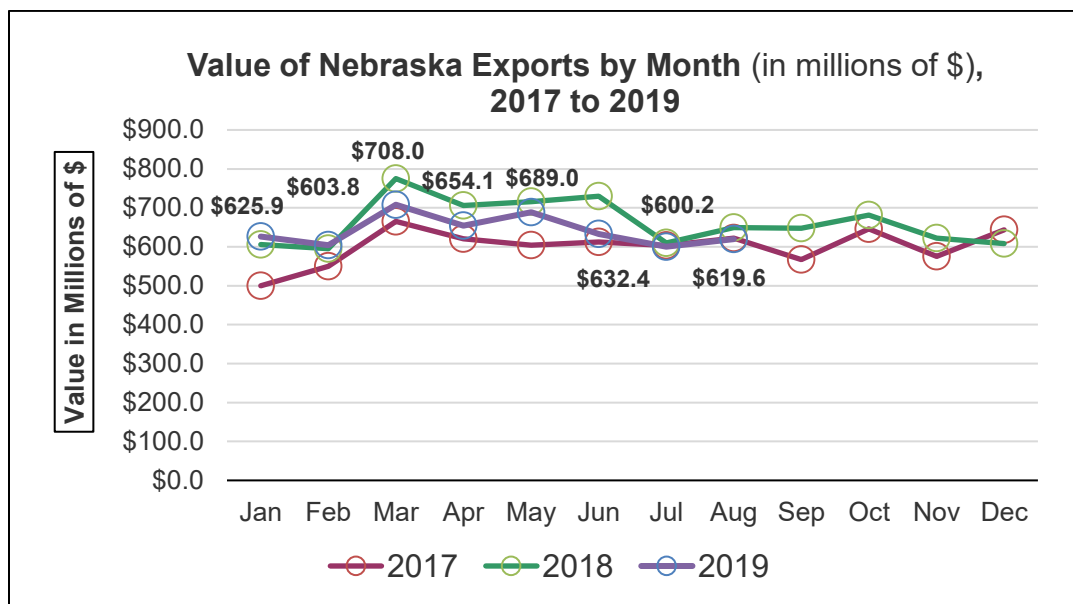


Figure 5

In 2010, the U.S. Census Bureau began releasing estimates of the value of state imports based on the destination of import shipments reported at the time of entry into the U.S. (see Figure 6). Those numbers suggest that monthly Nebraska imports generally average around 40-50 percent of the value of state exports. Imports were down an estimated 1.0 percent year-over-year in August, and were down an estimated 0.6 percent from July 2019.

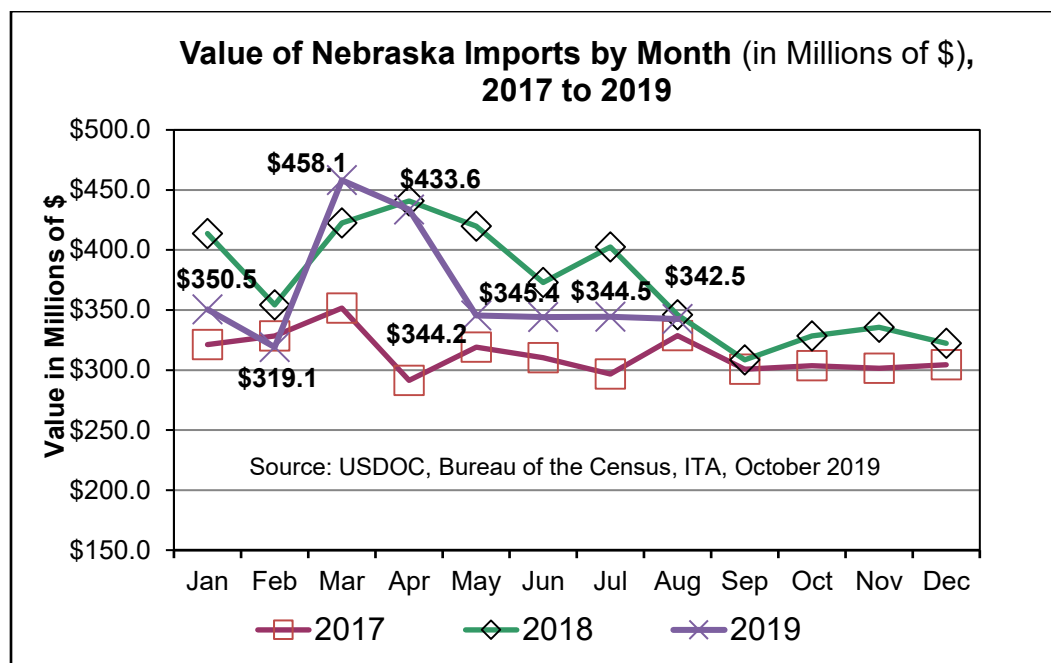


Figure 6

INCOME: Historically, Nebraska's per capita income (PCI) has been below the U.S. average. But, in 2002, Nebraska per capita income was 4.0 percent more than the national average. However, by 2017, the U.S. Bureau of Economic Analysis estimates show the state's PCI at \$50,809, which was 1.6 percent below the U.S. average. That value was actually down from the previous five-years, when the Nebraska PCI averaged 3.0 percent more than the national average (Figure 7).

As the Nebraska State Data Center observed "Nebraska's per capita income declined in relation to the US between 1970 and 1989 and fluctuated between 95 and 100 percent of the national average from 1994 to 2010. Beginning in 2011, Nebraska's per capita income moved above the national average for the first time since 1975 and only the 5th time since the series began in 1929" (State/Local Population Trends, Nebraska State Data Center, August 17, 2016).

Nebraska per capita personal income jumped 0.3 percent to \$46,419 in 2013, increased by 5.2 percent to \$48,830 in 2014, rose by 2.7 percent to \$50,140 in 2015, then fell by 0.9 percent to \$49,660 in 2016; and, in 2017, rose 2.3 percent to \$50,809.

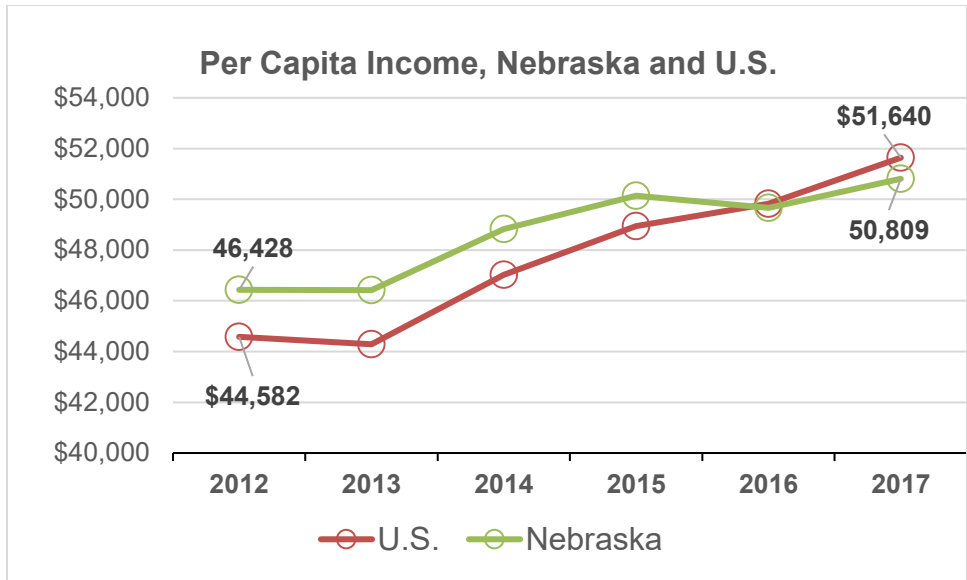


Figure 7

COST OF LIVING: In a community cost of living index compiled for 255 U.S. urban areas by C2ER, the three Nebraska communities in the survey have generally been below the national average for the six expenditure categories tracked. Looking at the Second Quarter of 2019, the weighted average composite index for the three Nebraska communities' was well below the U.S. average of 100.0 at 91.7 (see Figure 8). So, these numbers suggest it costs less to live in Nebraska than in many other communities in the U.S.

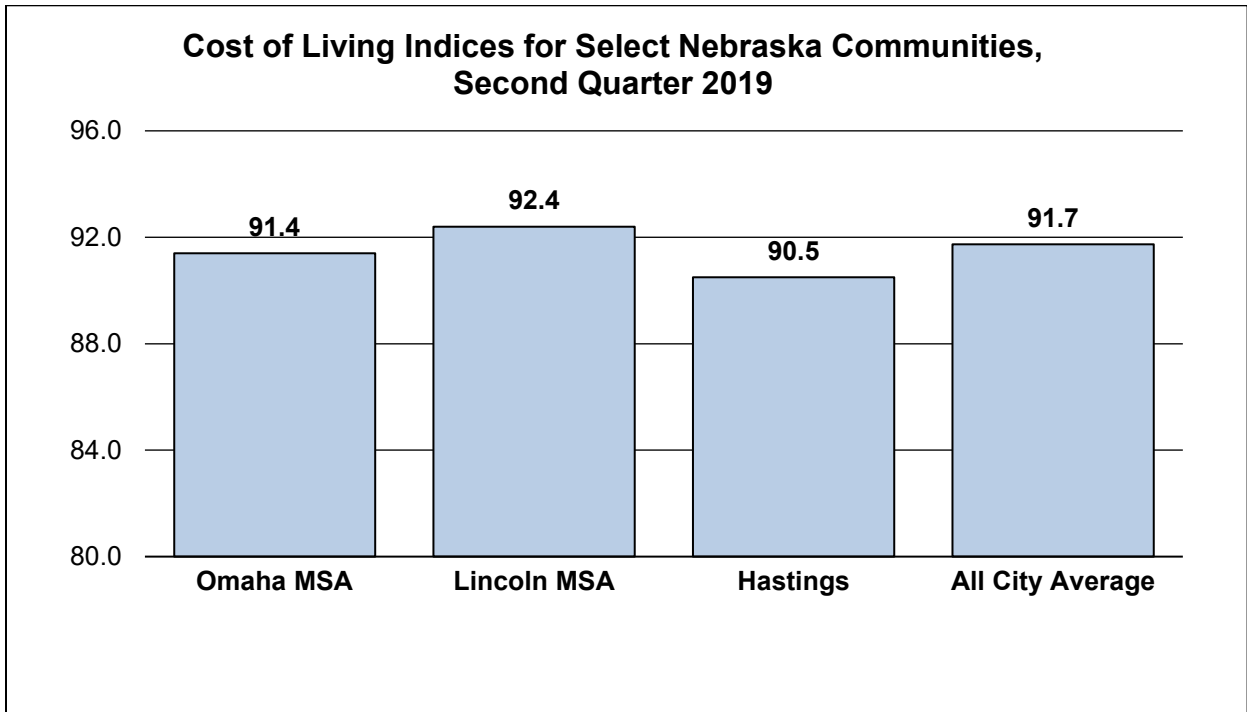


Figure 8

POPULATION: From 1974 to 1990, Nebraska experienced a net out-migration of people. The U.S. Census Bureau reported that Nebraska's 2000 population was 1,711,263, or 132,846 persons higher than in 1990. Natural increases (births exceeding deaths) contributed to the state's 8.4 percent population growth, but a significant factor was international migration. The Census Bureau reported the state's 2010 population was 1,826,341 persons, or 6.7 percent higher than 2000 (see *Nebraska Databook* table). And, the Census Bureau's estimate of the state's 2017 population reached 1,920,076 persons, or 5.1 percent higher than the 2010 Census. The estimated national growth rate during those years was 5.5 percent.

County-level 2000 Census numbers showed population growth in 40 of Nebraska's 93 counties between 1990 and 2000, compared to only ten counties between 1980 and 1990. Between 2000 and 2010, 24 counties experienced population growth; and between 2010 and 2015, an estimated 31 counties had population growth. Sarpy County, at 29.6 percent, and Lancaster County, at 14.0 percent, were the top growth counties in 2010.

NEBRASKA'S ECONOMY IN THE SHORT-TERM: "The Leading Economic Indicator – Nebraska (LEI-N) 1 rose by 2.66% during July of 2019. The sharp increase in the LEI-N, which is designed to predict economic activity six months into the future, implies solid economic growth in Nebraska through the end of 2019 and into early 2020. The leading indicator rose primarily due to a sharp drop in initial claims for unemployment insurance during July as well as strong business expectations. Respondents to the July Survey of Nebraska Business reported plans to increase in sales and employment at their businesses over the next six months."

To read the full report go to:

http://cba.unl.edu/outreach/bureau-of-business-research/documents/LEI_8_2019.pdf