Overview

- **State Indicators**
- Tri-City Area
- Tri-City Area – Employment
- Tri-City Area – Entrepreneurship
Real GDP: Nebraska vs. U.S.

Source: Bureau of Economic Analysis
## Contribution to Nebraska Real GDP Growth by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>NE Industry Composition</th>
<th>Contribution to Real GDP Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2010-2017</td>
</tr>
<tr>
<td><strong>Goods</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>11.2%</td>
<td>-0.09%</td>
</tr>
<tr>
<td>Agriculture, forestry, fishing, and hunting</td>
<td>5.1%</td>
<td>-0.20%</td>
</tr>
<tr>
<td>Construction</td>
<td>3.4%</td>
<td>-0.38%</td>
</tr>
<tr>
<td>Mining</td>
<td>0.1%</td>
<td>-0.05%</td>
</tr>
<tr>
<td>Real estate and rental and leasing</td>
<td>10.2%</td>
<td>1.87%</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>9.5%</td>
<td>2.77%</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>7.7%</td>
<td>1.44%</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>7.1%</td>
<td>0.11%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>7.1%</td>
<td>1.72%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>5.8%</td>
<td>0.78%</td>
</tr>
<tr>
<td>Professional, scientific, and technical services</td>
<td>4.3%</td>
<td>0.22%</td>
</tr>
<tr>
<td>Information</td>
<td>3.2%</td>
<td>0.81%</td>
</tr>
<tr>
<td>Administrative and waste management services</td>
<td>3.0%</td>
<td>1.05%</td>
</tr>
<tr>
<td>Management of companies and enterprises</td>
<td>2.8%</td>
<td>0.96%</td>
</tr>
<tr>
<td>Utilities</td>
<td>2.1%</td>
<td>0.37%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>2.0%</td>
<td>0.22%</td>
</tr>
<tr>
<td>Other services, except government</td>
<td>2.0%</td>
<td>0.05%</td>
</tr>
<tr>
<td>Educational services</td>
<td>0.6%</td>
<td>-0.14%</td>
</tr>
<tr>
<td>Arts, entertainment, and recreation</td>
<td>0.5%</td>
<td>0.10%</td>
</tr>
<tr>
<td>Government</td>
<td>12.3%</td>
<td>-0.02%</td>
</tr>
<tr>
<td><strong>Total, All Industries</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>11.6%</strong></td>
</tr>
</tbody>
</table>

**Note:** Contribution to Nebraska real GDP calculation $100 \times \frac{\text{Real GDP}_{t} - \text{Real GDP}_{t-1}}{\sum \text{Real GDP}_{t-1}}$. Percentage of total real GDP by industry is in parentheses.

**Source:** Bureau of Economic Analysis
Real Net Farm Income, 2010-2017F

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics
Overview

- State Indicators
- Tri-City Area
  - Tri-City Area – Employment
  - Tri-City Area – Entrepreneurship
Tri-City Area Population Growth

Note: Figure was created by Paul Burger, Geography Department, University of Nebraska at Kearney
Source: U.S. Census Bureau

60% of Nebraskans live in Lincoln-Omaha Area
10% of Nebraskans live in Tri-City Area
Overview

- State Indicators
- Tri-City Area
- **Tri-City Area – Employment**
- Tri-City Area – Entrepreneurship
Employment: Tri-City Area vs. Nebraska

Note: Index of Growth since 2005 (2005 = 100)
Source: Nebraska Department of Labor
### Contribution to Employment Growth: Top 4 Industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Tri-City Area Industry Composition</th>
<th>Tri-City Area</th>
<th>Nebraska</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>16%</td>
<td>1.3%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>15%</td>
<td>1.2%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>13%</td>
<td>0.3%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>9%</td>
<td>0.8%</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Total, All Industries</strong></td>
<td><strong>5.9%</strong></td>
<td><strong>-0.1%</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Nebraska Department of Labor
Composition of Employment by Education, All Industries

2016

Workers aged 24 or younger
Less than high school
High school or equivalent, no college
Some college or Associate degree
Bachelor's degree or advanced degree

Change since 2010

Source: Longitudinal Employer-Household Dynamics (LEHD) Program Quarterly Workforce Indicators (QWI)
Employment by Educational Attainment, **All Industries**

- Less than high school
- High school or equivalent, no college
- Bachelor’s degree or advanced degree
- Some college or Associate degree
- Workers aged 24 or younger

**Note:** Index of Growth since 2005 (2005 = 100)

**Source:** Nebraska Department of Labor
Employment by Educational Attainment, Manufacturing

Tri-City Area Employment

Note: Index of Growth since 2005 (2005 = 100)
Source: Nebraska Department of Labor

The diagram shows the employment by educational attainment in the manufacturing sector from 2005 to 2016. It categorizes workers into:
- Less than high school
- High school or equivalent, no college
- Some college or Associate degree
- Bachelor’s degree or advanced degree
- Workers aged 24 or younger
Employment by Educational Attainment, Health Care

Note: Index of Growth since 2005 (2005 = 100)
Source: Nebraska Department of Labor
Employment by Educational Attainment, **Retail Trade**

Note: Index of Growth since 2005 (2005 = 100)
Source: Nebraska Department of Labor

State Indicators • Tri-City Area • Employment • Entrepreneurship • Summary
Employment by Educational Attainment, **Accommodations & Food Services**

<table>
<thead>
<tr>
<th>Year</th>
<th>Less than high school</th>
<th>High school or equivalent, no college</th>
<th>Some college or Associate degree</th>
<th>Bachelor's degree or advanced degree</th>
<th>Workers aged 24 or younger</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2006</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2007</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2008</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2009</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2010</td>
<td>100</td>
<td>100</td>
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<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2011</td>
<td>100</td>
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<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2012</td>
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<tr>
<td>2013</td>
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<td>100</td>
<td>100</td>
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<tr>
<td>2014</td>
<td>100</td>
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<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>2015</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2016</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Note:** Index of Growth since 2005 (2005 = 100)

**Source:** Nebraska Department of Labor
Tri-City Area Employment

Hires & Job Openings by Education, 2016

<table>
<thead>
<tr>
<th>High Openings, Low Hires</th>
<th>High Openings, High Hires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school</td>
<td></td>
</tr>
<tr>
<td>High school or equivalent, no college</td>
<td></td>
</tr>
<tr>
<td>All Education Categories of 25+</td>
<td></td>
</tr>
<tr>
<td>Bachelor's degree or advanced degree</td>
<td></td>
</tr>
<tr>
<td>Some college or Associate degree</td>
<td></td>
</tr>
<tr>
<td>Low Openings, Low Hires</td>
<td>Low Openings, High Hires</td>
</tr>
</tbody>
</table>

Source: Nebraska Department of Labor; Longitudinal Employer-Household Dynamics (LEHD) Program Quarterly Workforce Indicators (QWI)
Average Monthly Earnings of New Hires, 2016

- Workers aged 24 or younger: $1,302
- Less than high school: $2,164
- High school or equivalent, no college: $2,255
- Some college or Associate degree: $2,345
- Bachelor's degree or advanced degree: $2,924

Source: Longitudinal Employer-Household Dynamics (LEHD) Program Quarterly Workforce Indicators (QWI)
Real Average Monthly Earnings of New Hires

Note: Index of Growth since 2005 (2005 = 100)
Source: Longitudinal Employer-Household Dynamics (LEHD) Program Quarterly Workforce Indicators (QWI)
Labor Force Participation Rates, 2010-2017

Source: Nebraska Department of Labor; U.S. Census
Challenges

• Sluggish employment growth in Top 3 industries
• Composition of workers by education level has shifted
• Employment growth driven by workers with less than a high school degree, particularly in Health Care and Social Assistance
• Declining participation has downside implications for the long-run size of the economy
Overview

- State Indicators
- Tri-City Area
- Tri-City Area – Employment
- *Tri-City Area – Entrepreneurship*
Making the case for entrepreneurship
2015 Entrepreneurship Class: Focus on effectuation, resources at hand and innovation.
“I have no idea how to actually start a business”

-2015 Entrepreneurship student evaluation comment
Question
Entrepreneurship Project at UNK

State Indicators • Tri-City Area • Employment • Entrepreneurship • Summary
Entrepreneurship – The Upside

- It is new businesses (and not small businesses) that fuel U.S. job creation (Haltiwanger, Jarmin & Miranda 2013)
- Companies less than one year old with 1-4 employees have created more than 1 million jobs per year over the past 3 decades
- Those with 5-9 employees have added 500,000 jobs per year
- Young firms exhibit up or out dynamic (http://www.nber.org/papers/w16300.pdf)
Entrepreneurship – The Downside

New establishment entry rates are highly correlated with exit rates. Resources must be freed up to be utilized in new ventures. Process of creative destruction

Source: Business Dynamics Survey at https://www.census.gov/ces/dataproducts/bds/data_firm.html
Where we stand
The Kauffman startup activity index is a broad index measure of business startup activity in the United States. It is an equally weighted index of three normalized measures of startup activity including: The Rate of New Entrepreneurs in the economy, calculated as the percentage of adults becoming entrepreneurs in a given month. The Opportunity Share of New Entrepreneurs, calculated as the percentage of new entrepreneurs driven primarily by “opportunity” vs. “necessity.” The Startup Density of a region, measured as the number of new employer businesses normalized by total business population. The index is ranked across the 50 most and least populated states. Kauffman Index [http://www.kauffman.org/kauffman-index/reporting/startup-activity](http://www.kauffman.org/kauffman-index/reporting/startup-activity)
Rate of New Entrepreneurs Starting a Business Per Month Per 100,000 Adults

Opportunity Share of New Entrepreneurs Percent Coming from Employment

Number of Startups per 1,000 Employer Businesses

Entry Rates and Exit Rates (Non) Metro Nebraska

Source: Business Dynamics Survey at https://www.census.gov/ces/dataproducts/bds/data_firm.html
Sector Fragmentation/Concentration

Fragmented

Concentrated

Source: Bureau of Labor Statistics comparing employer based businesses from 2011-2016. An index was created based on the share of number of firms compared to the share of employees within the Tri-City Area. Share of employees was divided by share of firms. When share of employees is larger than the share of firms (index is >1) the sector is classified as concentrated (converse for when the share of employees is smaller than share of firms (index is <1) the sector is classified as fragmented.
What might be holding us back
Reallocation – Pivots – Creative Destruction

State Indicators • Tri-City Area • Employment • Entrepreneurship • Summary
Nebraska Reallocation rate for Metro Non-Metro

Source: Business Dynamics Survey at [https://www.census.gov/ces/dataproducts/bds/data_firm.html](https://www.census.gov/ces/dataproducts/bds/data_firm.html)
Networks and Reallocation
Comparing Nebraska and Nevada Labor Flows

Labor flows represent the ease with which employees can move between sectors of the economy. Tight, well connected networks ensure efficient reallocation of labor across sectors.

Source: Census job-to-job flows at https://j2jexplorer.ces.census.gov/ for Nevada and Nebraska for 2016-Q1 2017. The natural logarithm was taken of all data to reduce the impact of population differences between states. Graphs were built using Stata version 14 nplot function with multidimensional scaling for the placement of nodes for shortest distance. The edge width represents the volume of employee flows between sectors. Measures were dropped for Utilities and Mining due to very few data points.
Case Study: St Louis

- St Louis was not without entrepreneurial activity in the past
  - It existed in disconnected pockets
- These pockets inhibited “entrepreneurial genealogy” – when successful entrepreneurs mentor and fund the next generation
- It’s faddish in economic development circles today to talk about collisions. If you create lots of bars and coffee shops and parks, serendipitous unexpected connections will occur: The strategy is premised on people running into each other.
- St Louis intentionally and deliberately built connections and networks.
- RoverTown example:
  - Arch Grant 2013
  - Moves to nonprofit co-working space
  - Accelerator program
  - Mock Angel program
  - Secures $1,000,000 in venture capital funding
  - Named fastest-growing tech startup in St Louis

St Louis Post Dispatch June 10, 2016 How did St. Louis become an Entrepreneurial Boomtown? by Dane Stangler and Colin Tomkins-Bergh http://www.stltoday.com/business/local/how-did-st-louis-become-an-entrepreneurial-boomtown/article_c40240aa-e9f4-5f9d-83bf-db722bcbf2.html Data from Kauffman Index
Possible Barriers to ENT

**State Indicators**

- **Tri-City Area**
- **Employment**
- **Entrepreneurship**
- **Summary**

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**ECONOMIC LIBERTY: TRENDS IN OCCUPATIONAL LICENSING**

**1950s:**
- 1 in 20 U.S. workers need a license to work for pay

**TODAY:**
- 6 in 20 workers need a license

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# Massage Therapist Licensing Requirements

<table>
<thead>
<tr>
<th>State</th>
<th>Fee</th>
<th>Education</th>
<th>CEUs</th>
<th>Year law Enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nebraska</td>
<td>$110</td>
<td>1000 hours</td>
<td>24</td>
<td>1958</td>
</tr>
<tr>
<td>Colorado</td>
<td>$90</td>
<td>500 hours</td>
<td>none</td>
<td>2008</td>
</tr>
<tr>
<td>Iowa</td>
<td>$120</td>
<td>600 hours</td>
<td>24</td>
<td>1992</td>
</tr>
<tr>
<td>Kansas</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Missouri</td>
<td>$200</td>
<td>500 hours</td>
<td>12</td>
<td>1998</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$120</td>
<td>500 hours</td>
<td>8</td>
<td>2005</td>
</tr>
<tr>
<td>Wyoming</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Opportunities and Challenges

• Opportunities
  • Creating and strengthening networks across sectors
  • Leveraging existing approaches to revisit regulation that inhibits creative destruction
  • Recognizing that resources must be freed to be reallocated

• Challenges
  • Geographic distance
  • Lower population
  • Infrastructure
Summary

• Nebraska Economy
  • Weak, driven by Manufacturing and Agriculture
  • Net farm income forecast indicates signs of stability

• Tri-City Area Employment
  • Sluggish employment growth in Top 3 industries
  • Composition of workers by education level has shifted
  • Employment growth driven by workers with less than a high school degree

• Entrepreneurship
  • Declining start-up rates
  • Increased concentration among major economic sectors indicating less competition (except Health Care)
  • Opportunity to increase cross-sector labor flows
  • Opportunity to reconsider regulatory basis to enhance new venturing
Questions?
The Rate of New Entrepreneurs in the economy, calculated as the percentage of adults becoming entrepreneurs in a given month the change represents the percentage change in the number of entrepreneurs comparing 2013 and 2017. [http://www.kauffman.org/kauffman-index/reporting/startup-activity](http://www.kauffman.org/kauffman-index/reporting/startup-activity)
Opportunity Share: % of Entrepreneurs Coming from Employment

Serves as a proxy indicator of the percent of new entrepreneurs starting businesses because they saw market opportunities. Measures the percentage of new entrepreneurs who were not unemployed before starting their businesses (e.g., new entrepreneurs who were previously working for another organization or in school). Acts as a broad proxy for business growth prospects. Entrepreneurs who were previously unemployed may be acting out of necessity and, therefore, may be more likely to start businesses with lower growth potential. http://www.kauffman.org/kauffman-index/reporting/startup-activity
Estimates the number of startup firms by total employer population. Measures the number of new employer startup businesses normalized by the employer firm population of an area. Because companies captured by this indicator have employees, they tend to be at a more advanced stage than are the companies in the rate of new entrepreneurs measure. Defines startup businesses as employer firms less than one year old that employ at least one person besides the owner. This measure includes all industries. Uses data based on the U.S. Census’s Business Dynamics Statistics. [http://www.kauffman.org/kauffman-index/reporting/startup-activity](http://www.kauffman.org/kauffman-index/reporting/startup-activity)
Entrepreneurship

Percent Change in Establishment Count 2011-2016