STRATEGIC DISCUSSIONS FOR nebraska

Nebraska’s Economic Future

University of Nebraska–Lincoln
College of Journalism and Mass Communications
Dear Readers:

Strategic Discussions for Nebraska is a grant-funded research project located in the University of Nebraska–Lincoln College of Journalism and Mass Communications. The project began July 1, 2007 and performs studies on topics of national interest and how they affect Nebraska and the people who live here. We hold conversations in communities throughout the state to encourage the public to become involved in improving statewide communication. Through these qualitative studies and discussions, we hope we can raise state and national awareness of important issues and how they affect Nebraska and eventually, affect public policy.

Our first magazine, Immigration in Nebraska, was published in June 2008. It presented research and opinions collected through nearly 100 interviews in communities throughout the state.

This magazine focuses on Nebraska’s economic future. It includes a summary of our findings; stories based on individual interviews; summaries of community conversations; and five articles written specifically for this magazine. The articles represent varied geographical perspectives as well as perspectives on various parts of the state’s economy.

We selected Beatrice, Columbus, Kearney, North Platte and Ord for community conversations; we also convened a focus group of University of Nebraska–Lincoln students to gain the perspective of Nebraska’s future leaders. Additionally, we visited Aurora, Falls City, Omaha and South Sioux City for photos and interviews.

This is only part of the information collected during this study. You can find more stories, photographs and video clips on our project’s website: www.unl.edu/sdn. You may access a pdf of this magazine through the website, as well as the pdf of Immigration in Nebraska. I welcome your comments on this study and your suggestions for future studies. If you would like additional copies of this magazine, please contact me.

Sincerely,

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Front cover images from left to right: North Platte, Nebraska
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Falls City, Nebraska
Omaha, Nebraska

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Nebraska's Economic Future

Introduction

It has been interesting to visit with individuals in various communities in Nebraska to learn their perspectives about Nebraska’s economic future. In their collective view, the economic future of Nebraska comes down to a few basic themes: agriculture, education, technology, infrastructure, leadership, statewide cooperation. And people.

Nebraskans like where they live. Young and old, they like the “sense of place” they feel here. They like being part of the legendary work ethic. They like the fact that, for the most part, they feel safe here. They like the fact that Nebraska agriculture helps to feed and power the world.

But when people from other states ask them where they’re from, they sound apologetic. The Strategic Discussions for Nebraska team heard variations on that theme everywhere we went. Caleb Pollard, Executive Director of the Ord Chamber of Commerce said it best: “we need for Nebraskans to be proud.”

Snapshot of Nebraska’s Economy

Nebraska is a conservative state, both politically and fiscally. It is constitutionally required to balance the state budget. It is also a state with only 1.7 million people, so there are few people to share the property tax burden. Additionally, Nebraska doesn’t have mineral resources that some states tax heavily, relieving the property tax burden on individuals. However, Nebraska’s sales and income taxes are about the same as its peer states, a fact that is often overlooked when people share concerns about taxes.

One of the state’s main concerns is the declining work force, particularly in greater Nebraska. This magazine contains several stories that refer to the work force shortage and the challenges faced by communities that desperately need workers.

Nebraska’s Strong Agricultural Base

Agriculture has changed in the last century, but it’s a booming business and Nebraskans are knowledgeable about those changes. They know the state is well-suited to growing high-quality crops and animals, and they know people in the rest of the world want to buy them. They know the University of Nebraska’s research has been important for Nebraska agriculture, Nebraska just doesn’t have. A conversation participant who lives outside North Platte told us her satellite gives her access to the Internet “as long as it isn’t cloudy.” That isn’t good enough for the needs of rural health care, business development, education or for attracting young people to smaller communities.

Infrastructure

If a state doesn’t have good infrastructure, it closes doors to economic development and therefore, growth.

Leadership and Cooperation

People told us the state and communities need strong leaders who are willing to partner with other organizations, communities, states and countries for the good of Nebraska as a whole. It also needs leaders who will consider the needs of the entire state, regardless of money, power or special interests.

In this magazine, you will find a variety of perspectives on Nebraska’s economy, including the opinions of state and community leaders, academics, business owners and government officials. Each opinion has value, based on the person’s experience, education, location and economic condition.
Strategic Discussions for Nebraska interviewed selected local and state leaders, representing government, academia and business. Each was asked questions about economic drivers, community and state susceptibility, the state’s role in the global economy and vision for the future.
The Nebraska Department of Economic Development is using them to stay in contact with the state's young people. The department is doing everything it can to keep young people in Nebraska, but if they do leave, DED is trying to lure them back – one person at a time.

Richard Baier, Director of the Nebraska Department of Economic Development, said the state has to create an environment where young people and young families want to live. That’s one of the department’s primary long-term challenges. A state full of young people means they will have children here, creating the growth – and the future – the state needs.

“We are encouraging our communities to think like young families – what do young families want in a community? What does the community look like? Is it open to outsiders? How are the schools?” Baier said.

“We’ve done some research on people who have left the state and have come back. Most of them are looking for a good job, but they’re looking for other things – they’re looking for safety, security, family and for a close social network,” Baier said. Many communities have grown so large that people have lost those things – and Nebraska can provide them.

But the timing is critical, Baier said, the best time to lure young people back to Nebraska is when they are in their mid-20s, newly married with a child and a puppy (“they seem to come together”). If they wait to launch recruiting efforts until after families have two or three children who are in school, people are less eager to relocate.

“We need to be very aggressive about marketing to that age group,” he said. “They’re looking to get back to their roots. They don’t want to spend two or three hours of their day sitting in a traffic jam,” he said. “It cuts into the most important thing, and that’s family time.”

Baier is seeing progress.

“We’re going to see some really nice opportunities for people who have left the state and have come back. Most of them are looking for a good job, but they’re looking for other things – they’re looking for safety, security, family and for a close social network. ”

The Department of Economic Development is working to create a variety of opportunities in the state to accommodate the employment interests of a large number of people. “Our job is to give them the tools to be successful,” Baier said. There are some communities who have chosen not to pursue outside resources or to invest in their housing stock, and those communities will face challenges down the road, he added.

“We are a leading state for things besides Cornhusker football and Omaha Steaks,” Baier said. “We want young people to stay for businesses.” He added that many communities have been proactive in staying in contact with alumni from local high schools; postcards, special websites and other methods facilitate communication. “They’re very aggressive about saying ‘come back home. Here are employment opportunities, here’s a business you can buy, or here’s how we can support you if you want to become an entrepreneur’,” he said.

Tourism

Nebraska’s unique lifestyle and natural resources are unusual enough that they attract visitors not only from other states, but other countries, as well. Sparsely-populated agricultural counties are identifying and building on their strengths, Baier said. People pay a fee to participate in cattle brandings in the Sandhills. Visitors to Valentine and Mullen are getting in big cattle tanks with friends and floating down the Niobrara or Dismal river (“tanking” businesses were booked for the summer by January, drawing people from the entire Midwest) – or they’re getting in canoes on the Calamus river, Baier said. The area around Burwell is capturing the area around the lake, where people now want to live full time. Mullen built the world-class Sandhills Golf Course, capitalizing on its natural terrain.

“We have to identify where people now want to live full time. Mullen built the world-class Sandhills Golf Course, capitalizing on its natural terrain. “What a unique asset – something that was written about as Buffalo Commons not that many years ago now has national recognition and people flying in,” Baier said.

The state’s hunting and fishing industry is able to sell a little different way of life, “some time to yourself,” he said.

“Selling” Nebraska is Everyone’s Responsibility

“I hate to say it, but I think we need to have a little more Texan in us and be more proud of the things we do have,” he said. “If you’re on an elevator in Dallas and ask someone where they’re from, they get real excited, telling you they’re from Texas. We need to have that mentality here – we really do have some great things,” he added.

Bringing young people and young families back is up to all of us, Baier said. “Tell people…invite them to come back home.”

For more information visit www.unl.edu/sids/economy
Agriculture: Nebraska’s Chief Economic Driver

Nebraska will continue to be a very strong agricultural state in the future, and communities will continue to support the industry of agriculture, according to Greg Ibach, Director of the Nebraska Department of Agriculture. Communities that embrace agriculture, especially those with thriving livestock industries, will be the most vibrant, he added.

“The livestock industry needs manpower and employees more so than the crop industry,” he said, and jobs drive the economy. “If you double the size of your row crop operation, you can probably get it done without hiring more employees. But if you double the size of your feedlot, you’re going to have to hire more employees,” he said.

The overall outlook for Nebraska agriculture is positive, Ibach said. Nebraska is the fourth largest agricultural economy in the United States and is second nationally in cattle production. “Certain sectors can really forget the importance of agriculture in this state,” Ibach said, but he believes Omaha, among other communities, recognizes the importance of Nebraska agriculture. “Look at the companies in Omaha,” Ibach said. “ConAgra is an agricultural company; First National Bank of Omaha is one of the biggest agricultural lenders in the nation. Farmers National Company is also big. Many of these companies are deeply rooted in agriculture and they derive their success from the success and prosperity of the agricultural industry in Nebraska,” he said.

Anyone who employs people in agriculture realizes the importance of the work force and who's coming to do the jobs, either. That's the clash,” he said.

Future of Communities

“At the end of the day, agriculture is still going to be the most important employer in the state,” Ibach said. Small communities that embrace agriculture and look for ways to help agriculture grow and expand in those areas will be successful over time, he added, but each community needs to determine what its economic drivers are and develop the economic base the community can support into the future.

“We've had a lot of debate in Nebraska on whether it would be more exciting for young people to move back if we had a theatre, or a golf course, or other social amenities, but it's more important to develop the economic base first and watch the social amenities follow,” he said.

Ibach and his family farm and raise cattle near Sumner, Nebraska. “Summer is a few miles from Kearney, a few miles from Lexington,” he said. Summer is a community of about 250 people, and has a bank, a welding shop, a restaurant, a co-op, a post office, a grocery store and a school, among other businesses. “I know of several examples of husbands who are working in livestock operations in our community, and their spouses are either starting businesses or working in other jobs in the community,” he said. For example, one woman is a teacher; another opened a beauty salon “and does a great business,” Ibach said.

Future Farmers

Ibach believes communities must take responsibility for much of the future success of the area. Smaller communities that are attracting young people back to the farm undoubtedly have strong National FFA Organization and 4-H organizations, he said. These organizations have given young people the belief that they can be successful in agriculture and in smaller communities. “I think lots of times we've undervalued the need for strong FFA and 4-H programs in our communities,” he said.

When he attends a meeting of agricultural producers, he finds that there are many more younger agriculturalists. “Kids are seeing more opportunities in agriculture,” Ibach said, “and we're seeing more and more parents encouraging their kids to come home and be a part of the farming operation.” That makes sense, he said. Many children of doctors and dentists become doctors and dentists; the same holds true of farmers.

Farmers and Higher Education

Young people who attend college are attracted to the many options an agricultural education can provide, Ibach said. “There is no college graduate, I think, in more demand today than an ag college graduate,” he said. The work ethic, production training and scientific training combine to provide many opportunities in technical and professional careers.

Ibach is a graduate of the University of Nebraska-Lincoln himself, earning degrees in both animal science and agricultural economics. He believes strongly that the College of Agricultural Sciences and Natural Resources (CASNR) provided the education he needed not only to run a successful farming and ranching operation, but also the educational opportunities and qualifications to be Director of the Nebraska Department of Agriculture.

The University of Nebraska-Lincoln’s Institute of Agriculture and Natural Resources (IANR) includes many departments and colleges, including CASNR. The Institute of Agriculture and Natural Resources needs to remain strong and remain a very important part of the university system, Ibach said.

“The Institute of Agriculture and Natural Resources is a unique organizational and political piece in Nebraska, compared to other land grant universities across the nation,” Ibach said. “It is part of the fabric of agriculture in Nebraska. It recognizes that we're the fourth largest agricultural economy in the nation, and the percentage of our economic vitality that relates back to agriculture,” he said.

For more information visit www.unl.edu/ad/economy

Agriculture sits at the center of the world’s challenge to feed an ever-growing population; produce renewable fuels; use biotechnology to address drought and yield challenges; and also provide the platform for nutraceuticals.

Our understanding of genetics in humans and animals points to limitless possibilities for medicine and organ donation. Agriculture, and people involved in the careers around agriculture, will have the responsibility and power to determine the quality of life that the world will enjoy for the next century and beyond.

Agriculture’s challenge is to make sure that the population of the developed world understands this role, as many have grown complacent and unappreciative on a full stomach and a full fuel tank.

Source: Greg Ibach - Director of the Nebraska Department of Agriculture

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Source: Greg Ibach - Director of the Nebraska Department of Agriculture
Rural Infrastructure Vital for Nebraska’s Future

People don’t think about infrastructure till the bridge in their community falls down – then it becomes important. Even though Nebraska has spent a lot of money on infrastructure, it’s never enough, especially since the state’s infrastructure needs are expanding and are critical to the state’s growth. A few of the state’s infrastructure needs are roads, bridges, power, quality water, schools, health care...and high-speed Internet.

“You used to want the highway to go by your town. You still do, but if you don’t have access to high-speed Internet, it affects business interests in your community,” said Dr. Sandra Scofield, Director of the University of Nebraska Rural Initiative. “Dial-up just doesn’t do it anymore for most people. And if you want young people to look at your town and stay there, they can’t imagine living somewhere that doesn’t have Internet as fast and affordable as they have enjoyed at the university,” she said.

“When you’ve been there, you aren’t going to go back.”

The University of Nebraska Rural Initiative was created in 2002 to extend the resources of the University of Nebraska and to address the challenges that face rural Nebraska, she said. The organization identifies all the knowledge, skills and creativity on all four of the university’s campuses and focuses all of that talent on issues facing greater Nebraska.

“We support research, work in partnership with a variety of university organizations either to support things they’re doing or to gain their support for things we’re doing,” she said. One of the projects is to work with rural state senators interested in the future of rural Nebraska. One of the things they have identified is expanding access and affordability of high-speed Internet.

“I’m a big advocate of trying to get ahead of the whole communications technology explosion,” she said. “I think that has critical implications for what we might be able to do in terms of our future economy.” That means Nebraska has to have a well-educated population and it has to be appealing to young people. You have to have one to have the other, she said.

Scofield served in the Nebraska Legislature from 1983-1990 as a senator from northwest Nebraska, she still has a farm near Chadron. Through her work and education, she understands the needs of both rural and urban areas. Nebraska’s economic drivers are agriculture, manufacturing, tourism, trucking, professional business services and information services, she said. Statistics list only drivers that generate the majority of the sales and income tax revenue for the state, communities in the state are interdependent. If greater Nebraska is successful, Omaha is successful...and vice versa.

Expectations of State Government

Scofield served two terms in the Nebraska Unicameral, serving on committees including appropriations, agriculture, education and children and families.

“The role of state government is first, to maintain civic order, but also to provide for those who are unable to provide for themselves. Beyond that, Scofield would like to see state government vision and leadership for the future, allocating resources in a responsible way so the state can achieve a healthy future.

“Most people who go to the Unicameral have that same set of desires,” she said. But while senators are solving the short-term crises, they aren’t doing other things that are also important to the state’s future.

Preventing future problems takes a lot of senators’ time, she added, but “nobody ever writes headlines about somebody who prevented something, because not everybody’s sure that’s going to happen. Now if the fire’s burning and you put it out, then you make headlines. If you’re smart enough to prevent it, you don’t get any mention at all,” she said.

Taking Care of the State’s Resources

One of the state’s tasks is to take care of its resources. “We’re really lucky to have the base of resources we have,” she said. “Soil, lots of water, relatively few environmental problems, a food-producing capability that is the envy of many places, natural resources valuable not only for their agricultural potential but also for their recreational potential and for the ‘refreshing your soul’ potential,” Scofield said.

The state’s resources also include its human resources. Nebraskans are inventive, she said. Many times, the most creative inventions don’t come from universities, but from someone trying to make his business better, she said.

“We ought to encourage that kind of innovation and help people start new businesses,” she said.

“If anybody is going to come up with a new gadget that solves energy issues, I’d put my money on some farmer who’s trying to cut his costs.”

For more information visit www.unl.edu/sdn/economy

Dr. Sandra Scofield
Director of the University of Nebraska Rural Initiative

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Nebraska’s Future Bright with Bold, Frugal Leadership

Nebraska’s economic future can be positive, but it hinges on frugal, yet bold leadership on both the state and local levels, according to State Senator Bill Avery of Lincoln’s District 28. And that means putting investments in the right places.

Avery, a Professor of Political Science at the University of Nebraska-Lincoln, for more than 30 years, retired when he was elected to Nebraska’s Unicameral in 2006. So Nebraska will have to overcome some obstacles to achieve that bright future, he said. Nebraska is known for having high property taxes because of its small tax base; the state has a declining work force, which is thought to be one of the state’s most pressing problems; the smallest communities are struggling to survive; and demographic changes will continue to impact communities of all sizes.

On the other hand, Nebraska has many good things happening. “The economic future for this state will continue to be pretty good as long as the agricultural economy stays strong,” he said. There are many spinoff industries that have developed from agriculture and are competing in the global economy. “And if we get to where I think we will with cellularulosic ethanol production, some of the pressure those centers can be relieved, and that will be good in the future, too,” he said.

Avery believes Omaha and Lincoln will both be strong in the future – Omaha with its wealth, its information technology infrastructure and Offutt Air Force base, where United States Strategic Command has its headquarters; Lincoln with the flagship campus of the University of Nebraska and its planned Innovation Campus, the city’s proposed arena and the Antelope Valley development project.

Lincoln

“In many ways, Lincoln is poised for a tremendous economic takeover,” he said.

The arena in the west Haymarket district would attract a certain demographic, as will the University of Nebraska-Lincoln’s research campus. Nebraska’s unicameral voted in the spring of 2008 to move the State Fair to Grand Island in 2010 so the research campus can be built on the fair’s current site.

Innovation Campus

“I think the research campus at the university is going to be a tremendous engine for new growth and an incubator for new knowledge,” he said. It will also attract a large number of well-educated people to lucrative jobs, which will impact every segment of the economy. Although there was controversy about moving the Nebraska State Fair to accommodate the research campus, Avery said the state senators representing Lincoln got together and agreed that the research campus was the group’s number one priority, even though they hoped the fair could remain at a different location. When it came time for the unicameral membership to vote, it passed easily. “It is a tremendous investment in the future. That’s the future for Nebraska. That’s the future for the university,” Avery said.

There are interesting research studies on how communities attract and keep young workers, he said. “Things like tolerance toward diversity, especially tolerance toward sexual preference, diversity, not just ethnic diversity,” he said. Additionally, the availability of museums, art galleries and other forms of entertainment – more than just movies and sporting events – are attractive to young workers.

Arena

“The proposed arena will appeal to some people, but not necessarily to people who are thinkers and who deal with new knowledge – concept workers. That’s not to say they can’t be football fans or basketball fans; it’s just that they’re more likely to go to the art gallery or to the Lied Center (for Performing Arts),” Avery explained.

Avery sponsored LB 912, which was passed by the unicameral in early 2008. The bill is expected to provide about $700,000 per year in state sales tax revenues for the proposed arena project. The arena would be built just west of downtown Lincoln, and would replace the city’s existing Pershing Auditorium.

Pershing was built in 1956 and has a capacity of 7,506; the proposed arena would seat approximately twice that number and would include the new technology and infrastructure that many events require.

Antelope Valley Project

The Antelope Valley project combines flood control, transportation and community revitalization for Lincoln’s historical core, and is a partnership between the Lower Platte South Natural Resources District, the City of Lincoln and the University of Nebraska-Lincoln. “Lincoln has taken some risk, and it’s an expensive project,” Avery said. “It’s not just flood control – it’s urban re-development. And it’s going to be tremendous,” he said.

Besides preventing floods by carrying heavy rain runoff to Salt Creek, the project is changing the landscape of some of Lincoln’s oldest neighborhoods and developing new roadways, parks, bike trails and shopping and entertainment venues.

Nebraska

Nebraska has to be smart in planning for its future, and that may involve a collaboration of people from many perspectives.

Nebraska’s legislature has already passed legislation to recruit and retain businesses to Nebraska, and is crafting additional bills to work with economic development issues.

However, one of Nebraska’s largest issues is the declining work force, particularly skilled workers, Avery said. “It doesn’t matter what you do with the Super Advantage Act or the Nebraska Advantage Act – tax breaks, whatever – if you don’t have the workers, they’re not going to build that plant, and that’s one of our problems,” he said.

He has to try and sell a scholarship fund set up to train students in Nebraska in areas of high need. The bill would provide students scholarships in needed careers; the recipients would return to Nebraska communities to work for a period of years as payback for the school that provided those people, it helps us to build,” Avery said.

Taxes

“There’s a lot of misinformation (about taxes) because we have groups that cherry-pick their information and like to cherry-pick their information and like to put Nebraska in the worst possible light,” he said. In comparison with the rest of the country, “we’re not particularly high in state income taxes; we’re about in the middle on sales taxes. Where we’re high is on property taxes,” Avery said. Nebraska’s higher property taxes are because Nebraska’s small population doesn’t provide a broad tax base. Much of the property tax is determined by local governments and jurisdictions, counties and cities. The state can give rebates, which it has done, and could enact other measures, but in the end, it’s really a local issue, he said.

Comparing the tax structure of Nebraska with tax structures of other states can be misleading, he said. For example, Wyoming has a small population and low taxes, but it imposes a severance tax on extractors of natural resources if the resources are to be consumed in other states, such as petroleum, coal and natural gas. Nebraska does not have those resources, so is unable to access that revenue. “This makes it possible for (Wyoming) to pay their teachers more than we pay ours without having to hit the taxpayers very hard,” he said.

Avery is pursuing tax relief for residential homeowners; he is especially concerned about the impact of property taxes on people with fixed incomes, especially considering the uncertain economy.

Military Economy

The military economy in Nebraska amounts to $2.5 billion, Avery said. Nebraska has 27 military facilities, which surprises many; he added. Offutt Air Force Base, headquarters of U.S. Strategic Command, accounts for $2.2 billion of that total, the National Guard facilities throughout the state account for the other $300 million, Avery said.

The state senators pay close attention to those facilities to be sure they adhere to all federal regulations; if they don’t, there’s a chance the government will close a facility, taking a segment of Nebraska’s economy with it.

Rural vs. Urban

Nebraska’s small towns struggle to survive, but small towns continue to matter to the people who live there – even though they may not make a significant impact on the state’s economy.

“If you start closing down factories like the one in DeWitt, where the inventor of the Vise-Grip” built his first shop – that really matters to the people in DeWitt, but does it matter to the rest of the country, to the rest of the state? In the long run, it probably does not have a huge impact,” Avery said.

On the other hand, Omaha is going to be the economic driver. “Nebraska will get some of that action, but probably not as much, because Omaha has an infrastructure – particularly an IT infrastructure – that is very impressive and is integrated with StratCor, which is also a big asset,” he said. “And they have money. Omaha is a wealthy city, and they have people who are willing to invest their money in public projects. And Lincoln can’t compete with that.”

Avery said Nebraska’s future is going to be more and more people wanting to live in Lincoln and Omaha, and it will be a struggle just to keep those communities around.

However, as long as there are meatpacking plants in small communities, then those places will be fine. But if you take away the main employers, he said, there’s nothing left.

For more information visit www.unl.edu/sdes/economy
Nebraska Governor Dave Heineman’s long-range goal is to provide the state’s children a 21st-century, knowledge-based, technology-driven, free-market economy approach to education to be sure they're prepared for the economy in which they’ll compete. And he wants to create opportunities in the state so they’ll want to stay.

Educating children for the jobs of the future, combined with a package of economic development incentives called Nebraska Advantage, are already showing results, Governor Heineman said. Since Nebraska Advantage was created, Nebraska has seen more job creation, including some big names.

"Last year we recruited Yahoo! to our state -- a high-technology company from California," he said. "One of the reasons we were able to do that is because of our workforce, the great attitude of our people in this state. If you have the right incentives, the great work force, low energy costs, keep lowering taxes, control your spending but invest in education and economic development, you can make a difference," he said.

Yahoo!, an Internet search engine based in California, announced in October that they would locate a data center in LaVista and a customer care center in west Omaha in 2009. Although Omaha and Lincoln may grow more quickly than other communities, it is important to create growth opportunities in every part of Nebraska. Making growth happen is a teamwork concept between the state and each community, he said.

"Our job is to create the opportunity, then it’s the job of the community to take advantage of that," he said. Growth in communities depends on business leadership that wants to make a difference, it takes a community that has the right attitude -- a "we can get it done" attitude. "You have to take advantage of economic incentives, have the right leadership and have to promote your community," he said. "If you believe in your community, you can make a difference."

Even though the big draws like Yahoo! make the headlines, agriculture and all the associated industry continues to be the foundation of the state’s economy, he said. "We need agriculture to grow. Agriculture is still the number one industry in this state, so farming and ranching are part of this," he added.

"Agriculture is probably the most rapidly-changing industry that I know," he said. "They’ve been competing in this free-market global economy for years, and they’re more efficient than ever before." The governor added that farming and ranching, but also to agribusiness, research and development, the ethanol industry and other technological developments in the ag industry are examples.

The governor leads agricultural trade missions to countries in many parts of the world, arranging sales of Nebrascan products. "We can make a difference as a state when we go on the trip to Germany, to China, Japan, Cuba, Taiwan," he said. Nebraska can make that difference by making contacts, supplying support and building a level of trust so companies in other countries know they are dealing with reputable Nebraska companies.

According to Jerry Deichert, Director of the Center for Public Affairs Research at the University of Nebraska-Omaha, the result is now evidenced by declining populations in rural Nebraska and growing populations in Lincoln and Omaha. The Center for Public Affairs Research exists for three main reasons. First is a partnership between the Nebraska State Data Center, which is a federal-state cooperative program with the U.S. Census Bureau set up to help disseminate information. Second, the Center helps interpret census data and makes it available. Third, the Center does survey research, every four years, it does an Omaha Condition Survey, gauging public opinion on topics of importance in the Omaha area.

In rural Nebraska, "what we are seeing is young adults leaving after high school. Some come back; but most don’t and as a result, you have that aging population and fewer kids," Deichert said.

More than half the state’s population is concentrated in just three metropolitan counties -- Douglas, Sarpy and Lancaster. "That doesn't mean that all small towns are declining, but in the aggregate, that’s the case," he said. "However, there are many areas that are growing around the state, too."

The smaller the town, the less likely it is to grow in population, he said. Smaller towns may still exist, but their functions are disappearing. People may live in one town, but work in a larger community.

In the 1980s, Deichert said, Nebraska was really exporting people -- more than 100,000 out of the total population of 1.6 million. However, the state actually added population because births exceeded deaths during that time. In the 90s, the state had a net in-migration because of people moving into the state. "A lot of times, when people are moving into the state, we were gaining people from other states, too," he said. In the 2000s, he sees that domestic out-migration to other states is going on, but the net is positive, "we are gaining folks from other countries," he said. "The net out-migration is about a thousand, 1,500 a year, but it’s a shift from what we were seeing in the 90s."

Deichert said people want to know how undocumented folks impact the state’s economy, but it is difficult, if not impossible, to determine that figure. However, based on cost vs. benefit research conducted as part of an immigration study by Dr. Christopher Decker, Associate Professor of Economics at the University of Nebraska-Omaha, it was determined that the native-born and legal foreign born cost the state about the same. Deichert said. That conclusion is based on an input-output economic model using information taken from the U.S. Census.

Omaha as an Economic Driver

Omaha is often thought to be a chief economic driver in the state, partly because of its large population relative to the rest of the state. Much of the activity in Omaha is associated with agricultural activity throughout the rest of the state, Deichert said.

"You have the Farm Credit Association; you have ConAgra; you have other kinds of food processing headquarters; there are packing plants of Coursey Beef; there is the financial sector that services that industry; you have manufacturing that services that industry; and you have transportation, with the railroad, that serves that industry, so it’s not divorced from the agricultural sector," he said.

Income Differences, Poverty

Compared to the U.S. as a whole, people in Nebraska’s metropolitan counties have incomes about 10 percent higher than the average, while the rest of the state is about 15 percent lower than the national average. "The more rural the county, the more likely it is to be below the national average," he said. Even though Nebraska has a slightly lower poverty level than the nation as a whole, some of the more rural areas have higher poverty rates. In fact, Loup County had the absolute lowest per capita income of more than 3,000 counties in the United States, Deichert said. Another county with a high poverty rate is Thurston County, home to two Indian reservations.

Population Projections

Deichert said the Center for Public Affairs Research’s population projections show that 10 years from now, the state’s population will increase by four to six percent.

"We had the baby boomers, then we had the kids of the baby boomers; now we have the grandkids of the baby boomers...and that ripple effect...that’s going to slow down," he said. In-migration from other countries is also slowing down; births will slow down another 20 years, he said. "By 2030, there will really be an increase in the 65-and-older population," he said.

Deichert said people wonder what the future holds for the state. In 2000, the state’s over-65 population was 11 percent. By 2050, he estimates that it will be 28 percent.

"You get the bulk of the baby boom moving through, replacing the small cohort that was born in the 30s," he said. The group born in the 40s will be replaced by the larger group born in the 50s. "The group born in the 40s will still be increasing in population in just a few years. The population under 18 years of age will increase slowly, he said.

"We are seeing the rapid increase in population signals a fast-increasing need for health care," he said, and the people who are in the work force (people who will be 18-64 years old) will be dependent upon more for their tax dollars to support the health care needs of the over-65 population.

"Something will have to change...types of services, people won’t be able to retire at 65, people will have to work longer...all types of options," Deichert said. "We have a lot of folks...people who don’t retire; they may do things differently, but they’re still working," he said.

For more information visit www.unl.edu/cpr/economy
New Senator, Solid Vision

Nebraska's economic priorities need to be education, agriculture, transportation and technology, and there's not much time to waste.

“We either plan for how we're going to be a part of the global economy, or we lose big time,” said Senator Kathy Campbell of Lincoln. And the state has to get over the concept of who's winning and who's losing - and work together for the good of the whole state.

Kathy Campbell was elected in November, 2008 to represent the 25th District in Nebraska's Unicameral, replacing Senator Ron Raikes. Raikes had served eight years and because of term limits, could not run again. Campbell brings more than 30 years of experience in business, government and human services to the legislature.

She is Executive Vice President of CEDARS Home for Children Foundation, served 16 years on the Lancaster County Board of Commissioners and has been involved in the family business - Campbell's Nursery and Garden Center. Educated as a teacher, she earned both bachelor's and master's degrees from the University of Nebraska-Lincoln.

Economic Engines

Campbell believes Nebraska's chief economic engines are education, agriculture, transportation and technology – not necessarily in that order – but Nebraskans need to learn how each impacts the state's economy.

Education

“The University of Nebraska is an economic engine for the state,” she said. “We have many higher education opportunities, but one major university – and we need to maximize the use of it. They're willing to get involved, and that's an asset.”

The University of Nebraska will play a major role in the global economy, she said, and part of that will be Innovation Campus, a research park to be built in Lincoln on the site of the Nebraska State Fair. “I maintain that Innovation Campus will have a greater benefit to greater Nebraska than it will to Omaha and Lincoln,” she said, because it has the potential to create a network with every part of the state.

Agriculture

“We're lucky that we have agriculture; we have a healthy cash reserve here because of agriculture,” Campbell said. In Nebraska, one job in every three or four is connected to agriculture, so it will always have a major role in Nebraska’s future, she added.

“We need to see how we can tie ancillary services to the strength we already have in agriculture,” she said. “We need to build on what we have.” Nebraska has a small population, but there's strength in that and in knowing what businesses can work best with others.

The state has the land mass to support agriculture, and with the continued work of the University of Nebraska researchers, agricultural products can not only feed the world, but they can be the energy of tomorrow through corn, switchgrass and other commodities that can be converted into fuel. “We need that shot in the arm for agriculture,” she said. “We need to be sure they're on the cutting edge so they're economically viable.”

Wind Energy

“The energy of tomorrow can also include wind energy. “It has caught people's attention,” Campbell said, but the cost of wind energy is not installing the equipment – it's in the cost of transmission lines. Wind energy has great potential, she said, it's a good use of the land. “And if we could draw down the federal dollars to transmit it, we'd be in great shape. But boy, that's a huge capital investment.”

Many people don't understand how energy is transmitted in the United States, she said, or why an ice storm in greater Nebraska is reflected on energy bills in eastern Nebraska. And it's important for the public to learn about issues that affect the state so Nebraskans can grow and so citizens can cast informed votes.

Transportation

Campbell learned about the importance of transportation to Nebraska's economy when she served on a transportation task force for then-Governor Mike Johanns. She traveled the state, attending public hearings and listening to people in full auditoriums. “Roads are being built in this state with very little view to how it plays into the economic health of the communities,” she said. “We ought to be able to figure that in.”

When Campbell served on the Lancaster County Board, she heard from people who wanted to have county roads paved. There is a certain formula, she said, for determining paving priorities – if more than about 450 vehicles use the road in a day, then the asphalt project is possible.

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Lincoln Mayor Chris Beutler believes Lincoln will be on the west end of a great metropolitan community in the future, and it is important to begin preparing both Lincoln and Omaha for that eventualit.

“I think it is important that we start thinking about each other in that way, rather than in the competitive way that we have thought of our respective communities in the past,” Beutler said. Lincoln and Omaha both need a lot of preparation for that pathway, he said.

The two cities have started some joint projects already, including the formation of the I-80 Commission to begin thinking about the link between Omaha and Lincoln. The commission will consider issues such as zoning, planning, and transportation.

Transportation between Lincoln and Omaha has long been a topic of discussion. Both cities have airports, and Beutler does not believe a shared airport is in the cities’ future. However, Interstate 80 between Lincoln and Omaha is in the midst of a multi-year project which expands the system from two lanes to three, accommodating increased traffic. In the future, Beutler would like to see a light rail system built to connect the two cities.

Lincoln’s identity is as a university town, Beutler said, and the city will continue to develop and capitalize on that identity. “Our destiny is tied to some extent to the university and to the research the university does,” he said. The research and the associated business and industry are probably the most likely pathways to further economic growth and vitality for Lincoln. They are, “we are actively pursuing that,” he said.

The University of Nebraska-Lincoln’s Innovation Campus will be on the site of the Nebraska State Fair when the fair moves to Grand Island in 2020. Research funding at UNL has more than tripled in just over 10 years, and Innovation Campus will provide additional facilities for research and will attract educated workers to the job market.

The University of Nebraska system has four campuses: the University of Nebraska-Lincoln, the University of Nebraska-Omaha, the University of Nebraska Medical Center, and the University of Nebraska at Kearney; the University of Nebraska-Lincoln, which is housed at Offutt Air Force Base near Omaha, Lincoln, Omaha and the bedroom communities surrounding those cities comprise approximately two-thirds of Nebraska’s population. The rest of the state’s communities are tied to agriculture, agricultural processing or to transportation corridors, as agriculture continues to be the main business for Nebraska, Beutler said.

Nebraska ranks near the top of the country in cattle production and processing, and greater Nebraska provides the workforce and the systems to support that industry, as well as the other agricultural industries in the state. Nebraska’s agricultural industries have expanded to other uses, including energy.

“Ethanol and alternative energy production may stabilize the area,” Beutler said, and wind energy may also be a contributor to stabilization.

Transportation corridors are going to become more important, he said, so time passes, “I look for those areas to stabilize, but I’m not sure that means economic growth. It may simply mean the end of a drain (on rural Nebraska).”

But that drain ends, he will put more pressure on Lincoln and Omaha because those cities’ workers come from the rural areas. “So that change could be an opportunity to think about the need for immigrants and how that fits into our outlook on policy. I’m not sure people generally see immigrants that fits into our outlook on policy. I’m not sure people generally see immigrants as a benefit to their community, “ he said.

Lincoln Mayor Chris Beutler in the future, though a vote to approve the arena has been delayed due to the current economic climate. The arena would be built west of downtown, in Lincoln’s west Haymarket district, and would accommodate sporting and entertainment events.

But the arena would serve additional purposes, including economic development.

“For first of all, it will mitigate the bludgeoning that’s occurring right now with regard to the loss of statewide tournaments of one sport or another that are starting to go to Omaha or other places,” Beutler said. “I think people like to come to Lincoln from the rural areas, generally speaking, and I think we will continue to come if we get a new arena. That area is significant to Lincoln,” he added.

Growth and economic development are cooperative ventures, and Beutler believes athletic teams that continue to improve will attract more and more spectators, thus bringing more dollars into the city’s economy.

Additionally, he said, “I think the arena is a kind of thing that makes life interesting here and what makes people here feel valued, live here, and raise their families here. So the arena’s important from our perspective.”

For more information visit www.unl.edu/sdn/economy

Education, Leadership, Cooperation Keys to Nebraska’s Future

Education, positive leadership and cooperation are three keys to Nebraska’s future economic success. And if a community is waiting for a silver bullet to provide a bright future…well, there aren’t enough silver bullets to go around. But for communities with the right attitude, there’s a bright future ahead.

Peter Kotsiopulos, Vice President for University Affairs in the University of Nebraska system, brings decades of experience in private business and community government to his NU position, where he’s been since 2005. A former mayor of Kearney and three-term member of the Kearney City Council, Kotsiopulos is a proponent of forging partnerships; he believes Nebraska needs partnerships to build on its strengths and solidify its future.

Retention, Attraction and Growth

There are probably definitions for economic development, but I look at it as retention, attraction and growth,” he said. And he believes it’s the responsibility of higher education to lead the way when that topic arises.

Nebraska’s economic growth – especially in greater Nebraska – means that smaller communities may benefit by working together in any way possible to ensure communities’ survival. “We have 532 communities in the state, and more than 400 have less than 1,000 people. A little more than 480 are less than 2,500, so that leaves less than 50 communities with greater than 2,500 people,” Kotsiopulos said. Lincoln has nearly 250,000 people, and Omaha nearly 500,000.

Even with their large populations relative to other communities in Nebraska, and Lincoln and Omaha also must work toward keeping jobs in Nebraska. “I see them talking to their larger employers, saying ‘before you think of a satellite out of this state, ask yourself if your business go to another community in this state?’ And as that mentality happens, that will be one of our communities’ salvations,” he said. While communities still often want to recruit new companies, surviving and growing existing businesses within the state often pays more dividends, he said.

The future of Nebraska communities of all sizes depends on leadership and cooperation, and on involving young people in decisions that will affect their future, Kotsiopulos said.

“Communities, city councils and village boards aren’t having conversations with their school and whatever organizations that are drivers – and they’re not in the rowboat together – that’s really harmful to communities,” he said. Kotsiopulos believes many communities are starting to see that the relationship between their school and whatever organizations that are more important from a perspective.

Education changes things – especially if there’s a school in the community. Any community in this nation would like to have some piece of higher education in their community, Kotsiopulos said, and it doesn’t matter whether it’s a community college, a branch of research or other entity. “It changes the complexion of a community,” he said.

The economic benefit to any community is substantial, providing job growth, large pools of skilled labor, added stability and increased infrastructure.

Partnerships

Developing partnerships is important in communities; both within and the private and public sectors; in government; and in higher education. Kotsiopulos is working on partnerships that facilitate networking in Nebraska’s higher education community. Nebraska’s small population – especially in greater Nebraska – sometimes survival requires difficult changes, such as school consolidation. “You can pick out the ones that have thought about this and decided it’s in the best interest for the youth,” Kotsiopulos said. Standardized college-entrance exam scores are rising in Nebraska, and national college students are able to take the coursework expected of high school students statewide.

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Education and Opportunities

Nebraska’s economic future will require an educated work force in greater numbers than currently exist due to advancements in other states. “If they have a good education in Nebraska regardless of whether they attend community colleges, the University of Nebraska, state or private colleges, he said.

Kotsiopulos believes young people are willing to stay in Nebraska for the right opportunities, and many of those opportunities already exist. But “there isn’t a week that goes by that we don’t have a conversation about migration, about young people leaving Nebraska,” he said. Institutions of higher education and employers need to do a better job of communicating with one another regarding available positions and other positions. “It can’t be that difficult, but I think it’s huge,” he said.

“There are an awful lot of young people who would like to replicate the lifestyle created from their parents in their respective home towns, if there are opportunities for them,” he said. People who know about life in small towns are most likely to be drawn to that lifestyle, and some communities are being proactive about asking young people to come back.

Some towns are creating databases of people who have graduated from community colleges in the last 10 years, then making e-mail and direct-mail campaigns saying “here’s what we have to offer,” he said. Communities wanting to make the effort and pay attention to leadership will be communities that survive.

For more information visit www.unl.edu/sdn/economy
Equalizing Earning Potential = Billion-Dollar State Impact

If all racial and ethnic minorities in Nebraska had the same educational attainment as whites, the total annual personal income for the state would increase by one billion dollars.

That 2008 figure from the National Center for Public Policy in Higher Education shows the economic impact, in dollars, of the achievement gap between Nebraska's white and non-white populations. One billion dollars. And that's just in Nebraska. According to the 2000 U.S. Census, Omaha has more black children in poverty than anywhere in the United States. It happened gradually, eluding much notice until it attracted national attention with its ranking. The census figures were echoed by 2003-2007 Kids Count data, which showed that Omaha kids fare worse than the state average in every category they studied: poverty, children in single-parent families, teens not attending school and not working and more. A six-square-mile area of north Omaha is where poverty, violence and hopelessness are the most concentrated.

Better education leads to better jobs and higher income, and that means the social and emotional costs that go along with poverty gradually diminish. As a result, Omaha may be able to build and retain a black middle class.

The Birth of “Intrusive Support”
Dr. Ken Bird, a longtime educator and retired superintendent of the Westside school system, met with Omaha philanthropists to discuss the issue. The group decided the situation had gone on too long, especially in a relatively wealthy city. Bird was hired June 1, 2008 as Chief Executive Officer of Bright Futures Foundation; he brought in Dr. Jef Johnston, also a longtime Omaha philanthropist. The Avenue Scholars program is a never-been-done-before “intrusive support” concept for low-income kids with academic potential and resiliency. Its mission is to support students of talent from high school through college and into careers so they can have enhanced careers and lives, Johnston said. “The donors, who are now on our board, got together and gave Dr. Bird a mission — to fix this,” said Brown. Brown grew up in Omaha and found his way out of the cycle of poverty; he graduated from law school in Omaha and received a job offer from a major company in Atlanta. Instead of taking the offer, Brown decided to stay in Omaha and give back to his community through Bright Futures. “That city birthed me, it made me successful. There’s enough room for more stories like mine. I can’t leave it like this,” Brown said.

Brown said that growing up in that six-square-mile part of Omaha, you knew it was bad, but you thought everybody else knew, too. But the way the city is designed, he said, you don’t drive through it so it escapes notice. And until recently, so have the kids.

How Avenue Scholars Works
The 2009-2010 academic year will be Avenue Scholars’ first year of operation in the schools, though the team has begun work already. Twenty-five junior students and 25 senior students from each of three high schools will be selected for the first year of the program in schools chosen as the program’s pilot schools – Ralston, Omaha Benson and Omaha North. In coming years, additional schools and students will be added, along with more Bright Futures staff members.

Shortly after the high school students are selected, they will be introduced to their talent advisors and to the rest of the student cohort.

“The model is going to help us in virtually daily contact with the young people we serve,” Fishback said. “I will be teaching a college access and success course in our first three pilot schools,” he said. If there are barriers to student success, Fishback and the talent advisors in the high schools will know right away and will be there to help push aside the barriers. Through the program, students will have access to tutoring, programs and activities, will be able to take college credit courses and will be coached through the process of preparing applications for college. Although the program won’t give students money for college, advisors will help them find scholarships and complete the applications.

At the end of the students’ senior year, Fishback and other high school talent advisors will pass them along to Jones and other post-secondary talent advisors, who will help them adjust to college life. “As one of the post-secondary talent advisors, what I do is help to eliminate barriers, excuses and reasons,” Jones said. If students don’t feel comfortable in the college campus atmosphere, Jones and the other post-secondary advisors will spend the summer helping them become connected. “We’ll show you everything from the cafeteria, to what it’s like to take college classes, to moving into the dorm,” she said. Post-secondary talent advisors will keep track of students on campus…listening, offering advice, answering questions…maybe even offering a home-cooked meal.

“What we’re going to do is take some of that shame out of it, the shame of not knowing, and just empower students with information and resources,” Jones said. She calls it self-advocacy.

Jones also grew up in north Omaha, and is thankful that her mother wanted the best for her and signed her up for every free program she could find. Her mother didn’t have the experience, but she taught her daughter to overcome the embarrassment of not knowing… which Jones hopes to pass on to other students.

The Task of Choosing Avenue Scholars
There are about 22,000 juniors and seniors in Douglas and Sarpy counties, those counties are the focus of Bright Futures right now. About 35 percent of those students, Bird said, are eligible for free and reduced lunch in the public school system, which parallels eligibility for tuition assistance. That means there are 7,000 students from whom to choose as Avenue Scholars. “We’re going to break some hearts,” Bird admitted. Johnston added that when you hire people like Brown, Jones and Fishback, their hearts go out to every kid. “It’s going to be hard,” he said.

Students will be selected for the program in part through a relationship-based referral process, Bird said. In addition to the schools, organizations like the Urban League, the Boys and Girls Club and others will help refer students to the Bright Futures Foundation’s Avenue Scholars program. Students who are not selected, he said, may be referred to other programs.

Additionally, the students selected as Avenue Scholars are first-generation college students, have financial need, demonstrate limited high school success and have a resiliency that will help them overcome barriers. Gallup, Inc. provides assistance in selecting resilient students.

The Bright Futures Avenue Scholars program is unique because it offers the intrusive support, the safety-net approach throughout the student’s college career. Similar programs nationwide help students get into college, but don’t offer the often-needed support during college.

“We’re there to help you every step of the way,” Jones said, whether it’s financial, family, social, emotional or other issues that could impede success. “But we worry about those things. Students concentrate on getting the work done, and we’ll take care of the rest,” she added.

Collaboration with the University of Nebraska–Lincoln
Trina Creighton, a faculty member in the University of Nebraska-Lincoln College of Journalism and Mass Communications (COJMC), produced a 30-minute documentary in 2008 called The Academic Achievement Gap: You Do Better When You Know Better, about the achievement gap between black children and white children in Omaha. Creighton’s documentary, produced as part of her master’s thesis, has helped to publicize the issue. Creighton, who begins work on her Ph.D. this fall, has been asked to work as a consultant with Bright Futures Foundation and will complete research projects for them. The COJMC collaborates with Bright Futures Foundation’s Avenue Scholars program to support the project’s students.

For more information visit www.unl.edu/sdn/economy
Cooperation, Investment are Essential

Although Nebraska is attracting many people to jobs in the state, many of those are going to be in jobs in Lincoln and Omaha. Small towns struggle to retain a work force, and the smallest towns are having the greatest difficulty in recruiting workers. A lifelong Nebraskan, Larson graduated from the University of Nebraska and believes that the University is the single most important economic driver in Nebraska.

Education as an Economic Driver

“I think we have to rely more on the human capital than we do on other state resources, education is extremely important to Nebraska,” he said. He is particularly pleased that research is attracting more attention. “I think if you went back and listened to all of the advantages to Nebraska and to the world that have come out of the University of Nebraska, I think you’d be amazed,” he said.

Many more advantages will result, and Larson said they will show that Nebraska’s greatest asset is its educated people. A UNL research park called Innovation Campus will be built on the site of the Nebraska State Fair beginning in 2010 after the fair moves to Grand Island. The Nebraska Unicameral voted in the spring of 2008 to move the fair to make room for the research park.

Innovation Campus and the research campuses in Omaha provide the opportunity to employ the educated people that produce the research, Larson said. And when university students get involved with those firms, they are more likely to stay in Nebraska rather than look elsewhere for a good job.

An inadequate number of educated workers is one of the biggest challenges the state faces, and one that will involve slow migration, or “brain drain” of educated young professionals and control the economic entities such as Innovation Campus are likely to attract and retain the work force the state needs.

One of the educational opportunities in the state that is often overlooked, Larson said, is the community college system. It’s a great entry place for a lot of high school graduates to “get a toe in the water” of higher education to begin to sort out what they want to do with the rest of their lives.

A proponent of higher education in any form, Larson feels that Nebraska should consider extending public education through grade 14 instead of grade 12. “Education is becoming more important, and the issues are complex,” he said, and this would be one way of increasing the education level of Nebraskans.

Agriculture as an Economic Driver

Agriculture has always been a great economic driver in the state, and much of Nebraska is still tied in some way to the agricultural economy – from Omaha to Chadron, Valentine to Red Cloud. Nebraska is one of the top two states in the country in the production of corn, and is the fourth largest agricultural economy in the nation.

“Agriculture has survived the ups and downs of the economy, it’s the strength of life in the state and it’s well people’s taste and need for food – so we really have to salute the agricultural industry for what they’re doing,” Larson said.

But the state’s agricultural industries compete with other industries for high ag ratings, and it’s often difficult to find workers – especially in rural Nebraska.

Nebraska Center for Entrepreneurship: “Innovation is the quickest way out of a recession”

In the midst of a down economic time, “it’s hard to see what’s going to change or what’s going to lead us out of it, but in five years, I think we’ll look back and be surprised at what led us out of the recession—out of necessity,” according to Kathleen Thornton, Acting Director of the Nebraska Center for Entrepreneurship at the University of Nebraska-Lincoln.

Innovation is the quickest way out of a recession, as businesses fall by the wayside, people will step in and do it better and faster, she said. Even though it’s difficult to think of innovations when you don’t have the resources, she said she hasn’t seen a great idea yet that didn’t exist.

The Nebraska Center for Entrepreneurship focuses on teaching students how to start and operate businesses through education and loan programs. The Center works with communities in rural Nebraska, and continued recruitment efforts. Growth of entities such as the University of Nebraska Center for Entrepreneurship, another student organizations; the third is outreach and the community.

The Center offers coursework in entrepreneurship on both the undergraduate and graduate levels; holds a business plan competition, sponsors two student organizations – Students in Free Enterprise (SIFE) and Nebraska’s Entrepreneur Organization (CEO), and holds events – such as, a fundraiser for the TWCA job outfitters program and the Heartland Conference for Entrepreneurs.

The SIFE organization traveled to Ogallala in January to do an asset-mapping project, Thornton said. “This is the first of what we hope will be multiple projects (to help) identify the resources they have.” Like many small, somewhat rural communities, the young people leave to go to school and don’t come back (if they do – they lose them), “the project in Ogallala looked at every asset of the town in Ken. County winning: anything from infrastructure, the people, the social aspects, the culture, historic buildings…anything that could be an asset, Thornton said. The first step of the project was to identify the assets; the second step determined how to use those assets to build on the certain types of opportunities.

“They have jobs there; they don’t have people to fill the jobs,” Thornton said. The asset-mapping project may lead to creation of a lifestyle that entices people to come back to their community, she said. And that team provides the town with a report and a multimedia presentation at the end of the study.

The SIFE organization has 1,505 campuses in 140 countries, and is also trying to raise money to go to Africa, she said. They’re working on a project to get water into a rural community where the women all do, day long, is take water from the
Community Conversations

Strategic Discussions for Nebraska hosted a community conversation in five Nebraska communities, as well as a focus group at the University of Nebraska-Lincoln. The conversations took place in January and February of 2009. Participants were asked questions about their views on the economy of the state and of the nation.
### Ord: Our Future is in Our Hands

The largest town in the Loup River Valley region, Ord is home to 2,200 people and is the county seat of Valley County. Its economy is rooted in agriculture and driven by its farmers and ranchers. However, farms are larger, so fewer people are farming. That means fewer people supporting small towns, even though agriculture is still a vitally important economic driver in this Sandhills region.

“The ag side will give us the potential to be global. We will always be there to supply the world with food,” said Ord Mayor Randy O’Brien. The ag economy supports much of rural Nebraska, but much of the income for Lincoln and Omaha comes from rural Nebraska, he said.

In spite of the importance of agriculture, Ord is looking for new ways to diversify its economy. It is identifying assets, dealing with challenges and creating a community knowing statewide for its vitality.

“One of our biggest resourcse is our young people,” O’Brien said. Ord looks to the town’s young people for new ideas and involves them in community leadership. In addition to formal leadership training, the community’s older leaders mentor younger ones. That’s the way to ensure a community has strong leadership generation after generation, said Caleb Pollard, who took the job of Executive Director of the Ord Chamber of Commerce in late fall, 2008.

“This community has taken itself up by its own bootstraps and has said ‘we’re going to do this ourselves,’” Pollard said. The community is capitalizing on its strengths, recruiting businesses to Ord, teaching young people to be entrepreneurs and staying on top of the issues that affect rural Nebraska.

“A successful community is not one that looks to the state and says ‘what are you going to give me.’ Successful cities are ones like ours – ones that look after themselves. We have a vision and a plan to improve our community ourselves, not because somebody did it for us,” said Nancy Glaubke, also of the Ord Chamber of Commerce.

### Managing Change, Leadership

Successful communities have strong, positive leaders who are knowledgeable about issues, accept change and aren’t afraid to learn from and cooperate with others. “It takes people who push hard, who may not be the most popular in the end, who can get things done,” according to Max Kroger, Superintendent of the Ord Public Schools. When Kroger came to Ord 11 years ago, people in Ord liked the way things were – until storefronts started emptying. “The town decided maybe we can’t do that anymore,” he said. Then economic development came in and started bringing in new businesses. “If you don’t go ahead, you go backward,” Kroger added.

But change isn’t always easy, especially when a place has been the same for a long time. Change requires that people step outside the familiar, and that can be uncomfortable.

“You have to build a narrative on why change is important,” Pollard said. “Change is going to happen whether you want it or not, it’s how you guide that change for better or worse.”

### The Importance of Attitude

Ord doesn’t apologize for its size or location. “We need for people to be able to be proud. Small towns have been pushed for a long time to apologize for what they aren’t, and they shouldn’t have to,” Pollard said. Instead, Ord focuses on what it is, not what it isn’t.

“Ord is a community that likes to be in itself. Rural areas may have slightly lower incomes, but they also have a number of benefits, town leaders say. They have a lower cost of living than metropolitan areas, which translates into lower costs of operation and overhead for business owners. And rural communities often offer the benefits of being safe and family-friendly, with short commutes to work.

“For every 10 minutes a person sits in traffic, civic activism goes down 10 percent,” Pollard said. There is a good work-life balance in rural areas, and there is more time to pursue personal interests, he added.

### The “Grow Your Own” Model

Out-migration of young people is a constant challenge in rural Nebraska; trends indicate that a few young people are lost to the urban areas every year. Community leaders are working hard to recruit new people to Ord, but they are also working to re-attract the people who have left. Teachers in the Ord schools tell students about opportunities in Ord, and the kind of education they need to fill those jobs. Sometimes called the “grow your own” model, this approach is beginning to work in Ord. “Every year, we get a few students back,” Kroger said. “They didn’t understand how they could make a living here.”

“Teachers are saying ‘we would love to have each and every one of you back,’” Glaubke said. “When you get that from someone you respect, it makes an impact.” Because the public high school offers advanced-placement courses, many students are graduating with several hours of college credit, and that has a huge impact on the student and the parents, she added.

The Ord Public Schools have implemented an entrepreneurship program, teaching students as early as kindergarten about business basics and encouraging them to start their own businesses. The closing and liquidation of a local business became a lesson in e-commerce for older students; the business owner collaborated with the school so students could learn how to sell merchandise on the Internet. When the ethanol plant in Ord shut down, high school students were given access to part of the land, which they farmed for experience and profit.

### Infrastructure

Infrastructure may be defined in various ways, but water, sewer, electricity, roads and Internet access are needed for any community to survive. Expand that to include schools, health care facilities, libraries and parks for a community that is even more desirable.

“For rural communities to survive in the 21st century, you need to have adequate Internet access,” Pollard said. But broadband development in rural Nebraska isn’t adequate, and that limits the growth in rural Nebraska. More bandwidth is required to be competitive in the business world. With adequate capacity, people could conduct business anywhere in the world. But rural Nebraska has varying capacity and capacity – and few options for improvements.

“This is really important,” said O’Brien. “If we could have that up here, we would have the same advantages that they have in Lincoln and Omaha.”

The community begins construction of a new 67,000 square-foot hospital this spring, which will replace its existing hospital. Completion is expected in 2010 and is funded through the sale of $21.3 million in city bonds. The Valley County Health System, a critical access hospital, serves a six-county area. Along with the rest of rural Nebraska, Ord is challenged to find enough health care professionals to locate in the area. But leaders in Ord hope the community’s many assets will draw workers to the new facility.

Lynn Griffith, editor of the Ord Quiz, said “the education system, safety and a great place to live will draw people here. I think the future looks bright.”

Strategic Discussions for Nebraska hosted a community conversation in Ord on January 22, 2009. Participants were Nancy Glaubke of the Ord Chamber of Commerce; Lynn Griffith, Editor of the Ord Quiz; Max Kroger; Superintendent of the Ord Public Schools; Randy O’Brien, Mayor of Ord; and Caleb Pollard, Executive Director of the Ord Chamber of Commerce.

For more information visit www.unl.edu/adi/economy
North Platte was laid out as a town site in August of 1866—a year before Nebraska became a state—by Grenville Dodge, the chief engineer for Union Pacific Railroad. Dodge chose the site as the location for Union Pacific’s major shop facilities because of the area’s good water and because it was a stopping point on the Oregon, Mormon, and Overland trails. Four months later, the first train entered what was then known as a “Hell on Wheels” town.

Twelve years later, William “Buffalo Bill” Cody organized his Wild West Show from his Scout’s Rest Ranch north of the rail yard and transported the show by rail for nearly 40 years, ending the show’s run in 1913. Today, the Union Pacific Bailey Yard in North Platte, named after former Union Pacific President Edd Bailey, is the largest rail classification yard in the world and employs 2,600 people who live in and around this city of 24,000. The massive railroad infrastructure, covering 2,800 acres, suggests that this business is going to be around awhile.

Marc Kaschke, who was elected mayor of North Platte in 2008, says North Platte’s major employers are the railroad, the Walmart store and the Walmart distribution center. Agriculture is also a major economic driver in the area, thanks to North Platte’s location in the heart of Nebraska’s farm and ranch country. Local ag-related businesses thrive in North Platte.

For all practical purposes, North Platte, Nebraska is a big player in the global economy. The state’s huge agriculture industry relies on the railroad to ship products all over the world; Union Pacific is one of the state’s major carriers. The Bailey Yard handles 135 trains daily that are headed to ocean shipping lanes in the east, west and south, as well as to the Canadian and Mexican borders.

“We Need to Do a Better Job of Selling Ourselves”

Still, North Platte faces unique challenges; one is the concentration of so many workers in so few businesses. To counteract that, the city is focusing on building a business-friendly environment so it can attract businesses.

“We’ve put in some pretty extensive infrastructure so a new company could just drop in,” Kaschke said, but “we need to do a better job of selling ourselves. We need to be aggressive; you aren’t going to stumble across North Platte, Nebraska.”

Even though it would be great to attract a few 500-person employers, Kaschke said it is more practical to start a number of smaller businesses. “We would have the best benefit if we continued to build on what we already have,” he said. “I would like to recruit the businesses that will offer the jobs of tomorrow.”

Statistics show Nebraska has a declining work force due to both an aging population and out-migration of youth. That decline in the work force is more prevalent in greater Nebraska than in Lincoln and Omaha, where people tend to migrate for more opportunities.

“Businesses have had a problem finding skilled workers,” said Karin Lange, Regional Manager for Nebraska Workforce Development, “and Nebraska will continue to have trouble attracting skilled labor. The people who live in Nebraska know the state has good things to offer, but the initial hurdle to get people here can be huge,” she said.

Creating Opportunities

The city is looking at ways to provide lucrative employment opportunities. “One of the things we really need to focus on is keeping our young people here. We can be more successful keeping our young people here than recruiting them to live here,” Kaschke said.

But North Platte struggles with kids not going into occupations that are needed in the community, like welding and heating/air conditioning. They all want four-year degree, Lange said.

“There’s kind of a disconnect between the educational system and the types of jobs that are needed,” Lange said. “You’re doing a real disservice to these kids if you don’t tell them about the jobs that don’t require a four-year degree. They’re not hearing about those jobs, and it’s kind of a shame.”

The North Platte Community College, a division of Mid-Plains Community College, provides an academic transfer program, as well as programs in business, computer, construction, transportation, health and fire and law enforcement.

North Platte also has a University of Nebraska presence; its West Central Research & Extension Center is a field-based research and extension facility of the University of Nebraska Institute of Agriculture and Natural Resources. Its faculty and staff conduct research on thousands of acres of pasture and cropping systems, then provides the resulting information to people throughout the state.

Relationship-Building

Kaschke said as mayor, he plans to build relationships with Lincoln and Omaha for economic development purposes. “You can drive back in the same day if you need to visit there,” he said. “We’ve been working with the rest of the state to put together a young professionals conference with people in Lincoln and Omaha.” Kaschke said, “to figure out what jobs young people are interested in…what will interest and engage them.”

Judy Clark, North Platte Planning Director, said the western part of the state often feels forgotten, and it is important to have honest conversations in communities and between communities, large and small, to determine what people want and need for the benefit of the entire state.

Clark also said the western part of Nebraska, including North Platte, needs to take responsibility for telling people that smaller communities have something to offer. “There’s a feeling of security…it’s a wonderful place to raise your kids,” she said, “and you still have the opportunity to further your education.”

Kaschke said “I chose to move back to North Platte because of what it has to offer. I think we underestimate ourselves sometimes. I love that it’s a handshake community; I love the sense that I don’t have to worry about the kids. You have the opportunity to get involved and make a difference.”

For more information visit www.unl.edu/sdn/economy
In my experience with Nebraska communities, there are two groups: the group that sits around and does nothing and the group that says “what are we going to do, and who is going to do it?” said Dr. Doug Kristensen, former state senator and now Chancellor of the University of Nebraska-Kearney. Kearney is in the latter category, he said.

“Kearney has a blend of education, health care and agriculture, but it’s the attitude of the business community that makes the difference,” Kristensen said.

Kearney is home to about 28,000 people and a diverse business community, as well as the University of Nebraska-Kearney. The city is large enough to be a health care, education, tourist and business destination, but small enough that people in leadership positions know one another and frequently communicate, keeping the future of the city in mind.

Kearney has been able to maintain strong leadership throughout generations by training people to fill leadership roles and operate businesses. A leadership training program is offered annually and explains how Kearney operates and what needs to be accomplished.

The community has been able to keep a critical mass of people; Kristensen said there’s a core group of people who have stayed because of the education system. “There are a lot of people who think they’ll stay for a couple of years and then they never leave,” he said. “These people have fresh ideas that bring vitality to the town.”

Being open to new ideas, welcoming participation by young people, a positive attitude and a community-wide willingness to collaborate are characteristics of this Platte Valley community.

“There’s a tremendous amount of youth in Kearney,” said Jonathan Krebs, Executive Director of the Economic Development Council of Buffalo County. “One of the reasons that Kearney is going strong is because they have the energy,” he said.

The Science of Survival

Seventy percent of Kearney graduates stay in Nebraska, Kristensen said. Of the students who come to Kearney from out-of-state, nearly half stay. Keeping people in the community is nearly a science. “It’s a science studied by the UNK Nebraska Business Development Center (NBDC) and its director, Odell Ingersoll. The NBDC trains leaders, offers advice to entrepreneurs and studies state business statistics.

Outbound Migration

Nebraska’s low unemployment rate is pretty remarkable compared to the nation, Ingersoll said, “but the outbound migration is the more telling number, because when there aren’t jobs, able-bodied people will move to where there are jobs.” Small communities that lose businesses drive workers to where jobs are available.

Community Survival

Nebraska communities may have to collaborate with one another in new ways in order to survive, Ingersoll said. For instance, not every community needs a grocery store; one may have the grocery and another have a convenience store. “If they can let go of that, there’s an opportunity for them to realize some synergy between them,” he explained; otherwise some towns will die. The important thing is to find a way to retain Nebraska jobs and businesses.

“There is no guarantee that a community has a spot on the map forever,” Kristensen said. People will go where they think they can do their best and have opportunities, but there comes a time when communities can’t survive by themselves, and that’s when they need to cooperate. “Nebraska will always be an independent state, but we will start to realize the value of cooperation between small towns and larger cities,” he said. “Cooperation happens because of necessity.”

Business Creation

Fifty-two percent of existing entrepreneurs in the Kearney area plan to step aside in the next 10 years, Ingersoll said. Of those entrepreneurs, one-third said they plan to sell the business; one-third said they plan to pass on the business to the next generation, and one-third said they plan to simply close. “In essence, we have to create 3-4 new businesses for that one person that is planning to leave,” Ingersoll said.

Greg Shea, Executive Director of the Kearney Area Chamber of Commerce, said Kearney has been fortunate overall in the recent economic downturn, but the community is starting to see some of the effects. Shea believes the university’s NBDC has made a positive impact on the business community through outreach to area businesses.

“There are opportunities for the businesses community to gain from those experiences,” he said.

Nebraska’s Stability Secret: Agriculture

“The source of all lasting wealth comes from the land,” Kristensen said. “Land ownership is extremely important. Our greatest assets are our wonderful farm ground and our beautiful water.”

Ingersoll said that a state must produce something tangible manufactured goods…to ensure its economic stability. Nebraska’s animal agriculture and crop production allow the state to be somewhat buffered from the economic highs and lows much of the country experiences. Although the state is affected by recessionary trends, the effects may arrive later and be less severe than in other states.

Vision for Nebraska’s Future

In 20 years, Nebraska will see the results of decisions being made now. Wise decisions related to infrastructure and consolidation will make the difference in whether Nebraska moves ahead or lags behind the rest of the country.

Infrastructure – including roads and bridges, schools, utilities, health care facilities and Internet access and capacity – are a few of the many requirements for successful communities.

“In 20 years, the infrastructure will begin to fall apart and communities will be forced to consolidate so they can afford to build new structures,” Kristensen said. “You will see about 25 very successful communities and also some very dark spots.” Ingersoll said there will have to be successful consolidation. Communities will continue to thrive outside the eastern portion of the state, but the most viable will be communities one or two counties away from Interstate 80. “Technology has allowed us to do business anywhere, with anyone and people will need to take advantage of those opportunities,” he said.

But for that to happen, the state will have to have roads and broadband, Krebs said. The quality and capability of both physical and virtual access are critical to the state’s economic success, he added.

Kristensen believes that someday, people will flock back to rural Nebraska. “There’s safety, clean water and space,” he said. “People will realize the value of rural life…see the sunset, breathe clean air, see the animals. That’s the quality of life that will still be here.”

Strategic Discussions for Nebraska held a community conversation in Kearney on February 19, 2009. Those attending were Odell Ingersoll, Director of the Nebraska Business Development Center at the University of Nebraska-Kearney; Jonathan Krebs, Executive Director of the Economic Development Council of Buffalo County; Dr. Douglas Kristensen, Chancellor of the University of Nebraska-Kearney; and Greg Shea, Executive Director of the Kearney Area Chamber of Commerce.

For more information visit www.unl.edu/ids/economy.
Terri Dageford, Gage County Economic Development Director of Business and Industry in Beatrice, believes Nebraska has a pro-business climate; the state's economic development incentives are lucrative and Nebraska’s quality of life is easy to sell.

Beatrice, a community of nearly 13,000 people, is located 40 miles south of Lincoln and is home to government, manufacturing, health services and education employers that employ thousands of workers in Beatrice and the surrounding area. As Beatrice plans for its future, leaders point to education, technology, infrastructure, health care, diversity of employment, agriculture and cooperation as priorities.

**Education Technology**

Beatrice focuses on education as a key to preparing the town’s students for 21st-century careers, hoping that means they will stay in – or come back to – Beatrice. Technology figures heavily in the kind of exposure students receive, because technology will be a component of many jobs in the future. Skills sets that worked in the 20th century won’t be as marketable in the future, Dageford said.

Dr. Dale Kruse, Superintendent of the Beatrice Public Schools, said Beatrice students learn about career opportunities available in Beatrice and the surrounding area in many ways.

“Southeast Community College (Beatrice campus) is starting a career academy,” Kruse said. “High school juniors and seniors have an opportunity to visit the academy, take college classes, earn high school and college credit for it. We have a health academy and a business academy,” he said. The academy also gives the students a chance to become acquainted with the people who actually work in the jobs they’re studying. The hope is that students will go on to pursue a degree in one of these areas, then come back to Beatrice to work.

**Infrastructure**

Infrastructure figures into creating a safe, pleasant place to live; Kruse said the state needs to maintain the infrastructure so communities are able to accept new employment because the infrastructure is in place. “A lot of our infrastructure needs to be fixed,” Kruse said. “A lot of the bridges in the counties are 100 years old, and we know it.”

“Sometimes elected officials are reluctant to spend the money to fix infrastructure and the issue passes to the next elected officials and infrastructure repairs move down on the priority list.”

“We don’t see them until the water main breaks from 1901 and now has to be replaced,” he said.

Dageford cited a report indicating that the U.S. needs $13.1 trillion in infrastructure maintenance. In Beatrice alone, the water main break to which Kruse referred ruined the street and both the water main and the street had to be repaired.

Infrastructure maintenance not only will make communities stable, but will also put people to work, Dageford said.

Additionally, the technology component of infrastructure is important to Nebraska. “Technology, for us, is a big issue for the state because we have a lot of land and not a lot of people,” Kruse said. But the vastness of the state means nothing when you're able to plug into the Internet for business and education, he said.

**Collaboration**

Economic development in Nebraska is a lesson in partnering; Dageford, Kruse and Easter all said their work with economic development, education or workforce development are “all about partnership and a unified effort for our community,” Dageford said.

Although the community hopes the Irwin Manufacturing plant will sell to another manufacturer, Dageford said the main concern is making sure those people find jobs, even if it isn’t in Gage County. “Columbus came to our job fair,” she said. “They were looking for 400 employees. If you don’t have a job, I want you to have a job, whether it’s in Beatrice area communities or in Columbus,” she said. “We’re willing to collaborate, to work together.”

Agriculture

Agriculture is a main economic driver in southeast Nebraska and will remain so, the Beatrice leaders concurred. Animal agriculture as well as crop production figure prominently into the county’s economic profile. Many of the products are exported or used for production of fuel.

“Look at the amount of exporting that we do. Our top exports are to China, Mexico and Japan,” Dageford said. “There’s no choice but to be a global player in today’s economy, and according to the U.S. Census, about 57,000 Nebraska jobs are related to export employment, she said.

**Diversification of Employment**

Diversifying employment opportunities in Beatrice and Gage County means there would be many different kinds of employers in the area and hopefully, higher wages. The combination of higher wages and different kinds of employment make for a healthier community, Dageford said.

“Our hope is the Beatrice hospital will purchase ground and once that project is off the ground, we can look to attracting more professional services into our new, 150-acre industrial park,” she said.

Easter said she hopes Beatrice will see more skilled jobs in the future to provide opportunities to people who are now learning the skills to fill such jobs. After the Irwin Manufacturing plant closed in 2008, 350 workers were left without jobs. Many went back to school, she said, and will come out with a skill. Many of those people farm part-time and have spouses who work full-time, so don’t want to leave the community. However, she believes many will take jobs in Lincoln. “There aren’t jobs here that will pay them what they were making in manufacturing after 20, 30 years,” she said.

Jody Easter, Workforce Coordinator with Nebraska Workforce Development, said Beatrice is starting a career academy at the Southeast Community College’s Beatrice campus; or leave town to attend a job with a company; continue their educations at Southeast Community College; or start a business.

**Overview**

Nebraska’s small population means there are fewer people to share the tax burden than in states with more people. The solution is to attract more businesses – and people – to the state to share that burden.
If we don’t stop fighting these little battles of who’s better and who’s worse in Nebraska, we’re going to lose all around,” said Dick Casey, Senior Vice President of Behlen Manufacturing Company in Columbus. “People who fight aren’t going to contribute anything; they’re just going to waste energy,” he said.

Generations of strong leadership in Columbus have established a diverse business base, but also a culture of teamwork. “We all seem to get along pretty well; we’re all vying for different things, but we try to keep the big picture in mind when we’re working with each other. I think teamwork is one of the answers that makes it work,” Casey said.

Columbus has a population of 21,000 and describes itself as a “micropolitan” area. Located in eastern Nebraska, Columbus is 80 miles west of Omaha and 82 miles north and west of Lincoln.

**Business Diversity**

We’ve been fortunate that our forefathers have built up in the community a base of companies, and we have a responsibility not only here in Columbus but in Nebraska and in the United States. We have to build on that; we have to say they’ve given us a trust fund, a legacy.

The diversity of employment started back in the 1940s when the city fathers had the foresight to see that diversification was good, and nobody impeded the companies from coming to Columbus, said John Lohr, a retired businessman who serves on the Columbus City Council. Business in Columbus today focuses on agriculture and manufacturing; some of the major employers are the Nebraska Public Power District; an international pharmaceutical manufacturer; the world headquarters of an international steel fabrication company; an international electronics manufacturing company; call centers; transportation; banking; post-secondary education; and health care, among many others.

Adrian Sanchez, a reporter for the Columbus Daily Telegram, has worked in Columbus since 2005. He has been impressed by the work Columbus leaders have done in recruiting businesses and a workforce to the community, and also by the federal and state grant proposals written and grants awarded for community projects.

**Community Activism**

Unique to Columbus and also important, according to Denise Kollath, Program Director for Connect Columbus, is the immense support for the community’s nonprofits. “You see what the United Way campaign goal was this year, and what we hit was incredible,” she said. Columbus has a reputation for volunteerism, she said, and also for finding dollars and putting the money into projects that benefit the community.

Allan Vyhnalek, University of Nebraska-Lincoln Extension Educator for Platte County, said his office worked with Connect Columbus to get a $1.25 million grant for after-school programs. Vyhnalek also said there is a core group of about 150 people who are active in the community and there are efforts to increase that number. They’re trying to create an even better culture of volunteerism and community leadership. And that includes finding grant money, but also raising money in the community.

“You can’t go ask people for money unless you’ve given yourself,” Lohr said. “It’s then easier to contact friends, neighbors and business people to do the same thing. “It just seems that there is enough support at all levels of the community – when a good cause comes along, there seems to be a swell that supports it,” he added.

**Work Force Shortage**

Columbus, like Nebraska as a whole, has a general shortage of workers. But Lohr said the Columbus Chamber of Commerce has been using the nation’s recession to its advantage. Columbus Chamber representatives have visited areas of the country affected by earlier downturns – such as Michigan – and have recruited families to come to Columbus to work. The recession “has afforded us an opportunity to go elsewhere and bring in the labor force that our local industry needs,” Lohr said.

Kollath said the work force in Columbus will also be affected if new immigration policies are enacted on the federal level. The community employs a fairly large number of new immigrants “that we desperately need in our workforce. It would certainly affect the community if many of them leave; there could be some economic impacts,” she said.

**Economic Partners**

Columbus partners with economic development organizations, including NeighborWorks America, the Nebraska Department of Economic Development, NPPD and Central Community College (located in Columbus), among others. NeighborWorks awarded Columbus a grant to expand housing opportunities in the community, which leaders say is badly needed. Lohr said NeighborWorks is building an entire neighborhood - 44 homes – on a 15-acre site beginning this spring. The grant proposal was written in collaboration with several organizations, Lohr said.

Working with partners has led to success in other areas, as well. Bonnie McPhillips, Regional Manager for Nebraska Workforce Development, said Apogee Retail, LLC chose Columbus for its outward-bound call center, which employs more than 250 people. “Their focus is to hire as many people with disabilities as possible,” she said. “We have people in our community who are working who have never had jobs before.”

Joseph Mangiamelli, Columbus City Administrator, said Columbus used many resources to ensure that Apogee could locate in Columbus and provide jobs to people who never thought they could be in the work force.

**Vision for the Future**

Although Columbus is a positive, thriving community, it is aware of susceptibilities and works to address them. K.C. Belitz, President of the Columbus Chamber of Commerce, said any small town is increasingly susceptible to loss of local control of the wealth in the community if the businesses are not locally-owned. “There are fewer and fewer Behlen Manufacturing companies all the time that are locally-owned, and it changes the dynamic, but we’re working to address it,” he said.

Mangiamelli said the railroad bisects the city and some consider it to be a dividing line. But in the next two years, that dividing line will be erased through the construction of several viaducts and possibly, pedestrian overpasses. “The community came together and decided it was about time, in the interest of becoming one community; to build the viaducts,” he said.

“We will take down that wall that separates the two parts of the city.” Columbus is working with the Nebraska Department of Roads, the federal highway administration, the Department of Environmental Quality and the Environmental Protection Agency to build the structures, he said.

When people look at Columbus as a possible business location, “we let them know we’re positive, that we take the high road,” Casey said. “You just have to get up on the platform and say we are good. We have a legacy to build on, so let’s take it and make it work.”

Strategic Discussions for Nebraska held a community conversation in Columbus on January 14, 2009. Participants: K.C. Belitz, President, Columbus Area Chamber of Commerce; Richard Casey, Senior Vice President of Behlen Manufacturing Company; Anne Kinnison, Columbus City Finance Officer; Denise Kollath, Program Director for Connect Columbus; John Lohr, Columbus City Council; Joseph Mangiamelli, Columbus City Administrator; Bonnie McPhillips, Regional Manager for Nebraska Workforce Development; Adrian Sanchez, Columbus Daily Telegraph; and Allan Vyhnalek, University of Nebraska-Lincoln Extension Educator for Platte County.

For more information visit www.unl.edu/sde/economy
People care about more than just themselves here," said Josh Roos, a recent UNL graduate. "It's just a good place to be."

Graduate student Ryan Downing said "there seems to be a sense of family, home or familiarity anywhere you go in Nebraska – even in the larger cities." He said people in Nebraska are closely-connected and it doesn't take long before conversations lead to those connections. It is important to keep pursuing other opportunities, both personal and professional, for networking and making friends, Downing said, but he believes the sense of familiarity in Nebraska makes it easier to network.

Focus group participants agreed that Nebraskans aren’t afraid of working hard, either for themselves or for others. And the group agreed that the work ethic helps drive the state’s economy.

**Will You Stay or Leave?**

Carlos Lopez will start a job with a privately-owned Lincoln company after he graduates from the University of Nebraska-Lincoln – shortly after this magazine is published in May 2009. Although he interviewed nationwide, he liked the company’s owners, who told him they located the company in Lincoln because they grew to love the city. Lopez also found the company to be more flexible and have less of a high-pressure environment than other companies with which he interviewed.

Many of the other focus group participants intended to stay in Nebraska if they’re able to find employment; if not Nebraska, they plan to stay in the Midwest. Kevin Jones, a graduate student, said he believes there are good jobs in the Midwest, but there are more elsewhere. "In the end, you have to follow what you want to do and find a nice balance between sacrificing what you want in a job or what you want in a place to live and find some sort of happy medium," he said.

Downing, who is fluent in both Spanish and English, said his desire to use his second language in a career may take him to a coastal city like Miami, Houston or Los Angeles. He hopes to work for a public relations or marketing firm that seeks out and retains Hispanic or Latin clientele. However, his long range plan is to build a successful career, then eventually return to Nebraska to teach. "I still anticipate feeling a pull back to Nebraska at some point in my life," he said.

Jacob Varvel, also a graduate student, said he plans to go where the job is, but he hopes to remain in the Great Plains area. "It’s really a quality-of-life issue – if you go maybe to the edges of the country, you’re not going to find that sort of community that you might find in Nebraska, Oklahoma, Kansas, South Dakota or any of those states," he said.

Phil Boll said that after he earns his graduate degree, he and his wife plan to move to the Omaha area, or perhaps Kansas City or another, larger Midwest city. They would like to remain in the Midwest, he said, because "we really fit better in the Midwest than the East coast." However, Boll said it will come down to where he’s able to find a job.

Nkem Kalu is working on a Ph.D. in political science, and was the only international student in the focus group. Although she was born and raised in Nigeria, she was educated in Zambia. She came to Lincoln when she was 16 to begin her studies at UNL. "My current academic program is directed toward community development in rural parts of the developing world," she said, so she expects to move out of the United States following completion of her doctorate. But she is keeping an open mind. "Should things change, then chances are I’ll be looking for placement in Nebraska or somewhere not particularly far," she said. "The last seven years have been an opportunity for me to build a life, a network and a home base out of Lincoln, Nebraska.

**Economic Drivers**

Nebraska’s economy is driven by the agriculture industry, Downing said.

"That’s the elephant in the room, basically, everyone knows that," he said. "We don’t want to make it an easy answer, but that’s what generates the economy. It’s all still very much tied into that work ethic and the people who are raised on farms, generations of farmers and businesses, too," he said. Small businesses in small towns also help hold up the state, he added.

"If you look away from, or the agriculture industry, you’d have a huge gap in the state," Boll said.

Schools are also economic drivers in Nebraska, Jones said. Nebraska has many universities, colleges and community colleges and they employ large numbers of people. Additionally, Jones said the thousands of students who attend the state’s institutions of higher learning must have part-time jobs. "That’s a lot of money that’s getting pushed through," he said. "That’s a big chunk of the economy there, I think."

Downing said the state’s privately-owned corporations may not be huge by national standards, but they are anchors of employment in the Nebraska cities where they exist. These companies "seem to be more of a fit for Nebraska because they are not huge companies and they still value the people who live there," he said.

**Expectations of State Government**

Nebraska’s logical role in the global economy is agriculture, Roos said. "There are a few certain things that are absolutely needed for survival before everything else. And one of them, obviously, is food," Roos said. "Roos said prices on technology and such are going to fluctuate, but people are always going to need food. "That’s a pretty essential role that we have," he added."

"Nebraska’s logical role in the global economy and the fact that she can be a player in the global economy," Kalu said. A large number of international students have chosen to attend the University of Nebraska-Lincoln for its strong programs in biological sciences, agriculture and business, and UNL has the support system to offer these students the help they may need, she said.

The university’s educational partnerships and exchange programs with universities throughout the world are bringing different perspectives and expanding the learning experience of students here, she said. These are partnerships that create a platform for future collaborations. "It is still in its preliminary stages, but there is a discovery taking place," she said.

Josh Roos, Jacob Varvel, Phil Boll, Nkem Kalu, Carlos Lopez, Ryan Downing and Kevin Jones

"The state government needs to encourage these things that invite companies to come and build and grow and stay here and build jobs that are stable." - Phil Boll, UNL Graduate student
Strategic Discussions for Nebraska solicited articles for this publication from Nebraska colleges, universities and businesses. The articles represent a variety of interesting perspectives on Nebraska's economy.
Overcoming the Crisis of Hope

By David Inquinta, Ph.D., Nebraska Wesleyan University

Overcoming that crisis of hope will require putting people back into the equation when planning for the future of Nebraska and of the country.

Throughout history, people have formed human systems – families, communities, economies, political systems and culture. Each is affected by the geography and environment of the region. Nebraska’s small population is unevenly distributed; two-thirds of the population is located in the eastern one-third of the state. This distribution poses questions about the roles and sustainability of communities.

As Nebraska plans for its future, regional and state leaders must consider some key questions. Each Nebraskan might consider his or her civic role in the state, relative to these questions:

Top 10 Questions Related to the Future of Nebraska’s Communities

1. Which communities, or types of communities, are sustainable?
2. Why do people choose to live in various Nebraska communities?
3. How do people construct a culture tied to place, community and region?
4. What role does identity play in why people choose to stay in Nebraska?
5. How can current and impending demographic changes be harnessed by Nebraska communities?
6. How can Nebraska communities benefit from the global commitment to developing non-petroleum-based energy systems?
7. Why is it important to have a vital hierarchy of place in Nebraska?
8. What links between urban, town and rural places are necessary to their mutual survival, and how do these links foster resiliency?
9. How is entrepreneurship important to overall community vitality?
10. How will decisions be made as to which communities receive support?

Agriculture and Urbanization

Agriculture is purposefully not listed in the Top 10 Questions because it is not central to every community in Nebraska. However, it is an essential component of the vitality of Nebraska as a whole and needs to be factored into the Top 10 Questions, even though it may not be the starting point for considering options.

Urbanization is more than just the growth of urban places in size and number or the growth in percentage of population living in urban places. It necessarily involves consideration of how cities are linked to each other, to rural places and to the remainder of the nation.

Top 10 Questions

However, the capital assets approach is not a magic formula for creating a successful community. Instead, it is a practical and analytical framework for allowing a community to find entry points into a community-wide discussion aimed at sustainable development. Stakeholders in the community emphasize different values and capital strengths. These differences have to be bridged. Often, civic groups are the cross-cutting community organizations with underlying interests and competing agendas.

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important: transportation, communication and environmentally-sustainable building.

Some communities already have access to traditional transportation networks, such as the Interstate system or rail corridors. But success into the future will depend on the ability of communities to manage one another, with the state and with private enterprise to develop a new generation of transportation options. This is closely connected to the role of new electronic communications technologies that alter the relationship between work and place and between commercial enterprise and place.

For rural Nebraska, the comparative advantages of low land values, lower housing costs, lower local labor costs and relatively fixed shipping costs (depending on the availability of mass carriers such as FedEx and United Parcel Service) must be paired to the quality of life assets desired. Some of those assets include relief from pollution and urban stress, good schools, low crime and so forth. These traits will assist in attracting talented professionals and families. The ability to move forward on innovative, environmentally-conscious building design and more environmentally-rehabilitated housing stock will also appeal to professionals and to the desire for new energy alternatives.

While small communities have limited resources available for redeveloping built capital, their small scale and size affords greater flexibility in adapting to new alternatives, given that one another, with the state and with private enterprise to develop a new generation of transportation options. This is closely connected to the role of new electronic communications technologies that alter the relationship between work and place and between commercial enterprise and place.

Urban Hierarchy

Thus far, the focus has been mostly on the role and needs of small Nebraska towns and rural communities, but this does not imply a lack of concern for larger urban centers. Comparing Nebraska to a Developing Country

Curiously, in terms of its urban hierarchy, Nebraska as a state looks like the situation in many developing countries. Geographers and sociologists use a “rank size rule” to define a balanced urban hierarchy. This rule states that there should be a specific number of second- and third-ranked cities (i.e., those with populations about one-half that of the largest city), three third-ranked cities (i.e., those with populations about one-third that of the largest city) and so on. Clearly, this is not the case for Nebraska’s urban hierarchy.

The Primate City Structure - Nebraska’s Disproportionate Growth

Instead, Nebraska has what sociologists and demographers call a “primate city” structure, in which one city vastly out-distances all others in size. There is a large volume of literature documenting the many negative consequences of this condition. The bottom line of this literature is that the dominant city draws itself to its own resources, decreasing the resources available for the surrounding rural communities. The outcomes for Nebraska’s small towns and rural communities are tied strongly to what decisions are made in the corridors of power.

The Airport Example

An early decision as to airport location would have greatly facilitated innovative solutions to the overall transportation problem. Because of the inherent limitations of the existing hierarchy is similar to acknowledging the impending retirement of the baby boom generation. Both are facts of life, both present challenges and both offer opportunities.

A fundamental need is to create a balance between the bonding social capital - the value of seeing oneself as a Lincolnite, an Omahan or an Ordite – and the bridging social capital - the value of seeing oneself as a Nebraskan. In the absence of civic human agency, decisions can be directed simply by corporate board room fiat far away from the community or the state that is experiencing the impact. Increasingly, the source of the impacts can even lie elsewhere in the world.

Urban and Big Business

Nebraska has an overall reliance on agriculture as a basic industry and economic wellbeing for many communities and the state as a whole. ConAgra and other large economic conglomerates are large stakeholders in this system, but not the owners. The system depends upon many individuals, communities and corporations for the success of the system. In the absence of civic human agency, decisions can be directed simply by corporate board room fiat far away from the community or the state that is experiencing the impact. Increasingly, the source of the impacts can even lie elsewhere in the world.

Outcomes

The outcomes for Nebraska’s small towns and rural communities are tied strongly to what decisions are made in the corridors of power, whether they are public or private, national or state, local or global. What seem important are the forms of social capital that incorporate multivalent human agency at the local level to coordinate effectively with human agency and systemic needs at larger levels.

Governance, Regulation, Policy

One form of such bridging social capital is governance; another is regulation; still another is policy.

Some communities have adapted well, recognizing the shifts in new perspectives on our future. Hispanics are, on the one hand, longtime citizens of Nebraska, particularly in the West, and on the other hand, a relatively new and growing labor force in many small Nebraska communities. Response to this change has been as mixed as it has been to other “new” groups that have settled in Nebraska over its history. Some communities have adapted well, recognizing the shifts in new perspectives. But other communities have hardened their stereotypes. Clearly, much more could be done. Other groups, such as African-Americans and Native Americans pose ongoing challenges for Nebraska in terms of continued isolation, deprivation and exclusion. These are old social divisions, embedded in the structure of our social arrangements, yet both African-Americans and Native Americans have strong cultural ties to Nebraska and will continue to play a significant role in the future of the state. Like Hispanics, they offer dynamic models for community development and new perspectives on our future.

The Asian-American population will continue to grow at a rapid rate, influencing Nebraska’s future in unknown ways. They are the fastest growing segment of the population in the U.S. and Nebraska is no exception to this growth. Asian-
Americans have the highest levels of educational attainment in the country and are certainly part of the professional class that can add value to Nebraska’s many communities. Again, the challenge for all Nebraskans is whether adequate bridging social capital can be built to overcome historical bias and largely-irrational fears. If so, a great wealth of diverse talent can be harnessed. If not, the differences will sap human capital, social capital and economic capital at all levels.

“For What It’s Worth”

I am a mathematician, a biologist, a demographer, a sociologist, a father and a human being. As a mathematician, I treasure the illogical truth that all formal systems generate their own contradictions. As a biologist, I appreciate the tenacity with which life persists in the face of entropic inevitability. As a sociologist, I relish the persistence of individualism amidst the homogenizing influence of categories and classes. As a sociologist, I recognize the power of social systems and largely-irrational fears. If so, a great wealth of diverse talent can be harnessed. If not, the differences will sap human capital, social capital and economic capital at all levels.

We Can Do Better!

It is with this hope that I suggest that we can do better. We can do better for ourselves by doing better for others. We can do better for our children by doing better for our communities. We can do better for our environment by working together, harnessing our long range self-interest, enjoying the success of our neighbors and living more simply and intelligently as a community.

A final form of capital needs to be incorporated into the capital assets approach and into the pursuit of sustainable community development – spiritual capital. I do not mean primarily religion, religious affiliation or religiosity, although spiritual capital may or may not include these things for a given individual. Instead, spiritual capital is the spiritual enlightenment from which springs hope and belief in the fundamental worth of life and shared experience. It seems to me that the significance of all forms of capital – indeed, of human experience itself – rests on the ultimate capacity to hope and to trust in both the importance of the individual and the benefits of collective endeavor. In the absence of such capital, what will sate the appetite of the individual or the community? With spiritual capital in place, the value of the process itself is meaningful even if the outcomes are not guaranteed. The process is the platform for future success, whatever the outcome of the present exercise. So it seems we CAN do better! That alone should be enough to move us to action together.

For more information visit www.unl.edu/sdi/economy

Science as an Engine for Economic Development in Nebraska

By William M. Wehrbein, Professor Emeritus, Nebraska Wesleyan University

When science, technology, and economic development are discussed today, the conversation usually focuses on biotechnology, pharmaceuticals, or robotics. But the science most crucial to the Cornhusker State’s economy in the 20th century was clearly the development of hybrid seed corn.

Between 1870 and 1930 the average yield in the U.S. leveled off at about 30 bushels per acre. Last year, the average yield was 154 bushels per acre. In 2007, corn production contributed $6 billion to Nebraska’s Gross Domestic Product of $80 billion. Let’s take a closer look at the scientific basis of this extraordinary achievement.

The Science Behind the Success – Hybrid Seed Corn

Each corn plant produces separate male (tassel) and female (kernel) blossoms. The ripened kernel results from the combination of genetic material from both the plant that produced the kernel and the plant that produced the pollen grain that fell on the silk attached to that kernel. In the field, each open-pollinated plant is fertilized by pollen from many tassels growing around it, and the combination of genetic material, or hybridization, occurs by chance. By choosing the best ears at harvest time and using them for next year’s seed, generations of farmers were able to gradually improve the strain.

Research to improve seed by controlling genetic material directly began at the Connecticut Agricultural Station at New Haven and the plants produced by these single-corn seeds exhibited astonishing vigor as well as the traits of the parent generations. Young, soon, young agronomists from land-grant colleges or agricultural stations in the Corn Belt were coming east to learn these techniques.

Desirable traits include the ability of the plant to thrive in hotter, drier, or cooler conditions; resistance to disease or insects; stronger stalks; quicker maturation; and enhanced response to soil fertility. By combining traits it became possible to produce a particular variety for a specific geographical location and growing condition. For example, a fast-maturing (but perhaps lower-yielding) variety might be selected to replace seedlings destroyed by a late-spring freeze. New varieties were developed to thrive in locations where corn had not been grown before. Due to the prevalence of broken stalks, open-pollinated corn had to be picked by hand. New hybrid varieties with superior stalk strength could be harvested with mechanical corn pickers.

While corn breeding progressed primarily at universities and their research stations, the production and processing of seed was organized primarily by four private companies utilizing farmer-dealer delivery systems. The rapid rise of hybrid corn is astounding. In 1933 only 0.7 percent of Iowa’s corn crop was planted with hybrid seed, by 1938 it was half, and by 1942 essentially all corn planted in Iowa was hybrid seed.

In his classic The Hybrid Corn-makers, agricultural historian Richard Crabbe writes, “Of the twelve men who discovered and demonstrated the value of hybrid corn, ten of them were trained at land grant colleges, and nine of the twelve did their historic work at land grant colleges and agricultural experiment stations. Even the three who worked in private organizations were able to contribute what they did only because of the cooperation, the inbreeds and the hybrids they received from state and federal corn breeders.”

Nebraska’s Successful Technology Ventures

The economic benefits of science and technology haven’t been confined to Nebraska’s feedlots and grain fields. It’s instructive to consider a few of Nebraska’s oldest and most successful high-tech ventures, seeking for some common elements.

Novartis AG

The Smith-Dorsey Company was founded in Lincoln in 1908, and its former headquarters on South 10th street is a Lincoln landmark. Dorsey laboratories became a subsidiary of the Warner Company in the late 1950s, and in 1967 Warner merged with the Swiss pharmaceutical company Sandoz Ltd. Then Sandoz merged in 1996 with Ciba-Geigy to form the multinational giant Novartis AG. At one time Novartis was responsible for such well-known brands as Gerber baby products, Northrup King seeds, and Excedrin. Now specializing in pharmaceuticals, contact lenses and animal health, Novartis AG, based in Basel, Switzerland, employs 100,000 people in 142 countries.

Pfizer

Norden Laboratories, a manufacturer of vaccines for livestock, has been a fixture in Lincoln for 70 years. In the early 1990s it became a part of SmithKline Beecham, which then sold its animal health division to Pfizer in 1999.

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Nebraska

STRATEGIC DISCUSSIONS FOR THE NEW ECONOMY

James E. McClurg, University of Nebraska Regent and President of Technical Development Resources Company, noted some other positives for Nebraska: a healthy relationship between business and government, relatively healthy state economy and state government, and a statewide consensus to create new jobs.

Collaboration in the Global Economy

Understanding and managing the complex interaction among governments, firms, universities and research laboratories will determine the impact of science and technology in the global economy. Frequent conferences, especially in Europe, bring together leaders to analyze and promote this new economy based on knowledge.

Research Parks

The preferred model is the “technopol,” a critical mass of R&D facilities and companies that require R&D, in the vicinity of a university, with room for spin-offs and start-ups. Necessary for success are an attractive environment and available housing, access to highways and airport, excellent telecommunications facilities and a substantial pool of trained and motivated labor. The prime example is Research Triangle Park (RTP) in central North Carolina, a 7,000-acre campus home to more than 170 companies employing 42,000 people, which transformed this region previously known primarily for tobacco and textiles. The new knowledge-based economy isn’t just for Lincoln and Omaha. New BioNebraska member Novozymes, a Danish bioinnovation company developing enzymes to improve bioethanol, recently chose Blair for the site of its bioinnovation company developing enzymes to improve bioethanol, recently chose Blair for the site of its

Nebraska’s Economic Future

Studies have indicated that public and private investment in the regional knowledge infrastructure, as well as the presence of local venture capital, were crucial to success in North Carolina. With its current strengths, Nebraska can still leapfrog the world with innovations in areas such as water quality, climate change, and biofuels.

For more information visit www.unl.edu/chn/economy
Success Depends on Planning, Collaboration, Accepting Change

By Dr. Timothy Donahue and James Koehn, J.D., CPA, Chadron State College

Nebraska’s economic future depends on planning for the future, working together instead of competing, accepting great changes, and understanding Nebraska’s role as an integral part of both the U.S. and global economies.

Just as the human body uses different muscle groups and organs to accomplish various functions, Nebraska does the same. If one body part malfunctions, it affects the whole body. We work and plan independently, but the health of one part contributes to the health of the whole. If Nebraskans deal with challenges and take advantage of opportunities, the state can succeed in the global marketplace and as a result, the state and its communities will all prosper.

Nebraska’s future and sustainability hinge on recognizing the changes necessary and being proactive in our responses.

“The Five New Realities of Economic Development in the 21st Century,” written by Sandy K. Barash, head of the Economic Development Administration, shows:

1. We are in a global economy
2. The pace of change will continue to accelerate.
3. The components of competitiveness can no longer be pursued separately.
4. Partnerships are not just taking place in urban areas; much of the emphasis is on connecting its vast rural landscape and workforce to trade centers and markets around the world.
5. Innovation is the only sustainable competitive advantage.

Nebraska’s Systems

Nebraska is composed of at least four systems; the sub-systems work independently but function as part of the total system, which is Nebraska:

1. Federal, state and local government
2. Business and industry, agribusiness
3. Non-profit foundations
4. Human capital

Federal, state and local government

The federal and state levels of government serve many functions in the management of local governments and their citizens, including developing and maintaining infrastructure.

“The world is using the United States’ public infrastructure model in their countries to maximize their global trade opportunities, which further emphasizes the importance of evaluating and updating our infrastructure. A balanced approach to infrastructure planning and development could be accomplished through collaboration of business and community leaders and federal and state agencies that are responsible for upkeep and development of that infrastructure.”

Matthew D. Chase, Executive Director of the National Association of Development Organizations (NADO) and stated in early 2008:

“Our global competitors have learned from the economic history of the United States. A nation must invest in its public infrastructure, whether broad-based, water and sewer, health care centers, workforce training facilities or transportation, if it is to efficiently and effectively participate in national and global trade. Access to markets is critical, both for our agricultural sector and our entire community as well as other sectors of the economy such as tourism, health care, energy production, manufacturing and service industries.

“As reported by The Economist in February 2008, China has spent more on its roads, railways and other fixed assets between 2001 and 2005 than it spent in the previous 50 years. Since the 1990s, China has built an incorrect expression that is second only to our interstate system. Their work isn’t complete as they remain focused on linking communities with high-speed rail, 97 new airports and more than 300,000 kilometers of new roads. These investments are not just taking place in urban areas; much of the emphasis is on connecting its vast rural landscape and workforce to trade centers and markets around the world.

Other emerging markets, such as India, parts of Europe and many sub-Saharan Africa nations, are also spending an increasing portion of their Gross National Product (anywhere from four to eight percent vs. about two percent for the U.S.) on infrastructure upgrades and improvements. Sure, they may have far more pressing unmet needs than we have. However, these nations are making strategic investments aimed at connecting nearly 70 percent of the world’s workforce to the rest of the globe. The competitive challenges facing America’s industries are just beginning.”

Business and industry; agribusiness

Telecommunications has allowed Nebraska businesses to participate in the global economy. According to Telecommunications Industry News (report by Scarborough Research), broadband penetration has grown from 308 percent in the United States in the past six years, allowing people to become online entrepreneurs.

Approximately 49 percent of American adults now have a high-speed Internet connection in the household, compared to only 12 percent in 2002. The Digital Subscriber Line (DSL) represents the majority of this increase, with DSL increasing by 575 percent in the past six years.

Broadband has made it possible for Nebraskans to live where they choose. Using online capabilities, they can attend college, conduct business, obtain research and use functions such as Global Positioning Systems (GPS) and Wi-Fi (wireless Internet) for navigation and crop production, according to Telecommunications Industry News. This capability allows people to sell merchandise or services worldwide.

The Kauffman Index of Entrepreneurial Activity is the leading indicator of new business creation in the United States. Published by the Kauffman Foundation, this index captures the first month of significant business activity by new business owners, and is the earliest documentation of new business development in the country.

In 2007, changes reported in entrepreneurial activity include:

1. For men, the entrepreneurial activity rate increased from 0.35 percent in 2006 to 0.41 percent in 2007. In contrast, the rate for women decreased from 0.23 percent in 2006 to 0.20 percent in 2007.
2. Latinos’ entrepreneurial activity increased from 0.33 percent in 2006 to 0.40 percent in 2007. Additionally, the entrepreneurial rate of immigrants rose from 0.37 percent in 2006 to 0.46 percent in 2007, which compares to an activity rate of 0.27 percent in the native-born population.

Agribusiness has always been a basis of Nebraska’s economy. Today, the state’s business and industry profile has diversified, though agriculture and its related businesses are still a large percentage of the state’s total economy.

Food and water are fundamental resources that are almost impossible to replace if we don’t manage them properly. It is up to us – the citizens of the world – to make the final decisions in agriculture. We must address long-term planning over short-term profit decisions if we intend to pass on a healthy system to the next generations.


“Food, next to life itself, has become our greatest common denominator. It is availability, quality, price, and its reflection of the culture it feeds and its moral and religious significance make it quite literally history’s ‘staff of life.’ Today, in the never-ending worldwide struggle to determine who will control our food supply it has become instead a weapon of corporate cash flow, economic leverage, a form of currency, a tool of international politics, and an instrument of power – a weapon!”

Vice President Daniel Hanford, a former California raisin grape grower, wrote in Fields Without Dreams (Free Press, 1996):

“The final verdict on the future of the American farm lies no longer with the farmer, much less with the abstract thinker or even the politician, but rather with the American people themselves – and they have now passed judgment. They no longer care where or how they get their food, as long as it is fresh, firm and clean. They have no interest in preventing the urbanization of their farmland as long as parks, Little League fields and an occasional bike lane are left amid the concrete, succotash and asphalt.

“They have no need of someone who they are not, who reminds them of their past and not their future. Their romanticism for the farmer is just that, an artificial and quite transient appreciation of his rough-cut visage against the horizon, the stuff of a wine commercial, cigarette ad or impromptu rock concert. Instinctively, most farmers know this. It’s the real reason they are mad.”

Thomas Jefferson, in a letter to John Jay in 1809, said: “An equilibrium of agriculture, manufacturing and commerce is certainly become essential to our independence. Manufactures sufficient for our own consumption of what we raise the raw materials (and no more). Commerce sufficient to carry the surplus produce of agriculture beyond our own consumption to a market for exchanging it for articles we cannot raise (and no more). These are the true limits of manufactures and commerce. To go beyond them is to increase our dependence on foreign nations and our liability to war. These three important branches of human industry will then grow together and to be really handmaid to each other.”

Non-Profit Foundations

Nebraska non-profit (501(c)(3) organizations are businesses, and must demonstrate to their donors they are competent. They must prove they understand their market, can provide adequate services in a cost-effective manner, and are working toward sustainable. Public and private partnerships will become essential.

Non-profits are an essential part of the state’s safety net for its residents; they fill gaps in the government’s work by providing

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Non-profits are an essential part of the state’s safety net for its residents; they fill gaps in the government’s work by providing
services that business and industry consider to be unprofitable from the standpoint of return on investment.

Most non-profits are funded by grants, government support and business and individual support. In 2006, there were nearly one million of these organizations, almost a 70 percent increase from 1996 (http://ncccadatabase.urban.org/PubApps/profiles1.php?state-us). As the number of non-profit organizations increases, competition for donors also increases, threatening sustainability of individual organizations.

Non-profit organizations can protect themselves by creating a new way of doing business to assure sustainability. One option is to generate earned income to support its social purpose through the sale of products or services, which is the classic model of a For-Profit business.

According to David Rendall, Assistant Professor of Business/Management at Mount Olive College in Goldsboro, North Carolina:

1. organizations should combine service with business;
2. social enterprise should participate in the Experience Economy;
3. organizations should not take on business models that have been rejected by the private sector;
4. organizations should consider audiences that are willing to pay for the services provided;
5. organizations should start a social enterprise that can make money; then fund charitable pursuits.

Human Capital

Nebraska’s future depends on its human capital. Entrepreneurs of tomorrow won’t be like the entrepreneurs of the past; they will be Millennials; baby boomers in a re-defined capacity; and immigrants. Each group has its own attributes and needs.

Millenials

Millenials are now 10-27 years old; this is an age group that will be crucial in the next decade. In that time, half of all workers employed with the federal government indicate they are on the edge of retirement, and many industrial and civic leaders are approaching retirement (Connecting Generations: The Sourcebook by Claire Raines).

These baby boomers will bring about widespread change in the future. Many have worked in corporate environments, and through retirement or displacement, they will continue to work with skills honed from their previous careers. They may turn their hobbies into businesses; they may apply business skills to humanitarian projects.

Baby boomers may have money, but may not have pensions; they have skills, but may be weak in new technologies; they want to continue to work; they have a vast network of contacts; and they know traditional ways of doing business (Rick Telberg, editor-at-large for the newsletter of the American Institute of Certified Public Accountants).

Immigrants

Immigrants have contacts in foreign countries; they know other languages and cultures; they experience difficulties with English and American culture; they have an exceptional urge to succeed; they have little capital, but do have a drive to earn money (Rick Telberg, editor-at-large for the newsletter of the American Institute of Certified Public Accountants).

Conclusions

Nebraska can’t be all things to all people, nor can it implement all the projects or wishes of the residents all at once. We can, however, prioritize projects in a fair manner and, in time, create synergy in the state.

For more information visit www.unl.edu/edn/economy.

Top Ten Trends in 2008

Jack Schultz, founder of the Boomtown Institute (www.boomtowninstitute.com), wrote “Top Ten Trends in 2008” after traveling to more than 300 towns in 44 states to assess trends. His assessments:

1. Millennials – this generation, now ages 10-27, dwarfs the Baby Boomers in size. These young people are going to be the most entrepreneurial in the history of the USA. You need to be recruiting and retaining the Millennials.

2. Retirement as Strategy – The oldest Baby Boomer turned 60 in 2006. Several communities are actively recruiting young retirees to them. These young retirees aren’t going to be passive, they are going to be starting new businesses, volunteering and transforming the communities that are able to attract them.

3. Education – The jobs of the 21st century are increasingly going to go to the well-educated. Towns that have world class primary and secondary schools are going to be the winners. Entrepreneurial education is going to increasingly be pushed down to kindergarten. Community colleges will be the key to the constant retraining of the work force due to the rapid changes taking place in our economy.

4. Promises – It started with Kalamazoo, Michigan, which promised to pay the college education for anyone who attended its grade and high schools. Newton, Iowa and El Dorado, Arkansas have followed. Huge driver of where the Gen-Xers and Millennials are going to decide to raise their families. Employers will follow.

5. Water, Water, Water – You can’t have enough of it. Boomers are going to want to live on it, the west is starting to fight over it and those that have control of it will rule.

6. New Urbanization-Downtowns – are hot! Boomers and young professionals don’t want to have to drive for everything. The old, walkable neighborhood is back.

7. Enviropreneurs – Green is increasingly growing in importance. Many local entrepreneurs are investing everything to get in on the front edge of this trend.

8. Niche Ag Farmers – are increasingly diversifying to new niche products. Local food production is also driving this trend, as is the growing interest in all things organic.

9. Premiumization – it started with coffee but has been embraced in many other products like honey, chocolate, vodka, cheese, breweries and others.

10. Birds Beating Birdies – The fastest-growing spectator sport in the USA is bird watching. Geo-caching, biking, hiking and extreme water sports are also growing in importance. Golf will still be important for some, but won’t be as dominant as in the 90s.

“The Ten Commandments of Community Leadership”

by Maury Forman

1. Thou shalt create a vision for the future
2. Thou shalt develop a strategic plan
3. Thou shalt build a sustainable economy for the next generation
4. Thou shalt seek-public/private partnerships
5. Thou shalt invest in education and training
6. Thou shalt promote respect
7. Thou shalt demonstrate a high standard of ethical behavior
8. Thou shalt value history, art and culture
9. Thou shalt prepare for a global environment
10. Thou shalt develop future leaders
Federal Immigration Reform and the Future of the United States Workforce

By Jim Partington, Nebraska Restaurant Association

Immigration reform is a complex and very visible political issue confronting our political leadership today. It is an issue that has implications for national security, the economy, demographics of our future workforce, social security, health care and our sense of identity as Americans as we enter the 21st Century.

We have an interesting and somewhat confusing dichotomy in the United States with our attitudes toward economic growth and immigration. James Canton, in his book Future Shock, and other demographers raise alarms about the future of our workforce as the Baby Boom generation retires. The generations following are insufficient in numbers to replace them in key leadership and productivity positions. This will clearly affect our ability to remain competitive in the global economy.

Advanced technology and other productivity enhancements can compensate for the shortage of people to some extent, but if we will be faced with severe labor shortages in two critical areas: first, the leaders with advanced education, technical expertise, and an innovative and entrepreneurial spirit; and entry level unskilled labor.

Since other nations have a surplus of people able to meet these needs, the obvious solution to this dilemma is immigration. This does not appear to be the option favored by most American voters, however. The Center for Immigration Studies in Washington, D.C. conducted a survey on voter attitudes toward immigration prior to the last election. The findings clearly show that a significant majority of our citizens are opposed to opening the country to more immigrants. When it comes to dealing with the undocumented immigrants presently in the country, voters generally reject the extremes of mass deportation or legalization. Mass deportation is not feasible at any cost acceptable to most of the country. Countering them all legal status just to resolve the issues and lead them to accept the necessary solutions, or they can demagogue the issue for their personal political advantage. Both approaches are obvious in the debate taking place in the U.S. Congress on immigration reform.

In order to resolve this dilemma, our leaders need to come up with a suitable, feasible and acceptable plan to deal with the undocumented immigrants residing in the United States today. Mass deportation is not feasible at any cost acceptable to most of the country. Countering them all legal status just to resolve the issues and lead them to accept the necessary solutions, or they can demagogue the issue for their personal political advantage. Both approaches are obvious in the debate taking place in the U.S. Congress on immigration reform.

The failure of the federal government to enforce border security for the past 20 years and provide reliable identification of documented immigrants, along with employers’ need for a workforce in excess of that available from the domestic pool, have combined to produce this untenable situation. When faced with a problem that can only be solved by political actions that the voters are reluctant to support, our political leadership can elect to educate the people about the issues and lead them to accept the necessary solutions, or they can demagogue the issue for their personal political advantage. Both approaches are obvious in the debate taking place in the U.S. Congress on immigration reform.

The restaurant and foodservice industry is the largest private sector employer in the U.S. with 12.8 million employees; the second largest in Nebraska with 67,000 employees and sales of $1.9 billion. Since our nation’s borders must be enhanced if the labor standards— that Americans have won over generations—were applied to every employee in America, protecting the undocumented from exploitation. Admissibility of the biggest winners of comprehensive immigration reform. Instead of living on society’s margins, connected to it by only a paycheck, these hardworking employees would have to learn English and be given the opportunity to earn a living wage, enabling them to join society’s mainstream as previous immigrants have done. Other American values would benefit. Immigration families, hundreds of thousands of whom include U.S. citizens, would no longer fear being broken apart. And the era of immigrants dying on America’s doorstep in search of new opportunities would end.

Of all the benefits of comprehensive reform, perhaps most disputed is its potential to bolster our nation’s war on terror. Immigration reform would free scarce law and border enforcement resources to focus on those who mean us harm. For most of our history, the United States has benefited from the protection afforded by oceans to our east and west and friendly nations on our northern and southern borders so we were not significant resources to closing our border with Mexico, it will detract from our strategic flexibility in other, more critical parts of the world. Democrats and Republicans should reject amnesty and punish lawbreaking by requiring undocumented employees to pay a fine, undergo criminal background checks, learn English and pay any back taxes owed. In return, qualified applicants could continue to work here, but to go to the back of the line to apply for a green card.

Employers and the federal government would also be given new responsibilities. To ensure that immigration rules adequately reflect the economy’s needs, employers should also be allowed to legally hire international employees when U.S. workers cannot be found. Finally, the federal government should provide a simple, inexpensive and effective way to verify a job applicant's work authorization.

Such a reform would benefit both parties by working together to achieve what Americans care about by strengthening our borders, our economy, our rule of law and our values. By opening up the American Dream that brought so many of our ancestors to the United States, to today’s hardworking immigrants, they would bring it closer to the reach of all of us.

We support comprehensive reform that strengthens our borders, provides a way for employers to hire from abroad when U.S. workers are not available, creates a program for the undocumented to pay a penalty before earning permanent legal status; and establishes a verification system that is effective, inexpensive and reliable and does not unfairly penalize employers.

Our political leaders have an opportunity to educate the voters on the importance of immigration to the future growth and success of our country. Let’s work our way past the irrational demagoguery, accept the demographic facts and support comprehensive immigration reform so that we can continue to grow and maintain our enviable international competitive position.
By any measure, the United States’ economy is currently experiencing substantial contraction. With home foreclosures on the rise, tightening credit markets, a troubled domestic auto market, and a general slowdown in consumer spending (which alone represents nearly 70 percent of the gross domestic product (GDP)), it seems clear that the nation’s economy has been in a recession and will likely not see any sustained recovery until late 2009. According to Vierson and Pierson (2008), business closures are increasing as well, particularly for retail establishments and small businesses.

While it seems to be the case that the east and west coasts are the regions hardest hit by the current downturn, one might still wonder about the prospects for Nebraska and its ability to weather the current storm. While the state’s major metropolitan areas have a relatively diverse industrial composition and have not been as hard hit by the downturn in the housing market, there may be areas in Nebraska’s non-metropolitan communities. Historically, rural areas tend to be harder hit by recessions largely because their economies tend to be less diverse in nature. Therefore, on a nationwide basis, a downturn in one sector, such as manufacturing, can spell disaster for a rural area dependent upon manufacturing for its economic well-being.

However, in Nebraska there may be some sources of economic strength during such a cycle. First, the state is heavily vested in agriculture. Food and land prices are still relatively high, as well as land values, and, as Da Rocha and Restuccia (2008) point out, employment trends tend to be counter-cyclical. Hence Nebraska, may be able to avoid what has been described as a dramatic recession when compared to other states.

Beyond that, however, there may be other sources of economic strength. One area where Nebraska tends to be important is in business startups, particularly for retail establishments and small businesses. The data measure establishment births (new startups), deaths (closings), and expansions. The net measure employed here gives a measure of new business startups. Vierson and Pierson (2008) have found that businesses tend to depict an economic environment in which business startups tend to represent an economic environment.

Vierson and Pierson (2008) have found that business startups tend to depict an economic environment in which business startups tend to represent an economic environment. Furthermore, authors such as Gabe (2004) and Falck (2007) have focused on the number of new enterprises by industry to study the types of activities that are growing in the economy. One of the most common is to measure employment and output with focus on its non-metropolitan areas.

These non-agriculture-based sectors are the focus of this essay. Specifically, the goal is to identify the degree to which Nebraska may or may not be experiencing an increase in new enterprises. The potential benefit is that new enterprises tend to represent economic growth and have a significant impact on growth rates. Between 2000 and 2005, the number of these establishments nationally increased 5.8 percent between 2000 and 2005 and in the bordering region it increased 5.66 percent. Nebraska, by contrast, experienced a 4.33 percent increase in business establishment counts during that same period.

That said, there were also a number of sectors where business growth in Nebraska outpaced both the nation and the neighboring region. Those sectors include mining, manufacturing, transportation and warehousing, information firms, professional and technical service firms, management of companies, and health services.

Due to increased globalization, free-trade agreements, and the transition to more service-oriented business activity, manufacturing is a sector of the nation’s economy that has been experiencing increased innovation over the last thirty years. Many have lamented the sectoral shift away from manufacturing as many of the associated jobs are relatively high-paying positions that generated a substantial amount of economic activity. That said, Nebraska appears to be effectively attracting new manufacturing businesses to the state. While both the nation and the neighboring region experienced an increase in manufacturing business startups between 2000 and 2005 Nebraska posted a 1.06 percent increase in manufacturing.

Mining and Warehousing has been a source of substantial economic success in the Midwest and Great Plains regions of the United States for a number of years. Firms in this sector are those engaged in the transportation of passengers and cargo (including trucking, rail, pipelines, and air transport), as well as the warehousing and storage of goods. Nationwide the number of businesses engaged in such activities increased 11.40 percent between 2000 and 2005, while the number of these establishments nationally increased 12.84 percent between 2000 and 2005. However, in Nebraska, the increase was 14.85 percent, only slightly slower than the 15.32 percent increase posted in the state.

While the nation and its neighboring region is in the Health Care Services sector, Nebraska has well outpaced both the nation and its neighboring region. The number of such businesses in this sector increased 12.84 percent nationally between 2000 and 2005. However, in Nebraska, the increase was 14.85 percent, only slightly slower than the 15.32 percent increase posted in the state. The sector “Management of Companies and Enterprises” is essentially companies that hold and manage securities and other equity interests for other firms. Here, too, Nebraska has well outpaced both the nation and its neighboring region. Since 2000, the number of these establishments nationally increased just under three percent, in Nebraska a 17.06 percent increase was recorded.

The final sector where Nebraska appears to be out-flanking the nation and its neighboring region is in the Health Care Services sector. The neighboring region and the nation, the number of health services firms increased 13.33 percent and 15.03 percent, respectively, between 2000 and 2005. In Nebraska, the number of enterprises in the health services sector increased 16.45 percent.

Hence, while the overall increase in Nebraska businesses is slower than its neighbors or the nation, certain key sectors register faster growth rates than their counterparts. The potential benefit for Nebraska, however, is that the sectors where the state is gaining are relatively high wage and salary sectors. Table 2 supplies average wages per worker from the U.S. Bureau of Labor Statistics for these sectors. The following table shows the number and growth of businesses in Nebraska between 2000 and 2005:

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,719</td>
<td>2.88</td>
<td>104,028</td>
<td>9.23</td>
</tr>
<tr>
<td>Total smaller sectors and unclassified enterprises</td>
<td>2,134</td>
<td>2.56</td>
<td>120,382</td>
<td>9.86</td>
</tr>
<tr>
<td>Professional, scientific, and technical services</td>
<td>4,640</td>
<td>3.46</td>
<td>100,338</td>
<td>10.16</td>
</tr>
<tr>
<td>Financial and insurance</td>
<td>414</td>
<td>9.23</td>
<td>8,532</td>
<td>10.16</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>414</td>
<td>9.23</td>
<td>8,532</td>
<td>10.16</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>160,853</td>
<td>15.32</td>
<td>570,003</td>
<td>15.03</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>160,853</td>
<td>15.32</td>
<td>570,003</td>
<td>15.03</td>
</tr>
<tr>
<td>Health Services</td>
<td>42,374</td>
<td>16.45</td>
<td>271,134</td>
<td>18.01</td>
</tr>
</tbody>
</table>
Economic Analysis in the United States for the sectors of interest for the year 2007. As one can see, in every instance save one, the average wage and salary levels are greater than the national average. Hence, where business growth is making gains in Nebraska, the resulting impact on incomes is favorable to the state.

Table 2. Wages and Salaries (per worker) by sectors in 2007

<table>
<thead>
<tr>
<th>Sector</th>
<th>Wages and Salaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Average</td>
<td>$43,290.79</td>
</tr>
<tr>
<td>Mining</td>
<td>$63,520.60</td>
</tr>
<tr>
<td>Agriculture and Forestry</td>
<td>$18,200.99</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>$20,313.75</td>
</tr>
<tr>
<td>Finance</td>
<td>$19,778.44</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>$31,712.36</td>
</tr>
<tr>
<td>Management of companies and enterprises</td>
<td>$28,814.30</td>
</tr>
<tr>
<td>Hospitals and health services</td>
<td>$45,386.77</td>
</tr>
</tbody>
</table>

Non-metropolitan Nebraska
A natural question to ask at this point is: where are most of these new enterprises located within Nebraska? Nearly 50 percent of the state's population is located in its two largest cities – Omaha, and Lincoln. The remainder of the state can largely be characterized by Omaha and Grand Forks. The remaining counties of residents might suggest that most of the new businesses are being established in the Omaha and Lincoln area. However, upon further investigation, it appears that this is not the case in every instance. In some cases, enterprise growth is much more rapid in less densely populated areas of the state.

To investigate this further, the state is subdivided into nine regions, following the designations delineated in a study developed of the University of Nebraska's Rural Initiative by Goss, et al. (2006). Of the nine regions, two are metropolitan centers, primarily Omaha and Lincoln. The remaining seven regions are mainly non-metropolitan. These regions were defined based on clusters of smaller cities (and adjacent non-metropolitan areas). However, none of these clusters is entirely heterogeneous, and proximity to key economic characteristics, such as Interstate 80 or cities in adjacent states (such as Sioux City, Iowa), each of the industrial sectors cited above will be analyzed in these regions. Table 3 lists the Nebraska Counties that comprise each region and Map (above) provides a depiction of these areas. These nine areas comprise the different economic regions of Nebraska:

- Region 1 includes Omaha and counties where most of its suburbs are located.
- Region 2 includes Lincoln and counties with substantial commuting to Lincoln or to other adjacent counties in the region.
- Region 3 (Southeast Nebraska) includes the agricultural region of Southeast Nebraska. The area also contains Nebraska City, one of the larger towns in this region.
- Region 4 (Central Nebraska) is defined in part by counties that are in the vicinity of Interstate 80 and include Grand Island, Kearney, and Hastings.
- Region 5 (Northeast Nebraska) encompasses the portion of northern and eastern Nebraska that is closest to Sioux City, Iowa.
- Region 6 (Sandhill) is composed of counties in the Sandhill region of Nebraska. The largest towns in the region include Broken Bow and Valentine.
- Region 7 (Norfolk/Columbus) is defined by Columbus and Norfolk as urban centers. The region also contains counties that are in the vicinity of Interstate 80 and include Keya Paha, Dorrance, and Fairbury.
- Region 8 (Southwest Nebraska) also is defined in large part by counties that are in the vicinity of Interstate 80 and includes North Platte, Lexington, and Ogallala.
- Region 9 (Western Panhandle) encompasses the Panhandle area of Nebraska. Scottsbluff is the largest city in the region.

In summary, these nine regions delineate recognizable areas of the Nebraska economy and include the principal cities and counties in each of these economic areas.

Table 4 shows growth in business enterprises between 2000 and 2005 for Nebraska's nine regions in each of the sectors where Nebraska outperforms the nation. In some instances, the primary areas of locational preferences for business enterprises are in Regions 1 (primarily Omaha) and 2 (primarily Lincoln). This tends to be the case with firms in Financial, Professional, and Technical Service, and Health Care sectors. That said, even within these sectors, there has been some substantial growth in business enterprises in non-metropolitan regions of the state. In regions 7 (Norfolk/Columbus), 8 (Southwest Nebraska), and 9 (Western Panhandle), for instance, the number of Health Care enterprises increased by 16.13 percent, 14.04 percent, and 11.35 percent, respectively, between 2000 and 2005. Growth in Professional and Technical Service firms was 15.71 percent in region 8 as well, outpacing the state.

Table 5 displays information, based on national employment figures, on how Nebraska's key growth sectors have responded in previous recession periods. The table presents the average percent change in employment from the beginning to the end of a national recession. Two recessions were considered in these calculations: the recession dated from January 1990 to March 1991, and the recession dated March 2001 to December 2001.

As can be seen from the table, there is reason for concern over new business activity in the manufacturing sector of Nebraska. Of the sectors identified, manufacturing tends to be the most susceptible to contraction during recessions, averaging a 4.5 percent employment reduction during recessions.

Prospects for the Future
The current evidence does suggest some positive economic conditions for the state of Nebraska and its associated non-metropolitan regions. However, it is important to address how the gains made between 2000 and 2005 can be sustained in the future. This is particularly important to consider given the current state of the national economy. According to the Bureau of Economic Analysis, the United States' economy slipped into recession in December of 2007, driven mostly by substantial declines in the nation's housing sector. At the time of this writing, the current economic downturn will in all likelihood prove to be one of the more substantial in history, both in terms of duration and magnitude. Looking forward, what are the prospects for Nebraska given both the current national economic climate as well as the source of business growth the state experienced between 2000 and 2005?

A potential benefit of Nebraska's economy, particularly in its metropolitan regions, is that it tends to be more diversified in sector composition than in many other states. For instance, states such as Ohio and Michigan have economies that are heavily concentrated in manufacturing sectors – in particular, the automobile industry. Manufacturing sectors tend to be highly cyclical in nature. They enjoy substantial gains in business activity during economic expansions but also experience substantial job losses and business closings during economic contractions. As discussed above, the sources of business growth over the period 2000 to 2005 in Nebraska have come from a variety of different economic sectors. However, none of the sectors highlighted above, except possibly for the health services industry which is influenced more by demographic changes than economic ones, are immune to the ravages of a national (indeed, worldwide) recession. Thus, these sectors do respond differently to economic cycles.

Table 5. Sectoral Response to Historical Business Cycles

<table>
<thead>
<tr>
<th>Sector</th>
<th>Avg. Periodic Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation and Warehousing</td>
<td>-3.21</td>
</tr>
<tr>
<td>Real Estate and Rental Leasing</td>
<td>-0.51</td>
</tr>
<tr>
<td>Professional, Scientific,  and Technical Services</td>
<td>-4.32</td>
</tr>
<tr>
<td>Health services</td>
<td>-0.72</td>
</tr>
<tr>
<td>Finance</td>
<td>-1.37</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-2.01</td>
</tr>
<tr>
<td>Agriculture</td>
<td>-0.50</td>
</tr>
<tr>
<td>Mining</td>
<td>-0.50</td>
</tr>
<tr>
<td>Construction</td>
<td>-0.50</td>
</tr>
<tr>
<td>Utilities</td>
<td>-0.50</td>
</tr>
<tr>
<td>Retail Trade</td>
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</tr>
<tr>
<td>Educational Services</td>
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</tr>
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</tr>
<tr>
<td>Leisure Way</td>
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</tr>
<tr>
<td>Public Administration</td>
<td>-1.35</td>
</tr>
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</table>


http://www.bls.gov/data/#employment. The percent values presented in the table represent the average of the two percent changes in employment over these two recessions. Previous recession periods were not considered due to definitional changes in industrial classification which makes sector comparisons prior to 1990 impossible.

Note: The recession dates are defined by the National Bureau of Economic Research (NBER), and can be found at http://www.nber.org/cycles.html. The employment data presented in this table are the Bureau of Labor Statistics’ Current Employment Statistics as recorded by the Bureau of Labor Statistics. The data in the table are the result of the Bureau of Labor Statistics’ statistical processes. The http://www.bls.gov/data/ employment count. The percent values presented in these tables represent the average of the two percent changes in employment over these two recessions. Previous recession periods were not considered due to methodological changes in industrial classification which makes sector comparisons prior to 1990 impossible.
It is noteworthy that Nebraska has enjoyed increased business activity in the health services sector, a sector which is largely driven by demographic composition of a region and is, in effect, not susceptible to business cycles. Indeed, over the last two recessions, employment actually expanded in this sector by 2.9 percent. Since most of the new business growth was concentrated in Region 1 of the state, this tends to bode well for the city of Omaha and its ability to weather the current economic storm better than other comparably-sized cities elsewhere in the nation.

Key Sources of Growth

Focusing particular attention on Nebraska’s non-metropolitan regions, it is worth pointing out that, while it is likely that the current national recession will adversely impact these economies, there is some hope that any contraction in business growth will be mitigated relative to other non-metropolitan regions in the nation. One key source of business growth in Nebraska has been the transportation and trucking sectors, where many regions experienced significant upturns in such businesses between 2000 and 2005. While this sector is not immune from recessionary slowdowns, the effect is muted, at least with respect to manufacturing sectors. Indeed, the average employment decline over the previous two recessions was a relatively modest 2.0 percent. Hence, for certain sectors of the non-metropolitan economy, a large cyclical downturn will likely be avoided.

From a longer term perspective, one might wonder about sustained growth in Nebraska and its non-metropolitan economies. For Nebraska’s metropolitan economies (Omaha and Lincoln), it is reasonable that continued growth will arise from the information and health care services sectors. In urban areas, there are nonetheless some potential sources of economic activity in non-metropolitan areas as well. Indeed, substantial efforts have been made recently by the DED in conjunction with the Nebraska Trucking Association, to bill Nebraska as a natural warehouse and distribution center for the nation, exploiting a number of characteristics favorable to trucking and transportation in the state. According to a recent study of Nebraska transportation and logistics potential, the state has a number of natural advantages over other states for this purpose. First, the transportation infrastructure in Nebraska is quite favorable, with its nearly 500-mile Interstate 80 west-east stretch across the state, and nearly 300 miles of south-south routes that support the north-south flow of goods along the so-called NAFTA trade corridor. Second, the state’s geographic location is advantageous. It has been estimated, for instance, that one day’s worth of trucks traveling the state’s highway network is sufficient to service 26 percent of the continental United States’ population and households. Finally, there is a substantial amount of surplus labor with demographic characteristics conducive to trucking in many non-metropolitan areas of the state. Much of this labor comes from individuals who are closely tied to the area, ill-inclined to relocate, yet are finding agricultural employment more difficult to come by. As a matter of employment alternative, trucking is relatively a low cost alternative for many such individuals. Indeed, several Nebraska colleges and universities have developed certification programs to aid in the education and training of truckers. It is also to the point that major companies such as Walmart, Farmland Foods, and Crest Carrier Corporation. In fact, the Nebraska Department of Economic Development (DED) has targeted this sector as being a key growth sector to the state’s economic future.

Conclusion

Given the rather bleak economic outlook for the United States’ economy, it is natural to conclude that as goes the nation, so goes Nebraska. However, while some economic contraction should be expected in the state and some concerns are quite justified, it is advisable to consider a few sources of possible short- and long-term growth for the state. As far as Nebraska’s metropolitan regions are concerned, there appears to be some positive prospects for continued growth in the health services sector of those economies. In non-metropolitan regions, sectors such as transportation and trucking are likely to continue to be a source of long-term growth in those economies. Despite economists’ best efforts, the ability to accurately predict the future path of any economy has proven quite elusive. How things will ultimately play out is anyone’s guess. This essay has highlighted some potential bright spots that are worthy of attention.

References

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For more information visit www.unl.edu/sdn/economy
Eight years ago, on my first business trip to Omaha, I found myself driving west on Dodge Street searching for an address in the Old Mill neighborhood. My directions were poor, so I stopped for a cup of coffee at Westroads Mall and asked directions beyond I-680 to the West of the shopping center. The pleasant clerk in her mid-50s frowned and said, “I’m sorry, but I don’t go any farther than here.” I was speechless, but she explained that she lived in North Omaha and she simply didn’t travel any further “out there.”

To me – a native of New York, married to a remarkable native Nebraskan, who is still grieving over 9/11 and is the victim of more than 100K annual air miles – I didn’t know what to think. It reminded me how we create our own limitations; indeed, that the limits of our beliefs are the boundaries of our world.

After a year of regular travel back and forth, we decided to move to Omaha from New York. It is our home by choice, rich with friends and experience, flush with the gifts of the city’s arts, entertainment and culture and alive with connection. In irony’s darkness, after five years of daily celebrating our choice to move to Nebraska, my wife died unexpectedly last year. But I decided to stay. This is now my home.

While I daily celebrate our decision to move to the Center, which is how I think of our state, I lament that our small, spirited collections of communities and interests aren’t better aligned. And that we don’t celebrate enough the gifts that surround us. As a New Yorker, I was starved for horizons. Here we are rich in breathtaking landscapes, surprising beauty and simple treasures, sunsets to rival anywhere we’ve lived, from Los Angeles, Florida, Denver, and Manhattan. We don’t have mountains or oceans, but we have people who embody the very spirit of enterprise: plucky souls who settled into hardscrabble lives to create, build, bond and believe that this state was a home worth making.

Nebraskans care for one another in the aftermath of a tragic mall shooting, or in the generosity of gifts of time and talent to anyone in need. We show up. School concerts, football games and even author signings at local bookstores always are sold out. We take care of our homes and we protect our neighborhoods. People count.

But in my second sad irony I feel compelled to suggest that as a state we suffer a deficit of connection. I spend time in Lincoln, too, and in some of the “Out State” towns of my friends and in lawns. At times it feels as if we are trying to align three disparate mini-states: the “big, bad” Omaha (I still think of the city as a big town); Lincoln, a city of civil servants, students, professors and college workers; and the huge open space of The Rest. The only time I think we feel like a single state is during Husker football games when 85,000 of us fill Memorial Stadium in shared support of a team on the way back.

It has been suggested that the widest gulf is between our cities to the East, and the rest of the state. One barrier to the sense that we are One State may be how we share the revenues that fuel government services, schools and essential infrastructure. Omaha makes up more than half of Nebraska’s GDP, and more than 80 percent of our state’s cities, towns and counties count on shared revenue to meet their budgets. This sets up an awkward taffy pull for resources, attention and priorities. Small towns resent the “big, bad” revenue generators, and urbanites often feel cheated. Absent a common framework to set sensible tax policy and create a compelling invitation to capture new enterprises for our state, along with growing existing businesses, Nebraska’s economic development engine runs at half-speed.

If we are to prevail during this time of profound erosion in our economy, we can’t wait long to learn to surf on the shifting tectonic plates of eroding markets and uneven spending. It’s time to surface and exploit our best values and instincts to challenge this painful mythology of “three” states, perhaps in time to discover the historic gifts and well-honed experience we bring to reinvention and renewal. In America, we now suffer because greed took trust hostage. In that same spirit, we will severely diminish our state’s potential – in ideas, resources, in the chance of attracting and keeping our best young people – if we don’t suspend the limitations of a shorthand about our small state’s “three mini-states.” We need to link and leverage our best thinking, our proven capacity to deliver on our promises, our history of fiscal conservatism (which can fuel big ideas); and the spirit of a pioneer people to compete economically in a complex global world.

At times the Omaha-Lincoln I-80 corridor feels like a broken trail between two combative neighbors, one committed to being “more than,” while the other persists in feeling “less than.” And folks to the west feel both ways about the two of “them.” How sad for all of us.

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Roger Fransecky, Ph.D.
Apogee Group

It isn’t easy to grow our local businesses, create lasting work and attract smart new players. We aren’t an inexpensive state. My former neighbors in Manhattan are surprised by the heft of our property taxes and the average cost of living, because national ignorance of those of us in The Middle is profound. I still have London clients who ask, “how is it in Oklahoma?” Isn’t it time to take a new look at economic development and the state of our state?

If we have a True North as a state, let’s map it anew. I propose we initiate a state-wide set of “courageous conversations” about what we believe about Nebraska and collect citizen leaders from all three “mini-states” to conduct a listening tour. Don’t we need to discover the fears and beliefs of all of our communities who care to welcome these authentic conversations? It isn’t time to surface and exploit our best values and instincts to challenge this painful mythology of “three” states, perhaps in time to discover the historic gifts and well-honed experience we bring to reinvention and renewal. In America, we now suffer because greed took trust hostage. In that same spirit, we will severely diminish our state’s potential – in ideas, resources, in the chance of attracting and keeping our best young people – if we don’t suspend the limitations of a shorthand about our small state’s “three mini-states.” We need to link and leverage our best thinking, our proven capacity to deliver on our promises, our history of fiscal conservatism (which can fuel big ideas); and the spirit of a pioneer people to compete economically in a complex global world.
Beautiful Nebraska, peaceful prairieland,
Laced with many rivers, and the hills of sand;
Dark green valleys cradled in the earth,
Rain and sunshine bring abundant birth.

Beautiful Nebraska, as you look around,
You will find a rainbow reaching to the ground;
All these wonders by the Master’s hand,
Beautiful Nebraska land.

We are so proud of this state where we live,
There is no place that has so much to give.

Beautiful Nebraska, as you look around,
You will find a rainbow reaching to the ground;
All these wonders by the Master’s hand,
Beautiful Nebraska land.

Jim Fras was a refugee from Russia who moved to Lincoln in 1952. In 1960, Fras and Guy Miller wrote the words to Beautiful Nebraska. Fras set the words to music. On June 21, 1967, the Nebraska Legislature approved legislation adopting Beautiful Nebraska as the official state song.