

# STRATEGIC DISCUSSIONS FOR **nebraska**



## NEBRASKA'S ECONOMIC FUTURE



## Acknowledgements

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Strategic Discussions for Nebraska benefits from the involvement and advice of an external advisory board. We wish to express appreciation to the board members:

**Jonathan Brand, J.D.**, President of Doane College in Crete

**Dr. Eric Brown**, General Manager of KRVN Radio in Lexington

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We also wish to thank the ex-officio board members:

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## Dear Readers:

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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.

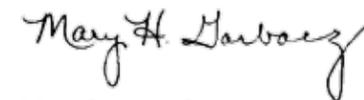
This magazine focuses on Nebraska's economic future. It includes a summary of our findings; stories based on individual interviews; summaries of community conversations; and five articles written specifically for this magazine. The articles represent varied geographical perspectives as well as perspectives 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](http://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:  
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# NEBRASKA'S ECONOMIC FUTURE

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# Nebraska's Economic Future



Nine Mile Prairie

# ECONOMY

## Introduction

### Nebraska's Economic Future

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, and they support the University of Nebraska-Lincoln's Nebraska Innovation Campus, which will be built in Lincoln on the site of the Nebraska State Fair when the fair moves to Grand Island in 2010.

Nebraska exported nearly \$5.5 billion dollars worth of agricultural and manufactured goods in 2008. That's up from \$3.6

billion in 2006 and \$4.2 billion in 2007. According to Greg Ibach, Director of the Nebraska Department of Agriculture, exports bring the state a steady flow of domestic and international sales and allow the state to remain strong during financial cycles that affect the U.S. and other countries. Nebraska is fortunate to have not only the natural resources to produce some of the best agricultural products – and can source the needed parts and material for the manufactured products – but also has the people with the needed background, knowledge, experience and work ethic to produce the quality products, Ibach said.

#### Importance of Education and Technology

There are no greater proponents of education than people in greater Nebraska. The state's education system is good and is one of the drawing cards for businesses interested in locating in the state.

Nebraskans know that jobs today and in the future will require more knowledge of technology in all its forms. Whether people work in information technology in Omaha, farm near Cozad, ranch near Mullen, read x-rays in Ord, work on locomotives in Alliance or conduct research in one of dozens of locations in the state, they'll have to know technology.

Technology requires consistent broadband access and capacity that statewide, 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.

Infrastructure necessary for every viable community includes water, sewer, electricity, roads and Internet access. Additional infrastructure needs are schools, health care facilities,

power plants, transportation and communication.

It's expensive to build these things and expensive to maintain existing facilities. Dr. Doug Kristensen, Chancellor of the University of Nebraska-Kearney, told us many of the state's school buildings were built about the same time – about 100 years ago – and are beginning to crumble, requiring extensive and costly repairs or replacement.

#### Changing Nebraska's Layout?

The Strategic Discussions for Nebraska team interviewed a number of people who believe Nebraska should change its county structure.

Ninety-three counties were needed when people had to use a horse and buggy to get to the county seat, but some say the state could save money if the counties were merged, creating about 15 larger counties. Others say there would be few dollars in savings and would widen the gap between greater Nebraska and eastern Nebraska in accessibility to services.

Others suggest a "hub and spoke" regional layout, in which one town would be the hub and about 10 or 12 smaller communities would be the spokes. Trouble is, everybody wants to be the hub.

What makes the most sense? Send your opinion to me at [sdn@unl.edu](mailto:sdn@unl.edu). We'll post the results on the Strategic Discussions for Nebraska website: [www.unl.edu/sdn](http://www.unl.edu/sdn).

#### 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. ●

## Interviews

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.

# Focus on Youth, Opportunities, Bringing Nebraska Together

Whether it's Facebook, MySpace, Twitter, LinkedIn or other social networking sites, the Nebraska Department of Economic Development is using them to stay in contact with the state's young people.



Richard Baier

Photo Courtesy of Nebraska DED

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 professional clubs forming across the state," Baier said. They started in Lincoln and Omaha as social networking clubs for young people and that model is spreading across the state, allowing young professionals to move back to a rural community and still feel that they have a social network.

## Expanded Opportunities

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 people to know us for other things, like the information technology sector."

Yahoo! announced in 2008 that it will locate a customer care center and a data center in the Omaha area in 2009. That put Nebraska on the national agenda for the information technology industry, he said. Many national companies are driven by former Nebraskans. For example, PayPal in Omaha is owned by a gentleman from Hershey, Baier said.

Communities are determining their strengths and marketing themselves based on those strengths; Hershey is one example. That community identified that it has an exceptional school system; it is 12 minutes from North Platte and eight minutes from the Union Pacific rail yard. Hershey has chosen to grow its housing, Baier said, and people who work in North Platte can choose to live a more rural life in Hershey.

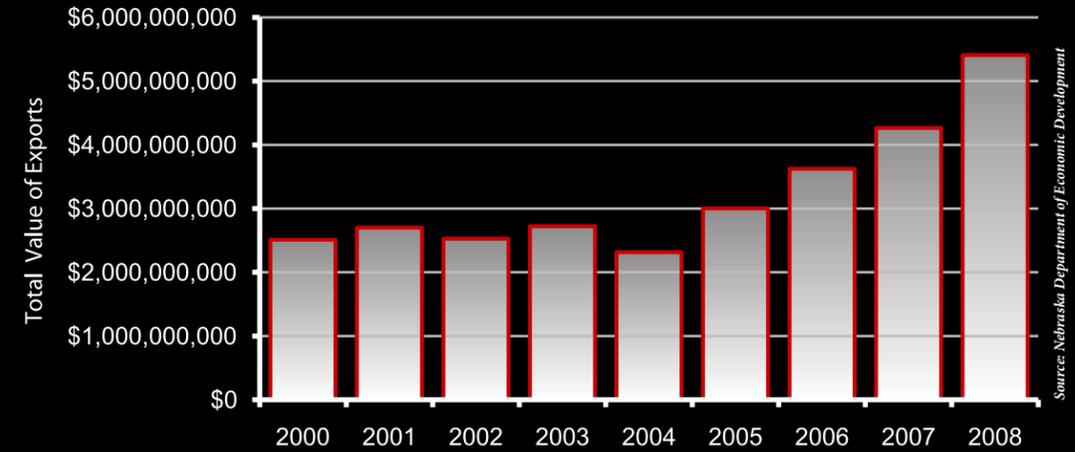
Information technology allows a designer for Boeing to work out of her home in rural Nebraska, partnering with another designer in India. She works on designs during the day, then sends them electronically to the designer in India who, because

global time difference, works on the designs during

"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."

- Richard Baier, Director of the Nebraska Department of Economic Development

Value of Nebraska Merchandise Exports, 2000 to 2008



Source: Nebraska Department of Economic Development

India's day. As the sun rises in Nebraska, the designs are sent back to rural Nebraska.

## Nebraska's Global Economy

The Nebraska Department of Economic Development hosted a reverse trade mission in September of 2008; 130 international business leaders representing five continents came to Nebraska for a week to learn what Nebraska has to offer in science, industry and agriculture. In the evenings, Baier said it was interesting to watch the social environment as everyone realized priorities are the same in all cultures – safety, security and family.

That kind of activity leads to cultural appreciation, which leads to business opportunities down the road, Baier said.

"We are developing a global culture because there is so much travel back and forth," he said. Maybe a student from China goes to the movies here and develops an appreciation for popcorn, then goes home and imports it from Nebraska. Maybe it's finding a sushi bar in Lincoln, Nebraska, he said.

## Helping Communities

Baier said there are program representatives that go into communities to help them identify priorities and focus on long-range planning. Some community development groups are bringing in high school students into their board of directors and learning what young people are looking for in a community.

Growing Nebraska and its communities means strong and consistent leadership, and it's a marathon, not a 100-meter sprint. Part of the leadership training model is to bring in young people to identify community assets and leaders, then allow leaders time to attend leadership training.

If a community hires really good, young staff and compensates them well, those leaders can organize volunteers and activities and get everyone going in the right direction, Baier said. Most communities have tons of energy on the volunteer side, but a paid staff person can "cut the path for them," he said.

In greater Nebraska, part of the department's challenge is to have good, strong communities to sell. "It's a bit of a competition," he said. Nebraska competes with other attractive states, but also countries – like India.

"We have to know the labor force, buildings and building

sites, websites. You go to a community website in most places in Nebraska and you'll know real quickly who understands," he said. 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. "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 get 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/sdn/economy](http://www.unl.edu/sdn/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.



Greg Ibach

Photo Courtesy of Nebraska Department of Agriculture

"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 wants to make that work, Ibach said.

But there's a clash when it comes to the work force and who's going to do the hard work of growing, processing and shipping agricultural products, Ibach said. Immigrants have been supplying much of the agricultural labor force in Nebraska, but the attitude in some communities is that immigrants are taking the jobs from Nebraskans. "People think they (the native-born

Nebraskans) should have those jobs, but they don't want to work hard enough to do them. But they don't want others to come in and 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. "Sumner is a few miles from Kearney, a few miles from Lexington," he said. Sumner 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.

Lifestyle and cost of living are also contributing factors pulling people back to a future in farming, he said. The relative safety of a smaller community compared to a large city is attractive to people, he said.

## Farming 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/sdn/economy](http://www.unl.edu/sdn/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."

- 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 bring revenue into the state, so that explains why education and health care aren't listed, even though they are big players, she added.

"The ag economy gives us a stable base," she said. "People are going to have to eat, and Nebraska has a rich base of resources in terms of soil and water – and that's not going away." Even



Dr. Sandra Scofield

when the state experiences economic downturns, that stable base, combined with the state's constitutional requirement of a balanced budget ("we're not wild spenders in Nebraska") buffers the state from the most severe effects.

### Rural vs. Urban Incomes

However, some trends are emerging that concern Scofield. Nebraska statistics show that Nebraska is one of the top five states in the country in which people have two or three jobs. Nebraska has more women in the work force than any other state. "We may have more people at a subsistence level than we would like to think," she said.

Some of the people in the statistics show up as entrepreneurs, but they're not. "It simply means that a person may have had a job with a company that said 'you don't have this job anymore, but we'll contract with you,'" Scofield explained. That means you won't make as much money and you probably won't have benefits, she added.

In terms of wealth people have at their disposal, Nebraskans are getting poorer in some areas of the state. Some of the statistics can read differently depending on when and where the numbers were collected. In an ag state, prices fluctuate, so if the numbers are collected when cattle prices are bad, "you're going to look poor," she said, "but if you look at the incomes in rural Nebraska, they are considerably below Omaha."

Certain counties always show up in statistics, she said; Thurston County, with its two Indian reservations, always comes up in poverty statistics. Some statistics show that Nebraska has three of the poorest counties in the United States.

Nebraska needs a stream of well-educated people to stay economically healthy, she said. That need will increase in the future, with technology being a part of nearly every career. However, the state is short of workers of any kind, just like many states. In fact, states are competing for the educated, technically-trained work force. Education and technology often combine to produce higher incomes, which benefit the state.

Omaha, with its expanding information technology industry and Fortune 500 companies, attracts many educated workers from greater Nebraska and from other states. Although Omaha generates 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 provide 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](http://www.unl.edu/sdn/economy)

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

## 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.

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 cellulosic ethanol production, some of the pressure on corn 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 takeoff," 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

"I think the research campus at the university is going to be a tremendous engine for new growth and an incubator for new knowledge."

- State Senator Bill Avery  
District 28

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 in Lincoln 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 7,500; 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 a hugely expensive one," Avery said. "And 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 twice proposed a bill to get 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 scholarships. "It keeps people here, 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

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," he 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



State Senator Bill Avery, District 28

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 StratCom, 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. ●

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## Agriculture, Incentives, Education Vital to Nebraska's Future

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 work force, 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, too," 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 pointed to farming and ranching, but also to agribusiness, research and development, the ethanol industry and other technological developments in the ag industry as examples.

The governor leads agricultural trade missions to countries in many parts of the world, arranging sales of Nebraska's products. "We can make a difference as a state when we go on a 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.



Nebraska Governor Dave Heineman

Just as agriculture continues a rapid pace of change, the governor believes the future of the entire state will be one of change and growth.

Looking out a decade or two, "I think you'll see an ever-expanding Nebraska, creating jobs we never dreamed about because of the rapid advances in technology," he said. Agriculture will continue to be the foundation of the state, he said, and the transportation industry will be increasingly important as the state's products are moved worldwide. The business, financial and insurance sector is going to continue to grow, as will the alternative energy sector, including ethanol, wind, solar and biodiesel.

"You're going to see a Nebraska that's thriving, that's creating the kind of jobs that will attract people from New York City as well as Los Angeles because they love our quality of life," he said. "With technology, you can locate anywhere in the world, and we're going to see more and more of that. We're going to be a leader in the Midwest and throughout America." ●

For more information visit [www.unl.edu/sdn/economy](http://www.unl.edu/sdn/economy)

## Nebraska Population Aging, Shifting East

It started nearly 50 years ago...in the 1960s. Young people began moving out of Nebraska's rural areas and into larger communities, and that's where they had their children. Slowly, almost imperceptibly, the state's demographics began to change.

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, it is the lead agency for 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.

### Rural, Urban Population Shifts

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 of strength that we see 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 changing. 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 those people came from other countries; however, 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 again. "We're losing people to other states, but we're gaining folks from other countries," he said. "The net out-migration is about a thousand or 1,500 a year, but it's a shift from what we had 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 foreign-born costs were 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 still in Omaha; you have 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 boom, then 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 and Nebraska will start to see an increase in the older population. But in 15 or 20 years, there will really be an increase in the 65-and-older population, he said.

"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 30s will be replaced by the larger group born in the 40s and 50s, which will be the over-65 population in just a few years. The population under 18 years of age will increase slowly, he said.

The rapidly-increasing older 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 depended 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. He cited farmers as an example of people who don't retire; "they may do things differently, but they're still working," he said. ●

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# 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 big role in the global economic effort, 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 Nebraska 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.

"When I traveled the state, what became so clear was that numbers don't count," she said. "You have to create those links with other states in order to create economic potential." If you don't have adequate roads, you don't have adequate economic opportunities. And in many areas, they don't reach 450 vehicles per day – but they still need to have paved roads.

Campbell's 25th district has the issue of the south and east beltways, which may eventually be part of Lincoln's transportation network. The south beltway would connect U.S. Highway 77 with Nebraska Highway 2, while the east beltway would connect Nebraska Highway 2 with Interstate 80. One of the considerations, she said, is "how to grow a community the size of Lincoln and still protect the integrity of small communities?" Unlike Douglas County, Lancaster County has more small communities to protect, but transportation connectivity with Omaha is increasingly important.

One of Nebraska's strengths is in its location in the center of the United States, she said. In fact, she believes Nebraska could be an air and rail transportation hub. "It's not outside the realm of possibility," she said.

### Technology

Technology is affecting every area of the state – from broadband capacity and access to converting commodities to fuel. Internet connectivity allows people to live in smaller communities and still conduct business globally.

"What a lot of potential here – to bring a network to areas all across the state. We can create a network and a link to every region," she said.

## Working Together

"If you're going to maximize your efforts in a small-population state, you're going to have to rely on the networks you create," Campbell said. But those networks don't just happen; they need to be structured and purposeful and should involve a wide group of Nebraska's existing businesses, educational institutions and representatives from local, state and federal government.

Representatives from these groups should consider meeting annually to have purposeful conversations about moving the state forward economically.

"When you see things happening, you see the ripple effect," she said. "I do see Lincoln and Omaha collaborating regionally. And that's why, as a senator from the Lincoln area, you really want to see both communities prosper and grow economically," she said.

## The Human Services Aspect

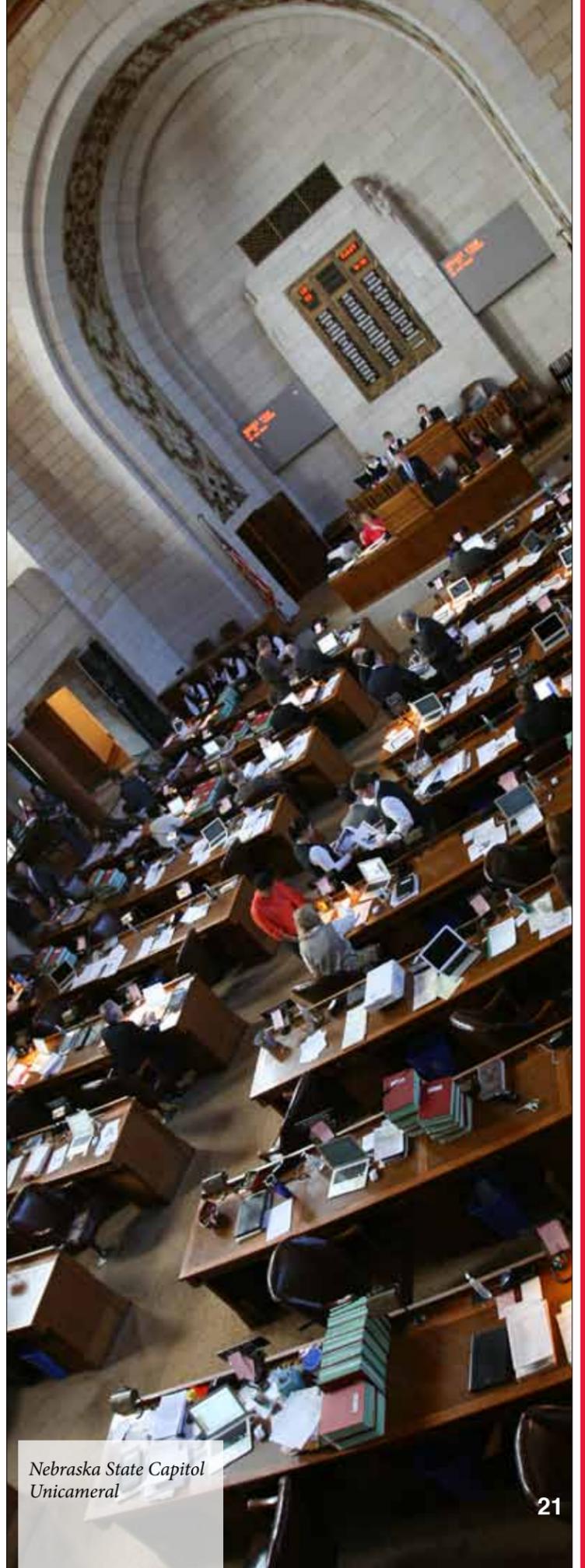
Campbell helped start the Nebraska Committee for the Prevention of Child Abuse and has always been involved with issues involving children, including a seat on the Medicaid Reform Council. She serves on the Health and Human Services Committee in the Unicameral, as well as the Transportation and Telecommunications Committee.

"Unless we have a very solid economic development focus in this state, so much of what I advocate for children and families can't happen unless they have a good job and a way to care for themselves," she said. ●

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“We either plan for how we're going to be a part of the global economy, or we lose big time.”

- State Senator Kathy Campbell  
District 25



Nebraska State Capitol  
Unicameral

## Lincoln, Omaha Must Cooperate for Future

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 eventuality.

“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 is able to develop. The research and the associated business and industry are probably the most likely pathways to further economic growth and vitality for Lincoln, and we are actively pursuing that,” he said.

The University of Nebraska-Lincoln's Innovation Campus will be built on the site of the Nebraska State Fair when the fair moves to Grand Island in 2010. 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 lucrative jobs.

The University of Nebraska system has four campuses: the University of Nebraska-Kearney; the University of Nebraska-Lincoln; the University of Nebraska-Omaha and the University of Nebraska Medical Center. The latter two are located in Omaha. Beutler believes there are many opportunities for cooperation. “There's overlapping

research between the Medical Center and the sciences over here (at UNL); certainly there are possibilities for collaboration in that way,” he said. The space law program in the University of Nebraska-Lincoln's College of Law, for example, could be a collaborator with StratCom, 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 work force 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 as time passes, “I look for those areas to stabilize, but I'm not sure that means growth. It may simply mean the end of the drain (on rural Nebraska).”

But if that drain ends, it will put more pressure on Lincoln and Omaha because those cities' workers come from the rural areas. “So that should cause us to think about the need for immigrants and how that fits into our outlook on policy. I'm not sure people generally see immigrants as needed right now — but they are,” he said.

At this time, Nebraska doesn't produce enough good jobs to keep people here, but the mayor's office is working on private sector growth and public-private partnerships that will create good jobs and new jobs.

A proposed 15,000-seat arena is one of the projects the mayor hopes will be built



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.

“First of all, it will mitigate the bleeding that's occurring right now with regard to the loss of statewide tournaments of one sort 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 they will continue to come if we get a new arena. That income 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 happy to stay here, live here and raise their families here. So the arena's important from our perspective.” ●

For more information visit [www.unl.edu/sdn/economy](http://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 12 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 small population – 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 the state, 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, can a piece of 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 should still attempt to recruit new companies, supporting 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.

“If 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 hurtful to communities,” Kotsiopulos said.

Kotsiopulos said he's been in meetings talking about cooperation and leadership and the importance of integrating young people into the decision-making process in communities. “I've had some people get up and say ‘that won't work here,’ and ‘it's easy to say,’ and ‘you know, you're right, I'm out of here,’” he said. If that attitude is permeating the community, it will be hard for a struggling community to survive.

### Education and Opportunities

Nebraska's economic future will require an educated work force in greater numbers than currently exist due to advancement in technology. Students can get 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 somebody doesn't say ‘oh, I wish I had known that existed,’” he said. Institutions of higher education and employers need to do a better job of communicating with one another regarding available jobs and qualified graduates. “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, the creature comforts from 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 the community's high schools within 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.

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 he believes it is partly because more students are able to take the coursework expected of high school students nationwide.

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; between and within the private and public sectors; in government; and in higher education. Kotsiopulos is working on partnerships that facilitate networking in Nebraska's higher-education system. The University of Nebraska Entrepreneurship team, or U-NET, was formed to provide networking opportunities within the NU system.

“We're drawing from each other's strengths,” he said. “We don't want to make everything cookie-cutter, but we're trying to do more of the things that bring our talents together.” U-NET includes people from the four NU campuses and is being expanded to include representatives from other Nebraska colleges and organizations. “This is an opportunity to share and really try and get us going in the same direction. There's a lot of action in Lincoln and Omaha, but everyone needs to understand the network of resources – especially those in greater Nebraska,” he said. ●

For more information visit [www.unl.edu/sdn/economy](http://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 educator and program-builder, as Chief Operating Officer. Plans for the Bright Futures Foundation and its Avenue Scholars program took place quickly, between a very few people with funds, passion and experience. Staff members were added with great care. They chose Wayne Brown as Avenue Scholars Project Director, then longtime teachers Cris Fishback and Giovanni

Jones. Fishback serves as the program's first High School Talent Advisor and Jones as the first College Talent Advisor.

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.

"This 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 official 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 Northwest. 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.

“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.”

- Giovanni Jones,  
Bright Futures Foundation

# BRIGHT FUTURES FOUNDATION



Cris Fishback



Giovanni Jones



Dr. Ken Bird



Dr. Jef Johnston



Wayne Brown

Photos Courtesy of Bright Futures Foundation

"The model is going to have 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 courses, 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 along to others.

## 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](http://www.unl.edu/sdn/economy)

## Education, Agriculture, Positivity Forecast Nebraska's Future

"I'm learning new things every day. And I think if you don't do that, you get behind...and pretty soon you're against any kind of change. And change is inevitable," said Roger T. Larson, Lincoln community leader, retired KFOR broadcast sales pioneer and most recently, editorial broadcaster on Lincoln's KLIN Radio.

Larson said change is speeding up and Nebraskans need to be sure they are educated about current events, have a positive attitude about change, and help communities move forward.

Larson has an informed, positive view of the issues and confidence in the ability of Nebraskans to solve problems. A lifelong Nebraskan, Larson graduated from the University of Nebraska and believes the university is the most important economic driver in Nebraska.

### Education as an Economic Driver

"I think we have to rely more upon the human capital than many other states have to, and therefore, education is terribly 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 for companies to employ those 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 slowing out-migration, or "brain drain" of educated young professionals and continued recruitment efforts. Growth of 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 and 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 all the time," 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 cattle production, and is the fourth largest agricultural economy in the nation.

"Agriculture has survived the ups and downs of the economy, the standard of life in the country and in the world, as well as 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 population is small compared with the states that compete with Nebraska for those high ag rankings, and it's often difficult to find workers – especially in rural Nebraska.

### Cooperation, Investment are Essential

Although Nebraska is attracting many people to jobs in the state, many of those are going to jobs in Lincoln and Omaha. Small towns struggle to retain a work force, and the smallest towns are in danger of disappearing.

Larson said towns that prosper tend to have a school; a bank that is not afraid to make loans to local people; a co-op; a general store or supermarket; and a good restaurant. A place for townspeople to gather is important, and when they do gather, they should have strong leadership and unity of purpose in making that community viable, he said. "They can't be individuals going their own way; they have to work together," he explained. And working together to make their communities thrive involves an investment – of time, dollars, cooperation and commitment.

### Immigrants

Communities that welcome industry may also welcome immigrant workers to fill the needs of the work force.

While Larson would prefer that the immigration system be fixed so people can come to this country legally, he believes immigration is good. "And I think we should do everything we can to educate those people," Larson said. "It will help our state."

Larson recognizes that many Nebraskans don't understand the facts about immigration, and that many may be influenced by misinformation. "We must keep up the educational process to help (Nebraskans) understand that immigrants are an asset. And I want (immigrants) to love our country like we do," he said.

It's easy to come up with simple answers to complex issues like immigration, but the issues are not simple, nor are the answers – and people who come up with easy answers have lost touch with reality. They aren't stupid people, but they are ignorant of the facts, Larson said. "I think we all have an obligation to stay current with current events and with history, as well, so we have some background to make some decisions on these kinds of problems," he said.

### Planning for Nebraska's Future

Lincoln and Omaha will have major roles, but the two cities have had a unique, almost jealous, relationship for nearly 35 years, he said, and "unfortunately, in a situation like that you get egos involved." Larson admires the economic development in Omaha, and believes the two cities will slowly become one metropolitan area in the future. There is great economic development in the corridor between Lincoln and Omaha, and that growth will benefit both cities. "I think that realization is beginning to take hold," he said.

There will be centers of influence in the future, and if Larson had to guess, he'd predict the main center of influence – as well as the intellectual capital – will be Lincoln. The University of Nebraska's flagship campus and the center of government are both in Lincoln, he said, while Omaha focuses more on the old tradition of production and industrial growth, he said, though they certainly also are invested in education.

### Larson's Philosophy

"An editorial writer, which I am, is supposed to be critical, most times. But I just can't force myself to be too critical. First off, we live in a city where we don't have too much to be critical about. And the same way with the state. We have it pretty doggone nice," he said. "I'd rather push forward than kick backward." ●

For more information visit [www.unl.edu/sdn/economy](http://www.unl.edu/sdn/economy)

## 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 couldn't find funding.

The Nebraska Center for Entrepreneurship focuses on teaching students how to start and operate businesses through education and experience. Many students are from other countries, she said, so the education in entrepreneurship goes global quickly.

But most of the students in Thornton's entrepreneurship classes are from Nebraska. The majority plan to stay in the state, though most plan to work for someone else before they start businesses. "That's actually okay," she said; "they can learn the process, work for somebody for five years, have the contacts and the expertise so they're ready when they want to do this on their own."

Nebraska has potential for people who want to start businesses, she said. Web-based businesses can locate anywhere the broadband capacity is available and adequate. "People may want to raise their kids somewhere other than where they currently are," she said, and communities are doing innovative things to get people back to Nebraska. That lifestyle is appealing to a lot of people, she said.

### Education, Organizations, Outreach

The Nebraska Center for Entrepreneurship is like a three-legged stool, Thornton said; one leg is education; another is student organizations; the third is outreach with 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 the Collegiate Entrepreneur Organization (CEO); and holds events – such as, a fundraiser for the YWCA job outfitters program and the Heartland Conference for Free Enterprise.

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 (towns) identify the resources they have." Like many small, somewhat rural communities, the young people leave to go to school and don't come back, she said. "And that's it – they lose them." The project in Ogallala looked at every asset of the town in Keith County; anything from infrastructure, the people, the social aspects, the culture, historic buildings...anything that could be called 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 the economy of the community and the county.

"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 added. The team provides the town with a report and a multimedia presentation at the end of the study.

The SIFE organization, which is on 1,500 campuses in 140 countries, 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 all the women do, all day long, is take water from the

source to the family. They don't have time to farm, have cottage industries or anything else, she said. The SIFE organization is working with a company that manufactures a rolling water drum which would allow an African woman to make only one trip for water per day, freeing up their time for entrepreneurial activities.

Thornton and Dr. Terry Sebor, director of graduate education in entrepreneurship and a former Center director, both teach classes in New Venture Creation, which is a business plan writing course. The course encourages students to participate in the Center's business plan competition, which has local, national and international levels of competition.

Thornton cited a 2006 study by Eric Thompson, Director of the Bureau of Business Research, which indicated that Omaha had the greatest capital growth in Nebraska, followed by Lincoln. The rest of the state lagged behind, she said. "I think that's interesting, especially when we talk about value-added products, wineries, all the things that are going on west of Lincoln," she said. Although the majority of people surveyed say that Nebraska has an entrepreneurial climate, when you ask individuals what their specific communities are doing to promote new business, there isn't quite as much support for what they're doing to encourage entrepreneurship or bring people back, she said.

### Gender Differences

National data indicate that more women are starting businesses than men, but the opposite is true in Nebraska, she said. "I have more males than females in my classes – sometimes 25 to 4 – that big a disparity," she said. "More males see it as a career choice than do women." But Thornton said the national data does not take into account that women are starting businesses because they have to; they've hit the glass ceiling and want to start out on their own. They may start a business to supplement their primary income, Thornton said, and they end up doing very well.

Thornton said the Nebraska Center for Entrepreneurship interfaces statewide with community colleges; they offer the same entrepreneurship courses and credits can be transferred between colleges. She hopes to expand not only course offerings, but also certification in entrepreneurship both at the University of Nebraska-Lincoln and at the community college level. Students in community college majors such as auto body and culinary could earn a certificate in entrepreneurship, as these sorts of majors often lead to business creation. "They will have the skill sets when they go out and open their own businesses," she said, and they'll also be able to draw on resources to help them run their businesses.

In the future, Thornton hopes Nebraska can be more supportive of innovation on every level, starting with grade school. Regardless of the field people go into, they would have had training in entrepreneurship from an early age, she said.

"I believe in an entrepreneurial attitude, lifestyle and in creative ways of solving problems. That could be in your life, in your job, in what you create. How about saying 'there's a better way of doing it?'" she said. ●

For more information visit [www.unl.edu/sdn/economy](http://www.unl.edu/sdn/economy)

## 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

## Overview

### 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 known statewide for its vitality.

"One of our biggest resources 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 – and that attitude has led Ord to believe 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.

"We have a vision and a plan to improve our community ourselves, not because somebody did it for us."

- Nancy Glaubke, Ord Chamber of Commerce



#### 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.

#### Business in Ord

Ord has implemented a loan program based on the city sales tax that provides low-interest loans to businesses. In the last five years, Glaubke said, more than \$1.5 million has been loaned to 20 businesses, with no defaults. "But we didn't invent the wheel," said O'Brien. "We learned from Central City, who learned from Aurora. This isn't a basketball game, where we learn something new and want to keep it to ourselves."

A key part of rural development is tied to infrastructure.

#### 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 connectivity 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/sdn/economy](http://www.unl.edu/sdn/economy)

## Overview

# NORTH PLATTE

## North Platte: from Buffalo Bill to Global Economy

Driving through North Platte, you wouldn't take note of the town's long and notable history, nor would you see the assets that cushion it against the worst of the global economic swings.

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.

"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."

- Marc Kaschke, Mayor of North Platte

### "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 college degrees, 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." ●

*Strategic Discussions for Nebraska held a community conversation in North Platte on January 29, 2009. Participants were Marc Kaschke, Mayor of North Platte; Karin Lange, Regional Manager for Nebraska Workforce Development; and Judy Clark, North Platte Planning Director.*

For more information visit [www.unl.edu/sdn/economy](http://www.unl.edu/sdn/economy)

# KEARNEY

## Overview

### Education, Leadership, Attitude Central to Kearney's Energy

Kearney is in a perfect position in the state – right on Interstate 80, adjacent to the Platte River, nearly in the center of Nebraska. Its location has helped it maintain its status as a thriving mid-size city and a regional convention center, but there's more to Kearney's success than location.

"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...a science studied by the

the UNK Nebraska Business Development Center (NBDC) and its director, Odee 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

"Someday, people will flock back to rural Nebraska. There's safety, clean water and space. 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."

- Dr. Douglas Kristensen, Chancellor, UNK



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 Odee 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/sdn/economy](http://www.unl.edu/sdn/economy)

# BEATRICE

## Overview

### Education, Pro-Business Climate Drive Beatrice

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.

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. Skill 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. All high school juniors and seniors have an opportunity to go to 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.

Jody Easter, Workforce Coordinator with Nebraska Workforce Development in Beatrice, said a transition fair is held annually for all high school juniors at the SCC

Beatrice campus. "They bring people from all different occupations and the kids pick different career fields," she said. They learn what jobs are like, the education people have, what a typical work day is like, she said. Students interested in health care, for example, are exposed to various careers in the field, whether it is direct patient care or laboratory work. Students interested in manufacturing explore related careers in engineering, computer programming and drafting, among others, she said.

Dageford said Workforce Development and Gage County Economic Development partner to visit with high school students about the *Dream It. Do It.* national program that introduces young people to different careers in manufacturing.

The town's high school graduates may stay in town and take a job with a company; continue their educations at Southeast Community College's Beatrice campus; or leave town to attend school or take a job. Kruse said he left Nebraska for a time himself, but returned to the state to raise his family.

"I think if you talk to most high school seniors in almost any community, they're not quite satisfied where they are and want to go someplace else," Kruse said. "But when they get further in life, they start to think 'what kind of a life did I have growing up?' And I would say most kids from Beatrice say 'we had a very good one.' Lots of experiences, a lot of exposure, good education system, good health system. Nice size community...people know who you are," he said.

Those are the people Beatrice leaders hope to reach – the people who have left for a time, then look for a safe, pleasant place to raise their family.

#### 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

"The vastness of the state means nothing when you're able to plug into the Internet for business and education."

- Dr. Dale Kruse, Superintendent, Beatrice Public Schools



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.

#### 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.

#### 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.

#### Collaboration

Economic development in Nebraska is a lesson in partnering; Dageford, Kruse and Easter all said their work with economic development, education or work force 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." ●

*Strategic Discussions for Nebraska held a community conversation in Beatrice on January 14, 2009. Four people braved subzero temperatures to participate: Terri Dageford, Gage County Economic Development Director of Business and Industry; Jody Easter, Workforce Coordinator with Nebraska Workforce Development; Joelyn Hansen, Beatrice Daily Sun; and Dale Kruse, Superintendent of Beatrice Public Schools.*

For more information visit [www.unl.edu/sdn/economy](http://www.unl.edu/sdn/economy)

# Overview COLUMBUS

## Columbus: A Legacy of Leadership

Nebraska can't afford the luxury of complaining about what other communities have or haven't done. Instead, Nebraskans must work hard and work together for the betterment of the state as a whole.

"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," Casey said.

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 Telegraph, has worked in Columbus since 2005. He has been impressed by the work Columbus leaders have done in recruiting businesses and a work force 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 huge 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, Kollath said, and also for finding dollars and putting the money into projects that benefit the community.

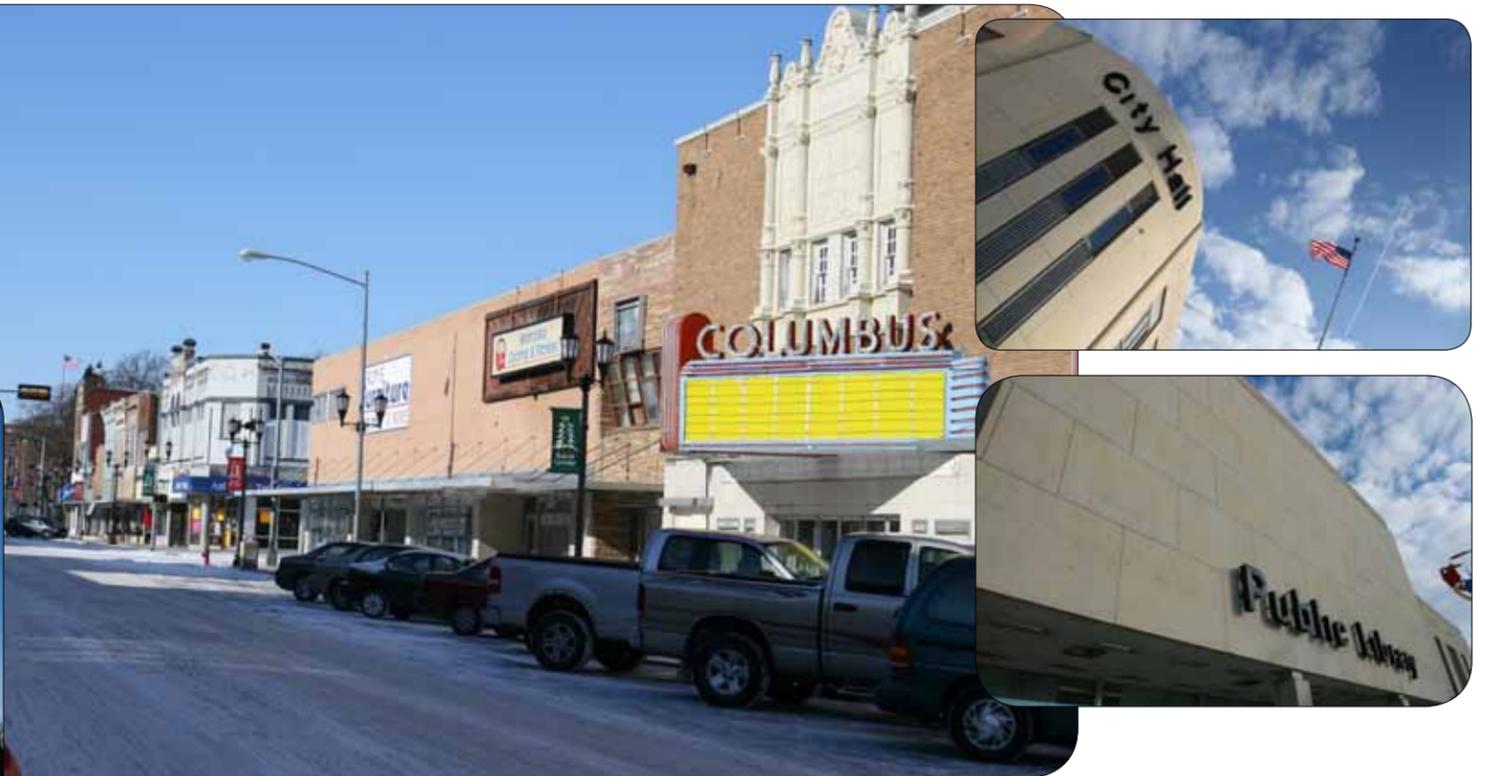
Allan Vyhnalek, University of Nebraska-Lincoln Extension Educator for Platte County, said his office worked with Connect Columbus to get a \$1.25 million grant for after-school programs.

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 16, 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/sdn/economy](http://www.unl.edu/sdn/economy)*

“ 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. ”

- Dick Casey, Behlen Manufacturing Company

### UNL Focus Group: Sense of Place, Work Ethic Make Nebraska Attractive

Nebraskans are strong individualists, have a legendary work ethic and are welcoming and helpful. But it's the "sense of place" that evokes the admiration of a focus group of University of Nebraska-Lincoln students and graduates and it's the single characteristic that would be most likely to keep them in the state.

"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 intend 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'd 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

“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



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

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 took away farming, 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 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 is only beginning to discover 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.

#### Nebraska as a Global Player

This focus group expects Nebraska's state government to use tax dollars responsibly and do a better job of keeping people in greater Nebraska informed about how dollars are being used.

Downing, who is from the southwest part of the state, said "many people around (Lincoln) are more aware that things are clicking along the way they should be. But I think there needs to be more information sent out to the western part of the state... I think it would help them to trust their government more." He would like elected officials to be active in the government, pay attention to and respond to their constituents and acknowledge that there is another, larger part of the state off to the west.

The western part of Nebraska is somewhat disconnected from the way the state government works and the way it works for the people who live in the state, Jones said. Also from the southwest part of Nebraska, Jones said "we feel a little left out as citizens of the state."

From a different perspective, Boll said he doesn't like the debate between east and west, "because we depend on each other. But unfortunately, it exists. Sometimes you get in this – you know – the business in Omaha wants their interests and the people in Scottsbluff want theirs, but we are so dependent on each other!"

Boll added that Nebraska doesn't have a lot of the natural attractions offered by states with mountains and oceans, but "we do have a hard work atmosphere. We do have stability. We generally have a fairly low unemployment," he said. "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." ●

*Strategic Discussions for Nebraska held a focus group discussion with seven University of Nebraska-Lincoln graduate and undergraduate students on February 2, 2009. Participating: Phil Boll, Blair; Ryan Downing, Stratton; Kevin Jones, Cambridge; Nkem Kalu, Nigeria; Carlos Lopez, Lincoln; Josh Roos, Lincoln; and Jacob Varvel, Lincoln. Boll, Downing, Jones, Roos and Varvel have lived their entire lives in Nebraska; Kalu has been in Nebraska for seven years; and Lopez has lived in Nebraska for six years.*

For more information visit [www.unl.edu/sdn/economy](http://www.unl.edu/sdn/economy)

## Articles

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 Iaquinta, Ph.D., Nebraska Wesleyan University

Change requires imagination, vision, cooperation and effort – all driven by hope. Yet, the scope of the challenges we currently face has led to a learned helplessness of the nation's collective spirit and a crisis of hope in the individual.

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's 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 reflect globalization?
9. How is entrepreneurship important to overall community vitality?
10. How will decisions be made as to which communities receive which kinds of support?

## Agriculture and Urbanization

Agriculture is purposely 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 continuously emerging urban-like interstices. I will integrate this important concept after first applying the capital-assets approach to the Nebraska experience.

## Capitals and Sustainability of Communities

Not every community in rural Nebraska may be sustainable, though no community should be “written off” without a serious attempt to assess its capital assets, matching them with market opportunities in regional, national and/or global areas.

### Social Capital – Participation Central to Success

The assessment process can't be left solely to experts, outsiders and elites (i.e., elected politicians, the wealthy and politically influential). It requires broad community participation, with all stakeholders, including relevant experts and elites and ultimately incorporating appropriate state, regional and national policy support – either existing or sought. Participation is a measure of existing social capital and also a mechanism for building it. Participation is one of the central components of capital – assets that each community uses to enhance its vitality and sustainability.

### Additional Capitals

Generally, consideration of capital has been limited to financial capital and human (or intellectual) capital. However, Putnam (1993, 2000) and others say there are additional important capitals. A more complete list should include:

- economic capital
- human capital
- built capital
- environmental capital
- cultural capital
- bonding social capital
- bridging social capital
- political capital
- spiritual capital

These capitals create a common framework for integrating knowledge accumulated by different disciplines. At the same time, they decrease the political control that allows economic and efficiency concerns to take precedence over all other concerns when assessing community health and vitality. Consequently, the evaluation process includes human concerns, social impacts, values, long-term externalities, environmental impacts and differential impacts by race, social class, ethnicity and gender. Because economic capital (money, wealth, goods, etc.) and human capital (education, skills, knowledge, etc. held by people) are well discussed and understood, I focus primarily on the remaining seven capitals.

### Capital Assets – Building Consensus

Based on my international work with rural communities, periurban settlements and urban governance systems, I favor a capital assets approach to assessing community strengths and charting sustainable futures. My experience also reinforces the necessity for broad stakeholder participation in any planning and development process.

Cornelia and Jan Flora, in their third edition of *Rural Communities: Legacy and Change* (2008), do an excellent job

of applying these ideas to the American experience and more particularly, to the Midwest. Based on their research across rural communities, they show the many and complex interactions among the various capitals and their distribution across different segments of local communities.

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 and can identify underlying interests and counter rigid positions. Principled negotiation, like that advocated by Fisher and Ury in *Getting to Yes* (1981), is useful. It also means being willing to surrender “sacred cows,” stereotypes and all the cherished mythologies undergirding social advantage and disadvantage in order to benefit everyone. It means listening to one another and respecting the legitimacy of everyone's interests.

Community action will require harnessing the entrepreneurial spirit. What is needed is a balance between the motivating power of self-interest and the sustainability of collective benefit. Sustainability rests on characteristics such as diversity, flexibility, redundancy and feedback. Communities will be more successful when the various capitals are in a dynamic equilibrium with enough interdependency that they continue to have influence – even if not always equal. In the end, the interest of the individual is linked to the interest of the community, which is linked to the interest of the larger urban and regional hierarchy.

### Cultural Capital – Individualism, Work Ethic and Fairness

No single description fits all Nebraska communities, but there are some reflections that are significant.

First, cultural capital in Nebraska is highlighted by three core values – “rugged individualism,” a strong work ethic and a bedrock sense of fairness. These vary across social classes and place, but are fairly present throughout. These are important values in terms of their relevance in attracting economic enterprise and entrepreneurial investment. They are relevant at all levels, to both labor marketing strategies and facilitating entrepreneurship.

Second, a *sense of place* links business owners, farm families and working class individuals to a larger degree than managers and professionals. Therefore, attracting and maintaining a professional class requires appealing to specific characteristics which match place with personal/family interests of these individuals. In general, people most likely to stay in Nebraska or relocate here are those who have pre-existing ties to the state and those whose family aspirations include children and a perception of a family-friendly quality of life. Additionally, another group of potential recruits lies with marketing certain natural capital features to appropriate target groups and individuals.

### Natural Capital – the State's Natural Amenities

Natural capital refers to the natural amenities of a region. Nebraska sports the open expanse of the prairie, the solitude of the Sandhills and the vast horizon with its big weather and wind. Natural assets do appeal to certain individuals and are conducive to certain forms of enterprise. The task is to identify the matches and market them effectively.

Natural capital considerations, combined with evolving national policy interests, suggest that communities will be more



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successful when they tie into newly-developing energy systems. This requires changes in community thinking as well as changes in public policy at the state level (such as instituting legislation to facilitate wind energy generation) and at the federal level (such as removing restrictions that limit federal support for public utilities, which would facilitate construction of new transmission lines).

It will also be important to build *bridging social capital* by creating public-private partnerships.

### Human Capital – Keeping People in the State

Like the rest of the nation, Nebraska faces the aging of the baby boom generation. This involves costs such as increasing Social Security and Medicare demands, but it also presents opportunities.

In terms of human capital, the baby boom generation is the first generation to move significantly into higher education. They have an unprecedented level of formal education and skills (*human capital*) and will bring these into their retirement years. They also have a generational heritage of activism – including formative roles in the civil rights movement, the women's movement and the environmental movement. Given their past history and their human capital, it is useful to ask what they will want from their retirement years. They may be looking for more creative ways to invest both their self-interest and their human capital into meaningful community legacies. Smart communities will work to incorporate this resource into their discussions and planning.

At the other end of the demographic spectrum are young, college-educated labor market entrants. Rural communities in particular, but Nebraska in general, have a difficult time holding onto this human capital. What we know from surveys and interviews worldwide is that young people cite two main reasons for leaving rural areas: lack of employment opportunities and lack of desirable amenities and services. Communities need to consider both of these when seeking to enhance their human capital profile. Aspects of built capital are relevant.

*Built Capital – Transportation, Communication, Building*  
Built capital takes many forms, but three are particularly

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 work in coordination with 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 communication 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, inexpensive housing, lower taxes, lower 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-sustainable retrofitted 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 they can be integrated with existing cultural capital such as values and preferences. It is important to recognize that the issue is not simply deciding what is "efficient" and then dealing with the consequences of disrupted preferences, which is the classic economic model.

The *preferred capital assets* model is to create a solution which, from the start, incorporates cultural capital and community values into the development of built and financial capital. Where spiritual capital fits into this enterprise, we defer to the end of this article after considering the urban hierarchy.

### 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 two second-rank 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 to itself a disproportionate share of the resources (financial, political, social, economic, entrepreneurial, demographic, etc.) of the political entity (i.e., Nebraska). The dynamic of this influence is seen clearly when one looks at the historic development of the eastern metropolitan corridor in Nebraska.

### Consequences to Ineffective Regional Planning

Even as the Interstate system is widened to six lanes between Omaha and Lincoln, the respective municipalities resist effective regional planning, clinging instead to a competitive posture which flies in the face of both efficiency and larger community interest. The problem at the urban hierarchy level mirrors the problem of elites (i.e., the privileged and powerful) within communities. Neither the existence of elites nor the presence of a primate city is necessarily a problem in and of itself.

The problem arises when their undue dominance allows them to exclude the interests of non-elites and "lesser" communities from the discussion and decision-making. It is the concentration of power, leading to exclusion and *capital discounting*, that creates less-than-optimal solutions.

### The Airport Example

An example of this is two airports within the eastern metropolitan corridor, neither with good land transport.

An early decision as to airport location would have greatly facilitated innovative solutions to the overall transportation problem in eastern Nebraska and could, in turn, have provided more alternatives to serving surrounding rural communities.

### Importance of Urban Hierarchy

My point is not to criticize the past, but to point out how important the overall urban hierarchy is to all cities and towns in Nebraska. Recognizing some 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.

### Agriculture and Big Business

Nebraska has an overall reliance on agriculture as a basic industry and economic wellspring 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 linkages. ConAgra, for instance, may be a peer without equal within the current system, but it is not itself the system. In the end, the people who make up ConAgra have to live, work and find meaning in the same system that they have the potential to dominate.

The same can be said for Omaha as a city, except the power brokers are often more public in their personae. Expecting ConAgra or Omaha to act altruistically is fantasy. However, expecting them to respond cooperatively to appropriately-framed, long-term self-interest is reasonable. They are both staffed by individuals making systematically corporate decisions.

### 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, global or local. What seem important are the forms of bridging social capital in place that allow 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.

Governance refers to the adequacy of fair representation in government. It variously calls to mind issues of campaign financing, special interests, patronage and democracy.

Regulation can create undue burden and mindless bureaucracy, but on the other hand, it can level the playing field, stabilize the system and advance important social goals.

Policy is the outcome of negotiating competing values, interests and goals, and it ultimately reflects the current balance between public interest and private gain.

The most effective public policy is likely to be the one that creates a level playing field for competing interests while facilitating structures that develop bridging social capital at all levels. Such bridging mechanisms include:

- public-private partnerships
- multi-jurisdiction service providers
- intergovernmental panels and boards
- trans-professional organizations
- intercommunity networks and entities
- intra-community civic organizations

The important point is that they allow various stakeholders to share interests instead of locking them into stereotyped perceptions of each other's positions. This is especially the case when the participants come together to solve an issue which can't be solved by any one constituency alone. The objective is to expand and strengthen bridging social capital, not to rubber-stamp a decision already made without full disclosure.

### Race, Ethnicity and Gender in Nebraska's Future

Race, ethnic identity and gender issues will be integral to Nebraska's future as they have been to its past.

The context of life has changed dramatically along these dimensions within both Nebraska and the nation as a whole. Not only will demographics continue to shift in the future, but the nature and social meaning of these categories will also continue to change. So important are these changes that the topic is worthy of a completely separate article in a separate publication devoted solely to such issues. Nonetheless, the present article would be incomplete without at least noting the impact these groups will have on the state's future in many areas.

Due to their magnitude in the population and their rate of growth, women and Hispanics will be significant players in any Nebraska future. Women have moved permanently into the work place and old barriers to advancement continue to erode. Women bring new perspectives and skills to the market place and their movement out of exclusively domestic roles means continued change in the relationship between home and the workplace for families, businesses and society.

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 shift as an opportunity for economic revitalization while others have hardened their stereotypes. Clearly, much more could be done.

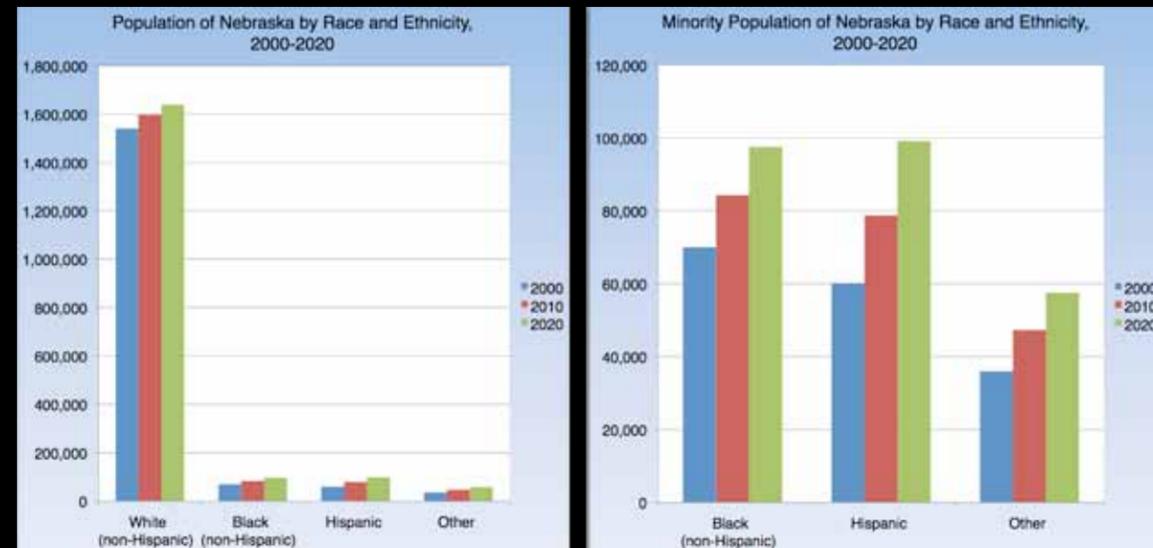
Other groups, such as African-Americans and Native Americans pose ongoing challenges for Nebraska in terms of continued isolation, deprivation and exclusion. These are old social divisions, embedded in the structure of our social arrangements, yet both African-Americans and Native Americans have strong cultural ties to Nebraska and will continue to play a significant role in the future of the state. Like Hispanics, they offer alternative 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-

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## Population of Nebraska by Race and Ethnicity, 2000-2020



Year	White (non-Hispanic)	Black (non-Hispanic)	Hispanic	Other	Total
2000	1,539,408	69,984	60,142	35,933	1,705,467
2010	1,595,942	84,297	78,725	47,319	1,806,283
2020	1,637,856	97,517	99,110	57,528	1,892,011

Source: U.S. Census Bureau population projections for the United States published on the Web site of the National Information Center for Higher Education Policymaking and Analysis, [www.higheredinfo.org](http://www.higheredinfo.org), October 2004.

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 demographer, 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 culture to pre-figure the range of opportunities visible to individuals depending on their location in the social system. As a father, I wish for my children to live meaningful, shared lives in a peaceful and productive world. And, as a human being, I treasure the hope which, even amidst the most dire of circumstances, continues to animate human agency, giving rise to both individualism and altruism in equal measure.

### 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/sdn/economy](http://www.unl.edu/sdn/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. had 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 at the turn of the 20th century. Beginning with the seeds from a single ear, plants were forced to self-pollinate. Seeds from plants with one particular desired trait were used for the next generation, while the rest were discarded.

After several generations, the stalks and ears became smaller due to the loss of hybrid stimulation, but all the seeds from a given ear were inbred, with identical genetic traits. The next season two inbreds were planted in alternating rows and the tassels of one removed before the appearance of pollen. All seeds produced by these plants must have been fertilized by the other inbred, and the plants produced by these single-cross hybrid seeds exhibited astonishing vigor as well as the traits of the parent generations. 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 customize a particular variety for a specific geographical location and growing condition. For example, a fast-maturing (but perhaps lower-yielding) variety might be replanted 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 inbreds 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, searching 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 Wander Company in the late 1950s, and in 1967 Wander 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 1995.



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#### MDS Pharma

When Lewis Harris completed his M.S. degree in chemistry at the University of Nebraska he could find no suitable employment. It was the summer of 1933. With the \$100 he had saved to fund both his honeymoon and some salvaged equipment, Harris and his bride started Harris Laboratories in Lincoln. Later, Harris specialized in the testing and development of new drugs, and served as chair of Smith Kline Pharmaceuticals. In 1996 Harris Labs was acquired by **MDS Pharma**, which employs 4,000 people in 23 countries.

#### Teledyne Isco

Robert Allington and ISCO are Lincoln legends. The son of a plant pathology professor at the University of Nebraska at Lincoln, Allington tinkered with electronics as a youngster and began the electrical engineering program at UNL at the age of 16, partially supporting himself as a TV repairman. While on a student internship at MIT's Lincoln Laboratories in the summer of 1955, Allington contracted polio. Two years later he joined Jacob Schafer, a toolmaker at Elgin Watch Factory, in a business repairing and constructing scientific equipment for UNL faculty. He recognized the need for fraction collectors for liquid chromatography, and sold them by direct mail. In the mid-60s, ISCO began to specialize in liquid chromatography separation instruments and environmental water monitoring instruments. ISCO was sold to Teledyne Technologies when Allington retired in 2004, and **Teledyne Isco** became one of more than 50 Teledyne companies.

#### Li-Cor

In 1967, the Agronomy Department at UNL initiated a project to promote grain sorghum as a world food product. William Biggs was hired to develop the research instruments to monitor usable solar radiation for photosynthesis in the field. Biggs established **Li-Cor** in 1971 to manufacture these and similar sensors. Headquartered in Lincoln, this privately-held company with 200 employees has subsidiaries in Germany and the United Kingdom and markets environmental and biotechnology products used in over 100 countries.

#### Streck, Inc.

Headquartered in Omaha, **Streck, Inc.** manufactures hematology, chemistry, and immunology products for the clinical laboratory. Established in 1971 by Dr. Wayne Ryan to manufacture automated instruments to count the cells of patient blood samples, Streck now maintains 70 percent of the world market of hematology reference controls.

Note that most of these firms began when a single individual with a scientific background was able to identify and meet a need of the local community. Each of these firms thrived and expanded into new but closely-related areas. Most have experienced some kind of a crisis in leadership when the first generation retired, and were eventually merged into a large multinational corporation.

#### State New Economy Index

Probably there has been no more thorough analysis of the challenges facing regional economic development than that of the Kauffman Foundation in Kansas City. Established in the mid-60s by the late entrepreneur and philanthropist Ewing Marion Kauffman, the Kauffman Foundation is among the 30 largest foundations in the U.S. and distributes about \$90

million per year in grants and programs related to advancing entrepreneurship and improving the education of children. Advancing its pro-productivity and pro-innovation public policy agenda, The Kauffman Foundation and the Information Technology and Innovation Foundation publish the *State New Economy Index*, assessing each state's suitability for the new economy of the 21st century.

That new economy, as defined in the report, is knowledge-dependent, global, entrepreneurial, rooted in information technology, and driven by innovation. Since 1980 global trade has grown 2.5 times faster than global Gross Domestic Product. In the 60 years following 1917 it took an average of 30 years to replace half of the firms on a list of the 100 largest public companies. Between 1977 and 1998 it took an average of only 12 years.

#### Today's Challenges

The immediate challenge of the current economic slowdown is to restore credit markets and return to full employment. But beyond that, the new economy for this new century faces the challenges and opportunities of achieving the promise of the digital revolution, employing the next wave of innovation (robotics, nanotechnology and biotechnology), transitioning to new energy sources and using globalization to enhance productivity and quality of life. In addition, the uneven geographical distribution of past economic development has led to unnecessary costs as well as benefits. In the last decade, 30 percent of job growth in the U.S. occurred in just five states. Economic opportunities ought to be expanded in regions where the cost of living is lower and the infrastructure not so burdened.

#### How Does Nebraska Stack Up?

The *2008 State New Economy Index* uses 29 different indicators to ascertain each state's readiness to participate in the new economy. These indicators range from number of patents issued to the number of Internet domain names. How does Nebraska stack up?

In the overall state-by-state score Nebraska ranks solidly in the middle – 27th out of the 50 states. But there is some good news: Nebraska's rank has risen from 36th place since 2002. Our state is number one in so-called "gazelle" jobs, which are firms with annual sales revenue that has grown 20 percent or more for four straight years. In fact, in the category of economic dynamics, which is an aggregate of six indicators, the Cornhusker state has moved from 14th place to 6th in only one year. Nebraska also achieves high rankings in the number of Information Technology professionals (17th), the number of farmers connected to the Internet (18th), high-wage traded services (10th), and the fraction of the state's population using the Internet (16th). Nebraska ranks 5th in the use of the computer and Internet in schools, and that's not just in metro areas. Weeping Water recently provided every student in its high school with an \$800 MacBook laptop computer.

Other indicators were not so rosy. Nebraska's Research and Development investment by private industry ranked only 35th, and in the number of high-tech jobs, only 29th. As for the number of scientists and engineers, probably the indicator most relevant to this article, Nebraska ranked 38th. As far as the share of workers' income invested as venture capital, Nebraska ranks 49th of the 50 states – our worst showing.

Still, Nebraska's overall rank was higher than any of its surrounding states except for high-tech-heavy Colorado (10th).



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. A smaller operation, Centennial Campus at North Carolina State University (1,300 acres and over 60 corporate and government partners), was cited by University of Nebraska-Lincoln Chancellor Harvey Perlman as a model for Nebraska Innovation Campus, which will provide a site to expand university research and build private sector partnerships for the long-term economic benefit of all Nebraskans. But we can't expect the enormous success of RTP to be repeated everywhere.

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.

McClurg pointed out the advantages he sees of developing a firm near a university: availability of trained spouses, amenities that attract young professionals, and access to professors (although consulting has not been a significant part of the culture at UNL). Contrary to conventional wisdom, he notes that most entry-level employees in high-tech industries come from community college backgrounds, not four-year institutions. The skills required of the typical employee are problem-solving, team skills, knowing how to learn and cultural attitude, not the narrow specialties developed in graduate school. McClurg is also chair of BioNebraska Life Sciences Association (BioNebraska), a nonprofit trade association dedicated to the development and growth of Nebraska's bioscience industry by supporting basic research, aiding in the development of a highly educated work force and providing a welcoming environment for new and expanding businesses.

The new knowledge-based economy isn't just for Lincoln and Omaha. New BioNebraska member **Novozymes**, a Danish bioinnovation company developing enzymes to improve production of bioethanol, recently chose Blair for the site of its newest plant. They were attracted to the sophisticated lifestyle that nearby-Omaha had to offer, as well as Metropolitan Community College and the University of Nebraska at Omaha to provide talent, and even willingness to run programs to enhance specific skills required by employees of the operation.

Nebraska doesn't have to beat Boston, noted McClurg. We can still leapfrog the world with innovations in areas such as water quality, aquifers, and biofuels. ●

For more information visit [www.unl.edu/sdn/economy](http://www.unl.edu/sdn/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. Baruah, 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. Partnership with the private sector is critical.
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 state and federal 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 could be accomplished through a collaboration of business and community leaders and federal and state agencies that are responsible for upkeep and development of that infrastructure.

Matthew D. Chase is 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 broadband, 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 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 interstate expressway 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. slightly 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 (reported by Scarborough Research), broadband penetration has grown by 300 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 just 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 agribusiness. We must address long-term planning over short-term profit decisions if we intend to pass on a healthy system to the next generations.

A.V. Krebs wrote in *The Corporate Reapers: The Book of Agribusiness* (Essential Books: 1992):

"Food, next to life itself, has become our greatest common denominator. Its 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 its production, quality and accessibility, food is no longer viewed first and foremost as a sustainer of life. Rather, to those who seek to command our food supply it has become instead a major source of corporate cash flow, economic leverage, a form of currency, a tool of international politics, and an instrument of power – a weapon!"

Victor Davis Hanson, 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 cheap. They have no interest in preventing the urbanization of their farmland as long as parks, Little League



Photos Courtesy of Timothy Donahue and James Koehn

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fields and an occasional bike lane are left amid the concrete, stucco 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, manufactures 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 be really handmaids 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 to become 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

“Broadband has made it possible for Nebraskans to live where they choose.”

- Timothy Donahue, Ph.D. and James Koehn, J.D., CPA,  
Chadron State College



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://nccsdataweb.urban.org/PubApps/profile1.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 certified teachers plan to retire, as do the majority of federal workers. Millenials may not have much capital, but they generally have superior technology skills, and many may have learned to be entrepreneurs, either through formal training or through starting their own businesses, according to Rick Telberg, editor-at-large for the newsletter of the American Institute of Certified Public Accountants.

Young people must be involved in decisions affecting future planning. Not only will they introduce their own interests and learn about the global economy, but they will gain a sense of responsibility and excitement about the state and its future. Studies show that leaving children out of the future planning equation has led to the development of many "people-unfriendly" places. Additionally, young people have information on what is wrong and right in their communities ([www.activelivingresources.org](http://www.activelivingresources.org)).

### Baby Boomers

Baby boomers were born in the years following the end of World War II and are retiring in great numbers. Sixty percent of 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. ●

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## Top Ten Trends in 2008

Jack Schultz, founder of the Boomtown Institute ([www.boomtowninstitute.com](http://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. Millenials – 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 Millenials.
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 Millenials 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 work force after 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 we will be faced with severe labor shortages in two critical areas: elite 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 and legalization is not popular. Unable to pursue either of these options, we are left with the question of how to deal with approximately 12 million undocumented immigrants inside our borders.

There is broad support for more aggressive law enforcement of immigration laws targeting this pool of undocumented immigrants and those who employ them. This would remove them from the labor force and theoretically, inspire them to return to their native countries. As a practical matter, since many of them have lived in this country for years and have established families who are legal citizens and have exemplary reputations, this enforcement effort is more likely to result in a greater burden on our social services than in relocation.

Action against employers who knowingly hire undocumented immigrants is appropriate, but it must be recognized that there is a major problem in identifying and sorting them out because the federal government has failed to provide an adequate, secure method of identifying

documented immigrants.

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.

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. Granting them all legal status just to resolve the issue is equally unacceptable. We clearly need some standard against which we can sort those out who contribute to our society and economy, arrange for reliable identification of their status, and then send the rest back to their native countries.

Concurrent with this, we need to establish a process through which willing workers with available employment opportunities are able to enter the United States under controlled conditions for the duration of their employment.

Both of these initiatives are the responsibility of the federal government and not resolvable at the state level.

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; and one of the largest private sector employers of immigrant workers. The National Restaurant Association estimates the number of jobs in the industry to grow by 15 percent over the next 10 years, but the U.S. government estimates the labor force will grow only 10 percent.

Even more troubling, the government estimates that the 16-to 24-year-old age group, which makes up about half of our industry's workforce, will not grow at all over the next decade.

Right now, our immigration system does not meet the economy's need for new workers.

Only 10,000 green cards are available each year for service industry

workers in America's rapidly expanding workforce of 134 million people. What is the result? Up to one in 37 employees in Nebraska is undocumented, according to research by the respected Pew Hispanic Center. The Center estimates that in the nation as a whole, up to one in 20 employees is undocumented. This is a direct consequence to the fact that our broken immigration system fails to recognize the economic realities of America's rapidly expanding labor market.

A rational immigration policy is essential to our industry's continued growth. Immigrants not only make up a large portion of the restaurant industry's workforce, but they also make significant contributions as consumers in our nation's restaurants and as entrepreneurs, incorporating ethnic and cultural influences as they start up restaurants of their own.

Poll after poll shows Americans support fixing every aspect of the immigration problem. They want to strengthen the border and crack down on illegality. But they also favor a way for hardworking undocumented immigrants to earn citizenship and for the economy to legally get the workers it needs.

Comprehensive immigration reform enjoys widespread public support and can be accomplished through bipartisan cooperation, creating an opportunity that must not be squandered. While reform is complex and requires hard work and compromise, it will bring benefits lasting for generations.

To succeed, comprehensive immigration reform must address four key concerns: it must strengthen our borders; it must ensure that our economy gets the workers it needs; there must be a simple, efficient and inexpensive system to verify the legal status of potential hires; and it must provide undocumented employees with a way to earn legal status.

Such a reform would benefit our pocketbooks by ensuring that America's expanding economy gets the workers it needs to sustain and grow our living standards. University of California research shows that immigration has led to higher wages among the native-born over the past quarter century, with high-immigration areas recording the greatest gains.

Genuine immigration reform will also strengthen the rule of law. Reasonable and enforceable rules will end the culture of lawbreaking that disturbs law-abiding Americans. Respect for the law among employers and undocumented employees would be enhanced if the labor standards – that Americans have won over generations – were applied to every employee in America, protecting the undocumented from exploitation.

Assimilation would be one of the biggest winners of comprehensive 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 become full citizens, enabling them to join society's mainstream as previous immigrants have done.

Other American values would benefit. Immigrant 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 of the benefits of comprehensive reform, perhaps least discussed 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



Photo Courtesy of Jim Partington

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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 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 enable both parties to work 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 our economy can continue to grow and we maintain our enviable international competitive position. ●

For more information visit [www.unl.edu/sdn/economy](http://www.unl.edu/sdn/economy)

“ While reform is complex and requires hard work and compromise, it will bring benefits lasting for generations. ”

- Jim Partington,  
Nebraska Restaurant Association

# Sources of Business Enterprise Growth in Nebraska: The Current Picture and Prospects for the Future

By Christopher Decker, Ph.D., University of Nebraska–Omaha

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 Vincent 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 greater concern 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 Restucca (2008) point out, employment in agricultural sectors tends to be counter-cyclical. Hence, Nebraska may be able to avoid as dramatic a recession when compared to other states.

Beyond that, however, there may be other sources of economic strength other than agriculture that contribute significantly to both Nebraska's metropolitan and non-metropolitan economies. These non-agriculture-based sectors are the focus of this essay. The goal is to identify sources of economic growth in Nebraska with focus on its non-metropolitan areas.

There are a number of ways to measure economic growth regionally. One of the most common is to measure employment (see, e.g. Goss, Decker, Burkhart-Kriesel, Johnson, Thompson, Saenz, Schmitz, Neira, and Jeutang, 2006). Alternatively, some authors such as Gabe (2004) and Falck (2007) have focused on new business startups. In some respects this is a viable measure to consider both for short- and long-term analysis. Employment is an input to production and tends to be highly volatile. Businesses, particularly the large- and medium-sized enterprises, are somewhat less volatile. Therefore, data on business startups tend to depict an economic environment conducive to some belief in long term success, at least on the part of those entrepreneurs starting a new business.

This essay utilizes data on net business growth as the main measure of economic activity, employing data on new enterprises and establishments from the U.S. Census Bureau.<sup>1</sup> In the next section, a comparison of new business growth in Nebraska relative to its neighboring states, as well as to the

United States as a whole, is undertaken. Key industrial sectors in the state are identified. Then, these industrial sectors as analyzed within nine separate regions within the state to identify potential sources of both metropolitan and non-metropolitan business growth. Prospects for future short- and long-term growth are then addressed and finally, the essay concludes.

## Nebraska, the Region and the Nation

To provide context for the state of business establishment growth in Nebraska, it is useful to compare such growth with both the United States as a whole, as well as business growth in those states in close proximity to Nebraska. This not only provides a picture of how Nebraska fares with respect to the nation, but to what extent Nebraska competes with neighboring states for new business growth. The neighboring states considered in this study are Nebraska's primary bordering states: Colorado, Kansas, Iowa, South Dakota, and Wyoming.

As can be seen in Table 1, it is true that between the years 2000 and 2005, business establishment growth in Nebraska lagged behind both the bordering states region as well as the nation. In the United States, the number of business establishments 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 out-paced both the nation and the neighboring region. Those sectors include mining, manufacturing, transportation and warehousing, information firms, profession and technical service firms, management of companies, and health services.

Mining firms are those enterprises engaged in the extraction and quarrying of naturally occurring solids, such as oil and gas, as well as minerals. In Nebraska, these types of entities increased 8.91 percent between 2000 and 2005. In the United States, the increase was 5.74 percent. The increased cost of crude oil and other natural resources over the past few years has certainly prompted increased mining and extraction activities across the country. A significant amount of new business growth has occurred in many western states, such as Wyoming and Colorado, as well as in Kansas. These states have traditionally had a significant presence in this sector. However, evidence also seems to suggest that states like South Dakota are also

witnessing increased business activity in mining. In fact, mining in Nebraska's neighboring region outpaced the state, registering a 14.34 percent increase in businesses engaged in mining.

Table 1. Number and Growth of Business Enterprises

	Nebraska		Neighboring Region		United States	
	Number in 2005	Growth from 2000 to 2005	Number in 2005	Growth from 2000 to 2005	Number in 2005	Growth from 2000 to 2005
<b>Total</b>	42,374	4.33	280,676	5.66	5,963,646	5.80
Forestry, Fishing, Hunting, & Ag. Support	125	-1.57	701	9.36	18,448	-3.38
<b>Mining</b>	<b>110</b>	<b>8.91</b>	<b>2,464</b>	<b>14.34</b>	<b>20,233</b>	<b>5.74</b>
Utilities	122	-7.58	1,061	-2.03	15,343	-1.29
Construction	4,640	2.88	30,109	3.46	570,003	6.45
<b>Manufacturing</b>	<b>1,719</b>	<b>1.06</b>	<b>11,717</b>	<b>-0.19</b>	<b>286,239</b>	<b>-5.37</b>
Wholesale Trade	2,545	-5.18	15,948	-4.14	358,017	-2.85
Retail Trade	6,982	-1.33	43,109	-1.38	933,142	0.97
<b>Transportation and Warehousing</b>	<b>1,743</b>	<b>13.40</b>	<b>8,678</b>	<b>13.30</b>	<b>160,853</b>	<b>11.86</b>
<b>Information</b>	<b>780</b>	<b>19.08</b>	<b>5,873</b>	<b>11.02</b>	<b>112,420</b>	<b>10.06</b>
Finance and Insurance	3,349	9.23	20,271	15.00	386,938	11.98
<b>Real Estate and Rental and Leasing</b>	<b>1,560</b>	<b>24.20</b>	<b>12,815</b>	<b>16.57</b>	<b>279,770</b>	<b>19.66</b>
Professional, Scientific, & Technical Services	3,311	14.85	28,505	15.32	622,519	12.84
<b>Management of Companies &amp; Enterprises</b>	<b>295</b>	<b>17.06</b>	<b>1,859</b>	<b>2.88</b>	<b>42,146</b>	<b>3.01</b>
Waste Management and Remediation Services	1,763	1.56	11,731	4.13	266,563	1.94
Educational Services	414	4.28	2,898	21.71	65,234	18.01
<b>Health services</b>	<b>4,064</b>	<b>16.45</b>	<b>27,116</b>	<b>13.33</b>	<b>643,653</b>	<b>15.03</b>
Arts, Entertainment, and Recreation	633	11.84	4,204	12.17	85,457	13.87
Accommodation and Food Services	3,233	2.70	21,899	8.36	472,067	10.12
Other Services (except Public Administration)	4,971	0.08	29,696	2.59	622,742	2.38

Source: US Census Bureau: <http://www.census.gov/csd/susb/susbdyn.htm>, obtained October 15, 2008. Some smaller sectors and unclassified enterprises are included in the Total but not presented in detail

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 contraction over the last thirty years. Many have lamented this 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 business to the state. While both the nation and the neighboring region experienced net losses in manufacturing business, between 2000 and 2005 Nebraska posted a 1.06 percent increase in manufacturing.

Transportation 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 11.86 percent between 2000 and 2005, a substantial gain indeed. Yet, Nebraska and its neighboring states outpaced the nation in business growth here as well. For Nebraska, the increase was 13.40 percent and for the region it was 13.30 percent.

Another major source of business growth for Nebraska has been in the number of firms in the Information sector. This sector is comprised of firms involved with the creation and distribution of information and cultural products such as books, software, and other electronic media. It employs a highly educated workforce, including authors, editors, software engineers and the like, many of which are quite high-paying positions. Nationwide, growth in such businesses registered a 10.06 percent increase. In Nebraska's neighboring region, the growth was slightly higher, 11.02 percent. However, the pace of business growth in Nebraska was substantially greater than both its neighboring states and the nation as a whole. Between 2000 and 2005, the number of businesses engaged in information activities increased 19.08 percent.

The Real Estate sector includes enterprises primarily engaged in selling, renting, and/or leasing stationary properties such as homes and commercial establishments. Perhaps due to increased residential property construction and selling throughout most of the first five years of the 2000s, the nation experienced a substantial increase in the number of such establishments.



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businesses increased 19.66 percent in number. While this outpaced the Nebraska neighboring region which witnessed a 16.57 percent increase in businesses, the number of business enterprises in Nebraska increased by 24.20 percent. Clearly, the state experienced substantial gains in this sector in the first part of this decade.

In recent years, Nebraska has also experienced substantial increases in businesses that engage in professional and technical services. These enterprises are in essence consulting services firms. They specialize in performing professional, scientific, and technical activities such as accounting, engineering and specialized architectural design, computer services, and legal advice for other firms. By their very nature, these firms tend to employ highly educated professionals from a variety of vocations. 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's neighboring region.

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 the national and regional growth rates. Between 2000 and 2005, while 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. In 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 in new enterprises. 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 US Bureau of

<sup>1</sup> This data can be easily found at <http://www.census.gov/csd/susb/susbdyn.htm>. It is currently available at the county level from 2000 to 2005. The data measure establishment births (new startups), deaths (closings), and expansions. The net measure employed here gives a measure of net startups (i.e. births - deaths) over the period 2000 to 2005. Hence, the focus is on the degree to which a regional economy may or may not be gaining in business activity net of any closings.



Table 3. Regional County Delineations

Region 1: Omaha Area	Region 2: Lincoln Area	Region 3: Southeast Nebraska	Region 4: South Central Nebraska	Region 5: North East Nebraska	Region 6: Sandhills Area	Region 7: Norfolk / Columbus Area	Region 8: South West Nebraska	Region 9: Western Panhandle				
Cass Dodge Douglas Sarpy Saunders Washington	Gage Jefferson Lancaster Saline Seward	Johnson Nemaha Otoe Pawnee Richardson	Adams Buffalo Clay Fillmore Franklin Hall Hamilton Howard	Kearney Merrick Nuckolls Polk Sherman Thayer Webster York	Burt Cedar Cuming Dakota Dixon Knox Thurston Wayne	Arthur Blaine Boyd Brown Cherry Custer Garfield Grant Greeley	Holt Hooker Keya Paha Loup Rock Thomas Valley Wheeler	Antelope Boone Butler Colfax Madison Nance Pierce Platte Stanton	Chase Dawson Dundy Frontier Furnas Gosper Harlan Hayes	Hitchcock Keith Lincoln Logan McPherson Perkins Phelps Red Willow	Banner Box Butte Cheyenne Dawes Deuel Garden	Kimball Morrill Scotts Bluff Sheridan Sioux

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

Sector	Wages and Salaries
National Average	43,129.29
Mining	65,150.78
Manufacturing	66,786.39
Transportation and warehousing	42,216.99
Information	73,005.93
Real estate and rental and leasing	13,964.42
Professional and technical services	57,312.76
Management of companies and enterprises	105,784.21
Hospitals and health services	55,828.77

Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce: <http://www.bea.gov/regional/spi/>, October 18, 2008

### 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 as having a far less dense concentration of residents. This 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), agricultural production activity, 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 regions of Southeast Nebraska. The area also contains Nebraska City.
- Region 4 (South Central Nebraska) is defined in large 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 (Sandhills) is composed of counties in the Sandhills 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 surrounding counties with commuting links to the two cities.
- 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.<sup>2</sup>

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 the Information, Professional and Technical Service, and Health Care sectors. That said, even within these sectors, there has been some substantial growth in business enterprises in more 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 entities increased by 16.32, 12.64, 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.

Moreover, there are a number of sectors that were significant sources of business growth for the state that tended to locate in primarily non-metropolitan areas. For instance, the mining sector has experienced substantial growth in regions 6 (Sandhills), 7 (Norfolk/Columbus), and 8 (Southwest Nebraska) at rates that far outpace the state as a whole. In the manufacturing sector, business growth proved to be quite rapid between 2000 and 2005 in regions 4 (South Central Nebraska), 6 (Sandhills), and 7 (Norfolk/Columbus). In the Real Estate sector, new firms grew 25 percent between 2000 and 2005 in region 3 (Southeast Nebraska, primarily Nebraska City).

Table 4. Regional Enterprise Growth

	Total	Min.	Manu.	Trans. & Ware.	Info.	Real Estate	Prof. & Tech. svcs.	Manag. of co.	Health svcs.
<b>Number of Firms</b>									
state	42,374	110	1,719	1,743	780	1,560	3,311	295	4,064
1	16,154	19	635	555	303	694	1,517	176	1,555
2	7,736	8	301	208	117	308	681	48	832
3	939	1	35	51	14	20	47	2	87
4	5,752	9	290	271	101	171	339	25	533
5	1,706	5	85	132	17	36	80	3	120
6	1,438	9	61	95	27	24	68	2	118
7	3,120	6	159	195	42	98	180	9	278
8	3,075	16	91	102	71	80	221	9	294
9	2,314	22	72	116	58	82	138	11	206
<b>Growth between 2000 and 2005</b>									
state	4.33	8.91	1.06	13.40	19.08	24.20	14.85	17.06	16.45
1	5.60	-26.92	3.25	12.80	36.49	21.75	15.36	14.29	16.92
2	8.18	33.33	1.01	8.90	18.18	18.01	28.73	4.35	22.71
3	-2.59	na	0.00	27.50	-17.65	25.00	-6.00	100.00	-3.33
4	2.49	-25.00	4.69	10.16	17.44	21.28	9.71	38.89	11.97
5	-1.22	-16.67	-13.27	22.22	-34.62	-2.70	-20.00	-40.00	1.69
6	-3.62	12.50	7.02	14.46	3.85	9.09	-10.53	0.00	5.36
7	2.40	20.00	10.42	13.37	-23.64	22.50	5.88	125.00	16.32
8	2.23	45.45	-10.78	13.33	10.94	19.40	15.71	-35.71	12.64
9	0.52	-8.33	-4.00	2.65	-3.33	32.26	-2.13	83.33	11.35

Source: U.S. Census Bureau: <http://www.census.gov/csd/susb/susbdyn.htm>, obtained October 15, 2008

Although their numbers are relatively small, the regional growth in firms in the Management of Companies sector has been quite robust and widespread. Substantial gains were made between 2000 and 2005 in regions 3 (Southeast Nebraska), 4 (South Central Nebraska), 7 (Norfolk/Columbus), and 9 (Western Panhandle). Finally, a major source of regional business growth in Nebraska has been the Transportation and Warehousing sector. Between 2000 and 2005, the state experienced substantial growth in these enterprises with little concentration in any particular region. Indeed, four regions outpaced state growth in this sector. In regions 3 (Southeast Nebraska), 5 (Northeast Nebraska), 6 (Sandhills), and 7 (Norfolk/Columbus), growth in the number of these enterprises increased faster than that state as a whole, posting 27.50, 22.22, 14.46, and 13.37 percent gains, respectively.

<sup>3</sup> 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 is based on monthly figures recorded by the Bureau of Labor Statistics' Current Employment Statistics and can be found at <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.

### 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 market. 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 sources. 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. That said, these sectors do respond differently to economic cycles.

Table 5. Sectoral Response to Historical Business Cycles

Sector	Perc. decline during recession
Mining	-0.88
Manufacturing	-4.50
Transportation and Warehousing	-2.03
Information	-2.18
Real Estate and Rental and Leasing	-0.50
Professional, Scientific, and Technical Services	-2.51
Management of Companies and Enterprises	-2.01
Health services	2.87

Source: US Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov), November 5, 2008

Table 5 displays information, based on national employment figures, on how Nebraska's key growth sectors have responded in previous recession periods. Specifically, they illustrate 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 July 1990 to March 1991, and the recession dated March 2001 to December 2001.<sup>3</sup>

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.

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 expansion 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. We live in an information and media-based economy. Demand for computer software, both for professional as well as entertainment purposes, shows little sign of abating any time in the near future. Moreover, computer technology will continue to advance as well, further increasing the need for information-based skill sets. Hence, the Information sector is, and will likely continue to be, a major source of business growth nationwide. Given recent gains in this sector in Nebraska's metropolitan economies, this sector will likely continue to benefit the state.

The Health Services sector has been a substantial source of

business growth for the state's metropolitan economies. This trend is expected to continue in Nebraska in the long term. The demographic makeup of the United States tends to support an increased need for health services. Life expectancy is on the rise and the post-World War II baby-boomer generation, a substantial demographic cohort, will be placing increased demand on health services. With several major university hospitals and countless clinics, Nebraska's metropolitan centers have developed over the years a substantial infrastructure in health services. This, combined with the relatively low cost of living, has prompted increases in retirees choosing to locate in these areas. These demographic and infrastructural characteristics will likely support continued expansion of health service enterprises for the long term for the state.

As for Nebraska's non-metropolitan areas, there are a few sources of long-term sustainable growth prospects as well. Recall from an earlier discussion that one key sector of business growth has been in transportation and warehousing. This sector in particular may indeed be a long-term source of economic growth for non-metropolitan economies in the state. There are roughly 8,000 licensed motor carriers in the state. Nebraska is also home to two top ten major truck freighting companies, Werner Enterprises and Crete 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.

Indeed, substantial efforts have been made recently by the DED, in conjunction with the Nebraska Trucking Association, to bill

Nebraska as a natural warehousing 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 east-west stretch across the state, and nearly 23,000 miles of north-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 truck travel will reach 26 percent of the continental United States' population and households.<sup>4</sup> Finally, there is a substantial amount of surplus

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- Christopher Decker, Ph.D.,  
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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 a relatively 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, Oriental Trading Company, and Iams, have in the past few years established and/or expanded major distribution centers within Nebraska.

In short, while the general trend has been a declining non-metropolitan population as many residents seek opportunities in urban areas, there are nonetheless some potential sources of economic activity in non-metropolitan areas as well. Transportation and warehousing is one possible sector, and a sector which is relatively well-paying.

### 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. ●

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## Life in the Center

By Roger Fransecky, Ph.D., The Apogee Group

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.

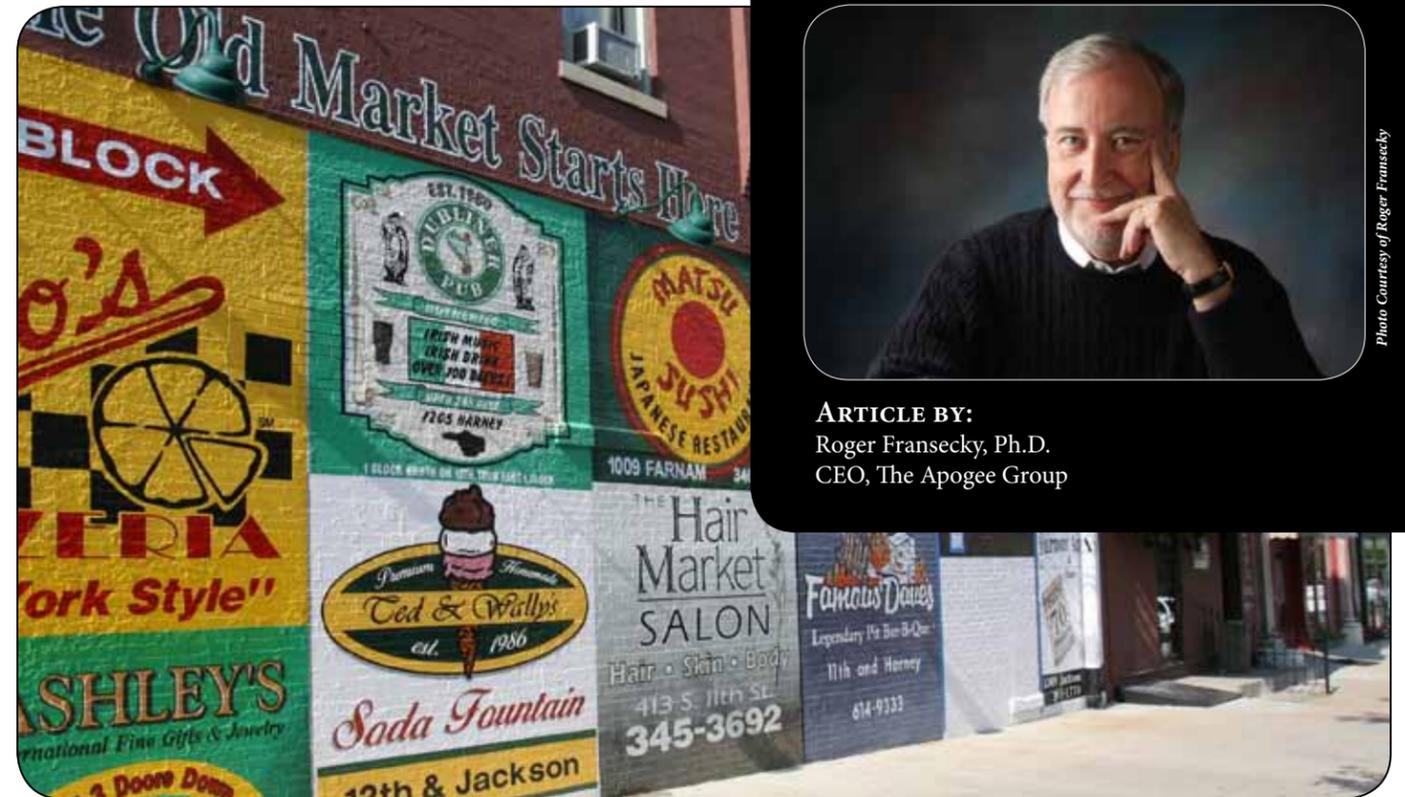
“At times the Omaha-Lincoln I-80 corridor feels like a broken trail between two combative neighbors, one committed to being “more than,” while the other persists in feeling “less than.” And folks to the west feel both ways about the two of “them.” How sad for all of us.”

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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-laws. 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



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Photo Courtesy of Roger Fransecky

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.

We are home to some of the nation's most successful companies, and a new neighborhood to many of the high-tech stars who bring cloud computing, strategic thinking, global interconnections and deep pockets to do the New, the Next, the Possible.

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 attempts to better understand our core values and competitive opportunities? We need to engage and enroll everyone in our proud state if we are to make economic development a shared destination and value. It stands now as a program of Chambers of Commerce, governments and some leaders. But if we have the courage, we can begin to use the muscle of new growth, jobs and training to confirm what we want to do and become together.

Like the clerk who poured my coffee, dare we dare to believe that we can't “go any farther than here”?

If we do, what dreams do we surrender? Who do we leave behind? Can we afford to take that chance?

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For more information visit [www.unl.edu/sdn/economy](http://www.unl.edu/sdn/economy)

A wide river flows through a flat landscape under a cloudy sky. The river is the central focus, winding through the scene. The sky is filled with soft, grey clouds, and the water reflects the light. The banks are covered in dry, golden-brown grasses and some bare trees in the distance.

# *Beautiful Nebraska*

*Written by Jim Fras and Guy Miller*

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.*

## STRATEGIC DISCUSSIONS FOR **nebraska**

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