

# THE ECONOMY

*The quality of a community's future rests firmly with its ability to maintain and expand its economic foundation. In this section of the Plan, the existing status of Lincoln and Lancaster County's urban and farm economies are reviewed, along with the community's basic economic strengths and weaknesses.*

## THE URBAN ECONOMY

Over the past 30 years, local urban employment has weathered many ups and downs in the national economy. During this period, the County's non-farm employment base has expanded from around 71,000 employees in 1970 to over 155,000 in 2000.

Lancaster County's non-farm employment has been able to outpace the growth in its population base. Between 1970 and 2000, the County's annualized rate of employment growth has been near 2.6 percent, as compared to the County's population growth rate of 1.3 percent per year during the period.

Over the past decade, local job growth benefitted from a robust national economy. Nearly 3,350 employees were added each year to the Lincoln and Lancaster County economic base. This means nine jobs were added for every ten new residents in the City and County.

As the State of Nebraska's capital city and as home to the University of Nebraska's flagship campus, Lincoln has historically been known as a "government town." Government employment has long been a substantial portion of the urban workforce.

This pattern remained in place until recently when jobs in the Service industry overtook Government as the largest single employment sector in the local economy. With 27.3 percent of all local non-farm employment in the year 2000, Services became the area's largest economic sector.

Services moved past Government employment, which dropped from 26.8 percent of the total in 1990 to 22.3 percent in 2000. State Government remained the singularly largest employer with over one in ten (12.8 percent) of all local employees. Most other sectors of the local economic profile remained relatively stable or grew.

<b>Employment Sector</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>
<b>Manufacturing</b>	<b>12.2%</b>	<b>12.4%</b>	<b>11.7%</b>
<b>Non-Manufacturing</b>	<b>87.7%</b>	<b>87.6%</b>	<b>88.3%</b>
Construction and Mining	3.8	4.1	5.1
TCU*	5.5	5.6	6.0
Trade	21.6	21.5	20.8
FIRE**	7.0	6.4	7.0
Services	23.1	24.9	27.2
Government	26.8	25.2	22.3
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\* Transportation / Communications / Utilities  
 \*\* Finance / Insurance / Real Estate

## SMALL BUSINESSES

By any measure, small businesses make large contributions to the U.S. economy. Including the self employed, small businesses account for 58 percent of the private, non-farm work force, contribute 43 percent of all sales in the country, and generate 51 percent of the private gross domestic product. Two-thirds of small businesses employ fewer than five people. Over sixty percent of new jobs are produced by small businesses. Small businesses produce twice as many product innovations per employee as do larger firms.



Nationally, women- and minority-owned businesses have exhibited significant increases in the past decade. In fact, women- and minority-owned businesses have increased in number at a much higher rate compared to the total increase of all businesses. Minority groups exhibited the greatest increase in the number of business start-ups in the past decade. (*U.S. Small Business Administration*)

According to the U.S. Economic Census, there were approximately 5,300 minority- and women-owned businesses in Lancaster County in 1997. This comprised about one-quarter of all the business firms in the county. The County's 4,712 women-owned business accounted for greatest portion of this figure, representing almost one in four of all Lincoln area business establishments. There were a total of 593 minority-owned businesses, or nearly three percent of the total private firms in the County. Sales and receipts for all minority- and women-owned businesses in the County in 1997 were around \$650,000,000.

## THE FARM ECONOMY

An often overlooked element of Lancaster County's economy are the contributions made by the farm industry. The total market value of crops and livestock produced and sold in the County topped \$82 million dollars in 1997. This represented nearly an 18 percent increase over the 1992 level and nearly a 50 percent increase over the ten year period from 1987.

While the number of smaller farms (annual sales under \$2,500) grew substantially between 1987 (301 farms) and 1997 (410 farms), farm operations with sales in excess of \$100,000 also showed remarkable gains. The number of farms in this upper tier expanded in number from 144 farms in 1987 to 253 in 1997. Soybeans, cattle and calves, corn, and sorghum were the largest farm product inventories in the County in 1997.



The total number of farms in the County has steadily declined from a high of nearly 2,400 in 1950 to fewer than 1,500 in 1997. However, the number of farms in the County did increase by seven percent between 1992 and 1997, from 1,359 operations to 1,457 operations. The amount of land in Lancaster County devoted to agricultural production remains significant – in 1997, somewhat less than four out of five acres were in farm related activities. This is down from a high of around 90 percent in 1950.

# ECONOMIC STRENGTHS AND WEAKNESSES

In developing the Comprehensive Plan, a local group of business representatives explored the present economic foundation of the community. This included completing a series of stakeholder interviews with a variety of city and county business and community leaders. These interviews identified a number of existing economy “strengths” and “weaknesses:”

## ECONOMIC STRENGTHS

- Quality of Life
  - Schools
  - Cultural Activities
  - Recreation
  - Amenities
  - Neighborhoods
- Stable Economy
- University of Nebraska Lincoln (UNL) and Higher Education in General
- Educated Workforce
- State Government
- UNL’s Technology Park and Nebraska Center for Educational Excellence
- Health Care Industry
- Good work ethic and good values
- University Knowledge Base
- City-County Government
  - Little sprawl
  - No municipal competition

## ECONOMIC WEAKNESSES

- Low Unemployment
- Physical Infrastructure
- Information Leadership
- Development Process
  - Consistency
  - Cost of Development
- Development Locations
  - Demand vs. availability
- Diversity
- Reliance on public sector economy
- Air Service
  - Cost and scheduling
- Support for small business
- Regional collaboration
- Culture of innovation

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