

Development Opportunity Assessment For Nemaha County, Nebraska

Top 5 Considerations for Nemaha County:

This assessment has been prepared by the **Center for Rural Entrepreneurship** in support of the Southeast Nebraska Development District (SEND) Comprehensive Economic Development Strategy (CEDDS).

All supporting research and analysis for this assessment is available in the Center's online library at:

<http://bit.ly/tgD2Y5>

Research in the electronic library provides expanded analysis: demographics, the local economy, businesses, agriculture, and trade capture.

You are encouraged to view all of these resources for additional insight and clarification.

We welcome your questions and our team will work with SENDD to be responsive to your feedback.

The analysis contained in this report was prepared by Don Macke, with support from Ahmet Binerer, John Hitt, Dr. Deborah Markley, Kyle Cummings and Ann Chaffin. Information about the Center's team can be found at:

www.energizingentrepreneurs.org

1. **Renewing the population. Nemaha County cannot continue to lose 10% of its population every decade and thrive.** Focusing on strategies to first slow depopulation and then stabilize it is paramount. Focusing on people attraction should be actively considered. The Center for Rural Entrepreneurship recommends that Nemaha County economic development leadership first focus on young people who would like to stay or return if there were the right kind of jobs and careers. Second, capitalizing on the Peru State College and ensuring its growth could be a catalyst for demographic strengthening. Finally, there should be a dual focus on younger families and retirees. The Center for Rural Entrepreneurship would encourage that Nemaha County economic development leadership to explore the successes being realized in the Nebraska Counties of Holt, Valley and Chase.
2. **Regional Development.** Locally rooted and supported development efforts are likely to be insufficient in returning Nemaha County to demographic growth. Serious consideration should be given to collaborating with other counties and communities within the region to capitalize a larger and more aggressive development game plan. **Exploring how to strengthen and grow the area's economy by connecting to larger regional growth (say occurring in Lincoln and Omaha, but also Nebraska City and Plattsmouth (US 75 corridor) holds some promise.**
3. **Business & Farm Transition.** Farms and businesses in Nemaha County are aging and business loss due to failed transitions is a significant threat. The Center for Rural Entrepreneurship strongly recommends locally supported business transition strategy to enable more existing businesses and farms to find new local owners. **This strategy is foundational to ensuring Nemaha County's business community and overall economic strength.**
4. **Local Entrepreneurs.** According to www.youreconomy.org in the last decade alone there are nearly 200 new entrepreneurial businesses in Nemaha County. Identifying and working with these young ventures could provide an opportunity to not only renew Nemaha County's business community, but create job and career opportunities for returning families and new residents. **The Center for Rural Entrepreneurship encourages Nemaha County to look to Chase County in Nebraska and Jewell and Rawlins Counties in Kansas for inspiration.**

5. **Business Retention.** There are a number of larger employers (e.g., PSC, manufacturing, etc.) that are very important to Nemaha County's economy. **Working with the State of Nebraska, the Center for Rural Entrepreneurship encourages a strong business retention and expansion efforts with Nemaha County's larger employers.**

The Findings

Location. Nemaha County and its largest community Auburn are located in extreme Southeast Nebraska adjacent to the Missouri River. The landscape from west to east transitions from farm fields to the Missouri River bluffs with forests and canyons. This County is home to two important state treasures; Indian Cave State Park and Nebraska's oldest public higher education institution or Peru State College. Nemaha County is located in the outer urban influences of the Omaha/Lincoln metro area but located within one-half day's drive of nearly 3.5 million consumers when Lincoln, Omaha, Des Moines, St. Joe and Kansas City are considered. This location both from a unique landscape and quality of life considerations has development potential.

Demographics. Between 1970 and 2010 Nemaha County lost nearly one-half percent (0.48%) of its population annually. This is a relatively serious rate of depopulation and calls for aggressive action. Likely projections suggest continued high rates of depopulation but at rates somewhat more moderate (0.33%) than those of the last four decades. During the most recent decade Nemaha County lost 711 residents or nearly 10% of its population. Deaths now exceed births and Nemaha County has entered a critical tipping point where depopulation is undermining future development options. Stabilizing Nemaha County population should be the highest priority for the coming decade.

Government	\$131 million
Retirees	\$77 million
Agriculture	\$36 million
Manufacturing	\$18 million
Health Care	\$12 million

Economy. The chart above summarizes the primary sources of household personal income based on the most recent 2009 data. The largest sources of personal income include government (\$131 million – the college), commuters (\$86 million), retirees (\$77 million), and farming. Transfer payments related to the social support system and farm payments are also very large and important for Nemaha County (\$288 million). Nemaha County is still an employment hub with more commuters coming into Nemaha County for work than County residents traveling outside of Nemaha County for work (\$59 vs. \$27 million in 2009). Manufacturing continues to be important, but personal income from manufacturing in the past decade declined by about 28%. Local health care is important and provides foundational infrastructure for retirees and other families.

Recession. The Great Recession (2007-2009) impacted Nemaha County with unemployment rising to 6.8% in January of 2010. Economic dislocation likely contributed to this high rate of out migration during the 2000s. Prior to the recession, unemployment rates averaged in the 3% range and now are bouncing between 4% and 5%, remaining elevated. There continues to be room for recovery from the Great Recession putting more pressure on more aggressive development efforts.

Business. The 90's (1992-2001) were a relatively strong period for both new business and job creation in Nemaha County. During this period net new business creation was 21% higher with 104 new businesses gained. Net job creation for this period was positive with 859 new jobs (27% gain over 1992 levels). During the 2000's Nemaha County economy gained 241 new businesses but lost 430 jobs. While this pattern may seem inconsistent, it reflects job destruction by larger employers (-715 jobs) and

a dramatic rise in self-employment (+192 jobs). Currently there are an estimated 841 (2009) businesses within Nemaha County and most are locally owned. Nemaha County is experiencing serious trade leakages with an estimated \$60 million in local demand with only \$37 million being met by in-county businesses. There is significant opportunity to strengthen the local economy by reducing even moderately spending leakage. Non-farm proprietorships have seen encouraging improvement however with personal incomes rising from about \$8 million in 1992 to nearly \$16 million by 1998. Since then incomes have flattened out. Farm proprietorship income has risen from zero in 2006 to nearly \$35 million today!

Wealth. Like other counties in this region there is a relatively higher (when compared to state averages) share of low income and low wealth households. About 30% of households are classified as low income and 42% are classified as low wealth. Nearly 60% of all households are middle income, but only 38% are mid-wealth classified. Around 12% of all households are high income with a somewhat higher percentage classified as higher wealth. This difference is related to wealth embedded in farm ground and closely-held family businesses. About 3.4% (probably more when farm wealth is captured) are millionaires representing 100 households countywide. While Nemaha County is not rich, there is considerable opportunity for giveback from selected segments of the community.

Peru State College
Rural communities that have regional universities typically do much better economically and socially than other rural communities without these institutions. The location of Peru State College within Nemaha County is a huge development asset and economic driver. Currently PSC is doing well with increasing enrollments. However, in a previous budget cutting session at the State, PSC had been proposed for closure. Every effort must be made to ensure the future of PSC and efforts undertaken to explore how allied development can be stimulated and supported through PSC and Nemaha County & SE Nebraska. PSC is home to important human talent that could help Nemaha County vision a better future.

The Center for Rural Entrepreneurship is the focal point for energizing entrepreneurial communities where entrepreneurs can flourish. Created in 2001 with founding support from the Kauffman Foundation and the Rural Policy Research Institute (RUPRI), the Center is located jointly in Nebraska, North Carolina, and Missouri. The Center's work to date has been to develop the knowledge base of effective practices and to share that knowledge through training and strategic engagement across rural America. Working with economic development practitioners and researchers, the Center conducts practice-driven research and evaluation that serves as the basis for developing insights into model practices and other learning. The Center is committed to connecting economic development practitioners and policy makers to the resources needed to energize entrepreneurs and implement entrepreneurship as a core economic development strategy. To learn more about the Center, visit www.energizingentrepreneurs.org.

Center for Rural Entrepreneurship

energizing entrepreneurial communities

SEND D

Southeast Nebraska Development District

www.sendd.org

MAIN OFFICE
2631 "O" Street, Lincoln, NE 68510
Office: 402-475-2560
Fax: 402-475-2794
dtaladay@sendd.org

HUMBOLDT OFFICE
PO Box 308, Humboldt, NE 68376
Office: 402-862-2201
senddhumboldt@windstream.net
senddlisa@windstream.net

Office Location – 727 4th Street

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