

## Development Opportunity Assessment For Saline County, Nebraska

### Top 5 Considerations for Saline County:

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

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](http://www.energizingentrepreneurs.org)

1. **Connection with Lincoln.** Saline County has both its own domestic economy and strong connection with Lincoln and its economy. This is a very strong position and the Center for Rural Entrepreneurship recommends that Saline County economic development leadership pursue a dual strategy of both strengthening its domestic businesses and increasing its economic/social connections with Lincoln.
2. **Business Retention and Attraction.** There are number of larger employers in the County that form one foundation point in the County's economy. **The Center for Rural Entrepreneurship strongly recommends serious consideration of a more robust business retention and expansion program.**
3. **Doane College.** Doane College is an important asset within the community. It creates a positive social, economic and cultural set of impacts. Working pro-actively to ensure the long-term success of the College is important and should be pursued.
4. **Retail & Service Businesses.** The County has fairly strong retail trade and service capture statistics. This is a positive and an asset for development. Consideration should be given to a "main street" type development strategy focused on renewing and expanding locally owned and operated retail and service businesses within the community.
5. **Business Transitions.** Given the large number of locally owned smaller businesses in the County, the Center for Rural Entrepreneurship suggests **a potential focus on business transition assistance to ensure more businesses can find new and capable owners as business successions occur.**

## The Findings

**Location.** Saline County and its primary community of Crete, enjoys a favorable location with respect to the U.S. Highway 77 corridor and the Lincoln Metropolitan Area. As measured by worker commuter patterns, there is a very strong association between Lincoln and particularly Crete. This association offers considerable development potential where residents and businesses looking for either a rural or small town quality of place environment can have easy access to customers, work, shopping and workforce in the Lincoln area.

**Demographics.** Unlike many rural counties in Nebraska, Saline County has seen positive population growth experiencing a 0.27% annualized growth rate between 1970 and 2010. We believe this relatively strong growth rate is related to three primary factors: (1) strong basic industry employment in the County; (2) the County's association with the rapidly growing Lincoln Metro Area and (3) the location of Doane College in Crete. According to the Census, during the most recent decade the County has positive natural (births over deaths) growth (+359 residents) off set by moderate net out migration (-247) resulting in ever so modest overall growth. Several population projections suggest that the County's growth rate will increase in the coming five decades growing faster when compared to the previous decades. Again, the County's location relative to the Lincoln footprint is an important driver of growth.

**Economy.** Saline County has a fairly diverse society (multiple household types) and for its size, a relatively diversified economy. Its economy is a mix of retirees, manufacturing (and related activities such as warehousing and transportation), commuters, government, production agriculture and higher education (Doane College). The County's social, demographic and economic diversity is a development positive and enables a relatively more resilient and prosperous economy. Despite the County's relative location to both Lincoln and Beatrice, it has a fairly strong retail spending capture profile. While there is net spending leakage for the County, the level is low given the County's size and location. This suggests a strong local retail trade and service sector. Farm and non-farm proprietorships are an important rural indicator of locally owned smaller businesses. During the 1990's, Saline County witnessed strong income growth in non-farm proprietorships with related personal income from these businesses increasing from \$9 million to \$17 million. Since the peak in the late 1990's, personal income growth from this sector of the business community has remained strong, but stagnated. Like other farm dependent counties in America's heartland, farm proprietorship personal income has growth from zero in 2000 to around \$50 million today. This has created both a local and regional economic stimulus in the decade of the 2000's. Both outbound (County residents working outside of the County = \$77 million in personal income in 2009) and inbound (non-County residents working in the County = \$90 million in 2009) are very important. Saline County is both home to significant outbound commuters and is also an area employment hub. Rising fuel costs is impacting the viability and growth potential for commuters. If prices remain high and continue to grow faster than wages, this economic strategy will be impacted eroding growth.

**Recession.** Pre-recession unemployment in the County ran in the 2% to 3% range and peaked in January 2009 (early for Nebraska) at 5.7%. Since the Great Recession (2007 – 2009) unemployment rates have dropped back into the 4% and 3% range. The Recession impacts the County moderately. Manufacturing was particularly impacted by the Great Recession. But in Saline County personal income from manufacturing actually grew by 12% between 2000 and 2009 increasing from \$142 to \$160 million or by \$17 million over the decade. This is a strong indicator that the mix of manufacturing in the County was largely missed by the Recession. However, during the 2000's there was a net loss of 4,340 jobs.

### Household Personal Income by Economic Sector, 2009

Retirees	\$188 million
Manufacturing	\$160 million
Commuters	\$77 million
Government	\$65 million
Farming	\$44 million
Transportation	\$21 million

**Business.** The 1990's was a very good business decade for Saline County. The net gain in businesses according to [www.youreconomy.org](http://www.youreconomy.org) was 268 (+34%) and net job creation between 1992 and 2001 was 4,559 (+73%). However, the decade of the 2000's was a different reality. While personal income was not greatly affected by the challenging economic times in the 2000's (2001-2008), employment was impacted severely. The actual number of net new businesses increased by 288 (+27%), but the County's economy lost 4,340 (-40%) jobs. The largest loses came from non-resident (owners outside of Nebraska) employers (-2,577 jobs) and noncommercial (e.g., government & nonprofit sectors with -1,736 jobs). There was a strong increase in self-employment (an indicator of emergent entrepreneurial activity) with a 60% gain between 2001 and 2009 (+234 ventures & jobs).

### The Lincoln Connection

*The Lincoln/Omaha metro region is projected to be one of the faster growing small metros in the United States in the coming decade. Lincoln's growth is likely to be robust and diversified. This growth is creating important development opportunities and connections for Saline County and particularly the City of Crete. Working to better understand these opportunities could be important to the community's growth.*

**Wealth** Saline County (based on 2010 Census data) has a similar share of lower income households when compared to Nebraska. It has a higher share of middle income households and a moderately lower share of higher income households. This pattern is to be expected given the size and situation of the County. When household current net-worth is considered, the County has a higher share of both lower and middle wealth households and a lower share of high net-worth households. ESRI projects for 2010 that about 3.1% of all County households are millionaires. This value may be conservative given the new wealth in farm real estate. Based on research prepared for the Nebraska Community Foundation, Saline County has significant potential for community giveback through both annual and legacy charitable donations. Development of community endowments to support community betterment and economic development work is recommended.

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](http://www.energizingentrepreneurs.org).



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