Outline

• Contributions of Manufacturing to the Nebraska Economy
• Economic Conditions and Resource Prices Which Influence Nebraska Manufacturing
• Trends in Nebraska Manufacturing
• Current Structure of the Nebraska Manufacturing Industry
Contributions to Nebraska Economy

• Nebraska is often considered an “agricultural state”
• However, manufacturing accounts for a large share of the economy whether measured in terms of
  ▪ Value-added: 12.9%
  ▪ Employment: 9.7%
### Contributions to Nebraska Economy

**Table 1. Manufacturing’s Share of Value-Added and Non-Farm Employment in Nebraska**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Manufacturing</th>
<th>Total</th>
<th>Manufacturing Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value-Added (2014) (Millions of Real 2009 $)</td>
<td>$12,753</td>
<td>$98,794</td>
<td>12.9%</td>
</tr>
<tr>
<td>Non-Farm Employment (2015)</td>
<td>97,300</td>
<td>1,006,300</td>
<td>9.7%</td>
</tr>
</tbody>
</table>

Poll Question 1:
What is the top country for Nebraska manufacturing exports?

a) United Kingdom
b) China
c) Japan
d) Canada
Contributions to Nebraska Economy

• These shares are equal to or larger than the share in the typical state.

• The shares grow even larger when adding in the “multiplier impact” of manufacturing
  ▪ Value-Added: 25.4%
  ▪ Employment: 26.9%
Economic Conditions and Resource Prices

- Nebraska has benefited from rapid growth in exporting
  - Value of manufacturing exports rose 128% from 2005 to 2015
  - The general price level rose just 21% during period

- The top export markets for manufactured goods were:
  - Canada
  - Mexico
  - Japan
  - China
Economic Conditions and Resource Prices
Value of Manufacturing Exports (Millions $)

Source: Office of Trade and Industry Information
Poll Question 2:
Are manufacturing wages in the United States higher or lower than in leading competitor countries?

a) Generally higher
b) Generally lower
c) About the same
Economic Conditions and Resource Prices

• Crop and livestock prices
  ▪ Mixed influence on Nebraska manufacturing
  ▪ Rose and then retreated during 2005 to 2015 period

• Resource prices
  ▪ Smaller advantage for energy prices
  ▪ Growing advantage in wages
Economic Conditions and Resource Prices
Electricity Prices in Nebraska and U.S.

Source: Energy Information Administration; Compiled by Nebraska Energy Office
Economic Conditions and Resources Prices
International Wage Comparison

Source: Bureau of Labor Statistics: International Labor Comparisons
Nebraska Manufacturing Extension Partnership

• The Nebraska Manufacturing Extension Partnership help manufacturers in 5 service areas
  ▪ Continuous improvement
  ▪ Marketing and growth
  ▪ Quality management
  ▪ Sustainability, environment, and energy
  ▪ Workforce development
Poll Question 3:
During the Great Recession, were job losses more severe in durable goods manufacturing (machinery, transportation equipment) or non-durable goods manufacturing (food, chemicals)?

a) Durable goods manufacturing
b) Non-durable goods manufacturing
Trends in Manufacturing

- Manufacturing continues to thrive in NE
- Manufacturing value-added is rising in Nebraska despite job losses
  - Employment declines from 2005 to 2015, especially during the Great Recession
  - Manufacturing value-added (real GDP) rose from 2005 to 2015, despite a drop during the Great Recession
Trends in Manufacturing

Source: Bureau of Labor Statistics
Trends in Manufacturing

Source: Bureau of Economic Analysis
Trends in Manufacturing

Source: Federal Reserve Economic Data
Structure of the NE Manufacturing Industry

• Concentration of manufacturing jobs in food processing, machinery and fabricated metals
• Hundreds of small and mid-size manufacturers
• Manufacturing is active throughout the state
## Structure of the NE Manufacturing Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>2013 Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Processing</td>
<td>33,676</td>
</tr>
<tr>
<td>Machinery Manufacturing</td>
<td>10,313</td>
</tr>
<tr>
<td>Fabricated Metals</td>
<td>7,720</td>
</tr>
<tr>
<td>Transportation Equipment</td>
<td>7,714</td>
</tr>
</tbody>
</table>

*Source: Annual Survey of Manufacturers*
# Structure of the NE Manufacturing Industry

<table>
<thead>
<tr>
<th>Employment Range</th>
<th>2014 # of Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-9</td>
<td>951</td>
</tr>
<tr>
<td>10-49</td>
<td>536</td>
</tr>
<tr>
<td>50-99</td>
<td>114</td>
</tr>
<tr>
<td>100-249</td>
<td>111</td>
</tr>
<tr>
<td>250-999</td>
<td>72</td>
</tr>
<tr>
<td>1000+</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td><strong>1,795</strong></td>
</tr>
</tbody>
</table>

*Source: County Business Patterns*
Structure of the NE Manufacturing Industry

Source: Bureau of Labor Statistics
THANK YOU!

Any Questions?
Next Webinar

Income Inequality in Nebraska
September 30, 2016
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