Recession in Nebraska

An Historical Look at the State's Labor Market

NEBRASKA
DEPARTMENT OF LABOR

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is a publication of

Nebraska Department of Labor
Office of Labor Market Information

550 South 16th Street
PO Box 94600
Lincoln, NE 68509-4600
Telephone: 800.876.1377
Fax: 402.471.9867

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Introduction

As the bell rings to open the market, the New York Stock Exchange is fluttering with activity. Panic sweeps through the open room as cries of "SELL! SELL! SELL!" resound through the open floor. Stock prices are falling, fast.

Meanwhile in Anytown, Nebraska, a man climbs into his pickup to head off to work for the day. As he turns the key the radio blasts "PANIC ON WALL STREET! STOCKS FALL 10% IN THE FIRST HOUR OF TRADING!" The man doesn't realize it yet, but this single event happening thousands of miles away will change his life forever. In a few months he will lose his job of 20 years, the house where he raised his children, the brand new pickup truck he had wanted for years, his daughter's college education which he had been saving for since she was born, and the health insurance his wife so desperately needs to deal with cancer.

This story is desperate, but over the past three years thousands like it have been reported from all across the country. Recessions impact people's lives in a very large way. When looking at data for recessions it should be remembered that the numbers represent people, lives that have been hurt and families which are struggling.

This publication is going to take a very detailed look at many different data sets to serve two functions. First is to attempt to come away with an idea of how recessions impact the entire economy, specifically in the state of Nebraska, and second to tell the story of the state and the nation in four very trying economic periods.

Definition of Recession

It is difficult to come to an exact definition of what a recession is. The common definition is two consecutive quarters of negative Gross Domestic Product growth, meaning the nation is decreasing production. This definition has run against some scrutiny in recent years because of its failure to include other important measures of economic performance, such as unemployment, inflation, and consumer spending. Another definition used by the National Bureau of Economic Research is a "significant decline in economic activity lasting more than a few months." The obvious issue is the vagueness of this definition. What is economic activity, or a significant decline, or how long is a few months? Due to these issues many experts use the 'eye test' or say "I'll know it when I see it."

For the purposes of this publication, recession shall be defined based solely on time frames. A recession begins when it is declared according to the National Bureau of Economic Research and a recession ends the month of peak national unemployment rate following the start date. The one exception to this is the late 2000s recession which will be examined through the July 2010 data available. The focus of this paper will be on the four recessions which are most recent.

Recession Periods

The first period began in January of 1980 and reached peak unemployment in November 1982, which will be referred to as the 80s recession. The 80s recession is one of the worst recessions in the past century. Many experts consider this to be two separate recessions occurring one after the other. This publication will consider it one period and define it as a 'double-dip' recession in which a shock occurred to cause a recovery to slide back into a deeper recession.

The second period began in July of 1990 and reached peak unemployment in June of 1992, and will be referred to as the 90s recession. This period was the mildest recession of the four which will be discussed. The importance of economic policy to politicians ought to be noted, as this recession had a major impact on the race for President of the United States in 1992.

The third period began in March of 2001 and reached peak unemployment in June of 2003, which will be referred to as the early 2000s recession. This recession was noted by a number of large corporate corruption scandals, the end of the dot-com bubble, and the 9/11 terrorist attacks. While less deep than the 80s recession and the late 2000s recession; the early 2000s recession is known as the first recession that experienced a 'jobless recovery.'

The final period began in December of 2007 and will be analyzed through July 2010, and will be referred to as the late 2000s recession. The late 2000s recession has been extremely severe, and is notable for how similar many of the circumstances which lead to the recession mirror the circumstances of the Great Depression.

Recession Start	Recession End	Peak Unemployment Rate NE	Peak Unemployment Rate U.S.
Jan-80	Jul-80	Aug-80	Jul-80
Jul-81	Nov-82	Jan-83	Nov-82
Jul-90	Mar-91	Jun-92	Jun-92
Mar-01	Nov-01	Mar-03	Jun-03
Dec-07	Jun-09	Jun-09	Oct-09

Source: National Bureau of Economic Research, NBER.gov.

Expectations

The data for each recession period has been split into five different aspects of the economy. These portions are Output, Inflation, and International Trade; Industry Employment; Occupation and Payroll Employment; Unemployment; and Local Impacts. This report's three authors each took different aspects to research and write for all of the recession periods.

The Expectations section was written prior to the research for any of the recession periods to establish a general baseline of what would be researched as well as, what were expected results, and what varying possible research outcomes could indicate. The goal of this section is to allow the reader a more thorough understanding of assumptions being made by the researchers in their analysis of the data, as well as to introduce and explain each of the data sources being used to readers who are not familiar with them.

This publication contains data up to July 2010.

Output, Inflation & International Trade

When researching recession periods, national macroeconomic data is necessary not only to define the periods, but also to establish the character and severity of the downturn. For this publication, three measures will be used to gain a better understanding of the economic conditions of the nation during each period, output, inflation, and trade balance. While other measures could effectively describe aspects of the periods that these data sets miss, these three combine to indicate the size of the economy, change in prices, and shifts in the productive base that are impacted during every recession.

The output of the entire economy is measured with Gross Domestic Product. This number is a key indicator of economic performance and recession specifically, so much so that many people define a recession as a period of at least two consecutive quarters of real GDP declines. While this is not a definition all economists are comfortable using, it indicates the value the measure has in explaining the state of the economy. In terms of recession periods it is expected that most recessions will see a sharp fall in GDP at the beginning of the period as the economy slows down. This will often, but not always, be followed by rapid growth and a leveling off back to prerecession growth rates. This is why the GDP is considered one of the easiest methods of following business cycles through peaks and troughs.

Inflation is the change in the value of currency over time. In this publication, the Consumer Price Index is used as a primary measure of inflation because the impact of recessions on the public as a whole is a primary focus of the publication. During a recession period, inflation is expected to slow significantly below normal growth rates due to drops in aggregate demand. If a recession is particularly pervasive, this may create a deflationary period, or a time when the prices for goods in the economy actually drop. Deflation is a major concern as it can create a deeper recession by causing companies to further decrease production to make up for the declining income. Prior to the 1970s, most economists assumed this was the only possible connection between prices and recessions, but another issue became apparent in the period. A drop in production caused by a large increase in the prices of commodities can create a recession that also has abnormally high inflation rates, also known as stagflation.

The data presented in the charts for the CPI is the value of the index, this allows for the accumulation of price increases to be seen over time. For this publication, the inflation rate for any given month refers to the over-the-year percent change in the CPI that occurred in that month. The inflation rate is therefore a measure of how fast prices are changing rather than a direct measure of the prices themselves.

The Trade Balance is the last major national economic indicator that will be discussed in this section. Companies, individuals, and the government will often buy products they consume from outside of the nation. This process called importing is the first piece of the trade balance. The second is exporting, when a foreign entity consumes a good produced in the home nation, in this case the United States. The trade balance is the value of exports less the value of imports and indicates whether a nation is a net exporter or a net importer. Since recessions decrease aggregate demand, a recession that is isolated to the United States will likely cause the trade balance to increase, because people will consume less imports but may also increase exports as companies are looking for new markets to make up for the demand gap. Recessions may also impact the entire world besides just the United States, either in cause or impact. In this case it is expected that the trade balance may be unaffected, but both exports and imports would shrink significantly. The trade balance is also referred to as the current account.

Output, Inflation and International Trade pages are 14, 15, 25, 26, 36, 37, 48, 49, 60, and 61.

Industry Employment

One of the most basic concepts in economics is “more is better” with regard to consumption, whether it is buying two for the price of one, or a business and labor; the more they can consume the better off they will be. One instance where businesses tend to stray from the “more is better” stigma is during the decline side of a business cycle, or a recession. With a large enough scare rippling through the economy, businesses’ demand will begin to decline and thus they are forced to cut costs to maintain the bottom line. These scares can come in quite a few forms; a contamination of products such as bovine spongiform encephalopathy (mad cow disease), a sudden change in available resources such as the oil crisis of the 1970s, or one of the most recent, a credit crisis. Business owners can respond to these shocks to keep up their margins in a lot of different ways; by watching purchases, delaying bonuses, hiring freezes, and finally laying off workers. This section is a closer look at the effects of recessions on employment figures within industries for the state. We will compare Nebraska data to national employment figures to highlight trends and shifts in the industry composition of their respective economies.

Employment figures and the gaining or losing of jobs is a highly watched metric of the economy to perceive how well or poorly it is doing. Looking to raise profits during a recession, when budgets are tight, business owners are often forced to play a tedious balancing game between keeping enough staff on hand to get the job done and not over-producing to where they’re wasting resources on idle inventory. So when businesses start to feel a crunch, often times so do employment numbers. We should expect that during a recession, if it cuts deep enough, it would cause a drop in employment. After whatever the shock that caused the economic unrest has settled out, expectations are that we should see a decline in job losses and hiring should begin to pick back up. When employers feel confident that they can both, afford the extra employees and move the product or services these workers provide, jobs will become available. During the first few months of a recovery, employment may not immediately jump; it may not even grow at all, to begin with. Job losses will slow, and employment will hold steady for a few months as employers begin to see demand for their services pick up again. Only when demand is consistently growing will many businesses begin to hire new workers.

Industry abbreviation tables are included on Appendix C. Industry Employment pages are 16, 17, 27, 28, 38, 39, 50, 51, and 62.

Occupation & Payroll Employment

Recessions obviously impact people at work. Data provided on occupation employment will show a number of different trends because of this. The type of people companies look to hire will also change depending on economic circumstance. As such, major occupation groups should experience shifts in the number of people employed, most likely from high paying positions such as management to lower paying positions such as service employees. This shift will also be impacted by the decline in total employment across all occupation groups, creating a dramatic realignment of the workforce throughout the nation. If this is not apparent in the data for Nebraska during the recession period it is likely because the state experienced a less severe impact from the recession than the nation as a whole.

Due to data availability, the occupation data on the state level for the first two recession periods is industry specific employment. After the change in the Occupational Employment Survey system in the late 1990s, data became available for all industries, as well as wage information for each occupation group. The wage information gives us a more complete look at what is occurring in each occupation group. It is intuitive to think wages will decrease in a recession period but this may be overlooking a key factor. As companies layoff employees because of a weakening economy they are looking to cut expenses while maintaining productivity. Due to this, some companies will fire from the top of payrolls down, but other companies will fire the most recent person hired, who is likely to be one of the lowest paid employees. If the data indicates stagnant wages or an increase, it is likely due to a new employees being laid off at a greater rate than more experienced ones.

The tables for the early 2000s and the late 2000s recessions present data as net change in each category over-the-period. The categories are Employment, meaning the number of employees in each group, Average Wage, being the average of all of the wages earned in the group, and percentiles, displayed as a number and percent sign, being the earnings of the specific individual who has exactly that percentage of the employees in the group making a lower wage than them. For example, the fiftieth percentile is the earnings for the person who has exactly half of the employees in the occupation group earning less than them and is presented in the table as 50%. This particular percentile is also referred to throughout the text as the median.

Payroll employment is a key indicator of economic performance. Companies look to cut costs during a recession, and one of the largest costs for many companies is employee payroll. As a recession hits, payroll should decrease at a rather rapid rate then bounce back when companies are confident that a recovery is underway. During the recovery period, there may be several months in which the rate of change in employment is stagnate, this would indicate a time in which there was uncertainty a bounce back was occurring. Such stagnation occurring before the change in employment is positive could mean a ‘jobless recovery’, where companies are still cutting jobs for several months while the economy is growing. Due to comparability issues, the national payroll employment data included in this publication is seasonally adjusted from the CES program. Statewide payroll employment data included is also from the CES program, but is not seasonally adjusted due to availability. This means annual changes are to be the focus for this number.

Occupation and Payroll Employment pages are 18, 19, 29, 30, 40, 41, 52, 53, and 63.

Unemployment

While there are many different types, definitions, theories, and solutions regarding unemployment, the standard definition of unemployment is the number of people that are willing, able, and actively seeking work that currently have none. The unemployment rate is obtained by dividing this number by the total labor force and then multiplied by 100. Simply not having a job does not make someone unemployed. If a person does not currently have a job but is also not actively looking for one because they do not believe any are available, they are considered a discouraged worker and not counted as part of the labor force. Discouraged workers present a potential bias when analyzing unemployment rates, which is addressed below. The national and state unemployment rates are published monthly by the Bureau of Labor Statistics (www.bls.gov).

Since discouraged workers are not classified as "unemployed" using the standard definition, the unemployment rate does not include these people. Another measure, called labor force participation, can be used in conjunction with the unemployment rate in order to gather a better understanding of the situations and attitudes of workers. For example, if the unemployment rate is average but the labor force participation rate is lower than average, then it is likely that many people have simply stopped looking for work and have exited the workforce. Conversely, if the unemployment rate is average and the labor force participation rate is above average, this could likely mean that people that were not included in the work force before have re-entered the work force.

During a recession, unemployment is expected to rise; since a recession is marked by a decrease in spending, the demand for goods will likewise decrease. In order to match this decrease in the demand for their goods, firms will attempt to reduce output by reducing employment. Although the effects of a single or limited number of businesses laying off workers on the whole economy is negligible, if this happens on a large enough scale there is a potential for the overall effects to the economy to be pronounced because of a chain reaction effect. A reduction in employment by one business causes those workers to decrease their demand and purchases of goods of other companies. This additional decrease in demand for goods then affects other companies, beginning the chain reaction. Eventually, unemployment will reach a peak at some point and then fall back down to reach roughly the same level as the pre-recession unemployment rate.

The expectations of the labor force participation rate for a recession are roughly the opposite for those of the unemployment rate. As a recession begins, the labor force participation rate will fall – people will become discouraged at the prospects of trying to find a job at the start of a recession. The labor force participation rate will drop until at some point, people begin to re-enter the labor force. This is often caused by reports that the recession might be ending and that job prospects will improve. This increase in labor force participation rate either coincides or is very closely followed by the peak in unemployment because of the people that have begun looking for work again but have not found a job yet. Labor force participation tends then to level off to pre-recession levels. Both unemployment rates and labor force participation rates presented in charts are in percentage points.

The duration and severity of the unemployment experienced can vary not only between recessions, but also between geographical locations during the same recession. As such, the difference in unemployment rates between recessions or even between geographic areas during the same recession can be substantial. For this reason, we include the national and Nebraska state levels of unemployment during each major recession period studied. This is to show how Nebraska fared versus the rest of the country in each recession period.

Unemployment pages are 20, 21, 31, 32, 42, 43, 54, 55, and 64.

Local Impacts

The goal of the Local Impacts portion of this publication is to create a more complete picture of each recession's geographical impact. A look at the unemployment rates by state will give a broad measure of the economic impact in terms of national regions, as well as help grant insight into some sectors of the economy which may have been harder hit. This may be slightly distorted by larger economic trends that could have been taking place at the same time as the recession such as; the shift in population, and thus economic growth, towards the "Sun-Belt" that has occurred over the past several decades. However, since the unemployment rate is a ratio which accounts for the size of the labor force, the issue is somewhat mitigated.

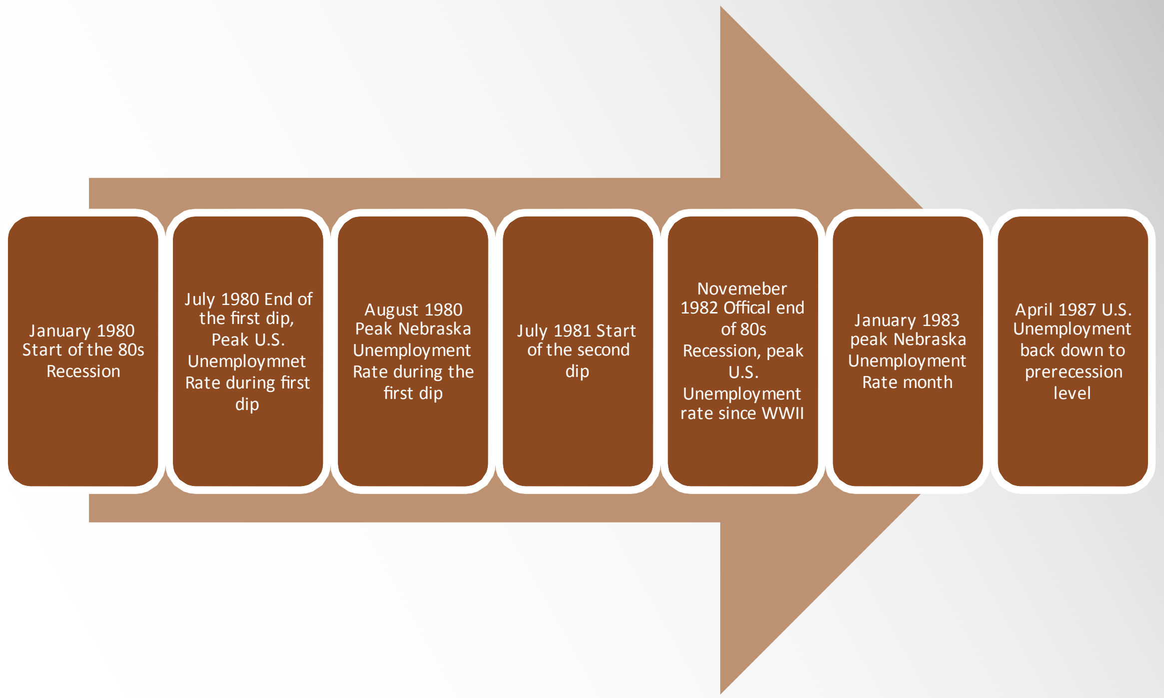
Also included in this section will be the Net Taxable Retail Sales for the state of Nebraska through each recession period. This number is a key indicator of the consumer activity taking place in the state. Under normal economic circumstances these numbers will increase with the growth and inflation in the economy. During a recession, consumers would likely express this hit by purchasing less. When looking at time lapsed data, if stagnation or decreases occur, it is fairly safe to assume economic activity has declined. Net taxable retail sales data is not available prior to 1985; as such only the three most recent recessions will be studied.

Another indicator called the house price index, compares the change in house value appreciation for the Metropolitan Statistical Areas in Nebraska to the statewide and national changes in house values. This data is provided by the Federal Housing Finance Agency and provides insight into the housing market. The local impacts of recessions can perhaps best be understood with this data because of the small areas of study since the housing market is a very important piece of the entire economy. It can give insight into population mobility, spending habits, and personal debt as well. House values are also important because they can cause large shifts in the economic cycle, so much so that many economists blame declines in house values caused by the bursting of the housing bubble for the late 2000s recession. Data availability causes certain data sets to only be available after the 90s recession. Due to availability, the Lincoln and Omaha MSAs are discussed for all recessions, the Sioux City MSA is included for the 90s recession, and the Nebraska and National data starts one year into the 90s recession. House Value Appreciation data is presented in the graphs as percent change.

The final piece of data which will be investigated in this section is the ratio of job losses to total employment for each county in the state. This data effectively creates a job shed rate for each recession period. Due to data availability, this is only for the two most recent recession periods. The analysis of this is based on the assumption that the counties within the state have a normal separations to employment ratio that is roughly the same throughout the state, meaning the differences observed in the data would be caused by differences in impact of the recession. This data will show how the impact of the recession was dispersed throughout the state and which regions were more severely impacted. Also included are the peak job loss quarters for each county during the different recession periods. This allows the data to involve time series impacts that may provide clues as to when the recession hit each area of the state. Since any data for this small of an area can allow small impacts to indicate large swings, the information should be looked at as a small piece of the entire recession puzzle.

Local Impacts pages are 22, 23, 33, 34, 44, 45, 46, 56, 57, 58, and 65.

80s Recession Overview

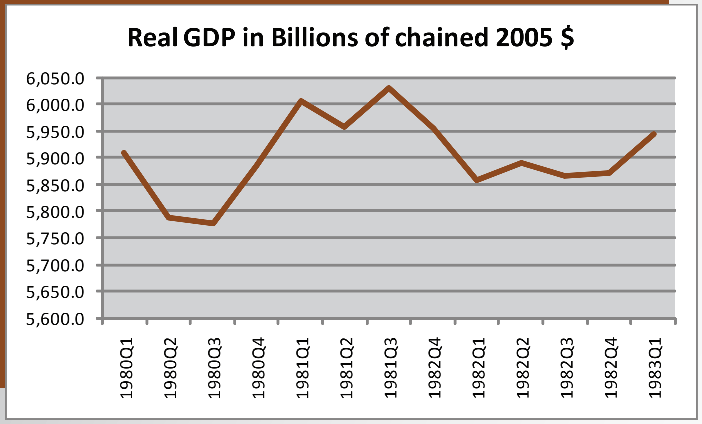


The recession occurring in the 1980s was one of the most severe in the postwar period. Record unemployment rates were set for many states and double digit national unemployment returned for the first time since the Great Depression.

In the mid 1970s, OPEC, or the Organization for Petroleum Exporting Countries, began colluding to increase oil prices. This had many noticeable consequences due to the importance of oil to virtually all economic activity in the industrialized world. The spike in prices significantly contributed to the recession of the 1970s, which proved that stagflation, or high inflation and high unemployment, could exist in the real world. By 1979, a second oil crisis had begun, caused in part by the Iranian Revolution. The increase in commodity prices had pushed already unusually high inflation into double digits and decreased production across the board in the US. In order to combat the high inflation, the Federal Reserve Board began to contract the money supply, which has been blamed for causing the second dip that occurred in 1982.

Source: Recession.org.

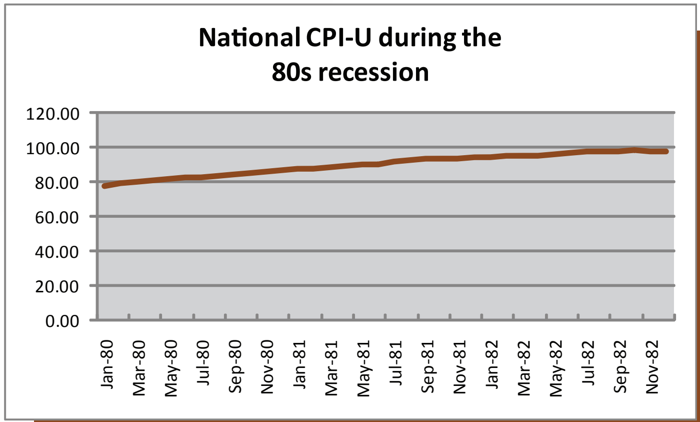
Output, Inflation & International Trade



Source: Bureau of Economic Analysis, BEA.gov.

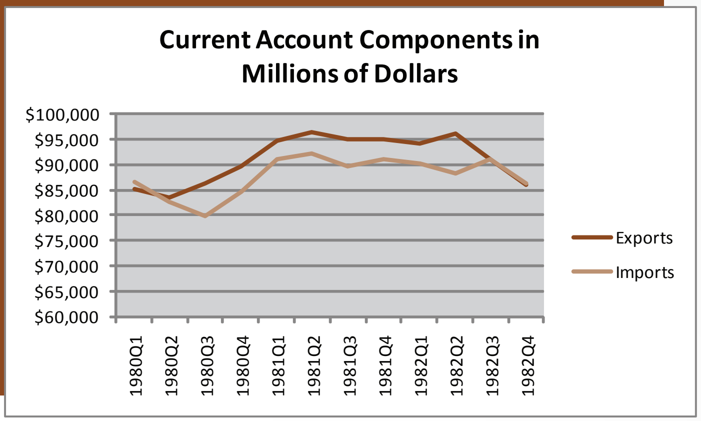
During the 80s recession, the real GDP declined sharply from the first quarter to the third quarter of 1980. This decline brought the economy to approximately 2.3% off the prerecession high. From the fourth quarter of 1980 through the third quarter of 1981 the numbers recovered around the stable level of $6 trillion. In the fourth quarter of 1981 a second dip occurred that bottomed out in the second quarter of 1982, a decline of 2.9% from the high point of the first recovery. These numbers stabilized around this low for the entire year 1982, and did not fully recover to the third quarter of 1981 level until the second quarter of 1983.

The 1980s recession is considered an example of a stagflation recession. At the start of the recession in January of 1980 the CPI increased 13.87% over the previous year. The over-the-year change increased in the next month, and stayed above 14% until July 1980. Except for May and July of 1981, the annual inflation rate as calculated by the CPI stayed above 10% until October 1981. The annual inflation rate stayed above 5% until September 1982. By the peak unemployment rate month of November 1982, the annual inflation rate was down to 4.5% and dropped again the next month to close to the target rate at 3.8%.



Source: Bureau of Labor Statistics, BLS.gov.

Output, Inflation & International Trade



Source: Bureau of Economic Analysis, BEA.gov.

At the beginning of the 80s recession, both imports and exports initially dropped. Exports began increasing again in the third quarter of 1980. The exports numbers kept increasing through the first quarter of 1981 and stabilized through the second quarter of 1982. From the second to the fourth quarter of 1982, at the end of the recession, exports decreased by more than $10 billion. Imports began rising in the fourth quarter of 1980. In the first quarter of 1981 imports hit around $91 billion, and stayed between $93 billion and $86 billion through the entire recession. In terms of the trade balance, the recession began with a negative current account. In the second quarter of 1980, the trade balance was positive and stayed positive until the last two quarters of the recession, the third and fourth quarter of 1982. The trade balance has been negative all but two quarters since the second quarter of 1982.

The large shift in trade balance during the 80s recession is likely caused by two factors. First being the declining demand for products caused by unemployment within a recession. This creating an environment where industry had to export goods in order to find buyers, and importers lost large portions of the consumer base. The second factor was the inflation that occurred during this time period. As the dollar lost value, other currencies gained strength relative to the dollar in the exchange rate market. When dollars become cheap, American goods become cheaper in foreign markets, causing further increases in US exports, the value of other currencies also increases in the domestic market causing a further decrease to US imports. These factors indicate a severe recession which was primarily domestic in impact.

INDUSTRY EMPLOYMENT

For the 80s recession, data was used from the Current Employment Statistics (CES) industry employment reports for 1980 to 1983 to show the beginning of the recession until the economy begins to rebound, and at what pace. These reports are monthly figures, often aggregated to reflect annual averages.

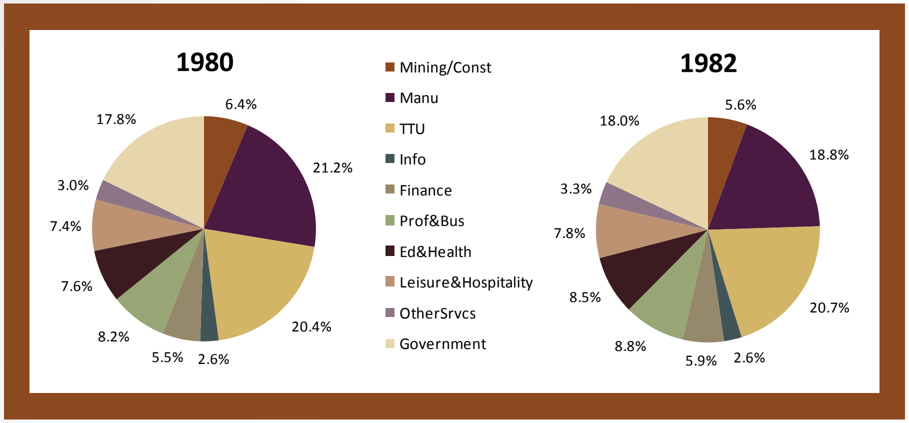
To be noted: the information used for the study of the 1980s recession is not directly comparable to that of the other three recessions. A new coding system to classify industries implemented in 2001. A transfer from Standard Industrial Classification coding system (SIC) to the North American Industry Classification System coding structure (NAICS) results in blurred lines of industry employment that are not directly comparable. Thus, selections of information to highlight throughout the 80s recession for Nebraska will be discussed by their SIC title, with references to as closely similar as possible of a sector from the NAICS system.

The Current Employment Statistics of the Bureau of Labor Statistics was used to study the impact of the 80s recession for comparison to Nebraska. This information is expressed in the North American Industry Classification System (NAICS) structure and is not directly comparable to the Nebraska information. The sectors discussed will be selected to provide the closest match possible to Nebraska information available for the time period.

In the 1980s a recession brought with it significant impacts to the workforce of the US. There was one of the largest drops in employment to be seen since the Great Depression; losing more than 2,500,000 jobs in the Manufacturing sector alone. Manufacturing began to finally slow job loss at the turn of 1983 and began to recover in the spring of the year and continued to do so throughout the rest of the year. National Manufacturing has never recovered to the pre-recession levels of employment since. Government showed a decline of 224,000 employment, this being the only recession of the study in which this happens. This was a loss of 1.4% of the Government sector's workforce and the sector didn't recover until August of 1984, although as a share of overall composition there was an increase of 0.2%.

With a net loss of just over 2,000,000 employment for the US, there was a significant shift away from the goods producing side of the economy, given the net gain in the services providing jobs by the end of the recession. The service providing industries grew from 73.2% to 74.9% of employment at the end of the 80s recession, with Education & Health Services leading for job gains. Up by 612,000 jobs, and growing by 8.8%, Education & Health Services was both the largest nominal and percentage increase of the industry sectors studied. This is a trend that was pronounced for both areas, through all of the recessions in this study. Proportionally, Other Services was very close to Education & Health Services in growth; gaining 8.7% over the recession. However, this represents a much smaller number of employment to offset Manufacturing's losses with the sector gaining 234,000 jobs.

National Employment Composition by Industry

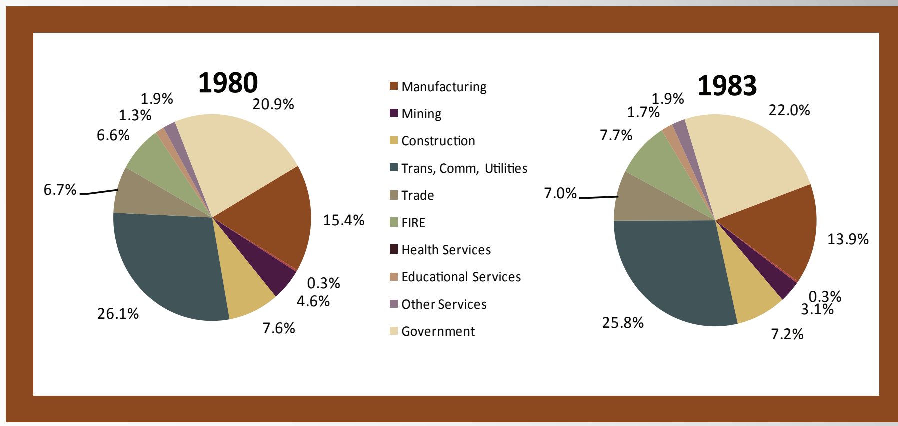


Source: Nebraska Department of Labor, Office of Labor Market Information.
See Appendix C for Abbreviations of SIC Industries.

Non-agricultural wage & salary employment in Nebraska declined 1.3% from January of 1980 to November of 1982, the period defined as the recession for the US. Looking at the employment data, Nebraska employment continued to decline for 3 more months with a loss of nearly 20,000 jobs. Employment did not return to the pre-recession level in Nebraska, for Non-agricultural wage & salary employment until approximately spring of 1984.

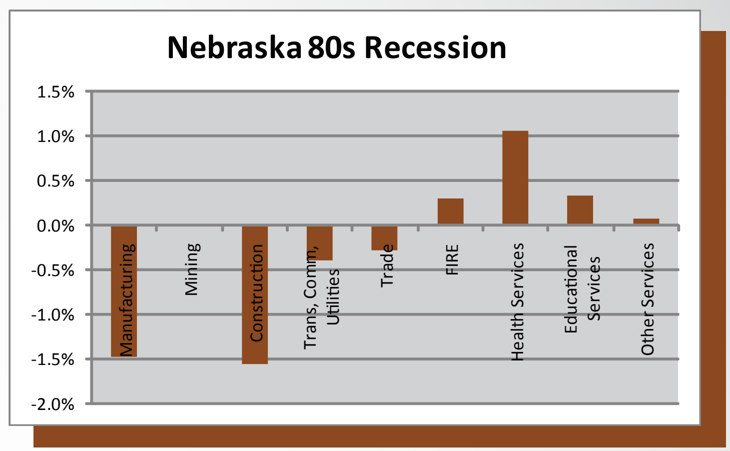
Due to the lack of seasonally adjusted data, there is a possibility of some seasonality issues between data points throughout the year. For example, during the summer months it would reasonable to expect Construction and Mining to be higher than in December or January when the ground is frozen. Thus, seasonal fluctuations will not be accounted for in this recession's analysis.

Nebraska Employment Composition by Industry



Source: Nebraska Department of Labor, Office of Labor Market Information.
See Appendix C for Abbreviations of SIC Industries.

Nebraska's largest decline was in Durable Goods Manufacturing, a subcomponent of the Manufacturing sector. With a loss of 11,271 jobs, and taking a hit of more than a fifth of the entire Durable Goods Manufacturing labor force. Pre-recession employment figures weren't reported again for more than a decade, until August of 1994. While not as large of a loss was incurred during the nationally defined recession in Trade, shortly thereafter it dropped 10,960 employment by February of 1983 from the pre-recession figures for a decline of 6.7% of its workforce. A sector of interest that was impacted substantially by the recession, Construction, finished the national recession down 5.7% but, as with the other industries, not long afterwards, was proportionately decimated. From January of 1980 to February of 1983 Construction lost 31.5% of its workforce bringing employment down to 18,127 jobs.



Source: Nebraska Department of Labor, Office of Labor Market Information.
See Appendix C for Abbreviations of SIC Industries.

Some sectors did not fare as poorly through the recession. Finance, Insurance & Real Estate, or FIRE, was nearly unchanged throughout the recession with a net gain of 4 in employment, (0.01% of its workforce). Health Services and Educational Services saw large gains respective to their proportions; Health Services grew by 11.4% and Educational Services was up 15.3% following the period of the recession. The growth in the Services sector helped to mitigate some of the losses in Manufacturing, while also causing a very moderate shift from goods producing towards service providing economic activity throughout the state.

Occupation & Payroll Employment

Manufacturing Occupation Employment in Nebraska during the 80s recession

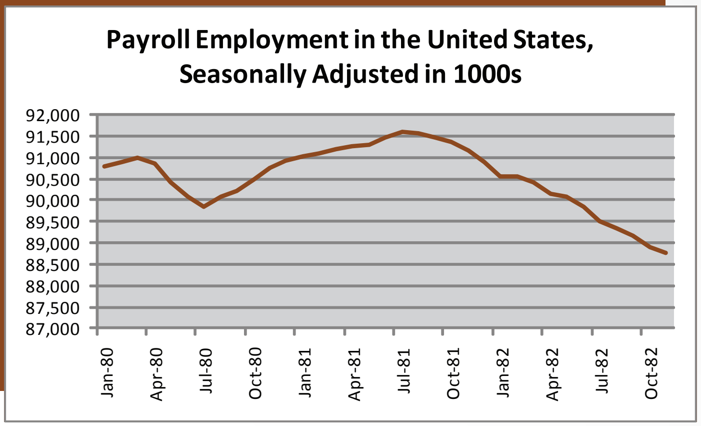
Manufacturing Industry in Nebraska	Employment 80	% of Employment 80	Employment 83	% of Employment 83	% change	Net Change
Managers and Officers	4,911	5.7%	3,438	4.5%	-30.0%	-1,473
Professional and Technical Occupations	5,672	6.5%	5,027	6.6%	-11.4%	-645
Service Occupations	1,807	2.1%	1,120	1.5%	-38.0%	-687
Production and Maintenance Workers	63,058	72.6%	58,460	76.8%	-7.3%	-4,598
Clerical Occupations	8,760	10.1%	8,070	10.6%	-7.9%	-690
Sales Occupations	2,656	3.1%	2,246	3.0%	-15.4%	-410
Total Industry	86,864	100.0%	76,115	100.0%	-12.4%	-10,749

Source: Nebraska Department of Labor, Office of Labor Market Information.

For the 80s recession, the 1980 and 1983 Occupation Employment Statistics reports for the Manufacturing major industry group were used. The time periods were picked due to being the closest dates to the beginning and end of the recession and available for the same industry. These reports included no data on wages.

The total employment in the Manufacturing major industry group over the three year period declined by 10,749 jobs, or 12.37%. Losses occurred in every occupation group within Manufacturing. The largest net change was 4,598 in Production and Maintenance Workers. However, this decrease was the smallest of any occupation group proportionately at 7.29%. Production and Maintenance Workers were the largest occupation group with more than 72% of the total employment in the industry in 1980 and almost 77% in 1983. Proportionately, the largest decrease happened in Service Occupations where 38.02% of employees were no longer in the major industry group. Managers and Officers had the second largest decrease both proportionately at 29.99% and nominally at 1,473. The major industry group's make-up shifted as well. Production and Maintenance Workers increased its proportion within Manufacturing by more than 4%, while the proportion of Managers and Officers declined by more than 1%.

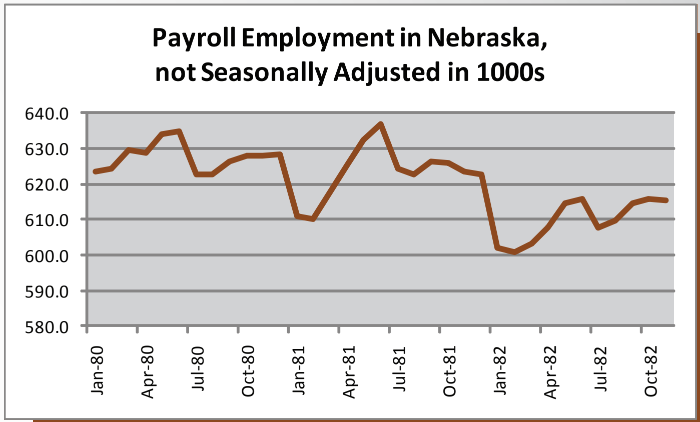
Occupation & Payroll Employment



Source: Bureau of Labor Statistics, BLS.gov.

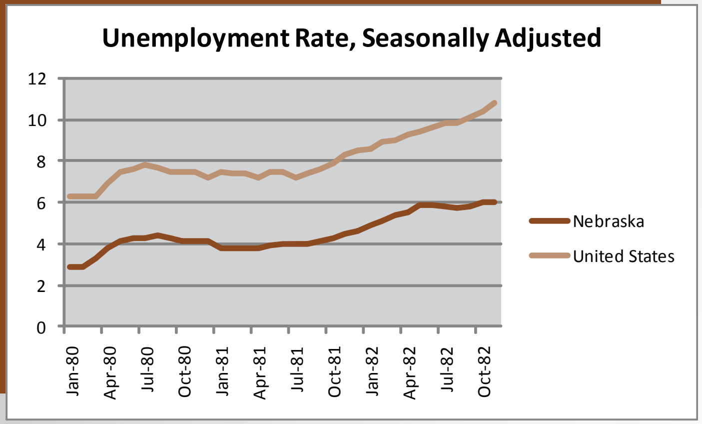
The payroll employment changes in the 80s Recession indicate why this is considered a double dip recession. The steep decrease in the spring and summer of 1980 were followed by a recovery of the payroll through the summer of 1981 when payrolls began declining again at a rapid pace. By the peak unemployment rate month of November 1982 employment had decreased by 2.24% nationally. A return to the previous size did not occur until 10 months later in September of 1983.

Nebraska's payroll employment followed fairly closely to the national numbers during the 80s Recession. In the spring of 1980, Nebraska's employment numbers began to drop. By February 1981, the employment bottomed out with a decrease of 4.85% from the prerecession numbers. In the fall of 1981, the second dip hit the state, by November of 1982 the Nebraska employment numbers had dropped 4.05% compared to the prerecession figures. Employment continued to fall until February of 1983 where it bottomed out at 7.78% below the previous value. Nebraska's payroll employment did not return to its prerecession size until June of 1984, 19 months after the national unemployment rate peaked and 16 months after the state hit the employment bottom. The fact that state employment numbers declined by much more proportionately than the national numbers indicates the state was one of the worse hit states during the 80s recession. This should be moderated a bit by the lack of seasonal adjustment between the pre-recession high in December of 1979 and the bottom in February because a drop of about 2.5% normally occurs from December to January.



Source: Bureau of Labor Statistics, BLS.gov.

Unemployment & Labor Force



Source: Bureau of Labor Statistics, BLS.gov.

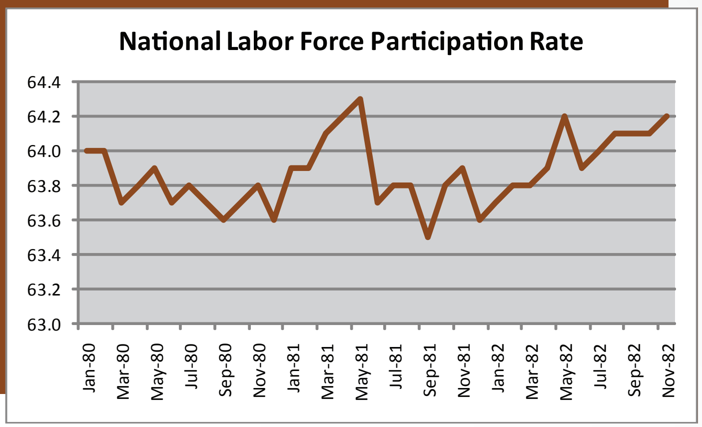
Unemployment rates during the 80s recession were problematic not only because they were high, but because they were experienced over a prolonged period of time – nearly 3 years in total. One reason this recession was so long is that the periods of January – July 1980 and July 1981 – November 1982 are treated as part of the same "double-dip" recession. The period between July 1980 and July 1981 saw a brief recovery in economic activity before falling further into a more serious recession.

National unemployment steadily increased during the first recession period (January - July 1980) from 6.3% in January until it leveled off at 7.8% in July. The nation then entered a temporary period of slight recovery (July 1980 -July 1981) where unemployment fluctuated between 7.2% and 7.8% before plunging further into recession. Unemployment then climbed steadily for the next 17 months during the second recession period or second "dip" from 7.2% in July 1981 to its peak of 10.8% in November 1982. November 1982 also officially marked the end of the recession, although unemployment did not fall back down to pre-recession levels until 1987.

The Nebraska unemployment rate mimicked the national unemployment rate trends nearly perfectly, albeit 3 percentage points lower during the entire recession. The state unemployment rate increased from 2.9% in January 1980 to 4.3% in July 1980. The brief recovery period between July 1980 and July 1981 saw unemployment rates fluctuate between 3.8% and 4.4%. The second recession saw unemployment rates mostly increase, with the endpoints of the recession July 1981 and November 1982 marking the lows and highs of 4% and 6%, respectively. However, Nebraska did not manage to achieve pre-recession levels of unemployment until the beginning of 1989 – over 7 years after the official end of the recession.

Another good measure of the impact of the recession on Nebraska is the average duration of unemployment benefits. Durations generally increase during a recession since more people are unemployed and for longer periods of time. The 80s recession saw a significant spike in the average duration of unemployment benefits, increasing from 11.33 weeks in 1980 to 14.45 weeks in 1983. This figure demonstrates the strain imposed upon the labor force by a recession.

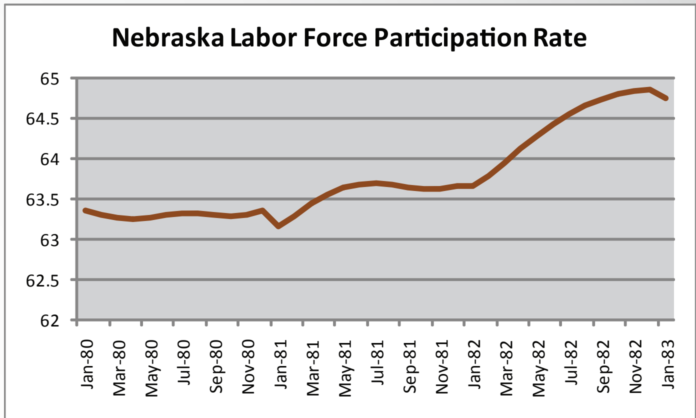
Unemployment & Labor Force



Source: Bureau of Labor Statistics, BLS.gov. U.S. Census Bureau, Census.gov.

The national labor force participation (NLFP) rate during the initial recession period fluctuated in a range between 64.0% (January 1980) and 63.7% (March, June 1980) before settling at 63.8% in July 1980. The period of recovery from July 1980 to July 1981 saw a relatively more volatile NLFP rate. The NLFP rate swung up and down between July 1980 (63.8%) and February 1981 (63.9%) before increasing sharply, reaching its peak in May 1981 at 64.3%. However, the NLFP rate dropped just as fast, sliding down to 63.8% at the close of the recovery period. The second recession period was marked by continued vacillations in the NLFP rate highlighted by a low in September 1981 of 63.5% and high in May and November of 1982 of 64.2%. On average though, the NLFP rate increased throughout the period, 63.8% in July 1981 compared with 64.2% in November 1982.

The Nebraska labor force participation (SLFP) rate during the early 80s recession differed substantially from the trends found in the national rate. The SLFP rate during the initial recession period was essentially constant – it dropped from 63.4% to 63.3% and remained there the rest of the period. The recovery period between July 1980 and July 1981 saw a small spike during the months between November 1980 and January 1981. The Nebraska SLFP rate increased from 63.3% in November to 63.4% in December before sliding back to 63.2% in January. The SLFP then increased steadily every month until the end of the recovery period, closing out at 63.7% in July 1981. The second recession period was characterized by an initial dip between July and December 1981 when the SFLP rate fell from 63.7% in July and August to 63.6% in September, where it stayed until increasing back to 63.7% again in December. The SLFP rate then increased substantially the remainder of the recession period, peaking at 64.8% in November 1982.



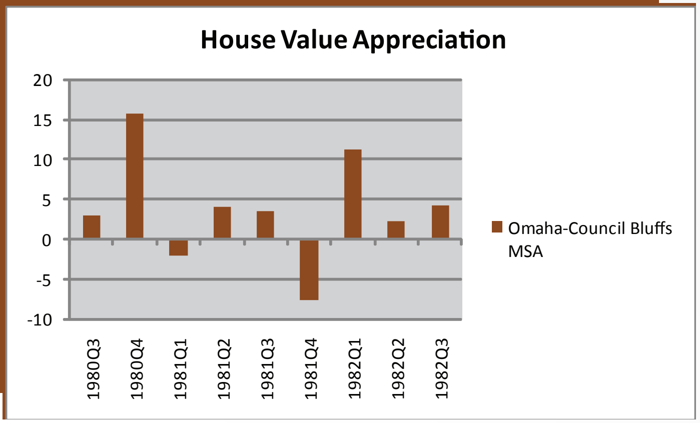
Source: Bureau of Labor Statistics, BLS.gov. U.S. Census Bureau, Census.gov.

Local Impacts

Unemployment Rate By State at the Start and Peak Months of the 80s Recession

Source: Bureau of Labor Statistics, BLS.gov.

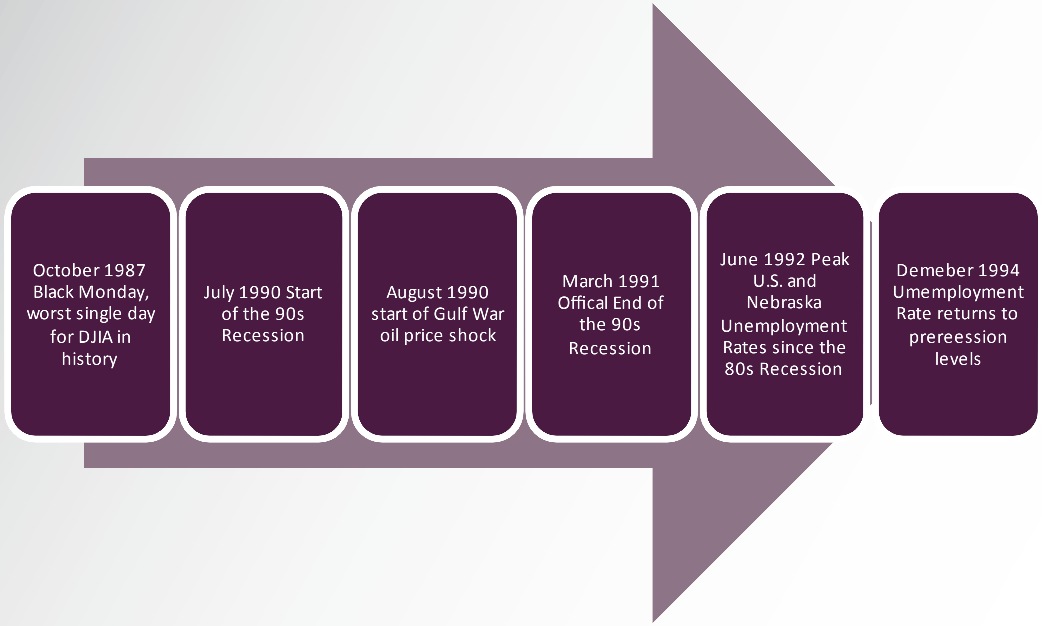
The 80s recession impacted all 50 states; from January of 1980 through November of 1982, every state in the union experienced an increase in the unemployment rate. The nation experienced an unemployment rate increase of 4.5%. The highest unemployment rate at the beginning of the recession was Michigan at 9.6%. By the end of the recession, Michigan, at 16.7% unemployment, was second to West Virginia, at 17.0%. Nebraska began 1980 with the lowest rate of any state 2.9%; by November of 1982 the state was the third lowest at 6.2%. The 80s recession brought 21 states and the District of Columbia into double digit unemployment, and had a very disproportionate impact regionally. Thirteen of the eighteen states above the national unemployment rate were in regions IV (the Southeastern states), V (the Great Lake states), and IX (the Southwestern states). Four regions contained no states above the national unemployment rate in November of 1982: regions I (the New England states), II (New York and New Jersey), VII (the Central Plains states including Nebraska), and VIII (the Northern Plains and Northern Rocky Mountain states).



Source: Federal Housing Finance Agency, FHFA.gov.

House values increased dramatically in the Omaha-Council Bluffs MSA prior to the 80s recession. From the second quarter of 1979 until the second quarter of 1980 house values climbed an average of 11.8% a quarter. The first dip of the recession slowed this rate down to 2.3% in the fourth quarter of 1980 before rebounding to 11.2% in the first quarter of 1981. Another turn occurred just before the second dip in the second quarter of 1981 where values fell 7.7%. This was followed by two quarters stable growth around 4% and another drop of 2.1% in the first quarter of 1982.

90s Recession Overview



The recession occurring in the 1990s was relatively mild by many historical standards. Unemployment peaked nationally at about 7.8% and large budget deficits caused by falling tax revenues created fears of inflation.

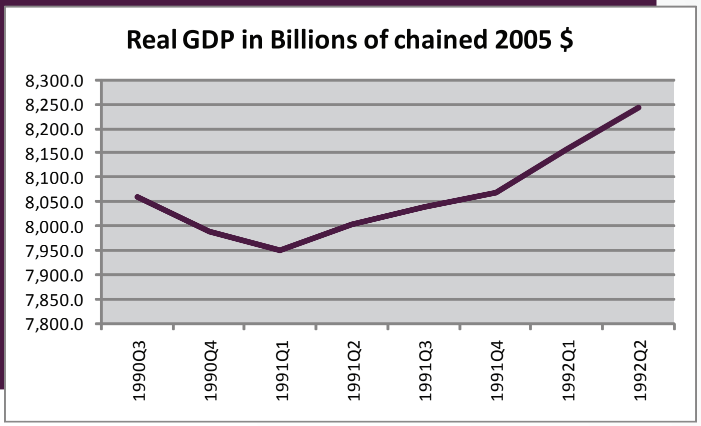
In 1987, bad practices in the financial industry led to the Savings and Loan Crisis. The crisis created one of the worst days for the stock market since the crash of 1929.

Black Monday, October 10th, 1987, saw the largest percentage drop in the Dow Jones Industrial Average in history, 22.61% in a single day. While the markets slowly recovered from this decline, investments were still relatively slow when the Gulf War created another spike in oil prices in 1990. This spike is what many economists blame for pushing the nation into the 90s recession.

The 90s recession is also largely considered to be a primary reason why the incumbent George H. W. Bush did not win reelection in 1992. This recession is given as the prime example of how important economic conditions are in the political arena.

Source:Recession.org

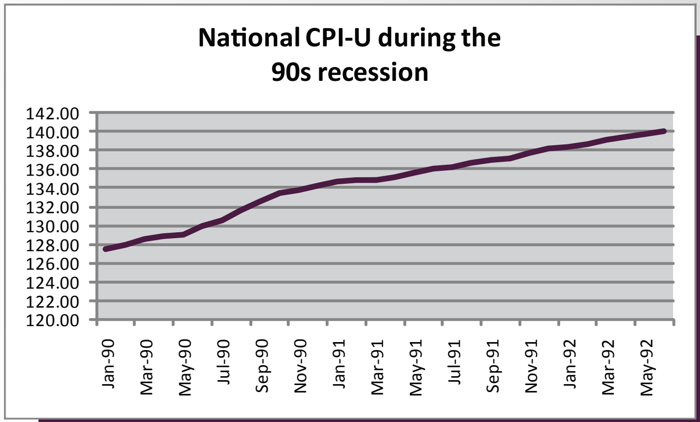
OUTPUT, INFLATION & INTERNATIONAL TRADE



Source: Bureau of Economic Analysis, BEA.gov.

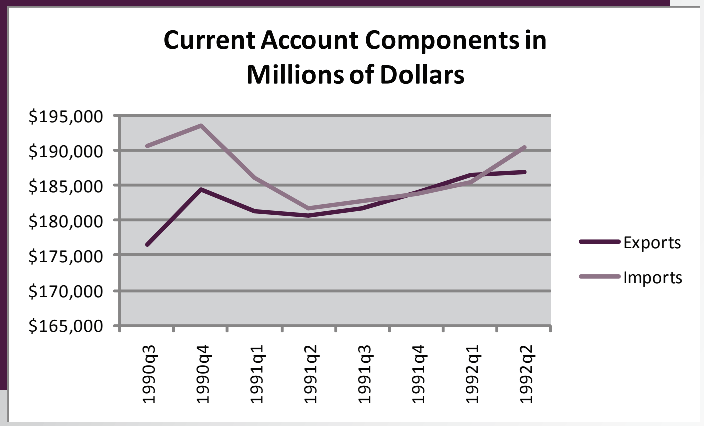
During the 90s recession, GDP declined in the third quarter of 1990, and continued to fall until the first quarter of 1991. The GDP growth rate stayed negative over-the-year until the fourth quarter of 1991, which also was the quarter in which the GDP recovered to the prerecession high. The bottom in the first quarter of 1991 was 0.97% off the prerecession high. The relative short period of time of the 90s recession's impact on the GDP and the fact that the drop was not especially large indicates that the 90s recession was relatively shallow in terms of output. The interesting fact that the recovery of GDP figures began a full year before the unemployment rate peaked indicates perhaps the 90s recession was the beginning of a trend of jobless recoveries that has continued in every recession since.

Inflation in the 90s recession stayed in positive numbers during the entire period. During the first year of the recession, 1990, the over-the-year inflation rate varied between 4.3% and 6.3%. Through the second year of the recession, the increases in the CPI began to slowdown. In January, the CPI posted its largest over-the-year increase of 1991 at 5.65%. By the end of the year the inflation rate was hovering around 3%, where the rate stayed through the rest of the recession. These numbers indicate the drop in inflation rates that normally occurs during mild recessions. While the rate of change dropped, there were no over-the-month declines in the CPI and only one month, March 1991, where the index did not grow from the previous month.



Source: Bureau of Labor Statistics, BLS.gov.

Output, Inflation & International Trade

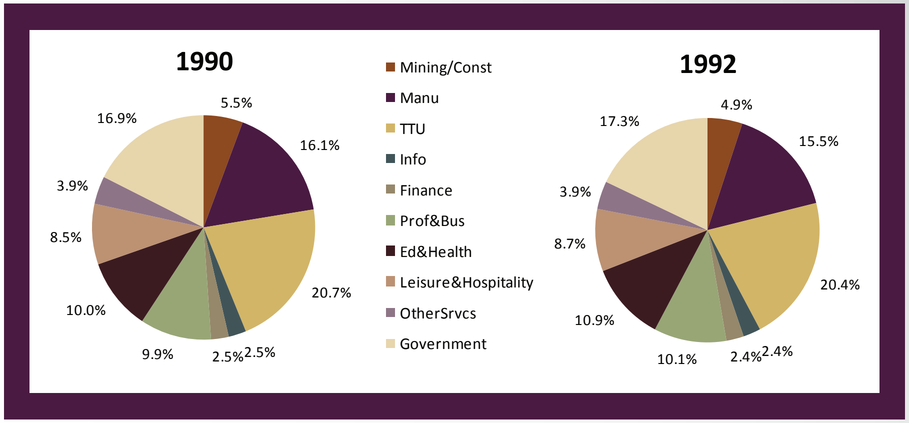


Source: Bureau of Economic Analysis, BEA.gov.

The current account was the indicator that showed the most severe impact from the 90s recession of any indicator researched in this publication. After an increase in both imports and exports in the fourth quarter of 1990, imports and exports both dropped sharply in the first quarter of 1991. The drops continued through the second quarter, then began to recover. In this period, the decreases in exports was significantly smaller than the decreases in imports, causing the current account balance to shrink by 92.5% from the third quarter of 1990 to the second quarter of 1991. In the fourth quarter of 1991 and the first quarter in 1992, the current account posted its only two positive quarters since the 80s recession. By the end of the 90s recession, the current account was negative again because imports were increasing faster than exports.

The 90s recession, as in the 80s recession, saw a sharp drop initially in both imports and exports, with the drops being much larger on the importing side. Similarly to the 80s recession, the 90s recession was a period of constant price increases through declining productivity, which indicates why the current account was impacted so heavily. These factors once again caused American goods to be relatively cheaper in overseas markets and foreign goods to be relatively more expensive in the domestic market.

National Employment Composition by Industry



Source: Bureau of Labor Statistics, BLS.gov. See Appendix C for Abbreviations of NAICS Industries.

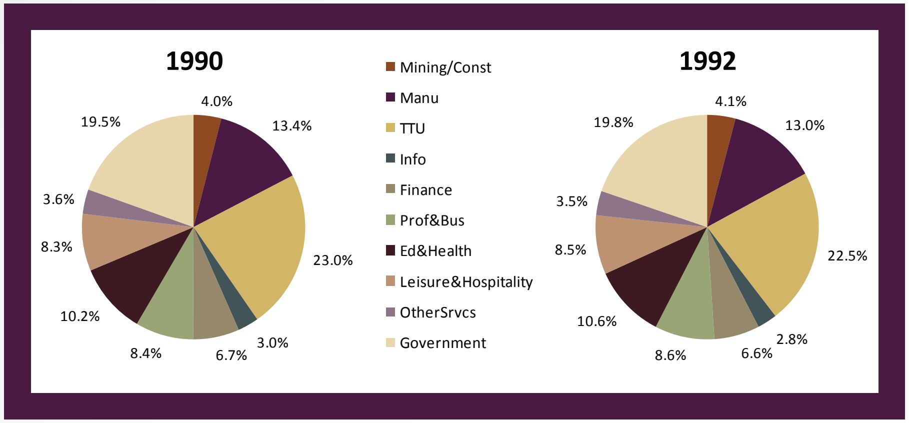
For the 90s recession, data was used from the CES industry employment reports for 1990 and 1992. This information was picked to study the beginning and end of the recession with regard to employment figures for the nation and Nebraska. These reports are monthly figures, often aggregated to reflect annual averages.

In the summer of 1990, the US entered a recession that dropped Total Non-farm employment by 1,135,000. In the span of nine months, from July 990 until June 1992, two industries saw losses of jobs in the hundreds of thousands. Trade, Transportation & Utilities lost 332,000 and the sector losing the most employment through the 90s recession was again Manufacturing, with more than three quarters of a million jobs (878,000) eliminated. One industry sector to significantly increase employment nationwide was Education & Health Services. It offset the job losses to the tune of 870,000 employment. This caused a slight shift in industry composition at the national level that has been observed before.

Industry Employment

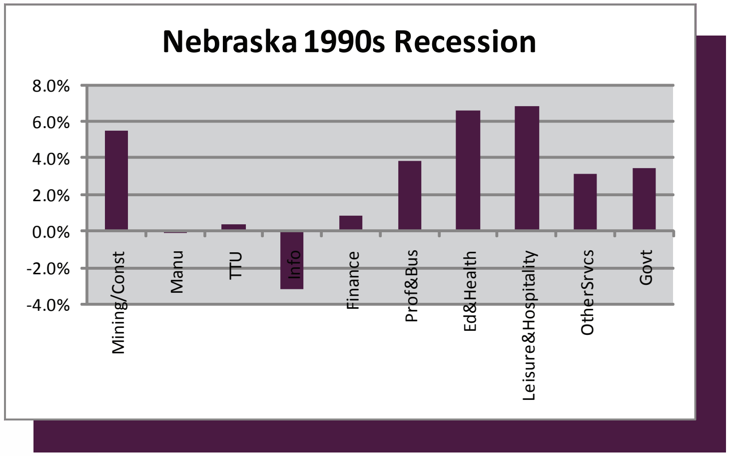
Since the mid to late 40s, the US has shifted towards a service providing economy. Historical employment data shows the rate of shift accelerating during periods of recession. For example, during the 80s and 90s recessions there were shifts of nearly double the normal rate at which the composition of the economy changed. During non-recession periods in the 90s, the economy shifted about 0.2% of employment from a goods producing industry to a service providing industry. In contrast, during the recession these shifts were 0.6%-0.8%, triple and quadruple the normal rate for the nation at the time. National employment did not return to its prerecession levels until February of 1993.

Nebraska Employment Composition by Industry



Source: Bureau of Labor Statistics, BLS.gov. See Appendix C for Abbreviations of NAICS Industries.

A similar pattern is visible with Nebraska employment changes over time. The general trend shows Nebraska's employment concentrating in service providing sectors, with the exception of Mining & Construction. This change also accelerated during periods of recession in the state, like the national trend. However, in the 90s recession, Nebraska did not track with the nation; it did not drop employment as would be expected for a recession, nor did it have a very pronounced shift away from the goods producing industries. In fact, Nebraska's employment grew 1.3% to 3.8% for the entirety of the 90s and ended the recession with very little change to the industry composition. Looking at the employment levels some industries show significant growth through the 90s recession; Mining & Construction had the majority of growth in the goods producing sector during and after the recession, with about 1,400 jobs added and over a 4% growth posted for the decade. On the services side, large job increases occurred in Professional & Business Services (3,300), Education & Health Services (4,700), as well as in Leisure & Hospitality (3,800).



Source: Bureau of Labor Statistics, BLS.gov. See Appendix C for Abbreviations of NAICS Industries.

Non-Manufacturing Occupation Employment in Nebraska during the 90s recession

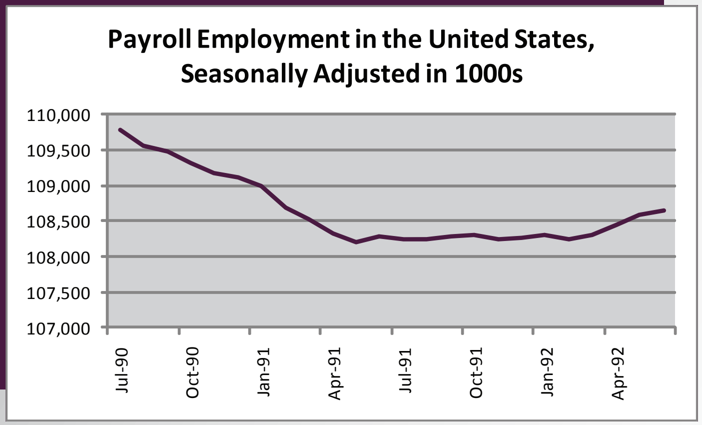
Non-Manufacturing In Nebraska	Employment 90	% of Employment 90	Employment 93	% Employment 93	% Change	Net Change
Managers and Officers	14,440	9.9%	15,050	9.1%	4.2%	610
Professional and Technical Occupations	29,010	19.9%	32,860	19.9%	13.3%	3,850
Sales Occupations	10,170	7.0%	9,270	5.6%	-8.8%	-900
Clerical Occupations	28,570	19.6%	37,060	22.5%	29.7%	8,490
Service Occupations	30,370	20.9%	33,460	20.3%	10.2%	3,090
Production and Maintenance Workers	33,000	22.7%	37,350	22.6%	13.2%	4,350
Total Industry	145,560	100.0%	165,050	100.0%	13.4%	19,490

Source: Nebraska Department of Labor, Office of Labor Market Information.

For the 90s recession, the 1990 and 1993 OES reports for the state's non-Manufacturing major industry group were used. Again, these time periods were chosen as the closest to the start and end of the recession.

The total employment for the non-Manufacturing major industry group in Nebraska increased from 1990 to 1993 by 19,490 or 13.39%. This could indicate a fairly shallow recession, however, this figure ignores one of the divisions traditionally hit hardest by a recession, Manufacturing. This may also indicate a recession which was regionally weak but impacted other areas of the nation. The largest net increase was in Clerical Occupations at 8,490, or 29.72%; this was also the largest proportional increase for any of the occupation groups. Gains occurred in every occupation within the industry except for Sales Occupations, which lost 900 or 8.85%. Only Clerical Occupations increased in share of the makeup of the whole major industry group, going from 19.63% to 22.45% of the workforce, while Managers and Officers had the slowest growth of expanding group at only 610 or 4.22%. The decline in Sales Occupations may be explained by people not wanting to get into a commission-based field while the economy was bad. The proportional shift from Managers and Officers toward Clerical Occupations indicates a possible shift in business practices due to the recession, where tasks which normally may have been performed by a manager were instead being performed by a less expensive clerical worker.

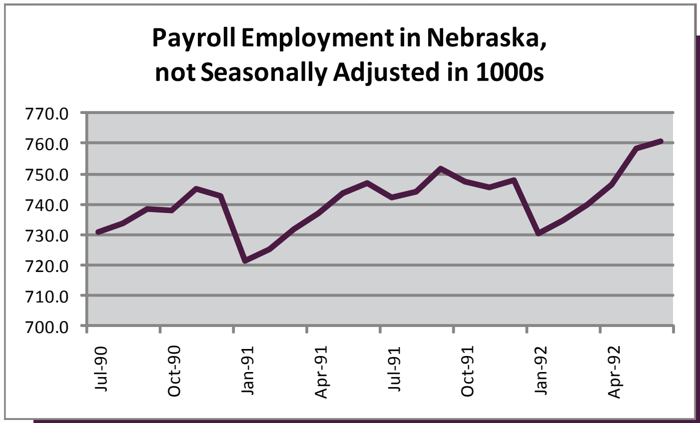
Occupation & Payroll Employment



Source: Bureau of Labor Statistics, BLS.gov.

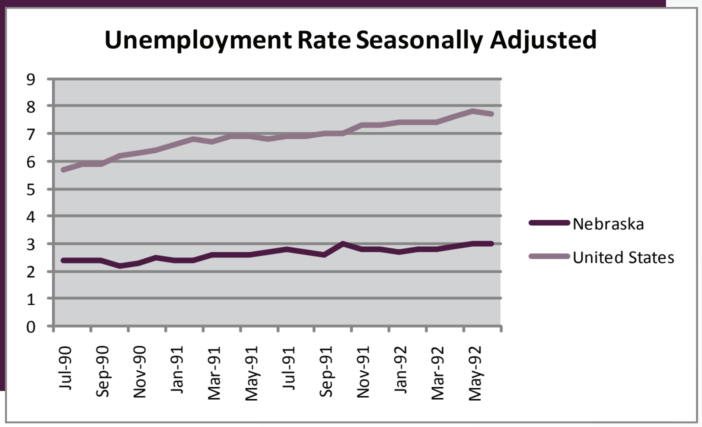
The payroll employment for the nation during the 90s recession is a typical graph of employment in a recession. The dip began in the summer of 1990 and continued through May of 1991 by which time the employment had dropped by 1.44%. After May, the employment level stabilized and stayed around the recessed numbers, until March of 1992 when recovery started. The numbers didn't return to the prerecession high until February 1993, eight months after the unemployment rate peaked.

Nebraska's payroll employment shows how minimal of an impact the 90s recession had on the state. The state never experienced a decline in employment over-the-year during this period. The over-the-month change was negative only in eight intermittent months. Employment in Nebraska increased in two-thirds of the months during the 90s recession. By the time the national unemployment rate peaked in June of 1992, Nebraska had increased its total employment over the period by more than 30,000, or 4.12%. This data indicates the state of Nebraska was not impacted very much by the 90s recession.



Source: Bureau of Labor Statistics, BLS.gov.

Unemployment



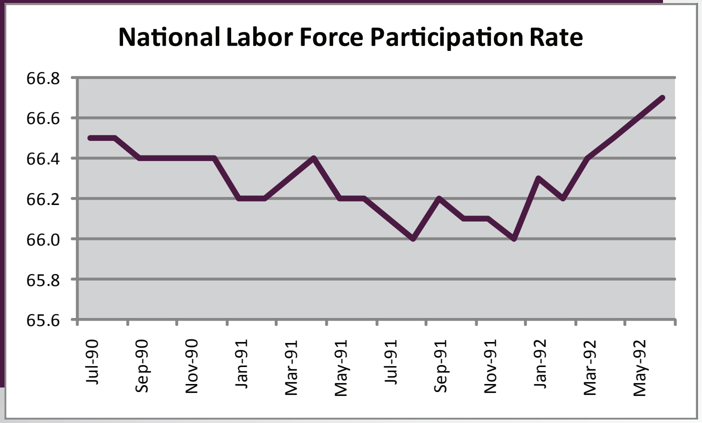
Source: Bureau of Labor Statistics, BLS.gov.

Unemployment rates during the 90s recession were noticeably more moderate than those experienced during the 80s recession. However, the national unemployment rate increased steadily for the entire duration of the recession. The beginning month of the recession, July 1990, saw unemployment at a modest 5.7%. By the end of the recession nearly 2 years later, it had reached a peak of 7.8% in May 1992. The national unemployment rate returned to its pre-recession level of 5.4% about 2.5 years later in early 1995 – roughly half the time it took unemployment to recover when compared with the 1980-1982 recession.

Nebraska unemployment experienced a great deal of insulation from the recession. Unemployment was 2.4% at the beginning of the recession in July 1990 and generally increased throughout, but very slowly – it peaked at only 3.0% by the end of the recession in June 1992. Like the national unemployment rate, Nebraska unemployment returned to its pre-recession rate in early 1995. Compared to the 1980-1982 recession, this recovery was almost 5 years faster. It is interesting to note that, like the earlier recession, Nebraska's unemployment rate was always much lower than the national unemployment rate.

As was the trend with the other variables during the 90s recession, the Nebraska average duration of unemployment benefits change was much more moderate than during the 80s recession. The average duration of benefits increased from only 11.21 weeks in 1990 to 12.03 in 1993. In other words, the average duration of unemployment benefits in 1993 was 6 days longer than it was in 1990.

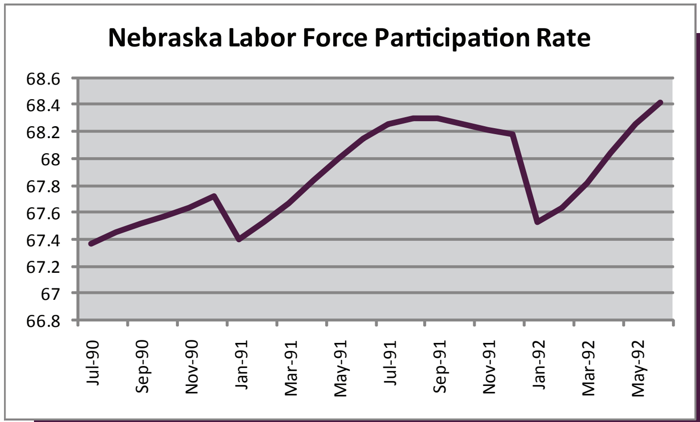
Unemployment



Source: Bureau of Labor Statistics, BLS.gov. U.S. Census Bureau, Census.gov.

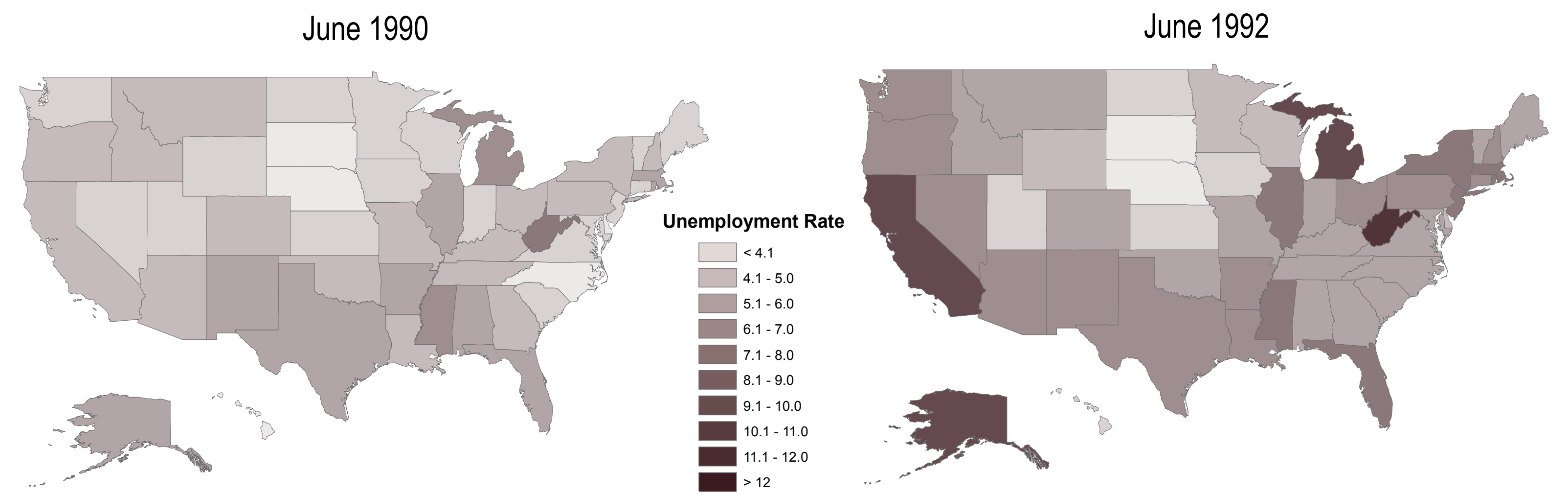
The National Labor Force Participation (NLFP) rate experienced a moderate degree of volatility. Between July 1990 and December 1991, the NFLP rate generally decreased. There were a few spikes, but the NLFP rate never exceeded the July 1990 high of 66.5% or fell below the low of 66.0% of December 1991. For the next 6 months, up through the end of the recession in June 1992, the NLFP rate increased nearly every month and saw an overall surge to 66.7%, a high for the entire recession.

The Nebraska State Labor Force Participation rate trends differed substantially from the national trends and experienced an even higher degree of volatility. From July 1990 until December 1990, the Nebraska SLFP increased steadily every month from 67.4% in July to 67.7% in December. The SLFP then immediately dropped back to its original level of 67.4% in January 1991. From January until August of 1991, the SLFP rate surged rapidly, increasing from 67.4% in January to 68.3% in August. The SLFP rate then entered a period of steady decline, sliding back to 68.2% in December before entering a free fall in January 1992, falling to 67.5% in one month. Just as quickly, the SLFP entered a period of quick recovery, jumping to 68.4% by the end of the recession in June 1992.



Source: Bureau of Labor Statistics, BLS.gov. U.S. Census Bureau, Census.gov.

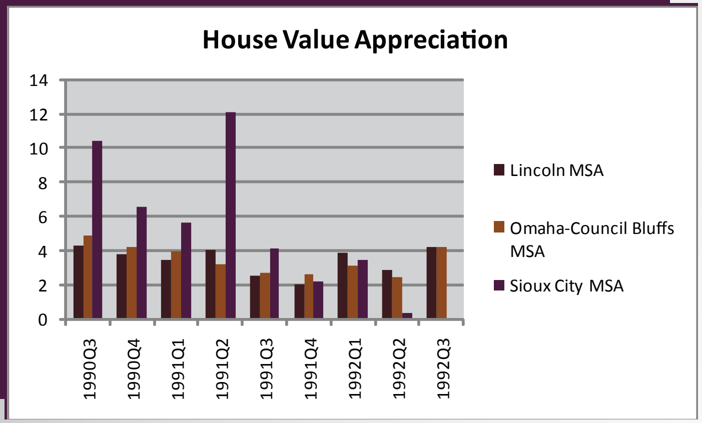
Unemployment Rate By State at the Start and Peak Months of the 90s Recession



Source: Bureau of Labor Statistics, BLS.gov.

The 90s recession had a less severe impact than the 80s recession, which is apparent by the unemployment rate maps. The recession still caused increases in every state's unemployment outside South Dakota, which declined from 3.8% in July of 1990 to 3.6% in June of 1992. The national unemployment rate increased by 2.1%. The 90s recession started in July of 1990 with West Virginia having the highest unemployment rate of any state at 8.5% and Nebraska having the lowest at 2.3%. At the peak unemployment rate month, June of 1992, West Virginia was still the highest at 11.2% and Nebraska was still the lowest at 3.0%. West Virginia was the only state to experience double digit unemployment rates during the 90s recession, and six states stayed under 5% unemployment. The recession was spread across almost all regions of the nation, with the exceptions of Regions VII (the Central Plains States including Nebraska), and VIII (the Northern Plains and Northern Rocky Mountain States), which contained both five out of six states below 5% unemployment and no states over the national unemployment rate.

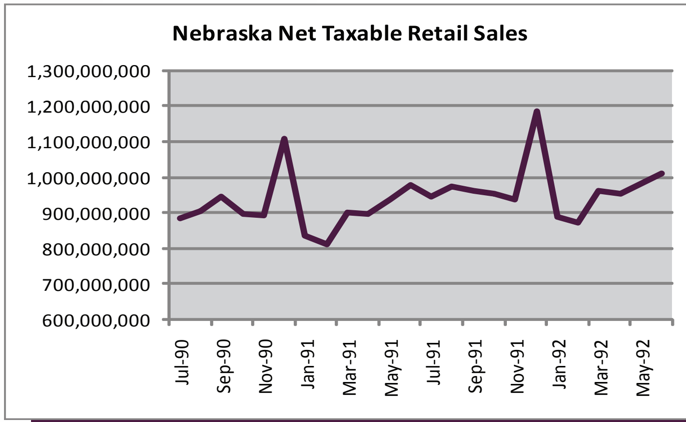
Local Impacts



Source: Federal Housing Finance Agency, FHFA.gov.

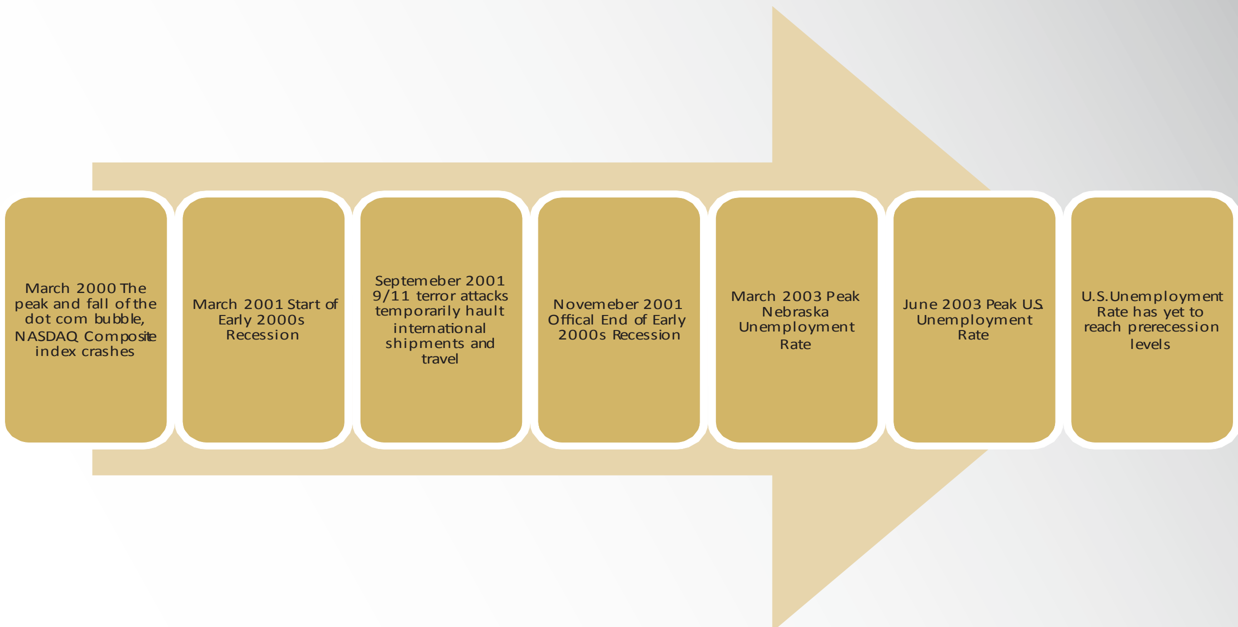
The change in the value of houses for the three Nebraska MSAs remained positive throughout the 90s recession. Both Omaha-Council Bluffs MSA and Lincoln MSA increased between 2% and 6% every quarter in this recession, which is relatively stable growth. The Sioux City MSA stayed in the same range until the fourth quarter of 1991 when it spiked to 12.09% and continued at a higher pace than normal through the entire recession. This perhaps indicates that people were moving into Nebraska throughout this recession, which could partially explain why the state weathered the recession as well as it did.

Net taxable retail sales for the state of Nebraska show a small and relatively short impact from the 90s recession. At the start of the recession Nebraska had $885 million worth of sales - this had expanded to just over $1 billion in sales by the time the recession reached peak unemployment nationally. The over-the-year change was positive every month during the recession except December 1990, and January and March of 1991. The net taxable retail sales is another piece of evidence indicating the 90s recession had little impact on the state of Nebraska, and was significantly shorter for the state than the rest of the nation.



Source: Nebraska Department of Revenue, Revenue.ne.gov.

Early 2000s Overview



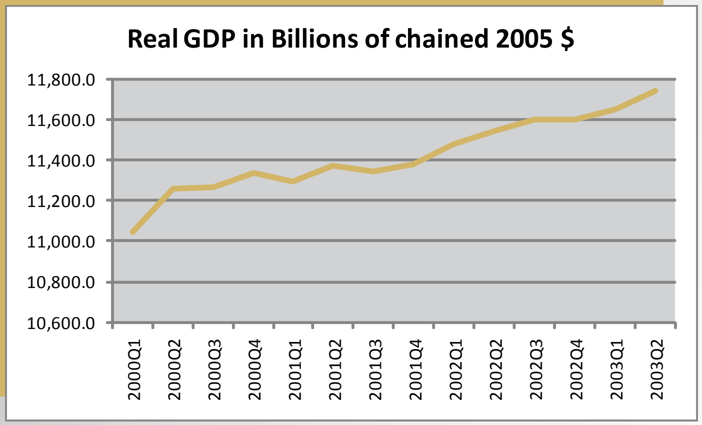
The recession occurring at the turn of the century was less severe than many past recessions and signaled the end of the previous decade's high growth, low unemployment and low inflation.

In the second half of the 1990s, stock prices surged, led by internet-based companies, but this turned out to be a speculative period known as the dot-com bubble. In 2000, the bubble burst and stock prices began to fall across the economy. The end of this bubble led to a recession, and was further escalated by the terrorist attacks on September 11th, 2001, which caused a temporary stoppage in international shipments. The early 2000s recession also caused a number of improprieties on major companies' balance sheets to be exposed due to weaker investment earnings. The resulting problems led to the collapse of some of the largest companies in the world, which further added to the recession.

What the early 2000s recession may be most known for is the "jobless recovery" where both the stock market and economic growth recovered well before jobs returned to the economy.

Source: Recession.org

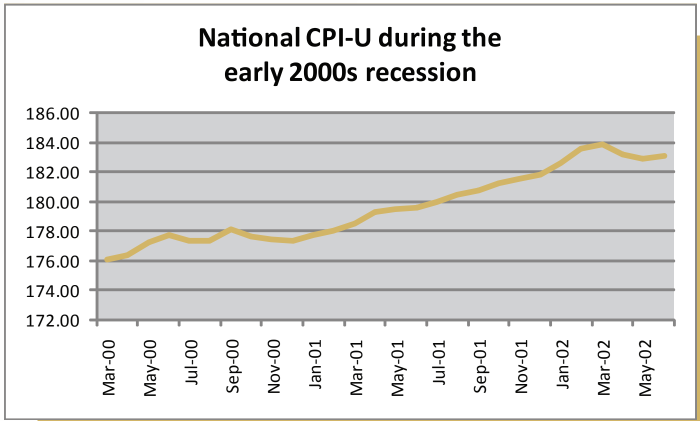
Output, Inflation & International Trade



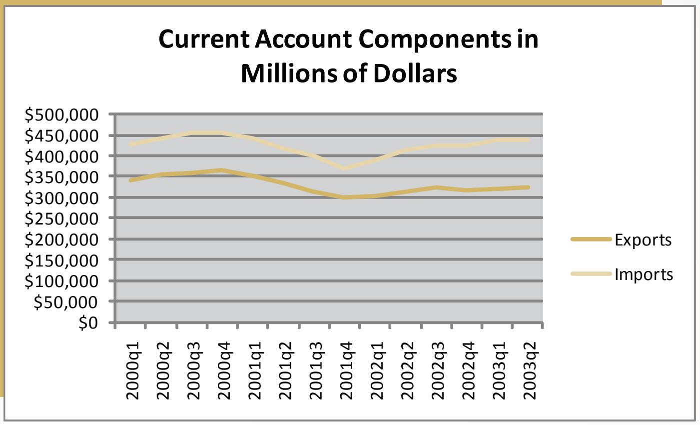
Source: Bureau of Economic Analysis, BEA.gov.

The early 2000s recession did not have the same extended periods of GDP declines as is expected in a recession period. The first quarter of 2001 and the third quarter of 2001 were the only quarters where the GDP declined, and the GDP never declined over-the-year during this recession. The early 2000s recession was a decline in growth rates rather than a shrinking economy. The annual growth rate of real GDP was over 2% from the first quarter of 1992 until the second quarter of 2001. During the early 2000s recession, the growth rate dropped below 1% twice, and was over 2% once, the third quarter of 2002. This indicates a shallow recession that may have seemed more extreme due to the abnormally high and consistent growth that occurred throughout the previous decade.

The early 2000s recession inflation rate began much lower than either of the previous two recessions. The CPI never experienced a negative annual change throughout the period, and experienced a negative monthly change in only six of the twenty-eight months of the recession. This period did see a significant drop in the rate of inflation. In March 2001, the first month of the recession, the annual inflation rate was at 2.98%. The rate rose in the first three months, then dropped to between one and two percent in March of 2001 and stayed there until October of 2001. The highest rate during this recession was 3.15% in February of 2002, before the rate fell below two percent again in May of 2002. This indicates a recession which was once again not severe enough to push prices down, but did significantly slow the growth in prices.



Source: Bureau of Labor Statistics, BLS.gov.



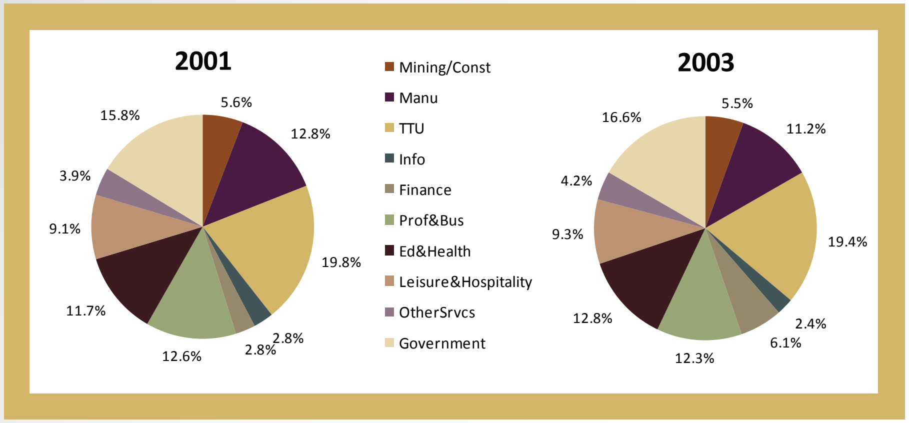
Source: Bureau of Economic Analysis, BEA.gov.

In the first year of the early 2000s recession, both imports and exports edged upward. By the first quarter of 2001, both categories began to drop and continued declining through the fourth quarter. After this, imports and exports began to rise again. By the peak unemployment rate month, in the second quarter of 2003, imports were above the level at the start of the recession but exports had yet to fully recover. The current account deficit decreased by 24.5% during the year 2001, but expanded by 20.0% over the high in 2000 by the end of the recession.

The current account during the early 2000s recession responded less quickly to the market swing than the previous two recessions but also incurred a much more dramatic swing. The relative shallow impact of this recession on output may have been in part caused by the rapid adjustment of the international trade since the quarters of negative real GDP growth corresponded directly with the largest declines in the current account deficit (the first and third quarters of 2001). This may indicate the benefits of globalization in terms of economic security, when domestic consumers decrease their spending, domestic suppliers can prevent a larger scale deterioration of the economy by finding foreign buyers.

Industry Employment

National Employment Composition by Industry



Source: Bureau of Labor Statistics, BLS.gov. See Appendix C for Abbreviations of NAICS Industries.

For the early 2000s recession, data was used from the CES industry employment reports for 2001 and 2003, signifying the beginning and end of the recession for the nation and Nebraska. These reports are monthly figures, often aggregated to reflect annual averages. Also used to analyze the early 2000s recession is the Bureau of Labor Statistics' Business Employment Dynamics data. This information focuses on employment changes based on openings, closings, expansions and contractions.

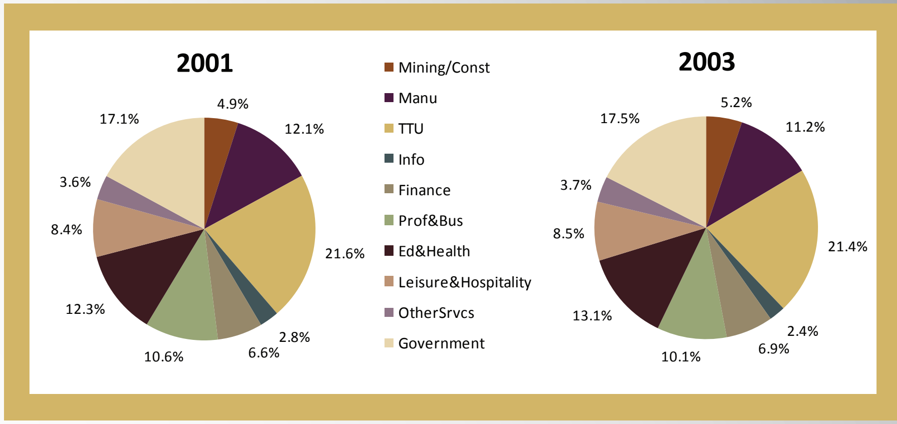
In the spring of 2001, the US was struck with a recession as fall out from the stock market crash of 2000. With this recession the US saw job losses double the size of the previous recession and then some. Total employment's net change was 2.7 million jobs down over the period of the recession with more than 4.8 million jobs displaced. However, some sectors presented signs of growth through the recession. Education & Health Services gained more than one million in employment by the end of the recession offsetting a sizable portion of the overall job losses. Additionally, Government gained 661,000 jobs.

The sectors that were hardest hit by the early 2000s recession were Manufacturing, Trade, Transportation & Utilities, Information, and Professional & Business Services. Leading the way through this recession as before, Manufacturing lost not only the most employment but also was tied for the largest percentage change by size. Manufacturing dropped 2.4 million jobs nationwide for a loss of 14.4% of its workforce from March 2001 to June 2003. Information also lost a comparable chunk of its workforce, 14.4%, or 535,000 jobs during this period; this sector tied Manufacturing for the largest percentage change for the early 2000s recession. Trade, Transportation & Utilities and Professional & Business Services lost 973,000 and 817,000 jobs respectively. These two represent the second and third largest numerical employment declines, but due to their large workforce, were not impacted as severely with respect to their size. These large drops in employment were heavily incurred as business contractions rather than closures according to the Business Employment Dynamics data. In 2001, third and fourth quarter combined, the nation lost over 2 million jobs to contractions and only 140,000 jobs to closures. While this recession cut deeply in employment, it seemingly did not cut so deep as to force large numbers of business closures and resulted in net growth by number of establishments over the recession.

Industry Employment

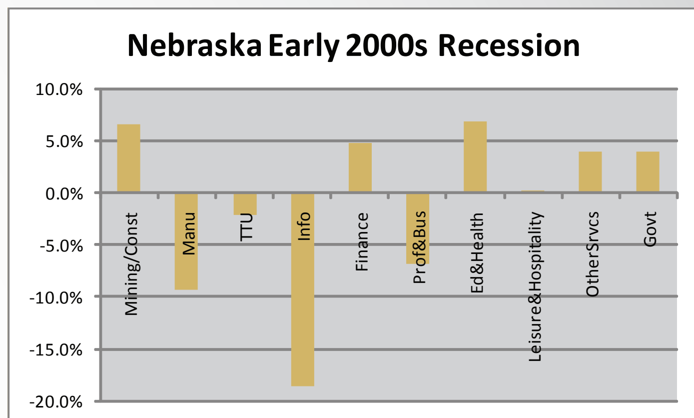
It is apparent that the same industries that were struck at the national level were significantly impacted in Nebraska in a similar fashion. Reviewing the Current Employment Statistics data shows that Information and Manufacturing were the sectors that were most impacted, with regards to their size; Manufacturing declined 9.3% and Information was slashed losing 18.6% of its workforce over the period of the recession. Trade, Transportation, and Utilities lost over 4,000 jobs along with Professional & Business Services losing 6,700 jobs being the other two sectors following the national trend for the recession.

Nebraska Employment Composition by Industry



Source: Bureau of Labor Statistics, BLS.gov. See Appendix C for Abbreviations of NAICS Industries.

Reviewing the industry composition shows that there were some shifts of the make-up of Nebraska's economy in the early 2000s. There was a shift away from Manufacturing, as was the case for the previous discussed time periods, toward the services side of the economy, most notably the Education & Health Services sector. Manufacturing composed nearly 1% less of the economy at the end of the recession as it had at the beginning, and vice versa for Education & Health Services. Manufacturing ended the recession with more than 10,500 jobs lost and with little hope to recover given the previous trend of Manufacturing dwindling throughout the state. It has yet to recover to the level it was before the early 2000s recession. Mining, Logging, & Construction was a sector, while not a large component of the economy, was significantly impacted during the recession. It posted growth of 6.5% by the end of the recession showing an industry with stability for this particular recession.



Source: Bureau of Labor Statistics, BLS.gov. See Appendix C for Abbreviations of NAICS Industries.

Occupation & Payroll Employment

For the early 2000s recession, the OES data from 2001 and 2003 was analyzed. Wage data by occupation group was included in the more recent data allowing for a more complete analysis of what was happening in the time period, both in terms of who was being laid off, and how wages changed. The more recent data allows direct comparisons to be made across the 2000s recession periods.

Occupation employment experienced a net decrease of 4,160, or 0.47% over the recession period. Three occupation groups had decreases of more than 5,000 jobs; Production Occupations lost 6,540 or 7.41%, Office and Administrative Support Occupations lost 5,660 or 3.44%, and Management Occupations lost 5,210 or 11.24%. Three occupation groups added more than 2,000 during this recession; Food Preparation and Serving Related Occupations added 4,060 or 16.49%, Transportation and Material Moving Occupations added 2,700 or 3.94%, and Protective Service Occupations added 2,010 or 16.49%. The result is a major shift in the economy from production occupations toward service-related occupations.

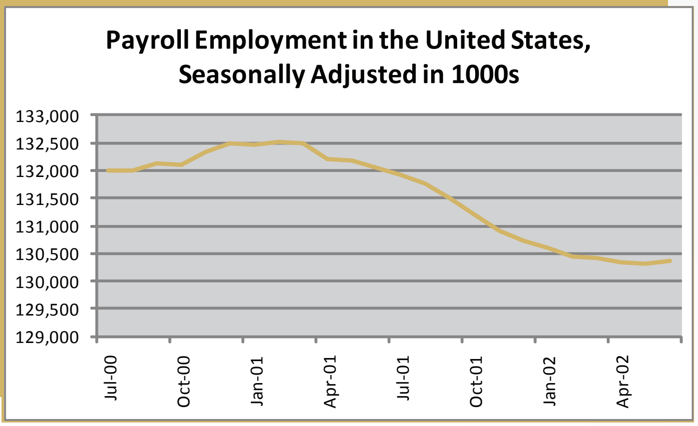
Net Change in Employment and Wages by Occupation Group
during the early 2000s recession

SOC Code	Occupation Title	Employment	Average	33%	66%	50%
11-0000	Management	-5,210	$4.97	$2.31	$6.31	$3.28
13-0000	Business and financial operations	1,480	$2.27	$1.31	$2.75	$1.87
15-0000	Computer and mathematical	-1,620	$1.17	$0.67	$1.41	$0.76
17-0000	Architecture and engineering	-450	$0.74	$0.50	$0.87	$0.35
19-0000	Life, physical, and social science	820	$1.46	$0.62	$1.87	$1.49
21-0000	Community and social services	1,340	$0.00	-$0.03	$0.02	-$0.20
23-0000	Legal	190	$4.61	$0.70	$6.58	$0.94
25-0000	Education, training, and library	1,040	$0.38	$0.61	$0.27	$0.29
27-0000	Arts, design, entertainment, sports, and media	980	$0.69	$0.19	$0.94	$0.42
29-0000	Healthcare practitioners and technical	-560	$2.50	$1.13	$3.20	$1.09
31-0000	Healthcare support	1,980	$0.43	$0.44	$0.43	$0.33
33-0000	Protective service	2,010	$0.10	$0.02	$0.14	-$0.21
35-0000	Food preparation and serving related	4,060	$0.28	-$0.03	$0.44	$0.21
37-0000	Building & grounds cleaning & maintenance	-260	$0.22	$0.27	$0.20	$0.26
39-0000	Personal care and service	480	$0.03	$0.17	-$0.04	$0.16
41-0000	Sales and related	-1,810	$1.17	$0.45	$1.52	$0.75
43-0000	Office and administrative support	-5,660	$0.50	$0.37	$0.57	$0.45
45-0000	Farming, fishing, and forestry	820	$0.11	$0.27	$0.02	$0.41
47-0000	Construction and extraction	-690	$0.64	$0.41	$0.76	$0.44
49-0000	Installation, maintenance, and repair	740	$0.72	$0.41	$0.87	$0.72
51-0000	Production	-6,540	$0.52	$0.10	$0.73	$0.50
53-0000	Transportation and material moving	2,700	$0.34	$0.41	$0.30	$0.36

Source: Nebraska Department of Labor, Office of Labor Market Information.

Over the early 2000s recession, the average wages increased for all but one occupation group, Community and Social Services Occupations, which remained unchanged. When taking a more in-depth look, this may not indicate people making more money in these occupations. During this time period, the median wages for seventeen occupation groups increased by less than the average wages, which indicates possible layoffs disproportionately impacting the lower income half of the occupation group. This is especially evident in the Management Occupations group which had an increase of $4.97 per hour in average wages but an increase of only $3.28 per hour in median wages.

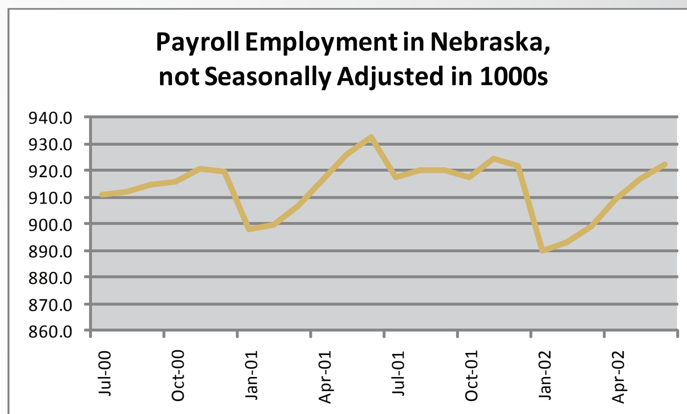
Another possible explanation is what likely occurred in the Protective Services Occupations group, with an average wage increase of $0.10 per hour, but a median wage decrease of $0.28 per hour. It is probable that a wage increase occurred in the higher income half , but coincided with additional hiring at a lower wage than the average. This scenario is supported by the employment changes for entry and experienced workers. Of the six groups which had an average wage over $20.00 per hour in 2001, only two experienced increases in employment. The first and second highest paying occupation groups were also the first and second largest proportional decreases in employment for any group.



Source: Bureau of Labor Statistics, BLS.gov

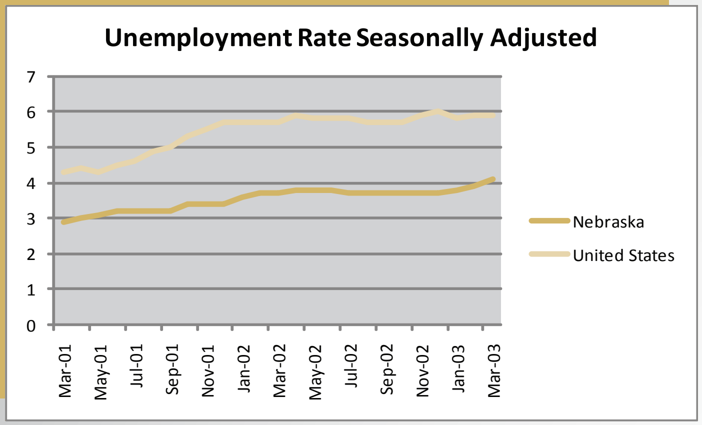
The national payroll employment fell dramatically starting in March of 2001 and continued through January 2002. By January of 2002, national employment had dropped by 1.44%. The employment level stabilized around the recessed level until January of 2003, when another sharp drop occurred throughout the winter of 2003 and stabilized in the spring and summer of 2003. In August of 2003, the month the unemployment rate peaked, national payroll employment bottomed out with a loss of 2.02% of the prerecession numbers. The jobless recovery that the early 2000s recession is famous for is apparent in the payroll employment data. The employment numbers did not recover to prerecession levels nationally until February of 2005, which is almost four years after the recession started and almost two years after the nation hit the peak unemployment rate.

Nebraska's payroll employment was impacted by the early 2000s recession, but not as dramatically as the national employment numbers. The employment levels in the state actually increased compared to the same month in the previous year throughout 2001. In 2002, the employment levels began to fall slightly compared to the previous year, with the largest over-the-year decline in August of 2002 at 1.34%. In 2003, the employment levels were still below the levels of the same month in 2001 but had increased from the 2002 numbers. The full recovery above 2001 numbers occurred in September of 2004, 5 months before the national employment numbers recovered. The smaller declines in payroll employment, as well as the later start and faster recovery, indicate a recession that was largely external to the state. The noticeable impacts on different occupation groups show that the state likely absorbed much of the recession by shifting from high to low paying occupations which may slightly distort the ultimate impact on the state.



Source: Bureau of Labor Statistics, BLS.gov.

UNEMPLOYMENT

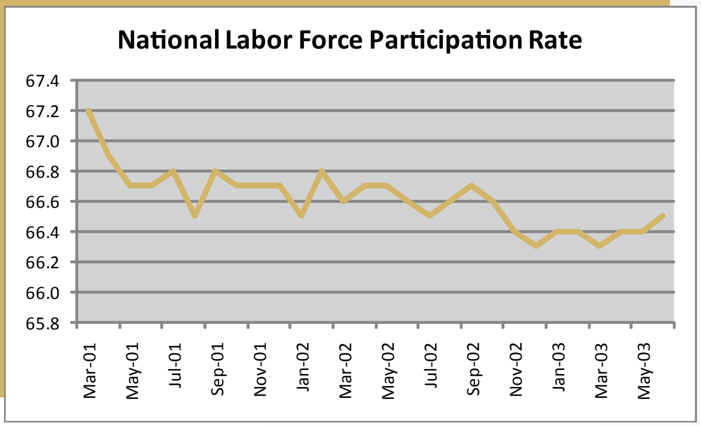


Source: Bureau of Labor Statistics, BLS.gov.

The recession experienced in the early 2000s was even milder than the 90s recession in terms of unemployment. Although national unemployment increased steadily for the majority of the recession, unemployment never exceeded 6%. From March 2001 to January 2002, unemployment experienced its fastest increase for the entire recession, rising from 4.3% in March to 5.7% in January. For the remainder of the recession, unemployment was generally steady, peaking at 6.0% in December 2002.

Nebraska unemployment trends generally followed those of the national rate. From March 2001 until June 2002, unemployment increased steadily from 2.9% to 3.8%. From June 2002 until the end of the recession in March 2003, the unemployment rate dipped back to 3.7% before eventually topping out at 4.1%.

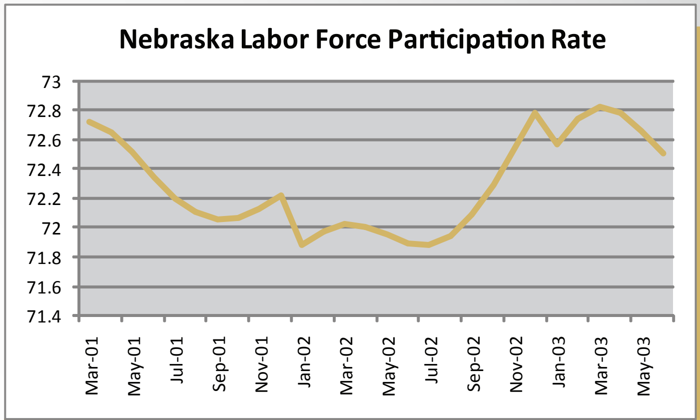
The effect on the average length of unemployment benefits in Nebraska during the early 2000s recession was more similar to the 80s average than the 90s average. This is surprising since the unemployment rate of the early 2000s was much milder than either the 80s or 90s recession. The average length of unemployment during this recession increased from 12.29 weeks in 2001 to 14.05 weeks in 2003.



Source: Bureau of Labor Statistics, BLS.gov. Census Bureau, Census.gov.

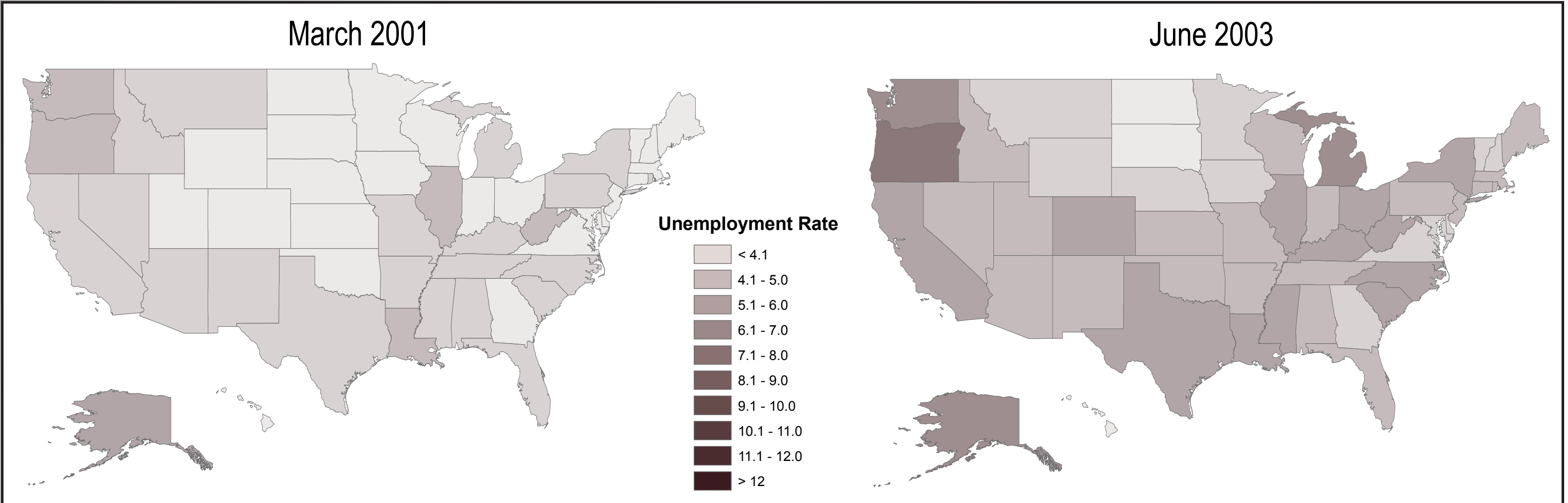
The NLFP rate was again rather volatile during the early 2000s recession. The NLFP at the beginning of the recession in March 2001 was 67.2%. Throughout the recession the NLFP rate generally fell, experiencing small jumps and falls along the way. The NLFP rate never exceeded or even came close to the March 2001 level; lows were experienced in both December 2002 and again in March 2003 when the NFLP rate reached 66.3%. The NLFP rate at the end of the recession was 66.5%.

The SLFP rate did not closely follow the NLFP rate trends, especially after the first half of the recession. The SLFP rate started at 72.7% in March of 2001, but by September had fallen to 72.1%. It rebounded slightly to 72.2% by December but then fell even further to 71.9% in January 2002. The SLFP rate hovered around this level until between July and August of 2002 when it began to rebound quickly. By December of the same year, it had reached 72.8% - higher than even the start of the recession. The Nebraska SLFP rate eventually closed out the recession at 72.5%. Overall, the labor force participation did not change as much as the national rate did but it experienced a high degree of volatility during the recession period.



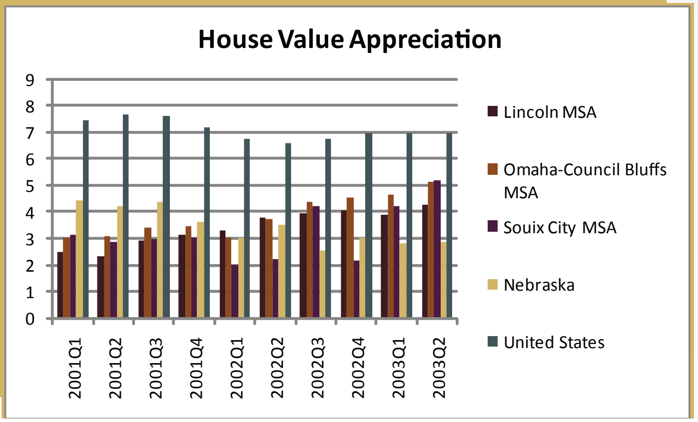
Source: Bureau of Labor Statistics, BLS.gov. Census Bureau, Census.gov.

Unemployment Rate By State at the Start and Peak Months of the Early 2000s Recession



Source: Bureau of Labor Statistics, BLS.gov.

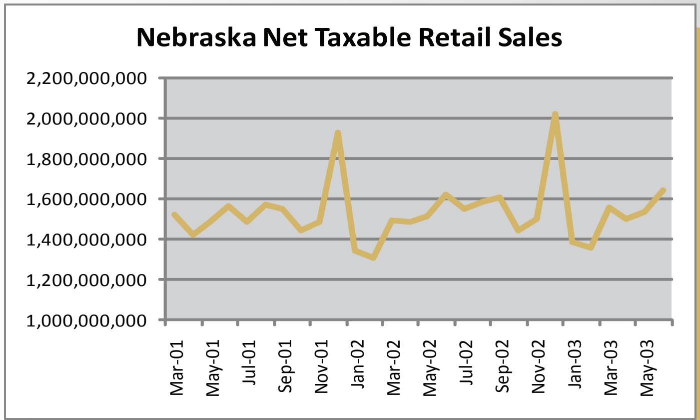
The early 2000s recession caused an unemployment rate increase in every state in the union except Montana, which decreased from 4.5% to 4.3%. This recession was less severe than the 90s recession; no state reached double digit unemployment rates by the time the peak unemployment rate hit in June of 2003. The national unemployment rate increased by 1.6% . At the start of the recession, Alaska had the highest unemployment rate of any state at 6.1%, and Virginia and North Dakota had the lowest unemployment rates at 2.6%. By the month of peak national unemployment rate, Oregon lead the nation with the highest rate of 8.6% and South Dakota and North Dakota had the lowest rates at 3.6%. There was a definite regional difference during the early 2000s recession. Regions II (New York and New Jersey), and VI (Texas and the Bordering States) both had every state above the national unemployment rate. In contrast, five out of six states in two regions were below the national rate: Regions I (the New England States), and Region VIII (the Northern Plains and Northern Rocky Mountain States). Region VII (the Central Plains states including Nebraska) had no state above the national rate.



Source: Federal Housing Finance Agency, FHFA.gov.

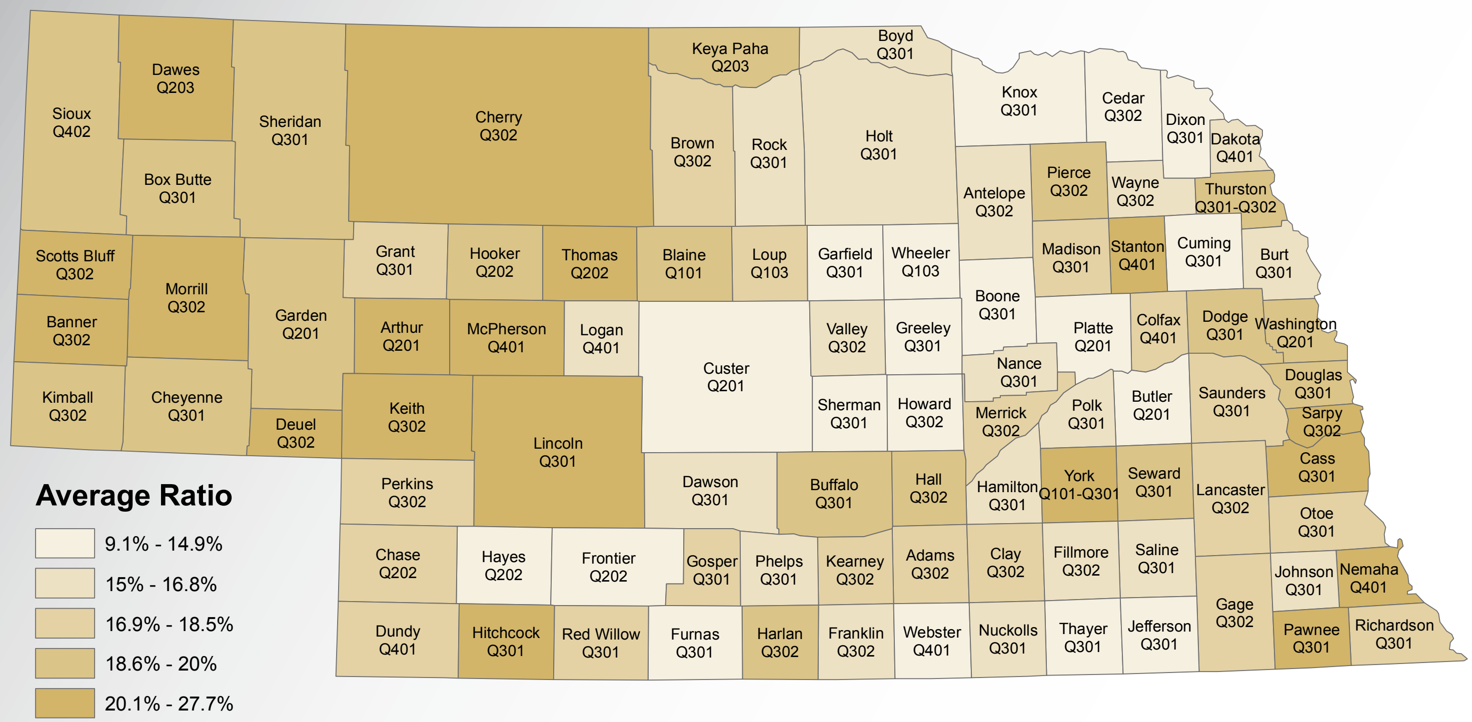
Over the early 2000s recession, the state of Nebraska's house value appreciation increased from 2.89% in the first quarter of 2001 to 4.43% in the first quarter of 2003. House value appreciations declined in all three MSAs over the period, but remained positive. Lincoln MSA began the recession at 4.29% and ended the recession at 2.51%, the Omaha-Council Bluffs MSA began at 5.15% and ended at 3.04%, and Sioux City MSA began the recession at 5.2% and finished the recession at 3.12%. The nation as a whole increased its house value appreciation rate with higher values than Nebraska did, from 6.96% to 7.43%. The strange increases in house prices in times of recession are probably because the early 2000s recession occurred near the same time the housing bubble, which contributed to the late 2000s recession, began. The national house value appreciation rate remained above 6% from the third quarter of 1999 up until the third quarter of 2006. This also may explain why the early 2000s recession was not very severe in many ways, the economic activity lost in the dot-com bubble may have been mitigated by the booming housing industry.

Nebraska's net taxable retail sales indicate the lack of severity of the national recession within the state. Only five months showed a negative over-the-year change in sales, and only two of those months occurred consecutively, December 2001 and January 2002. By the end of the recession in June of 2003 the net taxable retail sales had increased by 5% over two years, essentially spanning the recession. This means while the rest of the country was dealing with a shrinking economy, Nebraska was still growing.



Source: Nebraska Department of Revenue, Revenue.ne.gov.

Separations to Employment Ratio by County, Average and Peak Quarter

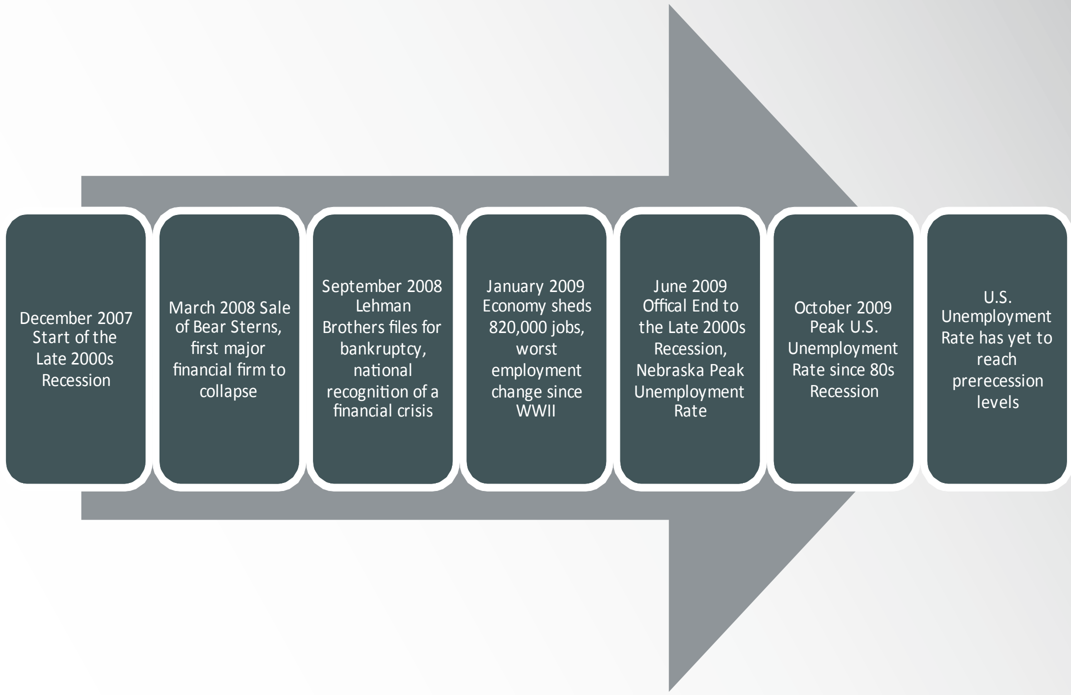


Source: U.S. Census Bureau, Census.gov.

The map of separations to total employment ratios gives a glimpse inside the state to show which parts of Nebraska were impacted the most. The early 2000s recession impacted three areas more than the rest of the state: the Panhandle Region, the Midplains Region, and the Omaha Region.

In the Midplains Region, only two counties north of Lincoln County are not in the top two quintiles for Separations to Total Employment, Grant and Logan. In both the Omaha Region and the Panhandle Region every county is in the top two quintiles . This indicates two possible impact disparities may be occurring; the western portion of the state being hit harder than the eastern portion, and metropolitan areas being impacted more than rural areas. The impact also appears to have occurred primarily during 2001, in terms of peak separations, only 35 of 93 counties did not peak in 2001. See Appendix B for a list and map of the regions analyzed.

Late 2000s recession Overview



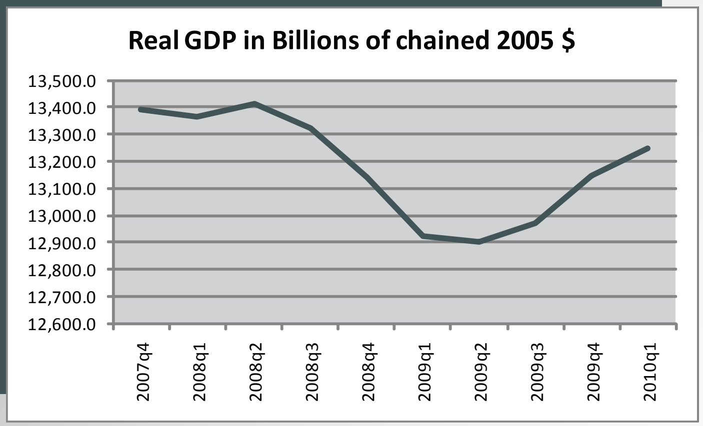
The recession that began in 2007 was one of the most severe since the Great Depression and in many ways worse than the 80s recession. National unemployment hit double digits for the first time since the 1980s.

From the late 1990s through the first half of the 2000s another bubble formed, this time in house values across the nation. When this bubble burst and house values began sliding rapidly, many companies were unable to cover the loss of value in their investments, and pushed the world into a massive recession. The late 2000s recession caused the most bank failures since the Great Depression and led to the largest retraction of credit in history.

The late 2000s recession seemingly is coming to an end, and questions of what the recovery will look like are dominating the headlines. Will there be a recovery that is as rapid as the decline? Will the recovery be “jobless”? Will a second dip occur and push the nation into a longer recession or even depression? How will the economy and the world be changed forever by this recession? The only possible way we can attempt to answer these questions right now is to look at this period and compare it to similar periods in history.

Source: Recession.org

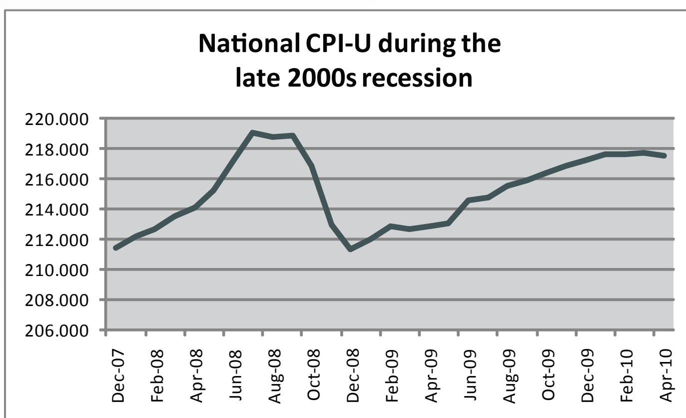
Output, Inflation & International Trade



Source: Bureau of Economic Analysis, BEA.gov.

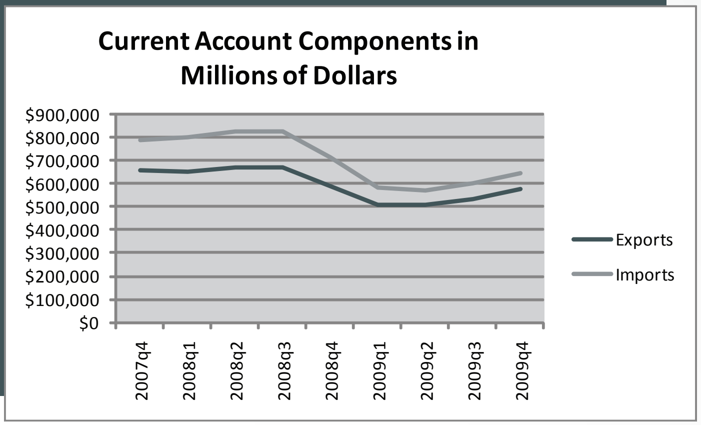
The late 2000s recession began in the fourth quarter of 2007 with real GDP increasing slightly during the quarter. Output fell for the first time this period in the first quarter of 2008, but then recovered in the second quarter to slightly above the prerecession high. In the third quarter of 2008 real GDP began to fall once again, coinciding with the stock market crash in September of 2008. The GDP fell sharply from the third quarter of 2008 through the second quarter of 2009, where output bottomed out at a level that had not occurred since the fourth quarter of 2005. Since the third quarter of 2009 the real GDP has been growing, but had yet to get back to the prerecession high as of the second quarter of 2010.

The late 2000s recession began with the annual inflation rate around four percent in December of 2007. The rate stayed in this range until the summer of 2008 when it rose to slightly over five percent annually, during the peak of the oil price spike that year. When the stock market crashed as a result of the financial crises in September of 2008, the CPI inflation rate was still near five percent annually, but began to drop quickly in the months to follow. In October of 2008, the over-the-month change in the CPI was nearly negative one percent, and the following month had a -1.8% over-the-month change. By December of 2008, the annual inflation rate dipped slightly below zero, and was above zero in only one of the eleven months through October of 2009. Since this period, the CPI has been steadily increasing, with the exception of the second quarter of 2010 when the over-the-month change was slightly negative for all three months. The core index seasonally adjusted is still below the prerecession level as of August 2010. The late 2000s recession had a very powerful impact on prices that consumers paid and led to price drops over the period which were not experienced in any other recession in the past three decades.



Source: Bureau of Labor Statistics, BLS.gov.

Output, Inflation & International Trade



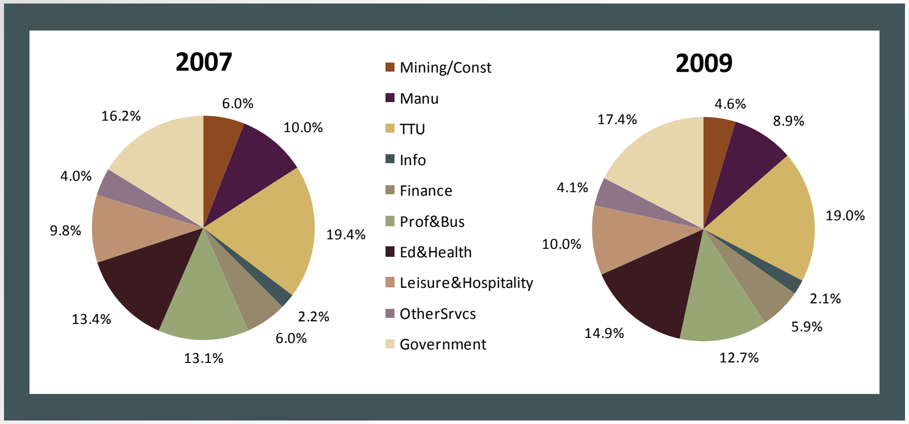
Source: Bureau of Economic Analysis, BEA.gov.

The late 2000s recession had a major impact on the current account balance. In the first year of the recession, from the fourth quarter of 2007 through the third quarter of 2008, both imports and exports continued to rise. During the financial crisis, in the third quarter of 2008, the current account deficit declined for the first time in the period. By the fourth quarter of 2008, imports and exports began dropping dramatically and continued until the third quarter of 2009. These drops also caused the current account deficit to drop by 58.8% from the peak in the second quarter of 2008 to the bottom in the second quarter of 2009. The current account deficit, as well as both imports and exports, have been expanding since this period. As of the second quarter of 2010, all three figures were still well below their prerecession values.

All three macroeconomic indicators signal a recession that is by far the worst experienced both length and impact of any period studied. The steep declines in international transactions followed the same trend as previous periods but to a much stronger extent which indicates a recession that was global rather than domestic. The drops in output were far more pronounced and continual than any other recession in the past three decades, however the impact on real GDP would have been significantly deeper had the current account deficit not shrunk as dramatically. The late 2000s recession truly is unprecedented in scale in recent history, as shown by the CPI's extended period of actual deflation rather than a diminishing inflation rate. This recession indicates some of the hazards of a globalized economy, if markets are connected around the world then contagions like the type that caused the financial crisis and the late 2000s recession can impact every economy rather than being confined to one domestic recession.

Industry Employment

National Employment Composition by Industry



Source: Bureau of Labor Statistics, BLS.gov.. See Appendix C for Abbreviations of NAICS Industries.

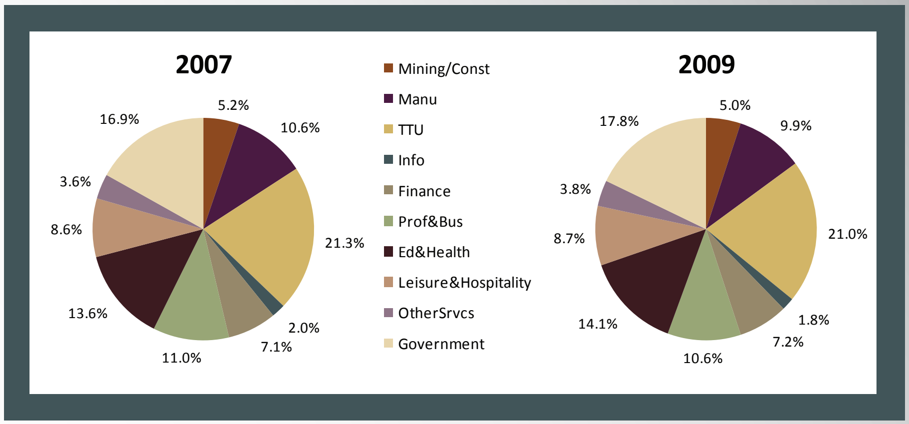
For the late 2000s recession, the CES industry employment reports from 2007 and 2010 were used. This information was picked to study the beginning and continuation of the recession for the nation and Nebraska. These reports are monthly figures, often aggregated to reflect annual averages.

In December of 2007 the United States slid into the worst economic down turn that the nation has seen since the Great Depression. Up until the peak unemployment rate in October of 2009 the US had shed 8.3 million jobs; this was with only one private sector showing any gain in employment. Education & Health Services was up over the recession period by 3.9%, or 723,000 jobs. Looking at the bleak news of the economy, CES reported that from December 2007 to October 2009, Manufacturing once again lead the way in number of jobs lost, as well as percentage change. It lost 2,149,000 jobs or 15.7% of its workforce in 23 months. This one sector lost 80% as many jobs in the late 2000s recession as was lost by the entire economy in the early 2000s recession and nearly 175% of what was lost in the 90s recession. With a very close 2nd for number of jobs cut during the recession, Trade, Transportation, and Utilities was down 7.6%, or 2,039,000 jobs.

The gradual shift towards a service economy was accelerated once again during the late 2000s recession. A shift ranging from 0.4% up to 1.4% during the recession after three years of basically unchanged composition between 2004 and 2006 followed a similar pattern of what was observed in the previous recessions.

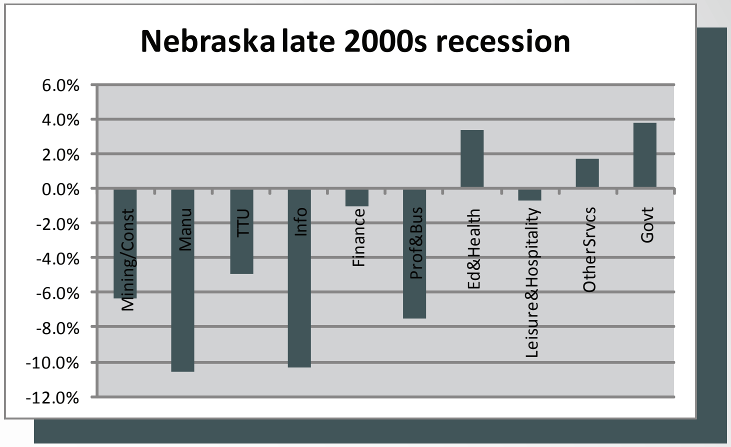
Nebraska's economy did not feel the shaking effect of the late 2000s recession in some of the largest sectors for more than half a year after the start of the national recession. An extended decline in Manufacturing was not apparent until June of 2008. To date in this recession, Manufacturing has lost 10,800 jobs, 10.6% of its workforce. Trade, Transportation & Utilities lost 10,100 jobs, making it the 2nd largest drop in employment during the late 2000s recession, thus far, in Nebraska. It lost 4.9% of its workforce in comparison to Information, which lost 10.4%; the second highest in proportion to its size. Information's 10.4% however, only totals up to 2,000 jobs since December of 2007. This is the only recession in this special study in which Mining or Mining & Construction was negatively impacted during the decline; losing 3,200 jobs or 6.4% of its workforce. The decline in Mining & Construction was not just a blip either; employment has continued to decline after the peak US unemployment rate month occurred.

Nebraska Employment Composition by Industry



Source: Bureau of Labor Statistics, BLS.gov.. See Appendix C for Abbreviations of NAICS Industries.

The trend of Education & Health Services growing throughout the late 2000s recession is a continuation of something that has been observed since the 80s recession. In the late 2000s recession Education & Health Services grew by 3.4%, a modest increase in comparison to the early 2000s recession and the 80s recession, proportionate to its size. The largest expansion was reported in Government with a gain of 6,100 jobs, adding 3.8% to its workforce. Government employment, which includes Federal, State, and Local levels of employment, reported growth through all but one of the recessions studied; exemplifying a resistance to the downturn of the economy at the national level, potentially due to an increase of social services needed during an economic downturn.



Source: Bureau of Labor Statistics, BLS.gov. See Appendix C for Abbreviations of NAICS Industries.

Occupation & Payroll Employment

The Occupation and Payroll Employment section for the early 2000s recession uses OES data collected in second quarter 2007 published first quarter 2008 and second quarter 2009 data, published in first quarter 2010. This data allows a search into some of the more intricate business patterns that may have been occurring in the state. Due to the timing of this project, more recent published data was not available.

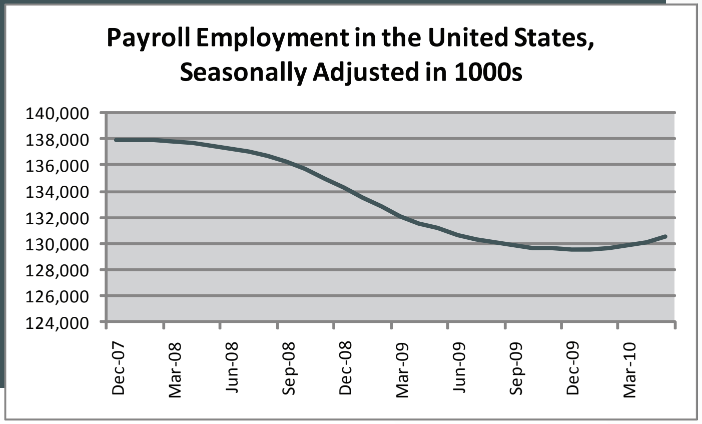
Net Change in Employment and Wages by Occupation Group during the Late 2000s recession

Soc Code	Occupation Group	Employment	Average	10%	25%	50%	75%	90%
00-0000	Total all	-10,230	$1.02	$0.50	$0.42	$0.72	$1.22	$1.63
11-0000	Management	2,190	$2.90	$0.70	$1.15	$1.56	$2.69	$5.99
13-0000	Business and Financial Operations	1,210	$1.75	$0.88	$0.91	$1.23	$2.60	$2.71
15-0000	Computer and Mathematical	-1,120	$1.62	$0.80	$1.12	$1.76	$2.13	$2.36
17-0000	Architecture and Engineering	-310	$1.75	$1.31	$1.78	$2.17	$2.54	$2.08
19-0000	Life, Physical, and Social Science	110	$1.72	$0.98	$1.43	$1.96	$2.49	$3.43
21-0000	Community and Social Services	950	$0.64	$0.30	$0.08	$0.39	$1.18	$1.86
23-0000	Legal	-100	$1.77	$0.41	$0.20	$0.26	$2.17	N/A
25-0000	Education, Training, and Library	3,500	$0.95	$0.35	$0.08	$1.04	$1.16	$1.42
27-0000	Arts, Design, Entertainment, Sports, and Media	210	$0.74	$0.07	$0.67	$1.20	$1.27	$1.02
29-0000	Healthcare Practitioners and Technical	2,070	$1.68	$0.70	$1.05	$1.29	$1.73	$1.92
31-0000	Healthcare Support	-440	$0.79	$0.53	$0.56	$0.58	$0.86	$0.98
33-0000	Protective Service	320	$0.85	$0.39	$0.14	$0.69	$1.40	$1.57
35-0000	Food Preparation and Serving-Related	-340	$0.89	$1.19	$0.98	$0.74	$0.61	$0.82
37-0000	Building and Grounds Cleaning and Maintenance	1,570	$0.57	$0.79	$0.33	$0.37	$0.65	$0.75
39-0000	Personal Care and Service	-270	$0.65	$1.05	$0.60	$0.43	$0.75	$0.55
41-0000	Sales and Related	1,650	$0.71	$0.88	$0.38	$0.38	$0.57	$0.99
43-0000	Office and Administrative Support	-2,080	$0.79	$0.22	$0.45	$0.77	$1.01	$1.23
45-0000	Farming, Fishing, and Forestry	420	$0.41	$0.81	$0.04	-$0.05	$0.15	$1.32
47-0000	Construction and Extraction	-2,440	$1.17	$0.54	$0.81	$0.86	$1.70	$2.36
49-0000	Installation, Maintenance, and Repair	-5,030	$0.50	$0.44	$0.69	$0.63	$0.44	$0.41
51-0000	Production	-3,330	$1.11	$0.54	$0.67	$1.03	$1.40	$2.00
53-0000	Transportation and Material Moving	-8,940	-$0.21	$0.23	$0.36	$0.19	$0.23	-$0.88

Source: Nebraska Department of Labor, Office of Labor Market Information.

The total employment according to OES data declined by 10,230, or 1.12%, from the second quarter of 2007 to the first quarter of 2010. There were five occupation groups which had a decline of more than 2,000: Transportation and Material Moving Occupations lost 8,940 or 10.64%; Installation, Maintenance, and Repair Occupations had 5030 job losses, or 12.20%; Production Occupations lost 3,330 or 4.19%; and Office and Administrative Support Occupations with a loss of 2,080 or 1.30%. Three occupation groups had an increase of at least 2,000: Education, Training, and Library Occupations added 3,500 or 6.50%; Healthcare Practitioners and Technical Occupations added 2,070 or 4.11%; and Management Occupations added 2,190 or 7.35%. The occupation groups which have been gaining seem to be focused in fields that are on the service side of the economy, whereas many of the losses that have been occurring are in occupations that produce goods. This may indicate that Nebraska is being influenced more by the global drop in demand caused by the recession than it is by job losses causing a drop in demand within the state.

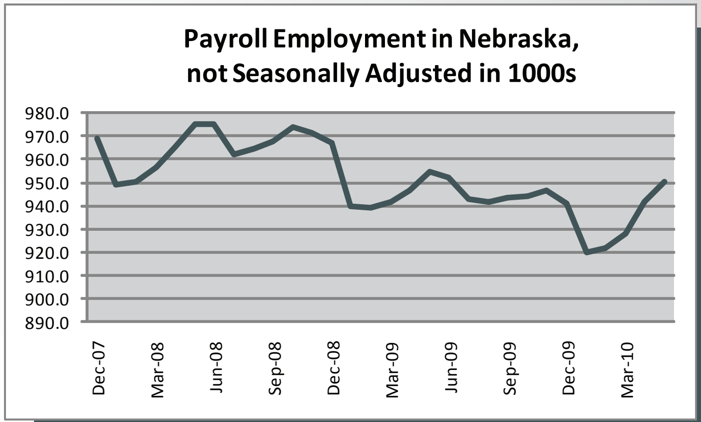
Over the three year period, only the Transportation and Material Moving Occupations Group had a decline in average wages, which may be due to the group having more job losses than any other group. This decrease appears to come from the top 10th percentile of income earners in the group, with a decline of $0.88 per hour where no other published percentile available had a decline. This may indicate layoffs occurring in this industry where they will cut the most payroll costs. In 14 of the 22 occupation groups, the change in the average wage was more than the change in median, which occurred primarily in those occupation groups that added employment. Four of the six groups that decreased employment by more than 1,000 had median wages outpace average wages. The wage changes in terms of percentile breakdowns also had very few trends, which may indicate the layoffs that occurred were not particularly focused in a particular income bracket. The Food Preparation and Serving-Related Occupations Group had large increases at the bottom portions of its percentiles, but this is likely caused by the increase in minimum wage that occurred because the 10th percentile in 2007 was below the new federal minimum wage rate.



Source: Bureau of Labor Statistics, BLS.gov.

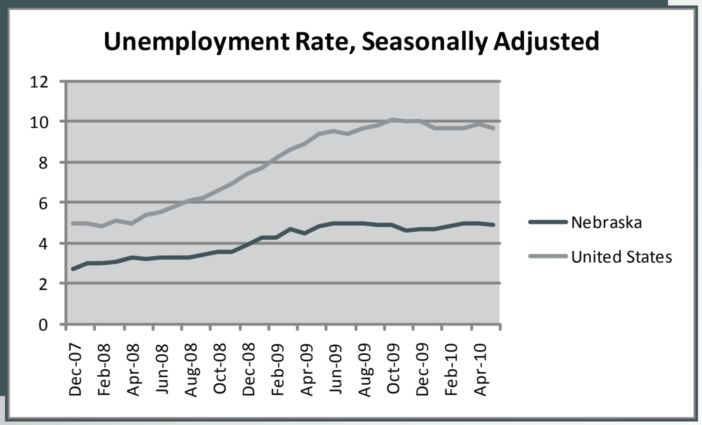
The national payroll employment indicates just how severe the late 2000s recession has been. In December of 2007, the employment level began declining. The declines became larger over the next year until April of 2009 when the decreases began to slow down. By April 2009, the economy had shed 4.65% from the December 2007 employment level. In October 2009, when the unemployment rate peaked, the economy had lost 6.03% of its employment and continued to shed jobs until a bottom hit in December of 2009, at which time national employment was at 93.94% of the prerecession number, a decrease of over 8 million jobs. 2010 payroll employment began to rebound and picked up speed in the spring months, a drop in employment occurred in the month of June of around 125,000.

Nebraska's payroll employment was less severely impacted than the rest of the nation. Nebraska continued to add jobs compared to the same month the year previous until December of 2008, a full year after the national recession began. The decline in year-to-year change peaked in October 2009 at 3.04%, the same month the unemployment rate peaked nationally. As of October 2009, the Nebraska economy had lost more than 24,000 jobs, or 2.45%, since October of 2007 and almost 30,000 jobs since October of 2008. The fall of 2009 and winter of 2010 had declines in the over-the-year percent change in employment. As of May 2010, the state of Nebraska lost only 0.43% of employment from the previous May.



Source: Bureau of Labor Statistics, BLS.gov.

Unemployment



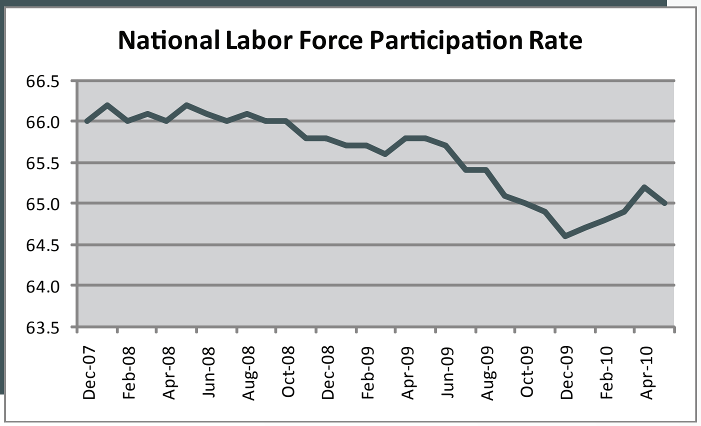
Source: Bureau of Labor Statistics, BLS.gov.

In terms of unemployment, the late 2000s recession is much closer to the recession of the early 1980s than either of the other two. While unemployment started out modestly, it increased at a steady pace for most of the two and a half year recession. The initial unemployment rate of 5% in December 2007 soon became 7.4% by the following December and by October 2009, had reached 10.1%. At the time of this writing, the most recent national unemployment rate released was 9.5% in June 2010. Although it is hard to predict how long it will take unemployment to reach its pre-recession level of 5%, if it follows a similar recovery trend of the 80s recession, it could take 7 years to return to the prerecession rate.

Nebraska state unemployment rate trends have generally followed those of the national rate, with two important differences. First, the Nebraska unemployment rate has always been several percentage points lower than the national rate even during all four recessions. Second, the Nebraska unemployment rate has increased much slower than the national rate. As a result, the national unemployment rate was substantially higher than the Nebraska state unemployment rate 18 months into the recession. For example, October 2009 was marked by a national unemployment rate of 10.1%; Nebraska, meanwhile, had an unemployment rate of 4.9%. The overall trend of the Nebraska unemployment rate was a steady increase throughout the recession. The initial unemployment rate was 2.7%. The peak unemployment rate of 5% was reached during the summer of 2009 and spring of 2010. June 2010 Nebraska's unemployment rate was 4.8%. Like the national unemployment rate, it will probably take Nebraska years to reach the pre-recession level of unemployment.

The average length of unemployment benefits in Nebraska during the late 2000s recession has increased dramatically. The initial average length of 11.53 weeks in 2008 has increased to 16.29 weeks in 2010, its highest point since 1979.

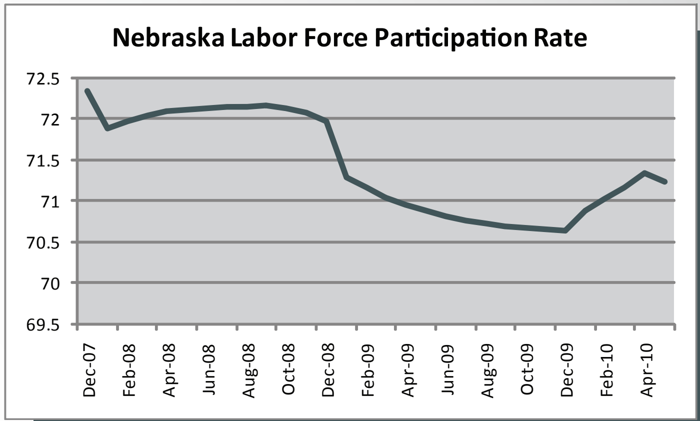
UNEMPLOYMENT



Source: Bureau of Labor Statistics, BLS.gov. U.S. Census Bureau, Census.gov.

The NLFP rate throughout the late 2000s recession can best be described as the most affected by a recession period from the four in our study. The NFLP rate showed initial signs of stubbornness – for almost the first year, it hovered right around the initial rate of 66.0%. However, starting in October-November 2008, the NLFP rate began to tumble. By December 2009, it had reached 64.6% - a decrease of almost 1.5%. However, since that time, the NFLP rate has recovered slightly, rebounding to 64.7% in June 2010.

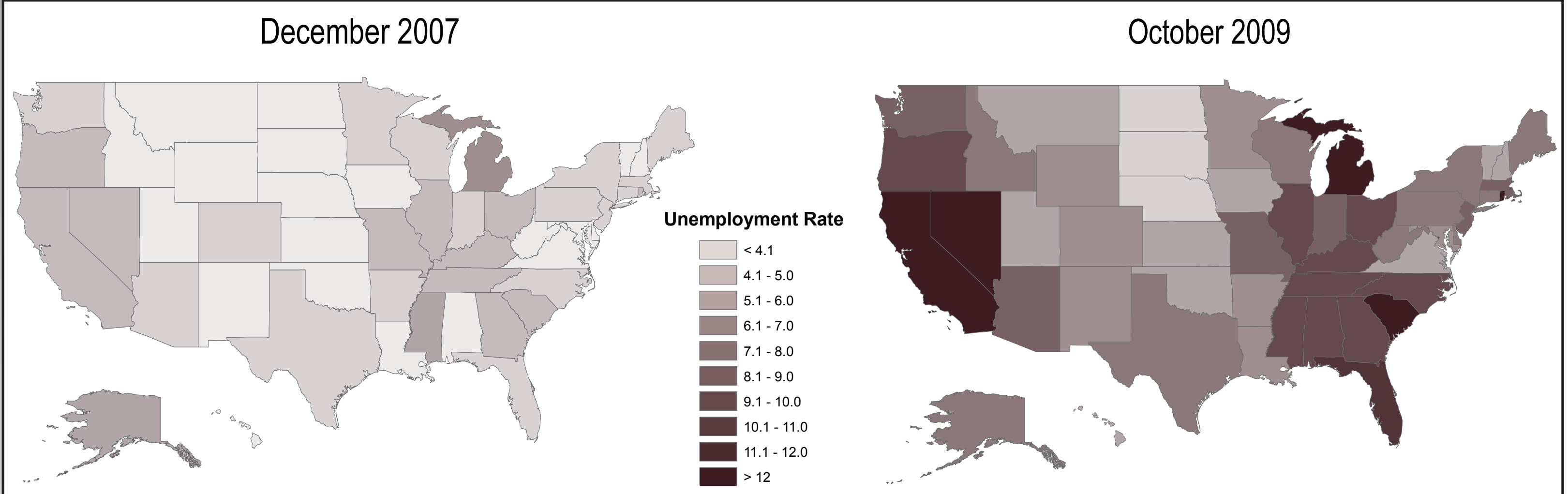
The SLFP rate trends loosely followed those of the NLFP rate. The Nebraska SLFP rate began the recession at 72.3%. After an initial steep drop-off and recovery to 72.2% by September 2008, the SLFP rate then entered a free fall down to 70.6% by December 2009. This is similar to the rapid drop-off experienced in the NLFP rate from October 2008 until December 2009. Since that time, the SLFP rate has rebounded back slightly, registering 70.9% in June 2010.



Source: Bureau of Labor Statistics, BLS.gov. U.S. Census Bureau, Census.gov.

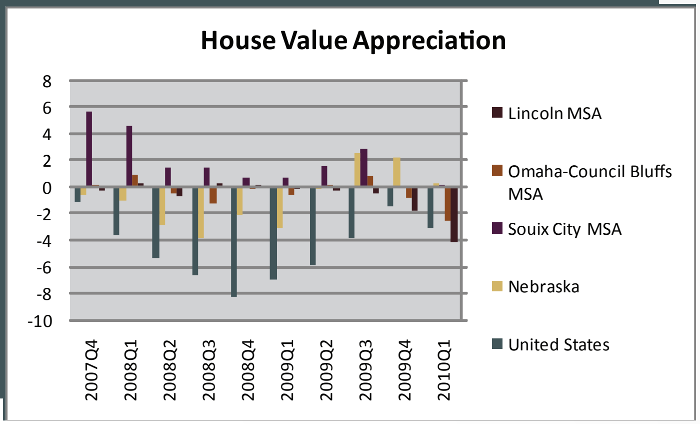
Local Impacts

Unemployment Rate By State at the Start and Peak Months of the Late 2000s recession



Source: Bureau of Labor Statistics, BLS.gov.

The late 2000s recession has been devastating across the entire nation; every state in the nation increased its unemployment rate, and the national unemployment rate increased by 5.1%. In 24 states, the unemployment rate doubled from December 2007 through October of 2009, the peak unemployment rate month so far. Fifteen states reached double digit unemployment rates by October 2009 and six states were within one percent of the mark. At the beginning of the recession, Michigan had the highest unemployment rate in the nation at 7.1% and Wyoming and South Dakota had the lowest unemployment rate at 2.8%. In October 2009, Michigan still had the highest rate at 14.4% and North Dakota had the lowest unemployment rate in the nation at 4.3%. Regionally, the impact is very clearly condensed into specific areas. Three regions accounted for thirteen of the fifteen states with unemployment rates above 10%: Region IX had two of its four states in double digits, Region V had three states of its six, and Region IV had all eight states over 10% unemployment. The three states with rates below 5% fell into two different regions but are very close geographically to each other, North Dakota at 4.3%, South Dakota at 4.7%, and Nebraska at 4.7%. This would indicate the Northern Plains managed to avoid most of the impact from the national recession.

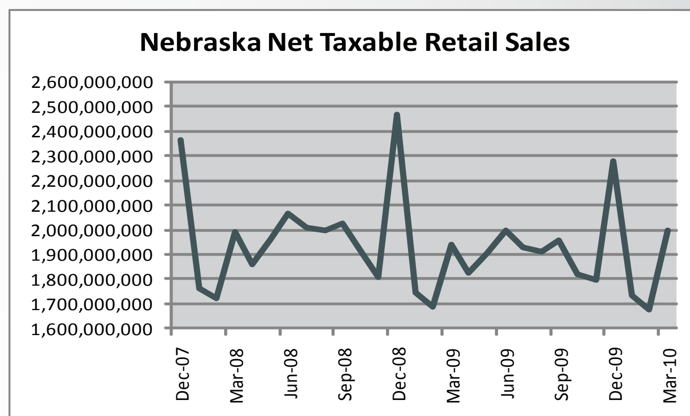


Source: Federal Housing Finance Agency, FHFA.gov.

The late 2000s recession is often blamed on the bursting of the housing bubble that occurred from the late 1990s through the mid 2000s. The national data makes this bubble and bust cycle very apparent. House values increased by 6% to 8% every quarter from first quarter 2000 thru second quarter 2006. When the national recession began, national house values declined for the first time since recording began in 1992 and continued declining through at least first quarter of 2010. The biggest drop (8.27%) occurred in the fourth quarter of 2008. The entire state of Nebraska followed national trend but with much smaller impacts. The peak in Nebraska's bubble occurred in fourth quarter of 2004 at 4.88% and the trough in the bust occurred in the third quarter of 2008. House value growths have remained positive in Nebraska since the third quarter of 2009.

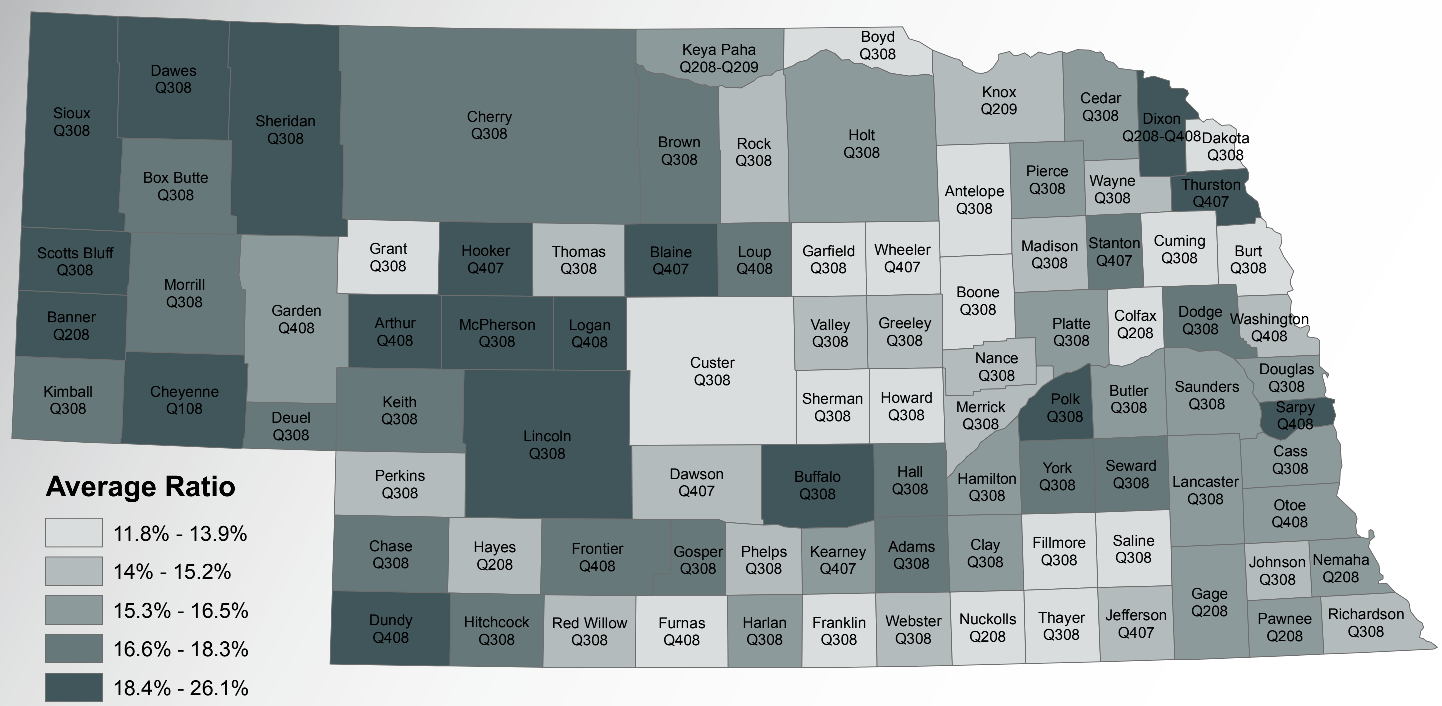
The three MSA's within the state experienced the housing bubble in very different ways. Lincoln MSA was stable, near zero, from the third quarter of 2007 until the fourth quarter of 2009, when values dropped by 1.75%. Most recently, in the first quarter of 2010, Lincoln's house values dropped by 4.19%. The Omaha-Council Bluffs MSA had house value appreciations remain near zero from the third quarter of 2007 until the first quarter of 2010 when house values fell by 2.5%. Conversely, the Sioux City MSA actually experienced several significant growth quarters during this time. During the fourth quarter of 2007, house values increased by 5.69%. The Sioux City MSA experienced its only decrease in house values in the fourth quarter of 2009 with a 0.03% decline. The lack of both volatility and a prolonged period of decline in the MSA's and to some extent the entire state of Nebraska, indicates a partial explanation of why the state has seen less impact from the late 2000s recession than other areas. Since the state never experienced the housing bubble to the extent the rest of the nation did, the housing crash that followed was less pervasive.

In contrast to the 90s and early 2000s recessions, the severe and prolonged impact of the late 2000s recession on Nebraska is apparent in the Net Taxable Retail Sales for the state. At the start of the national recession, Nebraska was already below the previous year's high by 3.87%. While sales growth recovered and remained positive through October 2008, the quantity of sales dropped again and stayed negative until February 2009. The largest over-the-year decline occurred in December 2009, with a drop of $190 million representing a 7.70% decline in total sales. The drop in demand show how bad recessions can get worse. With sales declining across the state for more than a year, it is clear the late 2000s recession was the most severe to impact the state since at least the 1980s.



Source: Nebraska Department of Revenue, Revenue.ne.gov.

Seperations to Employment Ratio by County, Average and Peak Quarter



Source: U.S. Census Bureau, Census.gov.

During the late 2000s recession the distribution rate of separations to employment was uneven in two of the three areas of the early 2000s recession, the Panhandle and Midplains Regions. In the Midplains Region, twelve of the nineteen counties were in the top two quintiles of Separation to Employment within the state. The Panhandle Region contained only one county which did not fall into the top two quintiles. Once again a disparity is apparent with western Nebraska being impacted more than the eastern part of the state. The disparity between metropolitan areas is less obvious but possibly still recognizable in the data. While Omaha seems to have experienced a similar impact to the rest of the state, Sarpy County was in the top quintile. Lincoln MSA, Sioux City MSA, Fremont MC, Norfolk MC, Kearney MC, Grand Island MC, Lexington MC, Hastings MC, North Platte MC, and Scottsbluff MC all had at least one county in the top two quintiles of Separations to Employment. Only five of the thirty-seven counties that fell into the top two quintiles were not contained in the Panhandle and Midplains Regions or one of the metropolitan or micropolitan areas within the state. See Appendix B for a list and map of the regions analyzed.

All Recession Periods

Recession	U.S. Unemployment Rate Prerecession	U.S. Unemployment Rate Peak	Nebraska Unemployment Rate Prerecession	Nebraska Unemployment Rate Peak	GDP percent Change Total Change	GDP percent Change Worst Quarter
80s Recession	6.3%	10.8%	2.9%	6.7%	-0.71%	-2.05%
90s Recession	5.5%	7.8%	2.3%	3.0%	-0.69%	-0.88%
Early 2000s Recession	4.3%	6.3%	2.9%	4.2%	0.73%	-0.33%
Late 2000s Recession	5.0%	10.1%	2.9%	5.0%	-3.66%	-1.65%

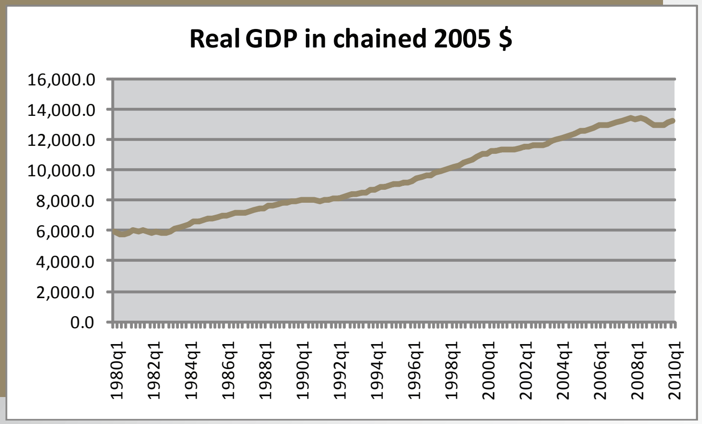
Source: Bureau of Labor Statistics, BLS.gov, Bureau of Economic Analysis, BEA.gov.
Prerecession is the month the recession began as reported by NBER.

The All Recession Periods section was written by each author on the aspects which they researched. The goal of this section is to establish overall trends in data and analysis that occurred throughout each of the recessions. This allows the reader to get a summarized concept of the data as well as discover what may be typical or expected during periods of downturn in the economy.

This section displays data for the entire period of the publication, and gives readers the ability to see how recession periods compare to “normal” periods of economic expansion. The section also allows for some reflection on each of the periods which can help identify how each period may be unique. For the time series graphs particularly in this section, general trends and peaks and troughs are more important for the purposes of this publication than individual data points.

The table above shows the unemployment rates the month the recession began and the peak rates reached during or immediately following each recession. It also shows the total change in GDP for the periods as defined by NBER and the over-the-quarter change for the worst quarter during each period. This allows quick comparison of macroeconomic performance during each period.

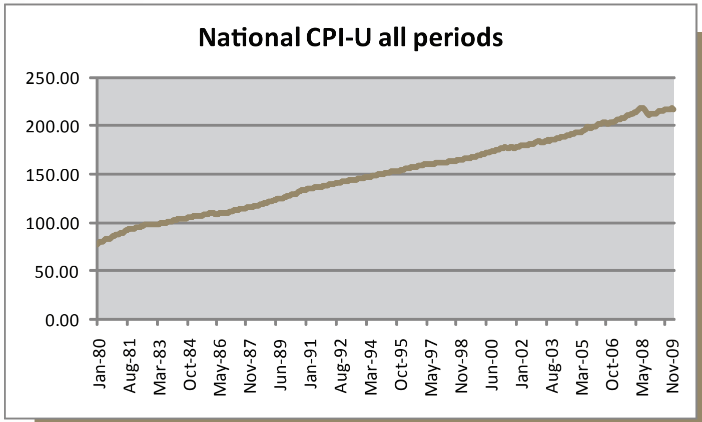
Output, Inflation & International Trade



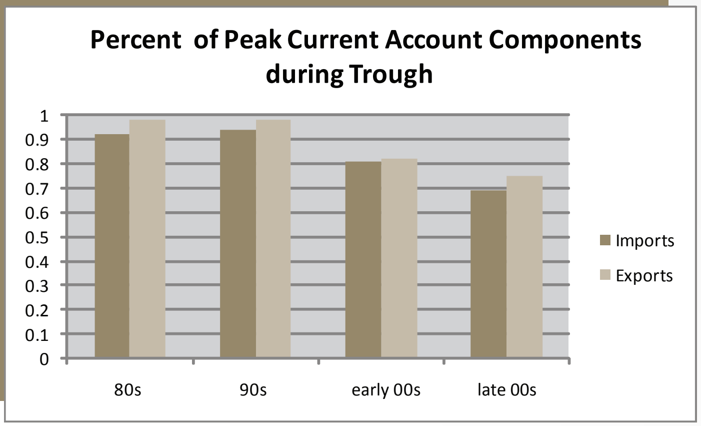
Source: Bureau of Economic Analysis, BEA.gov.

The chart on this page is the real GDP from 1980 through the first quarter of 2010. Each recession period is clearly noticeable as the bends from the otherwise steady increases over the past thirty years. Also apparent is the scale and duration of each downturn. While the 80s recession was prolonged, it was also a fairly flat period in growth after the initial drop in the first quarter of 1980. The 90s recession did see a drop but a fast recovery to previous growth rates, only declining for about two quarters. The early 2000s recession caused very little decline in actual output, but rather a prolonged slowing of the high growth rate which preceded it. This flattening was more prolonged than the 90s recession. The late 2000s recession begins with a sharp curve downward. This recession has a much longer period of decline in output as well as a much more severe slope downward than any of the other periods.

The 80s recession began with higher inflation rates than the nation has experienced in the past three decades. This high inflation rate has been blamed as the major culprit in creating the 80s recession; however, the recession caused large drops in the rate throughout and brought inflation back within target range after the painful readjustment. The over-the-year increase in CPI began rising faster toward the end of the 1980s and into the beginning of the 1990s recession. Once again the inflation rate dropped consistently and readjusted around the more stable two to four percent range for most of the 1990s. The early 2000s recession began in the target inflation range at 2.98%. The recession pushed inflation down near one percent for a time, but the economy recovered before consumer prices actually dropped. The late 2000s recession began with inflation at the high end of the ideal range, followed by a sharp drop around the time of the financial crisis, and about a full year of declines in the annual inflation rate. As can be seen, all recessions have a tendency to slow the increase in prices, but only the late 2000s recession experienced actual price declines. Whether or not deflation occurs during a recession seems to be a function of the initial inflation rate as much as the severity of the downturn.



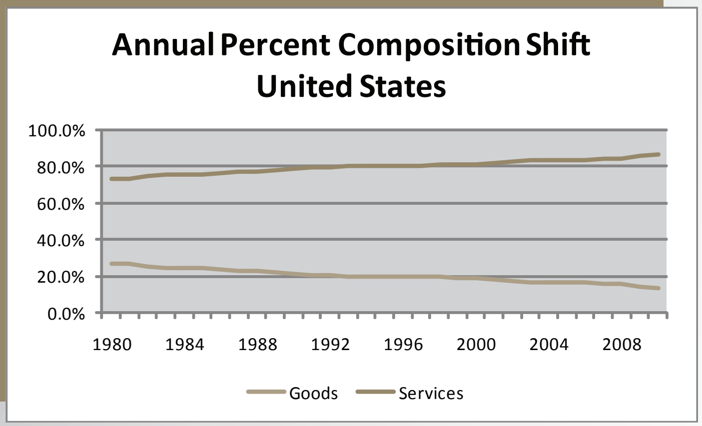
Source: Bureau of Labor Statistics, BLS.gov.



Source: Bureau of Economic Analysis, BEA.gov.

As expected, each recession period had a negative impact on both exports and imports. Interestingly each recession also had a larger impact on imports than exports, which increases the current account balance and adds to the output calculation of the economy. The 80s and 90s recessions experienced little change in imports and exports compared to the early 2000s and late 2000s recession. From this it is safe to say the most recent two recessions have been significantly more global than their two predecessors, which creates concerns over the negative impacts associated with increased interdependence. While contagion problems can arise in terms of economic downturn as evident by the financial crisis of 2008, this increased interdependence also should lessen the duration and impacts of recessions on the domestic economy. The increasingly global economy should open new markets for expanded growth and help a country prevent a catastrophic downturn.

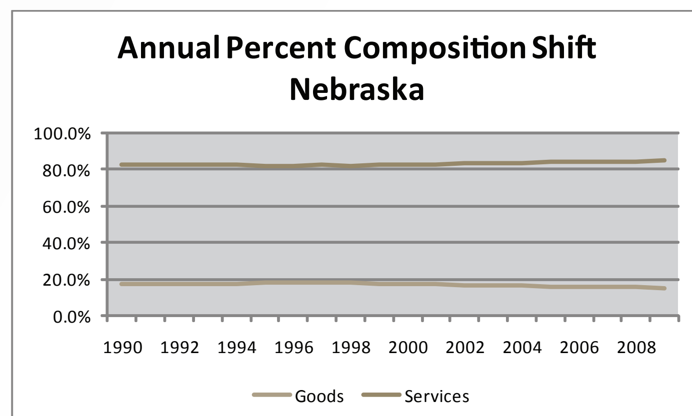
Industry Employment



Source: Bureau of Labor Statistics, BLS.gov.

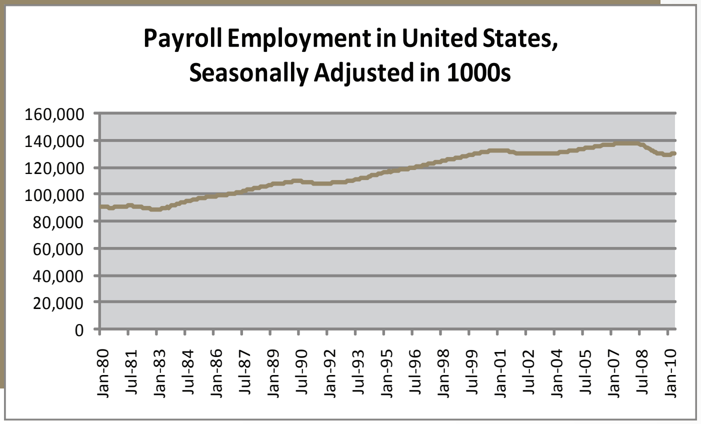
Looking at the Current Employment Statistics and Business Employment Dynamics data there are some pronounced trends during a recession. The first trend that was maintained throughout the four recessions confirms an expectation; it is reasonable to expect employment to drop significantly if a recession cuts deep enough to warrant layoffs. At the national level, employment declined in all three of the recessions for which Current Employment Statistics was available. In Nebraska, employment was also expected to decline through the recessions, however during the 1990s recession Nebraska contrarily added employment. While this was the mildest of the four recessions for the study, this opposition to the trend indicates Nebraska shows some resilience to national economic downturns. To further demonstrate the resistance to the national pressure down on the economy, when employment would be expected to decline to coincide with the national trend, Nebraska consistently lagged anywhere from 6 to 12 months behind the trend.

Another, more subtle, trend that was observed from the industry employment data is the shift from a goods producing economy to a service providing economy. While this trend has been observed almost as far back as Current Employment Statistics has been available, during the recession periods studied, this trend was accelerated anywhere from twice to upwards of five and six times as fast as was normal. This could suggest that during a recession, the economy has its hand forced with cinching the belt and making production more efficient, in a shorter amount of time. Not necessarily a new trend, rather a slightly modified trend during the time of a recession.



Source: Bureau of Labor Statistics, BLS.gov.

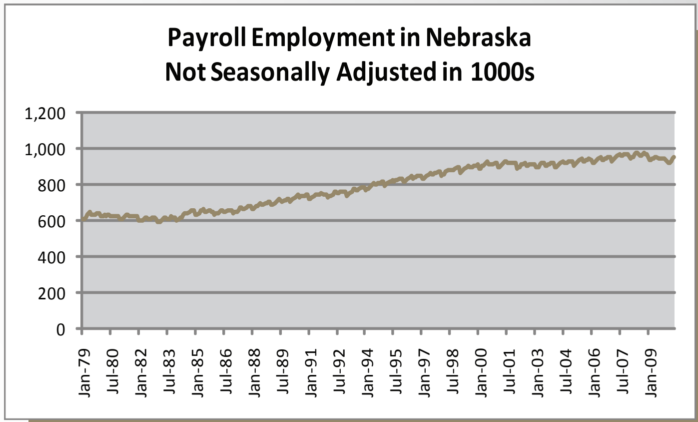
Occupation & Payroll Employment



Source: Bureau of Labor Statistics, BLS.gov.

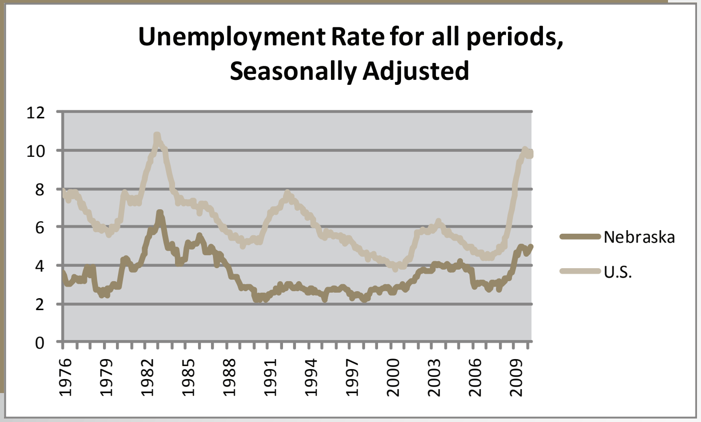
Throughout all recession periods several trends are apparent in OES data. In the 80s recession, a proportional shift towards what may be considered "core staff" or the people who are directly responsible in the finished products of the company occurred. This shift may indicate an attempt by many companies to become more efficient and cut out certain products and services which are not directly related to a main product. A similar situation occurred in the 90s recession, assuming the shift from managers to clerical workers was indeed a restructuring of job duties. This may indicate the same efficiency concerns handled in a different way by a different industry. The early 2000s recession showed that layoffs may have been occurring in a "last hired first fired" manner. Companies may have believed the revenue issues caused by the recession were relatively temporary. Therefore, companies laid off employees with less experience, and human capital, in order to retain assets as the economy turned. The late 2000s recession indicates widespread job losses across income brackets, which may mean companies are not convinced demand will return, so cuts are motivated primarily to move balance sheets in a more permanent way. All the recessions show a change in employment distribution that indicates companies attempting to shield themselves from the bad environment and use the opportunity to become more efficient at the same time.

As expected, national payroll employment declined during each of the recession periods. The size of the decreases is proportional to the severity of each recession, as it is one of the main determinants of how bad the economy actually is. The state of Nebraska was heavily impacted by the 80s recession, almost as much as the nation as a whole was. After the 80s, the state has generally been sheltered in terms of payroll employment drops, especially during the 90s recession. The late 2000s recession shows a slightly different story. While declines in employment for Nebraska have been large, they are much smaller and started a year later than the declines in national employment. This may indicate a limit to the degree the state of Nebraska is sheltered from national downturns.



Source: Bureau of Labor Statistics, BLS.gov.

Unemployment



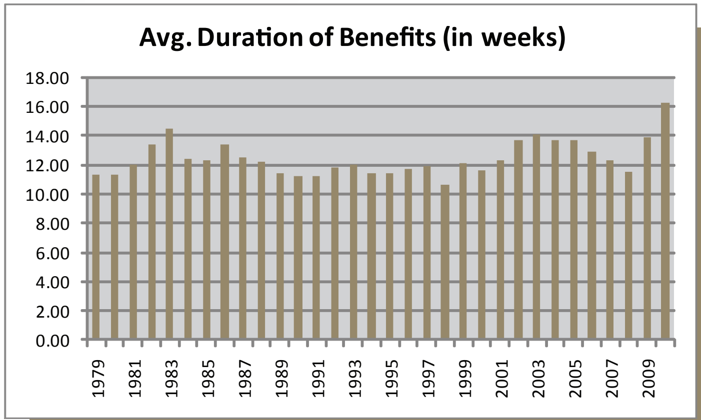
Source: Bureau of Labor Statistics, BLS.gov.

As expected, both national and state unemployment rates generally increased throughout all recession periods. In addition, the Nebraska unemployment rate was always a few percentage points lower than the national rate and occasionally reached levels of half the national rate or less. While several possible factors exist, one major point is the composition of industries and occupations of most Nebraska workers. Two sectors that are hit hard during a recession – durable goods and tourism – are sectors that Nebraska does not specialize heavily in. Even during periods of economic prosperity, Nebraska tends to have one of the lowest unemployment rates in the nation. For all 4 recessions, unemployment increased during the vast majority of each period. In addition, the Nebraska unemployment rate trends very closely mimicked those of the national unemployment rate just at a lower rate.

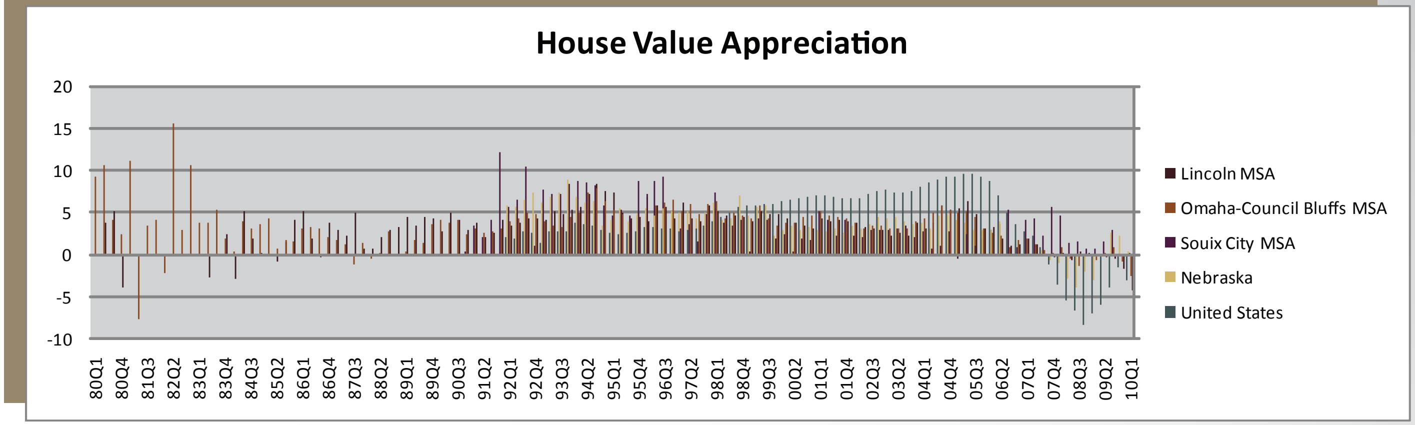
However, overall trends for the Labor Force Participation (LFP) rate at both the state and national level were not nearly as clear cut as those for unemployment. While there were no extremely pronounced trends across the four recession periods, there was a common trend for the National LFP. In three of the four recessions, the NFLP decreased until the last few months of the recession when it experienced a recovery. Only the early 2000s recession did not exhibit this trend.

The state LFP rate did not follow the trends of the national rate, or even seem to have a common trend in itself. For the earlier two recessions, the SLFP rate increased on average throughout the entire recession, not just the last 6-12 months. However, the SLFP rate also experienced a high degree of volatility with large swings up and down. These most recent recessions have not exhibited any similarities with the previous two recessions and are hard to categorize within this context.

Labor force participation rates do not follow an easily recognizable trend. LFP rates within a recession also tend to be volatile and do not follow an easy, reliable pattern like unemployment rates. Therefore, LFP rates tend not to be as publicized or mentioned as are unemployment rates. However, it is best to use both of these pieces of data when looking at the effects, severity, and length of a recession.



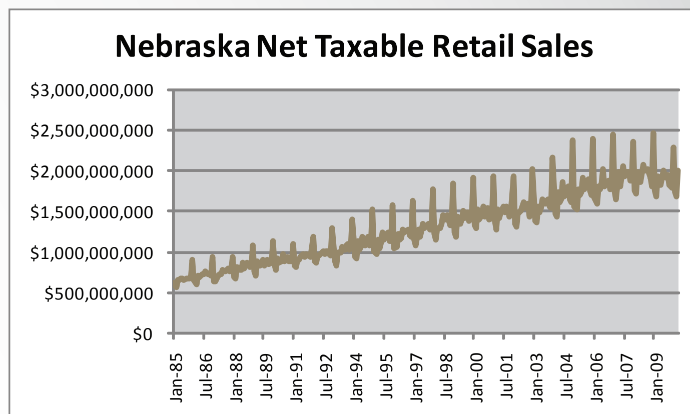
Source: U.S. Department of Labor, DOL.gov.



Source: Federal Housing Finance Agency, FHFA.gov.

The state Unemployment Rate Maps indicate certain regions of the country have been hit harder by the past four recessions, and other areas have been relatively immune. Region V, the Great Lakes States, was impacted more severely than the rest of the nation in three out of the four recessions, whereas Regions VII, the Central Plains states including Nebraska and VIII, the Northern Plains and Northern Rocky Mountain states have been impacted less than the nation in two out of four periods. This could indicate differences between labor market volatility between regions, or perhaps different natural rates of unemployment creating different starting points for state unemployment rates.

Net Taxable Retail Sales and House Value Appreciations indicate the milder impact of the recessions on the state of Nebraska and hint at explanations why. Net taxable retail sales show growth in the state during the 90s and early 2000s recession but a major and prolonged slump during the late 2000s recession. This slump began very close to the same time Nebraska started losing employment during the late 2000s recession, indicating the importance of consumer purchasing to the economy. House prices indicate how Nebraska has been able to avoid the worst of the late 2000s recession. Since the state experienced the housing bubble to such a smaller extent than the rest of the nation, the housing bust did not occur to the same extent. The fact that populated areas seem to have been impacted more by the late 2000s recession than rural areas may indicate another reason Nebraska was sheltered as well, since it is among the more rural states in the union.



Source: Nebraska Department of Revenue, Revenue.ne.gov.

Outlook

The state of Nebraska has been fairly fortunate in the past 30 years to be outside of the worst impacted areas during the past four recessions. This partially explains why Nebraska has had a lower unemployment rate through the entire period, and why Nebraska has been able to lead the recovery during the late 2000s recession. Security from recessions has come with some price, however, as indicated by house values. The state has also missed out on periods of rapid growth during the 1990s and 2000s.

Apparent within the data is that every recession period is different. While some of the results are similar, no recession has the same catalyst, impact, degree, or recovery as the last. The good luck Nebraska has had in the past recessions does not mean the state is forever protected from market failures. Conceivably it would be possible that a recession in the future could begin in the state or impact the state much more than the rest of the nation.

While every recession had certain macroeconomic impacts in common such as slowed growth, increasing unemployment, declining price changes, and decreased consumption, no single period experienced these changes in the same way or for the same reason. What ought to be remembered is that business cycles are unpredictable when looking to the future. Something may seem like a great opportunity for growth, but end up creating a bubble that ultimately leads to a downturn. Seemingly the truth about recessions are that they occur when the economy takes a risk that ends up failing, but without taking any risk, growth can never occur.

Acknowledgements

Dave Heineman
Governor

Nebraska Department of Labor

Catherine Lang
Commissioner of Labor

Phillip Baker
Administrator, Office of Labor Market Information

Scott Hunzeker
Research Supervisor, Office of Labor Market Information

Betty Leishman, Jodie Meyer, Byron Lefler, Lenora Castillo, Ryan Caldwell
Research Analysts, Office of Labor Market Information

Aaron Ziska, John DeVol
Contributing Authors and Editors, Research Analysts, Office of Labor Market Information

Trevor Nelson
Lead Analyst and Editor, Research Analyst, Office of Labor Market Information

Kristin Brehmer
Graphic Designer, Office of Administrative Services

Carrie Bellmore Gaul
Layout Editor, Secretary, Office of Labor Market Information

Sources

Sources are listed alphabetically by the organization which publishes each data set. The data sets are listed beneath the organization name. For questions contact the Office of Labor Market Information at (402) 471-2600 or email ndol.lmi_ne@nebraska.gov.

Bureau of Economic Analysis, BEA.gov.

Current Account Components; Real Gross Domestic Product.

Bureau of Labor Statistics, BLS.gov.

Current Employment Statistics; Consumer Price Index; Local Area Unemployment Statistics; Occupation Employment Statistics.

Federal Housing Finance Agency, FHFA.gov.

House Value Appreciation.

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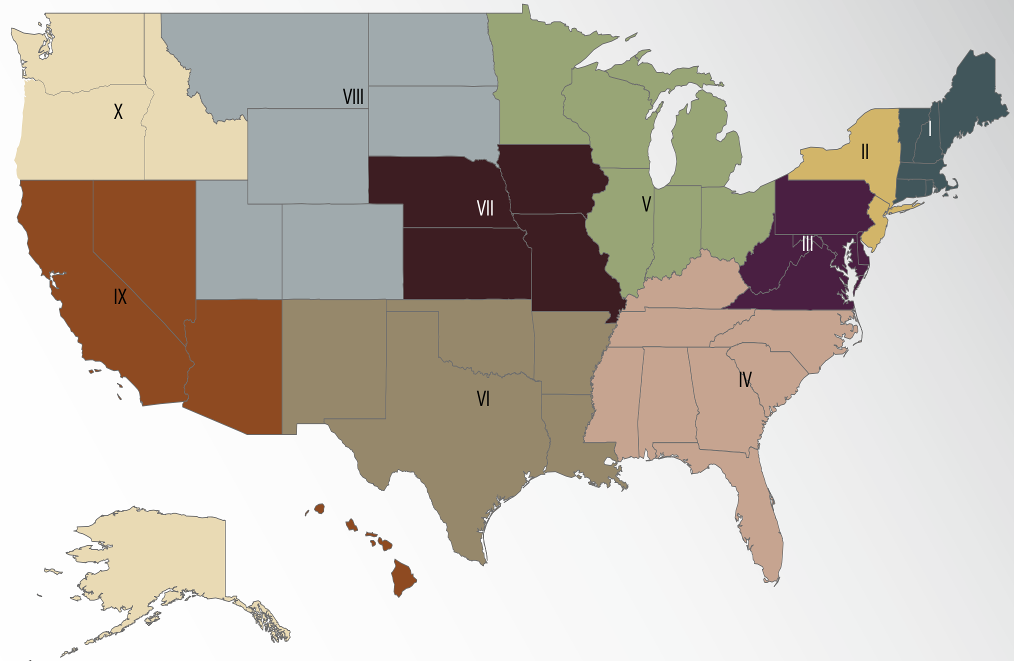
U.S. Department of Labor, DOL.gov.

Average Duration of Unemployment Benefits.

APPENDIX A



National Regions:

Region I: New England States - Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

Region II: New York and New Jersey.

Region III: Mid Atlantic States - Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia.

Region IV: Southeastern States - Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee.

Region V: Great Lakes States - Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin.

Region VI: Texas and the Bordering States - Arkansas, Louisiana, New Mexico, Oklahoma, Texas.

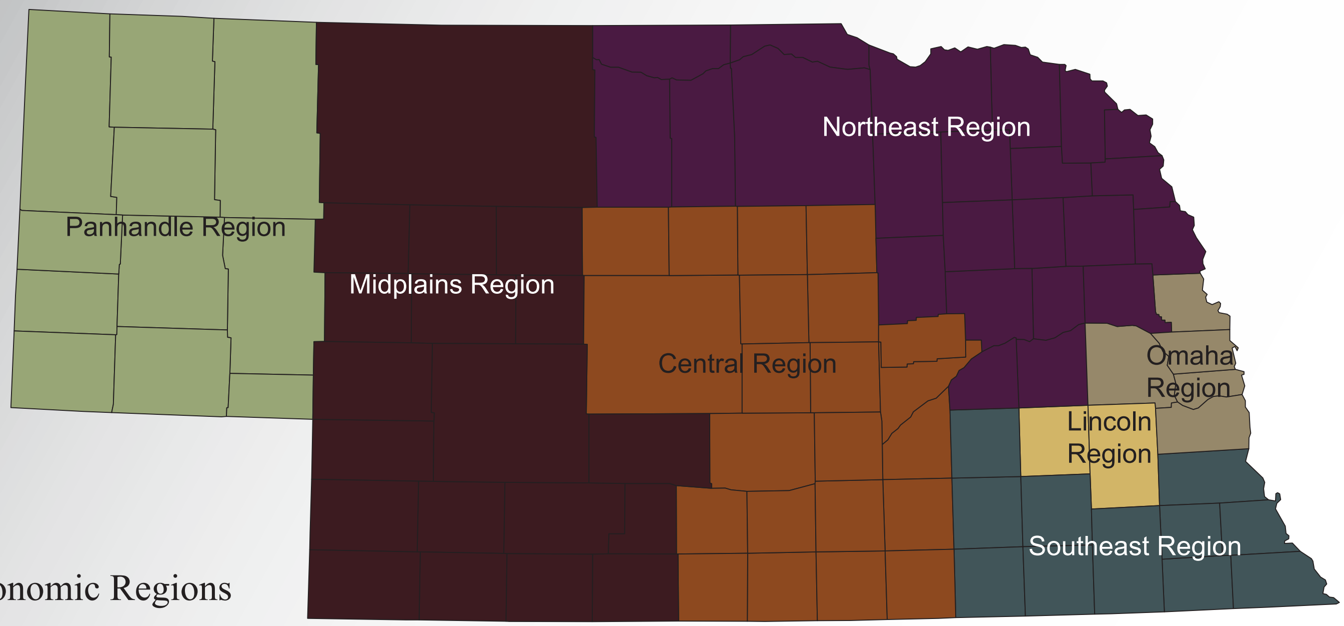
Region VII: Central Plains States - Iowa, Kansas, Missouri, Nebraska.

Region VIII: Northern Plains and Northern Rocky Mountains States - Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming.

Region IX: Southwestern States - Arizona, California, Hawaii, Nevada.

Region X: Pacific Northwestern States - Alaska, Idaho, Oregon, Washington.

Appendix B



Nebraska Economic Regions

Nebraska has seven Economic Regions: Panhandle, Midplains, Central, Northeast, Southeast, Omaha and Lincoln.

Panhandle Economic Region: *Banner, Box Butte, Cheyenne, Dawes, Deuel, Garden, Kimball, Morrill, Scotts Bluff, Seridan, Sioux.*

Midplains Economic Region: *Arthur, Chase, Cherry, Dawson, Dundy, Frontier, Furnas, Gosper, Grant, Hayes, Hitchcock, Hooker, Keith, Lincoln, Logan, McPherson, Perkings, Red Willow.*

Central Economic Region: *Adams, Blaine, Buffalo, Clay, Custer, Franklin, Garfield, Greeley, Hall, Hamilton, Harlan, Howard, Kearney, Loup, Merrick, Nance, Nuckolls, Phelps, Sherman, Valley, Webster, Wheeler.*

Northeast Economic Region: *Antelope, Boone, Boyd, Brown, Burt, Butler, Cedar, Colfax, Cuming, Dakota, Dixon, Dodge, Holt, Keya Paha, Knox, Madison, Pierce, Platte, Polk, Rock, Stanton, Thurston, Wayne.*

Southeast Economic Region: *Fillmore, Gage, Jefferson, Johnson, Nemaha, Otoe, Pawnee, Richardson, Saline, Thayer, York.*

Omaha Consortium Region: *Cass, Douglas, Sarpy, Saunders, Washington.*

Lincoln MSA Region: *Lancaster, Seward.*

Appendix C

Abbreviations of Industry Names Under the SIC (Standard Industrial Classification) Coding Structure

Chart Title	Full Title	Corresponding SIC
Mining	Mining	Division "B"
Construction	Construction	Division "C"
Manufacturing	Manufacturing	Division "D"
Trans, Comm, Utilities	Transportation, Communications, Electric, Gas, and Sanitary Services	Division "E"
Trade	Wholesale and Retail Trade	Division "F" and "G"
FIRE	Finance, Insurance, and Real Estate	Division "H"
Health Services	Health Services	Division "I" - Section 80
Education Services	Education Services	Division "I" - Section 82
Other Services	Miscellaneous Services	Division "I" - Section 89
Government	Public Administration	Division "J"

Abbreviations of Industry Names Under the NAICS (North American Industry Classification System) Coding Structure

Chart Title	Full Title	Corresponding NAICS
Mining/Const	Mining, Logging, and Construction	11, 21, 23
Manu	Manufacturing	31, 32, 33
TTU	Trade, Transportation, and Utilities	42, 43, 44, 48, 49, 22
Info	Information	51
Finance	Financial Activities	52, 53
Prof&Bus	Professional and Business Services	54, 55, 56
Ed&Health	Education and Health Services	61, 62
Leisure&Hospitality	Leisure and Hospitality	71, 72
OtherSrvcs	Other Services	81
Government	Public Adminstration	92