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Coming Home to Nebraska: Population and Migration Trends

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The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

Coming Home to Nebraska

- **Today's Outline:**
 - **Population and Migration Trends**
 - Baby boomers retire
 - Young people leave
 - Middle-age people return
 - **The Impact on the Nebraska Economy**



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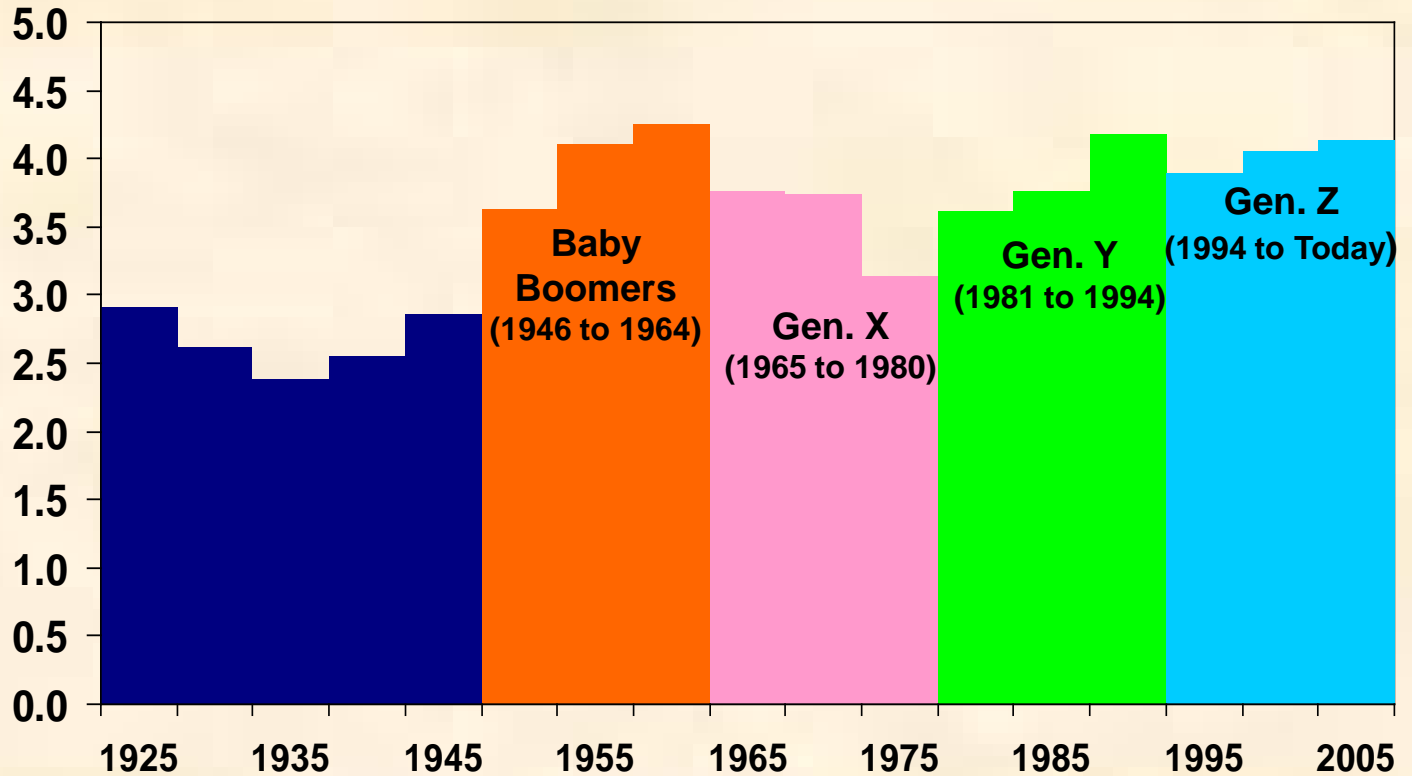
Photos courtesy of USDA



The Baby Boomers are Set to Retire.

U.S. Births

Million people

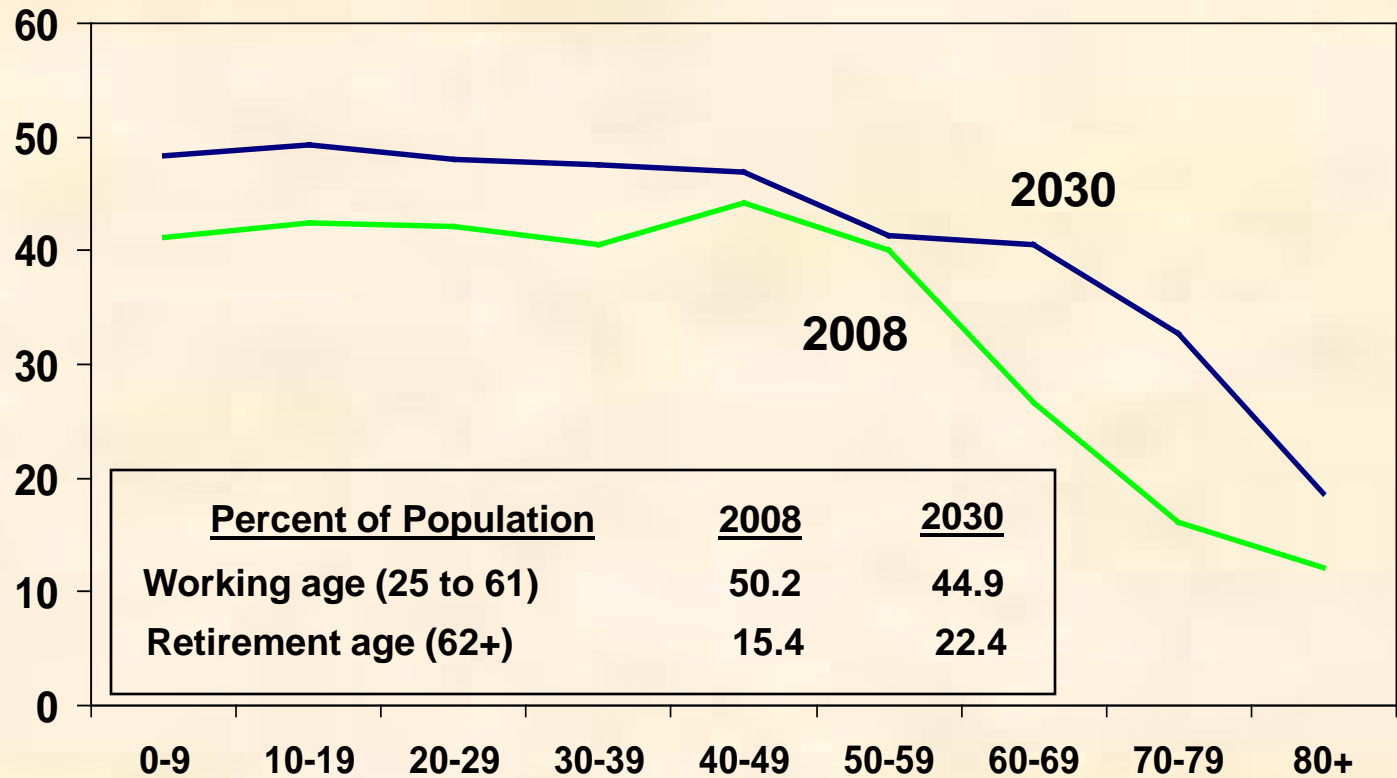


Source: U.S. National Center for Health Statistics

Retirees will Account for a Larger Share of the Population.

U.S. Population by Age

Millions

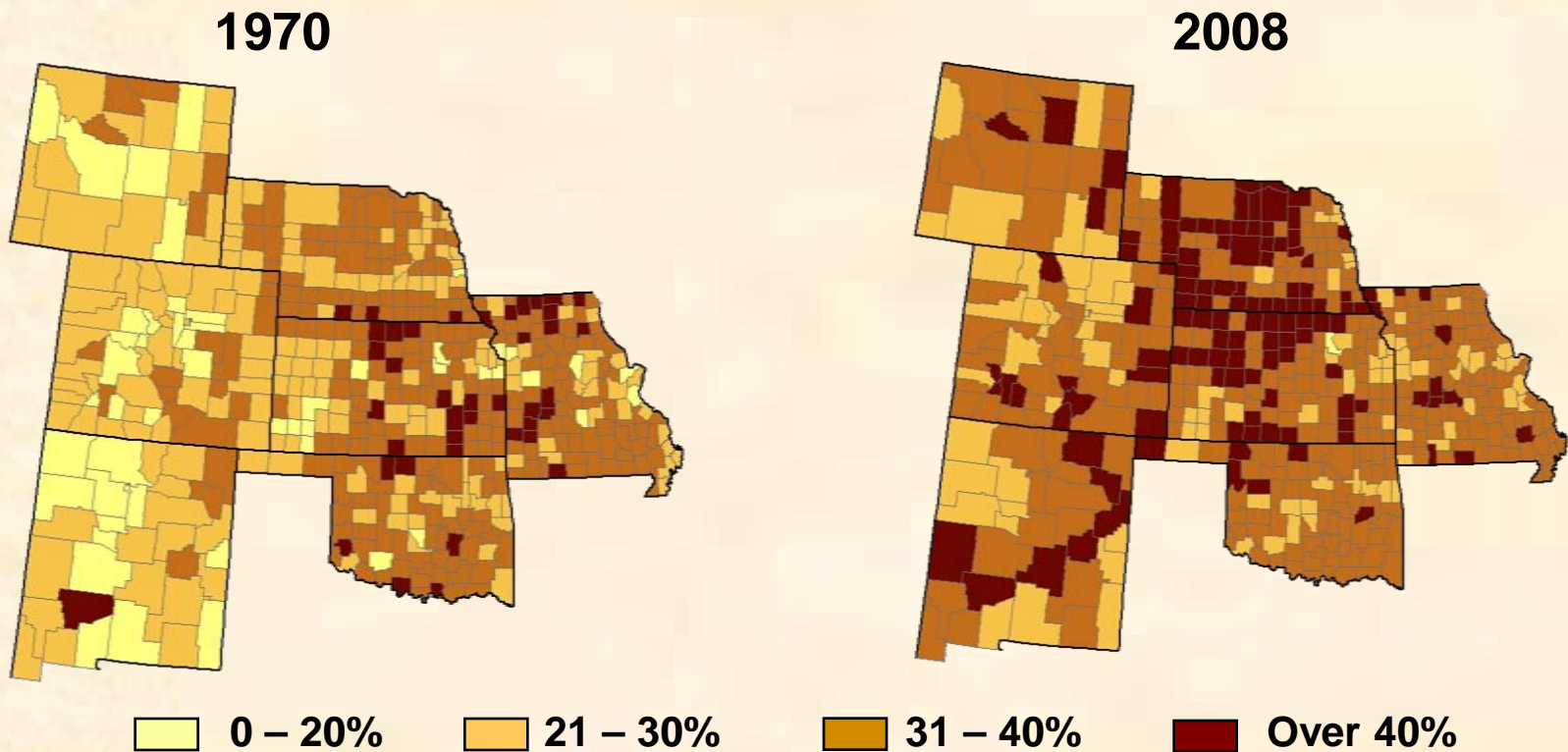


<u>Percent of Population</u>	<u>2008</u>	<u>2030</u>
Working age (25 to 61)	50.2	44.9
Retirement age (62+)	15.4	22.4

Source: U.S. Census Bureau

The Great Plains will still have an older population base.

Tenth District Population over the Age of 50



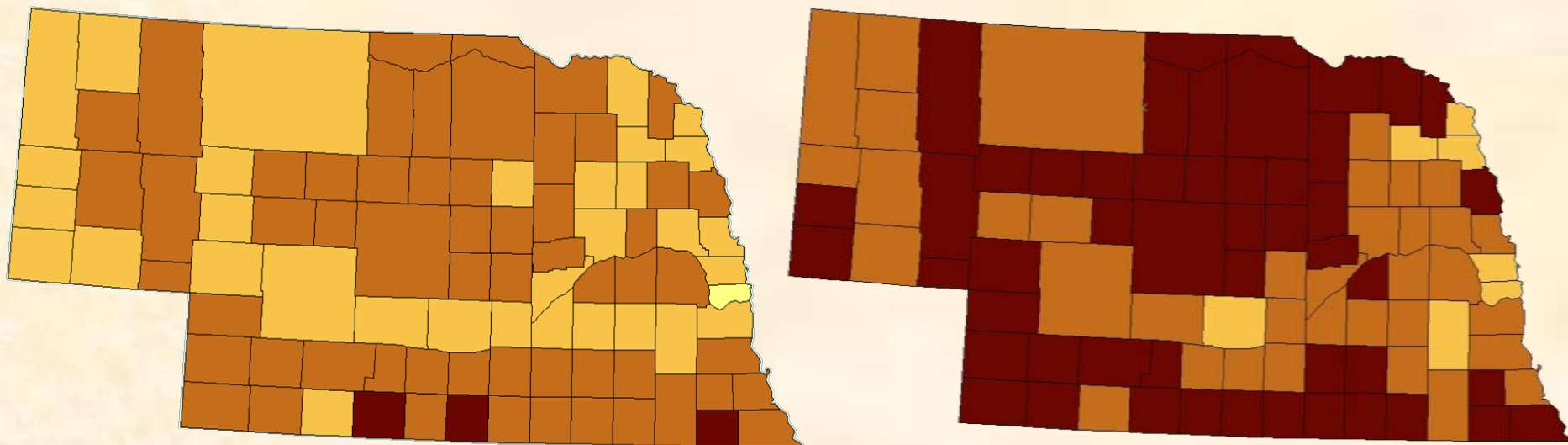
Source: U.S. Census Bureau

Nebraska Will Age, But Some Regions Will Age Faster Than Others.

Nebraska Population over the Age of 50

1970

2008



0 – 20% 21 – 30% 31 – 40% Over 40%

Source: U.S. Census Bureau

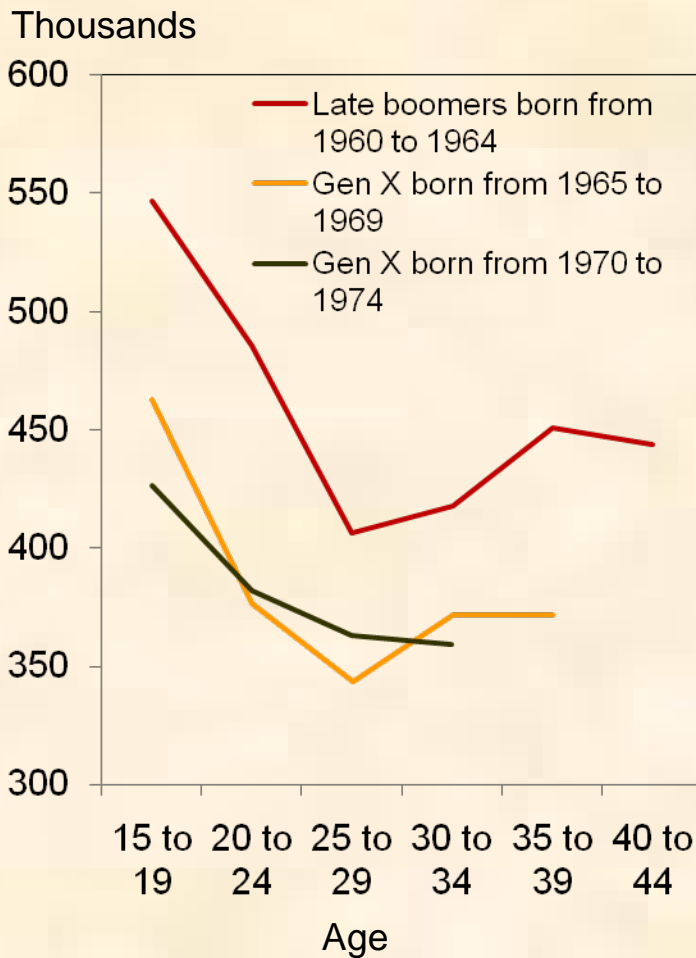
In the Tenth District, Rural and Metro Migration Trends Differ.



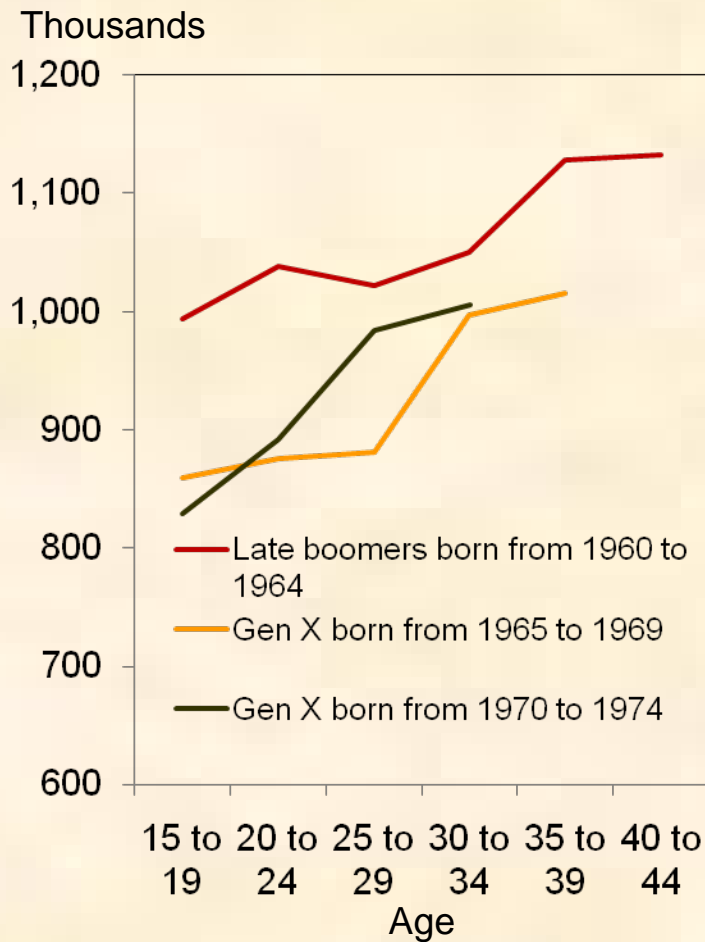
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Rural Counties



Metro Counties



Author's calculations based on Census Bureau data.
Rural areas are based on nonmetro county definitions.

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- Labor
- Health care
- Fads and trends
- Technology
- Wealth Transfer



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Declining Labor Force Participation Leads to Weaker Growth.

U.S. GDP Decomposition, 1982 to 2019

	1982-1990 (Actual)	1991-2001 (Actual)	2002-2008 (Actual)	2009-2019 (Projected)
Labor Force Growth (1)	1.7	1.2	.9	.6
Population growth	1.1	1.2	1.1	1.1
Labor Force Participation Growth	.6	0	-.2	-.5
Productivity Growth (2)	1.5	1.7	1.7	1.6
Potential GDP (1 + 2)	3.2	2.9	2.6	2.3

Authors calculations based on Congressional Budget Office, Bureau of Economic Analysis, and Bureau of Labor Statistics data



Labor is One of the Biggest Challenges Facing Nebraska Businesses.

Workforce Aging Issues in Fortune 1000 Companies

Percent of Respondents in agreement with statement

Workforce Issue	2006	2007
Retaining key employees and maintaining intellectual capital is a major concern.	38 %	68 %
Retirements will cause a talent gap or brain drain.	62 %	62 %
Middle and senior management will be the levels most affected by the brain drain.	48 %	70 %



Source: Ernst & Young LLP's 2007 Aging U.S. Workforce Survey

An Aging Population Opens Up New Employment Opportunities, Especially in Health Care.



Occupations with the Largest Employment Increases (Projected 2006-16)

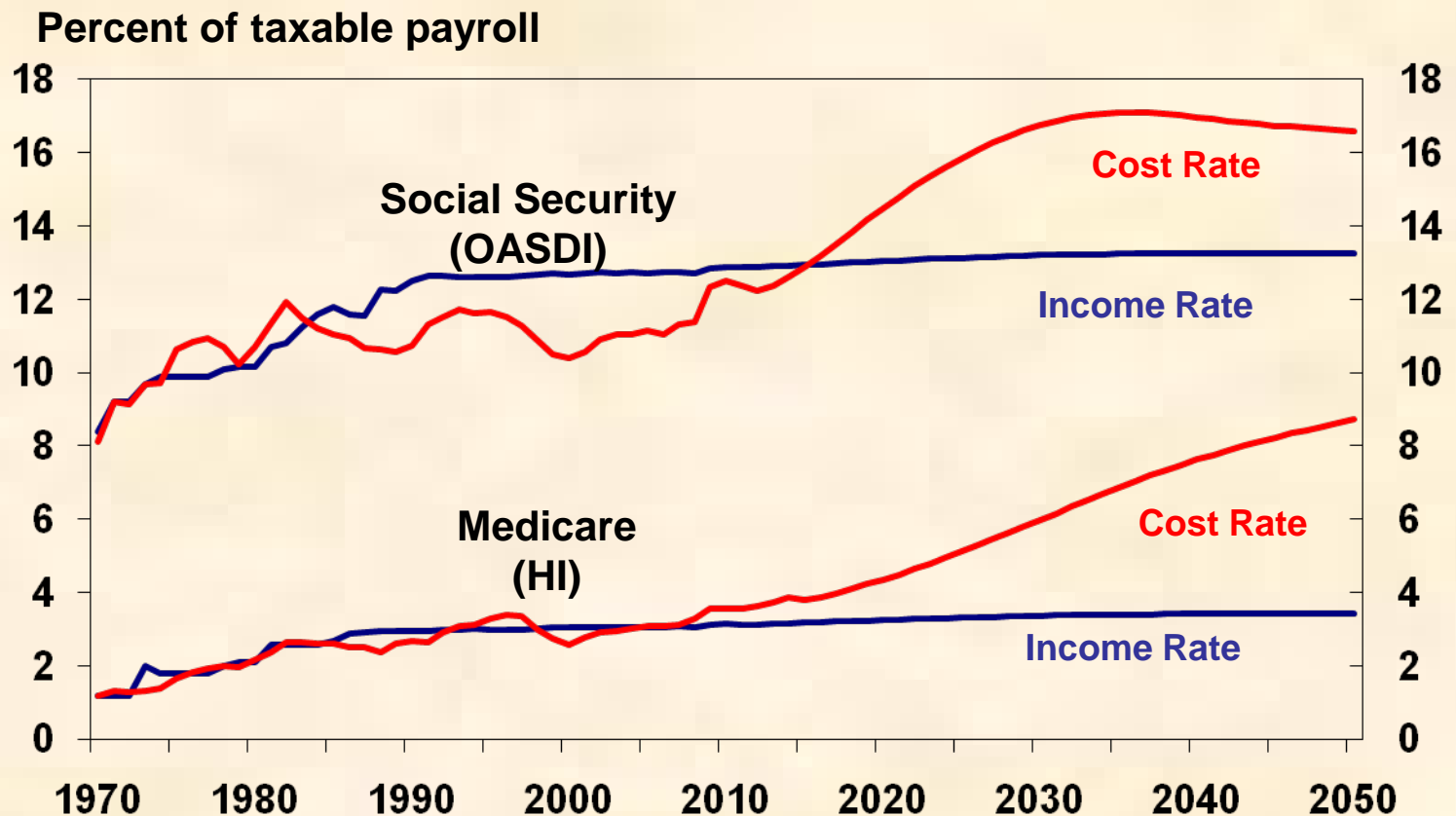
- 1) **Registered Nurses**
- 2) Retail Salespersons
- 3) Customer Service Representatives
- 4) Food prep and serving workers
- 5) General office clerks
- 6) **Personal and home care aides**
- 7) **Home health aides**
- 8) Postsecondary teachers
- 9) Janitors and cleaners
- 10) **Nursing aides, orderlies, and attendants**



Source: U.S. Census Bureau Occupational Outlook Handbook

No Matter How Hard We Try, We Cannot Ignore the Pending Fiscal Challenges.

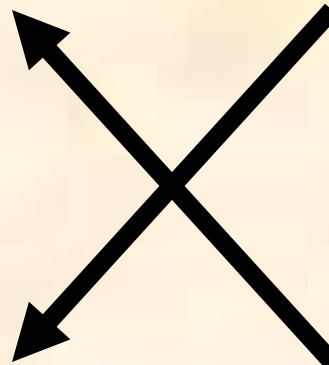
Social Security and Medicare Income and Cost Rates



Source: A Summary of the 2009 Annual Reports, Social Security and Medicare Board of Trustees
<http://www.ssa.gov/OACT/TRSUM/trsummary.html>

How Will Boomers Impact the U.S. Housing Stock?

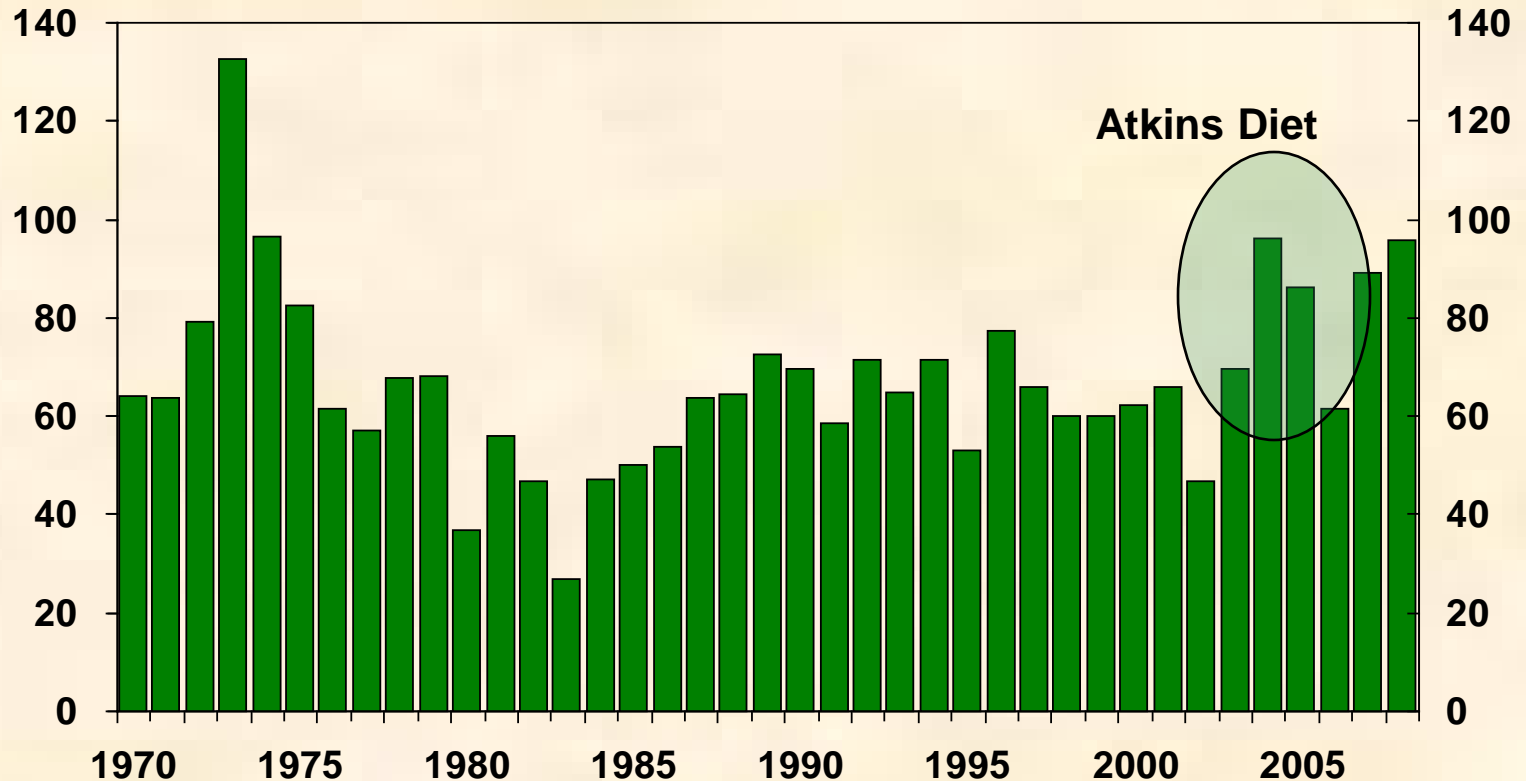
Which House is More Attractive to People age 70 and older?



What is the Next Fad?

U.S. Real Net Farm Income

Billions of Dollars (2008=100)



Source: USDA

To offset weaker labor force growth, Nebraska must boost productivity.

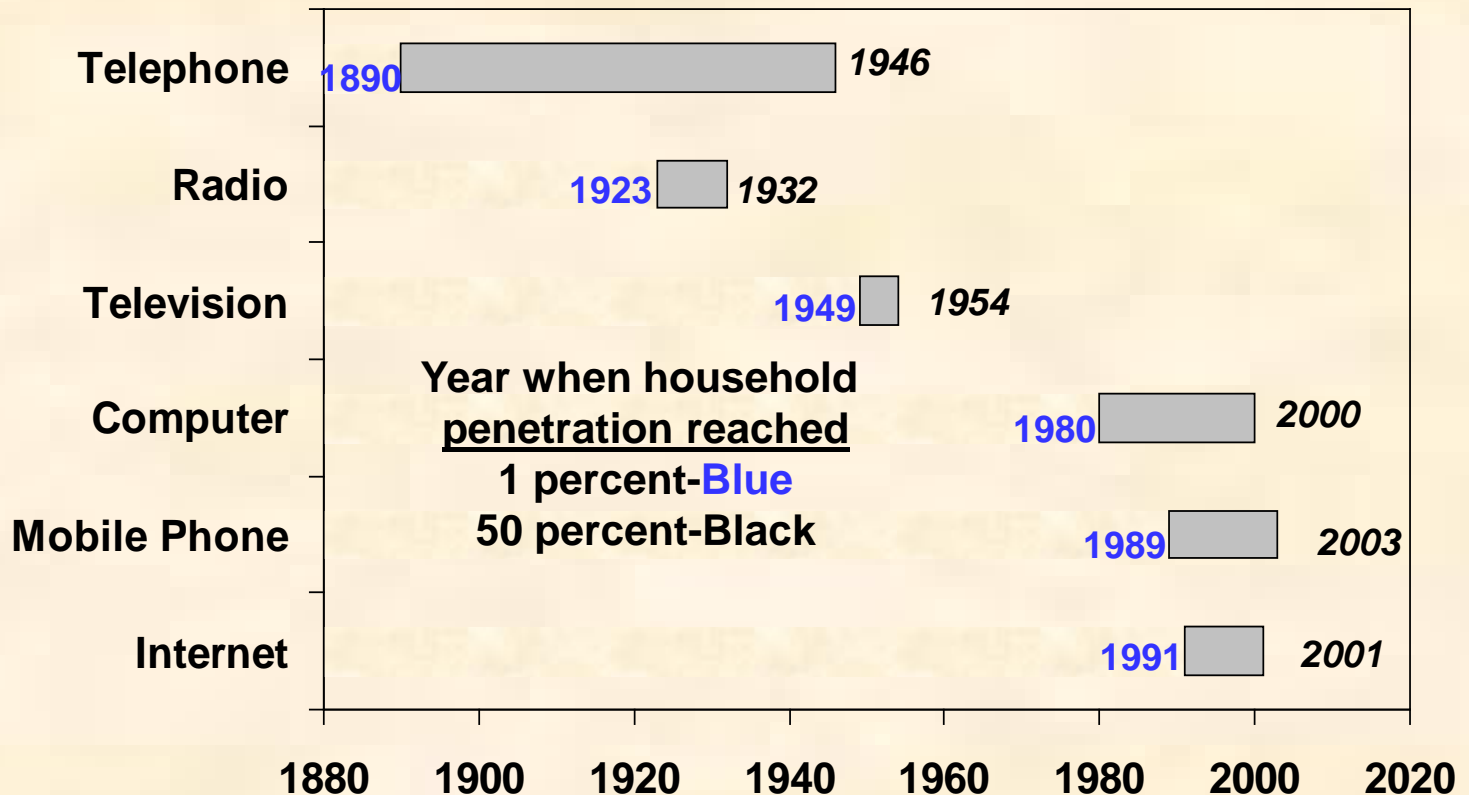
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Authors calculations based on Congressional Budget Office, Bureau of Economic Analysis, and Bureau of Labor Statistics data

Technology Will be Key to Future Growth.

Adoption of Electronic Communications



Source: Goldman Sachs Economic Research calculations based on Dept of Commerce data.

US Economics Analyst, Iss. 05/06 Feb. 11, 2005



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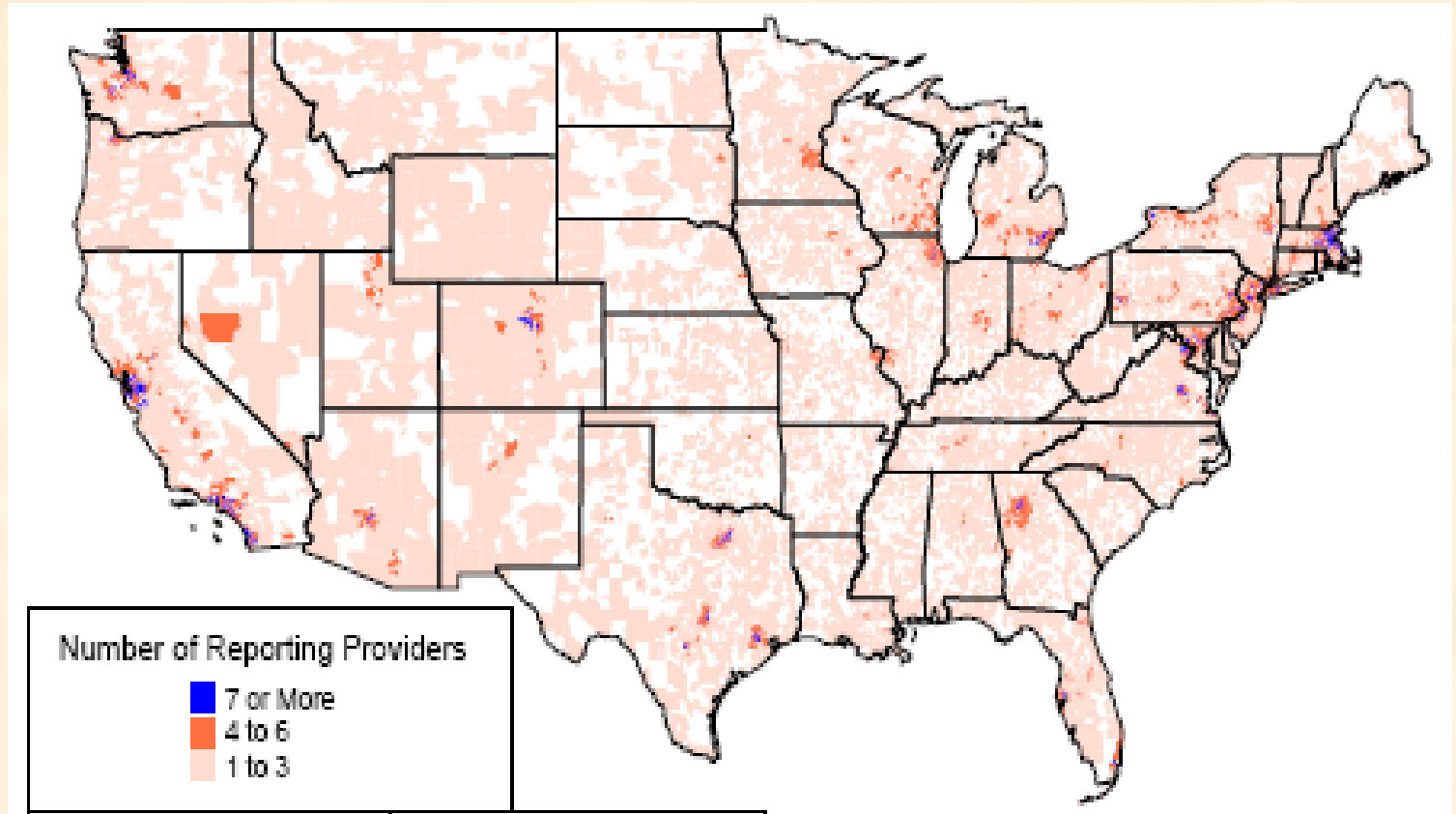
High Speed Internet Coverage June 2000



Photos courtesy of USDA



Photos courtesy of USDA



Source: FCC

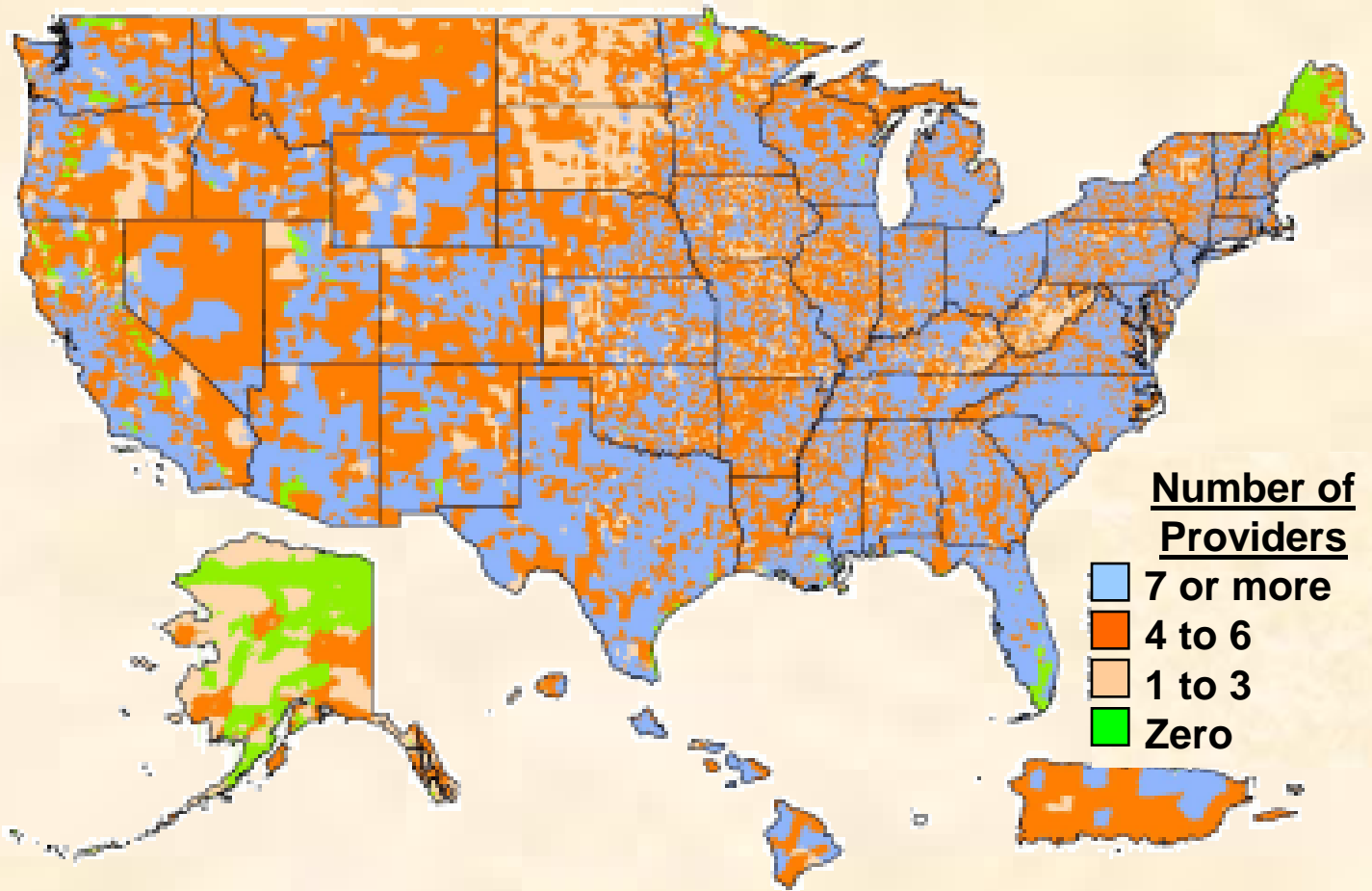
High Speed Internet Coverage June 2007



Photos courtesy of USDA



Photos courtesy of USDA



Source: FCC

Prepared by the Federal Communications Commission,
Wireline Competition Bureau, Industry Analysis and Technology Division

Technology and Innovation is Emerging in Nebraska.



Photos courtesy of USDA



Photos courtesy of USDA



	Computer System Design	Scientific R&D Services
Establishments		
1998	376	37
2006	538	66
Employment		
1998	5216	298
2006	6158	3510
Annual Payroll per worker		
2006	\$66,000	\$63,500

Source: County Business Patterns data



Financing a New Nebraska Economy?



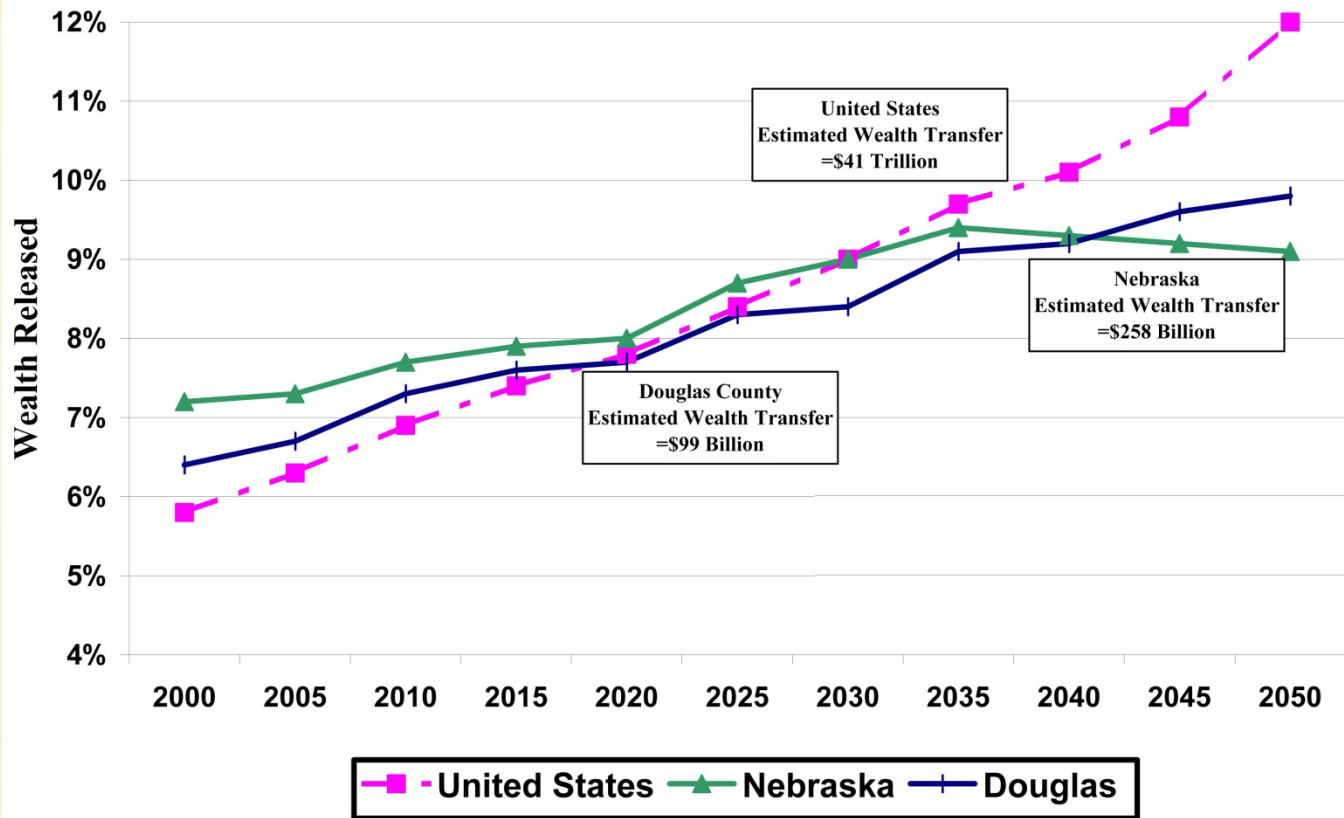
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America's Wealth Transfer: *A Likely Scenario*

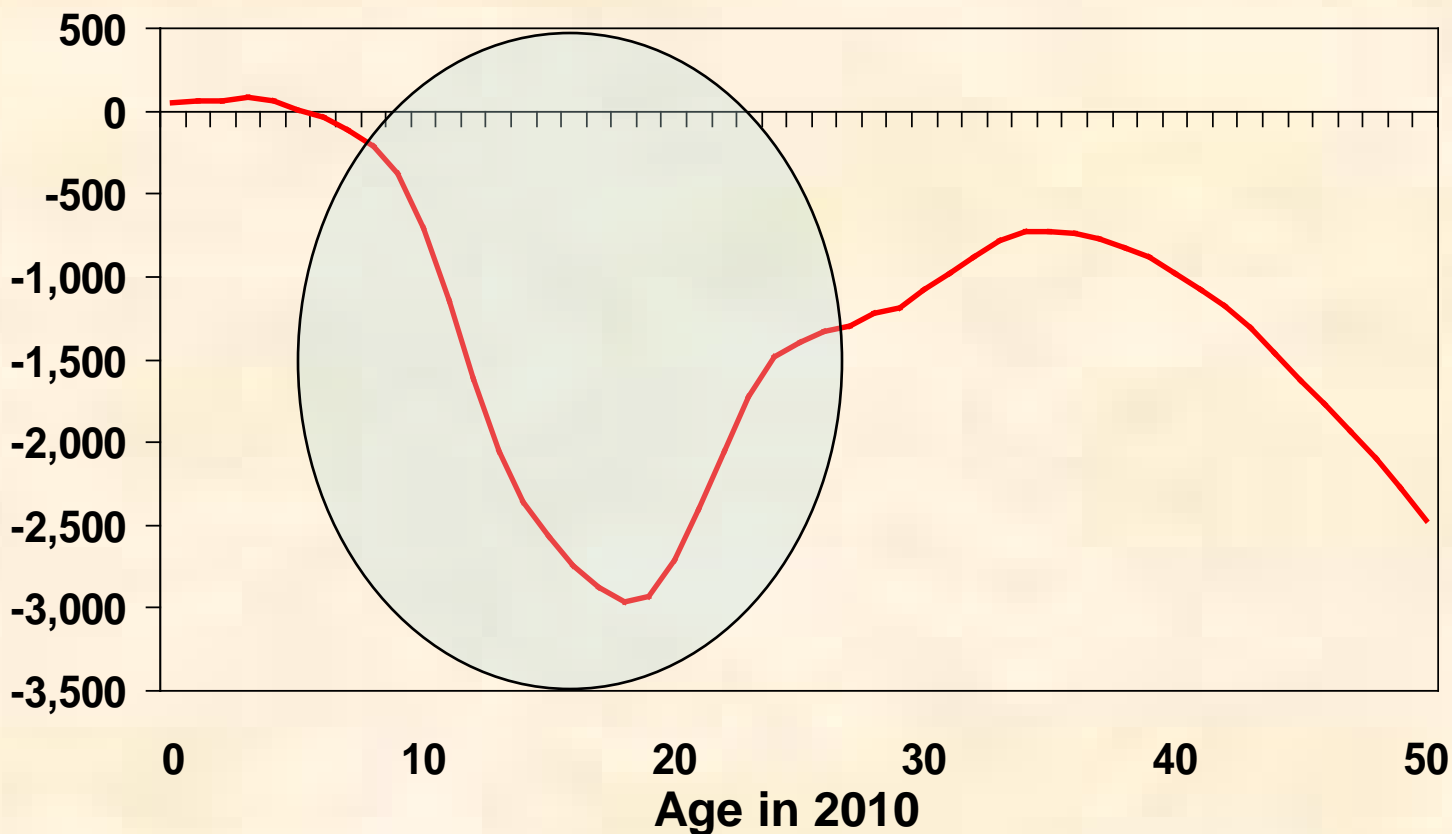


Source: Nebraska Community Foundation

Where Will Our Teenagers Go? How Do We Get Them Back?

Nebraska Population Change (2010 to 2020)

Number of People



Calculations based on Census Bureau data

Appealing Communities ...

- Improve and leverage local amenities
- Invest in your people
- Invest in 21st century infrastructure
- Tap new technologies
- Be entrepreneurial
- Enrich equity capital sources
- Think regionally to leverage scarce resources.
- Partner and collaborate

Source: "Top Ten Ways to Reinvent Rural Regions" Main Street Economist,
Federal Reserve Bank of Kansas City, November 2003



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Conclusions

- **Going forward, demographics will shape the Nebraska economy.**
- **Aging populations will bring forth challenges, but also opportunities.**
- **New investments are needed for a new Nebraska economy.**
- **What makes your community a “great” place to live?**



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