

# **REPORT:** The Greater Lincoln Region

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**Prepared by:**



## ACKNOWLEDGEMENTS

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## EXECUTIVE SUMMARY

### EXECUTIVE SUMMARY

With its central U.S. location, young educated population, strong network of higher education institutions, emerging food and agricultural research facilities and a dynamic corporate presence, the Greater Lincoln Region bears a number of vital assets. These assets, if properly leveraged can not only help offset the near-term economic challenges confronted by the region, but can set a long-term path toward strengthening and transforming common predominant industry sectors while building a foundation for emerging value-add ones, all of which can be significant sources of jobs and prosperity for the region.

The first RIG project report (*Greater Lincoln Regional Economic Scan*) examines the common and unique characteristics of the 12-county RIG area, identifying the underlying economic factors that define it as a potentially viable economic “region.” It identifies a series of demographic and labor market trends and challenges and lays the framework for which to examine new target industry opportunities. With input from public and private leaders throughout the 12-county RIG region, the *Asset Map and Target Industry Analysis* report (report #2) inventories and maps information that has never been aggregated for the full region. This report aims to achieve four objectives:

- Identify a set of high-growth high-wage industry clusters that serve as “targets” for the region’s economic and workforce development efforts;
- Identify occupations within these target industries that are not strongly concentrated in the region currently (as a means for focusing future workforce job training initiatives);
- Highlight a series of challenges that the region will face in pursuing these industry opportunities and the pipeline of talent that supports them.
- Present initial strategy “opportunities” as a foundation for the last report – the regional strategic plan.

The second report provides an in-depth analysis of key strengths, opportunities, and areas for improvement in the region as it attempts to build strong industry clusters in five target areas: **Advanced Manufacturing, Health Services, Agriculture and Life Sciences, Transportation and Logistics, and Business Services and Information Technology.**

Through supplier connections, shared workforce requirements and mutual business activities, these target opportunities, and specific niches, share a symbiotic relationship and represent both traditionally strong regional industries as well as important emerging opportunities that can help the region become a much more competitive location.

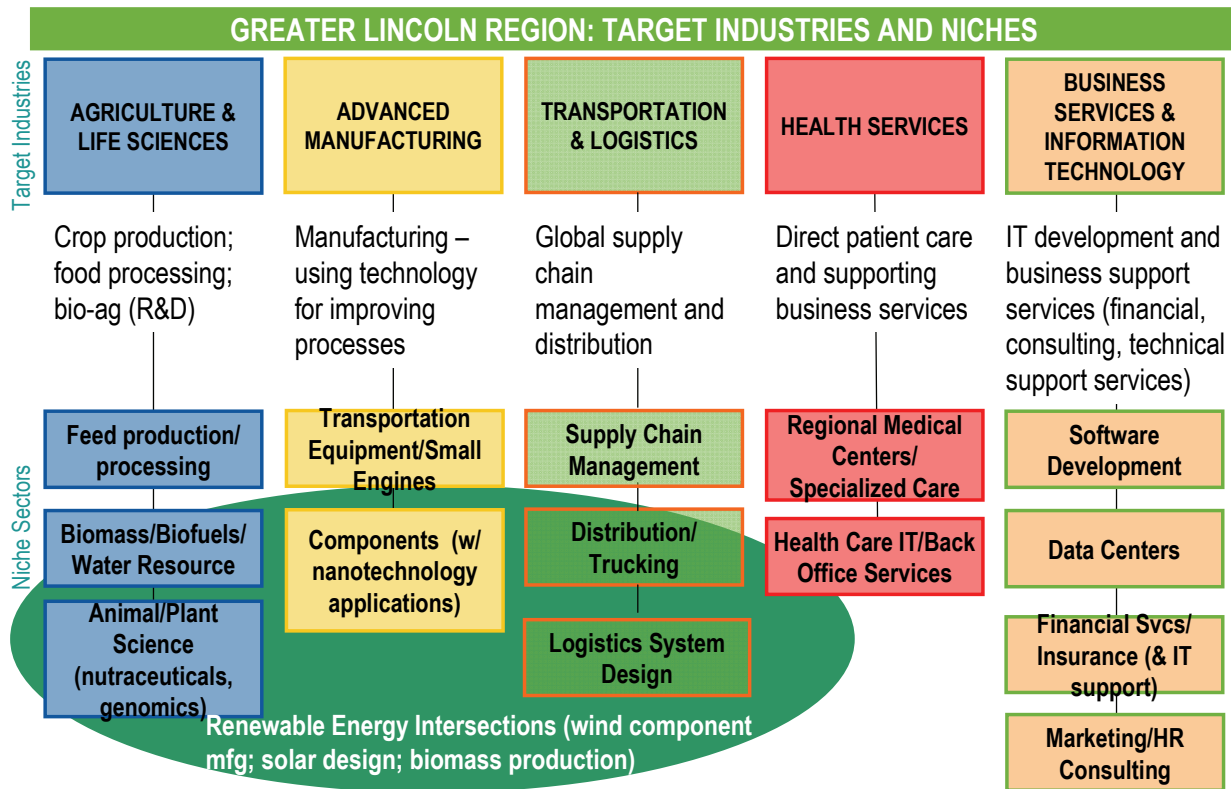
#### RIG PROJECT BACKGROUND

The Greater Lincoln RIG Project is a 12-county collaborative initiative to generate opportunities for further regional economic prosperity. The initiative is a partnership of the Greater Lincoln Workforce Investment Board, City of Lincoln, the Lincoln Chamber of Commerce and Partnership for Economic Development, and the Lincoln Area Development Partnership. Other active lead organizations include the Southeast Community College, the University of Nebraska-Lincoln, and Peru State College

Following the framework of the U.S. Department of Labor’s Workforce Innovation in Regional Economic Development (WIRED), this initiative will identify the economic and workforce development assets within the region and develop a strategy to strengthen the capacity of area education and workforce systems to meet demands of strong and emerging target industries.

The project follows a four-phased approach: 1) form core leadership team; 2) understand the region’s economic strengths and challenges; 3) map the region’s key assets and identify workforce demands from high growth industries; 4) devise strategies, leverage resources, and implement

## EXECUTIVE SUMMARY



As the region positions itself to take advantage of these opportunities it must address several underlying economic issues (slow wage growth, inability to capture innovation) as well as some specific critical challenges:

### EDUCATION/WORKFORCE DEVELOPMENT

#### **K-12 not an active component of regional economic development**

While research shows strong K-12 systems across the region, early education must be an integral part of regional economic development by providing students critical “career awareness” opportunities specific to the region.

#### **The workforce system can be more unified and further aligned to target industries and emerging occupations**

While the region benefits from a strong network of two- and four-year higher education institutions with a mix of program offerings, there may be an opportunity to leverage these assets to develop a more unified ‘system’ that anticipates and effectively responds to existing and future industry needs across the region. The challenge will remain in ensuring there are enough graduates of these important programs (with some level of industry experience) to meet anticipated demand in growing (health care) and emerging (life sciences or biotechnology, IT/creative industries, renewable energy) industries. As this report highlights, engineering talent (mechanical, software), specifically, is underrepresented in the region but greatly in demand across target industries

#### **Responsive community college system but limited capacity for meeting customized training demand**

The Southeast Community College system has an exceptional reputation for meeting academic needs in the region but may need to do more to reach directly to the regional business community to understand customized training needs and to articulate SCC existing training capabilities.

## EXECUTIVE SUMMARY

### **Improving regional hiring efforts through cross-institutional collaboration**

In addition to coordinated academic programming and job training, the region's institutions can do more to connect to employers for their *hiring* needs. Across industries, employers mentioned their reliance on UN-L and SCC for finding qualified workers. However, a majority believe a much stronger connection and more seamless path can be developed between institution career service offices and employers.

## **ENTREPRENEURSHIP/INNOVATION**

### **Entrepreneurship support networks need to be strengthened**

Relative to the rest of the nation, the Greater Lincoln Region faces significant challenges in commercializing innovation that occurs within the area. With limited funding and patenting activity, there is little innovation being captured by the region, impacting regional economic development efforts (Nebraska ranks 49<sup>th</sup> in a recent Kauffman Foundation study of national venture capital funding availability). This is a critical challenge for the region as emerging technology start-ups are increasingly capital-intensive relying heavily upon VC firms, angel networks, or foundations to bridge the gap between an idea and traditional financing. Specific challenges include:

- Disconnected small business and entrepreneurship programs throughout the region and maze of resources making it especially challenging for entrepreneurs in more rural areas.
- Local early-stage funding resources are newly formed with investors with limited technical expertise
- Limited physical space/financing options/networking opportunities for both “lifestyle” and high-growth entrepreneurs.

### **Innovation Campus research targets must be aligned to economic development industry targets**

The UN-L Innovation Campus presents an important opportunity for the region to encourage private entrepreneurs to work with research faculty and expand economic development throughout. While planning for this campus is still underway, that effort should inform and be informed by this RIG strategic plan. It appears core UN-L research competencies will be focused upon food, animal health, and water resources. These are closely tied to regional economic development industry targets identified in this report – placing increasing importance on the connection between the University and LPED and other economic development entities.

### **UN-L research “outcomes” must be directly tied to regional economic development**

As Innovation Campus and other UN-L research facilities develop, there may be an opportunity to more robustly tie to job and business development in counties outside of Lancaster. During interviews, outlying counties expressed a disconnect with UN-L from an economic development perspective. This was most often characterized as a lack of awareness of innovations emerging from the university that may have applications for regional firms (i.e. encouraging higher value-add production).

## **REGIONALISM/ECONOMIC DEVELOPMENT**

### **Region is at a disadvantage in attracting new corporate locates because “regionalism” thinking is only at nascent stages**

As identified in the first report, by and large, stakeholders across the region recognized that while “regionalism” is endorsed as a concept, public officials still need convincing that, in operation, it can generate an actual return on investment. The current county-by-county business attraction efforts (i.e. responding separately to IDED leads and RFPs) present a major challenge to potential new businesses seeking regionally consistent information and a single-point-of contact. A regional economic development group that supports individual county efforts may be beneficial.

## EXECUTIVE SUMMARY

The *Greater Lincoln RIG Project* has shed light on Southeast Nebraska's greatest economic and workforce development opportunity: **To be competitive the region must transition to a knowledge-based economy that supports innovative industry clusters where entrepreneurship and highly skilled workers will be the driving forces of the economy.**

Given this "vision," three principles underlie this economic and workforce development strategic plan: **1) regionalism** where cities and counties within Southeast Nebraska share resources and integrate initiatives; **2) economic and workforce development alignment** where education and job training programs are directly aligned to industry needs; and **3) innovation** where new ideas and technology will be at the center of new job creation.

The RIG Action Plan comprises a set of strategies that support this transition and ultimately make the region more competitive. **The plan identifies the following goals and recommendations:**

GOALS	RECOMMENDATIONS
<b><u>EDUCATION</u></b> Enhance the Pipeline of Skilled Workers and Become a Talent Magnet	<ul style="list-style-type: none"> <li>1.1 Expand Project Lead the Way and formation of other STEM programs</li> <li>1.2 Develop career pathways and align them with region's target industry sectors</li> <li>1.3 Expand SCC career academy programs (Focus programs)</li> <li>1.4 Promote target industry occupations in K-12 systems &amp; expand organized internship programs</li> <li>1.5 Develop a talent attraction/retention campaign</li> </ul>
<b><u>WORKFORCE DEVELOPMENT</u></b> Better Integrate Economic and Workforce Development	<ul style="list-style-type: none"> <li>2.1 Align workforce "system" with target industries</li> <li>2.2 Enhance community college outreach to employers</li> <li>2.3 Expand distance education opportunities including mobile training labs</li> <li>2.4 Expand regional labor market data and analyses</li> <li>2.5 Host periodic regional State of the Workforce event</li> <li>2.6 Develop regional industry roundtables to understand employer workforce needs</li> <li>2.7 Develop a new Center of Excellence in Advanced Manufacturing</li> </ul>
<b><u>ENTREPRENEURSHIP</u></b> Expand Resources to Foster Entrepreneurship	<ul style="list-style-type: none"> <li>3.1 Develop a regional entrepreneurship resource portal/clearinghouse</li> <li>3.2 Better integrate entrepreneurship training into K-16 for students and teachers</li> <li>3.3 Start an Entrepreneurial Capital Access committee and establish regional venture fund</li> <li>3.4 Expand upon existing VC/angel networks and ensure investors understand target industries</li> <li>3.5 Enhance networking opportunities and regionalize existing initiatives</li> <li>3.6 Promote successes to create image as entrepreneurial hub</li> <li>3.7 Expand existing incubation efforts on bio-ag-based ventures</li> </ul>
<b><u>INNOVATION</u></b> Integrate Economic Development & Tech Transfer	<ul style="list-style-type: none"> <li>4.1 Strengthen UN-L/LPED partnership</li> <li>4.2 Engage LPED/LAD in Innovation Campus efforts</li> <li>4.3 Enhance regional private sector awareness of UN-L innovation</li> </ul>
<b><u>BUSINESS ATTRACTION/RETENTION</u></b> Enhance Business Attraction/Retention Efforts	<ul style="list-style-type: none"> <li>5.1 Unify the RFP process for new projects</li> <li>5.2 Refine joint marketing around targets including regional niche specializations</li> <li>5.3 Develop annual regional "Market Analysis" report</li> <li>5.4 Develop regional brand and more comprehensive website</li> <li>5.5 Increase the entertainment and recreational opportunities throughout the region</li> <li>5.6 Enhance business retention efforts through greater information sharing and regionalization</li> <li>5.7 Understand and better connect regional supply chain</li> </ul>
<b><u>ORGANIZATIONAL CHANGE</u></b> Explore Redesign of Key Structures	<ul style="list-style-type: none"> <li>6.1 Establish a formal regional economic development umbrella organization</li> <li>6.2 Explore a new non-profit WIB operating model</li> <li>6.3 Incorporate a set of "regionalism" performance metrics</li> </ul>

## EXECUTIVE SUMMARY

This plan provides the region an ambitious strategic roadmap to implement **over the next 3-5 years**. It represents achievable options for the region that are designed to be led by three primary entities – the existing Workforce Investment Boards, SCC, and LPED/LAD (i.e. regional group as explored within this plan). However, several organizations are to play critical roles, including all of the county Economic Development Organizations (EDOs), chambers of commerce, UN-L, and other regional 2- and 4-year institutions, among others. This plan is not meant to be a list of recommendations as unfunded mandates – but rather a list of achievable strategies to be supported financially by potential additional grant funding or other means.

Communities today are operating in an increasingly global and knowledge-based economy. Transnational corporations are driving economic growth and are, themselves, fueled by skilled and highly educated employees. Local economic prosperity, then, is dependent on the extent to which communities can grow their set of ‘assets’ and position themselves to compete on this global stage to attract both investment and talent. In this advanced economy – and in a time where resources are scarcer than ever – communities that “regionalize” are gaining the competitive edge.

Because economies transcend political boundaries with business transactions and workforces moving within and across communities, it only makes sense that localities work to align public and private resources across counties in support of key driving regional industries. Collaborating to leverage these assets that are spread throughout a region will expand recognition in the marketplace.

This is, in essence, the premise of the Greater Lincoln Regional Innovation Grant (RIG) Region strategic planning initiative. It addresses this critical reality – Lincoln, by itself, cannot continue to compete with other powerful regional collaboratives across the country. And if Lincoln has difficulty in getting that ‘recognition,’ than certainly, a Beatrice, a Seward, or a Falls City cannot go it alone either. Together, however, they can become a formidable player on the global stage.

## INTRODUCTION: REGIONAL ECONOMIC SCAN

### INTRODUCTION

Communities today are operating in an increasingly global and knowledge-based economy. Transnational corporations are driving economic growth and are, themselves, fueled by skilled and highly educated employees. Local economic prosperity, then, is dependent on the extent to which communities can position themselves to compete on this global stage to attract both investment and talent.

More and more communities are learning that competitive advantages in this advanced and integrated economy are gained through a “regional” approach that transcends county boundaries. Communities need to look beyond their local borders to build relationships and combine resources in order to more effectively expand recognition in the marketplace. Regions, not individual cities, are the locus of competitive advantage in the new economy – an economy where human capital plays a much more important role in company and community prosperity.

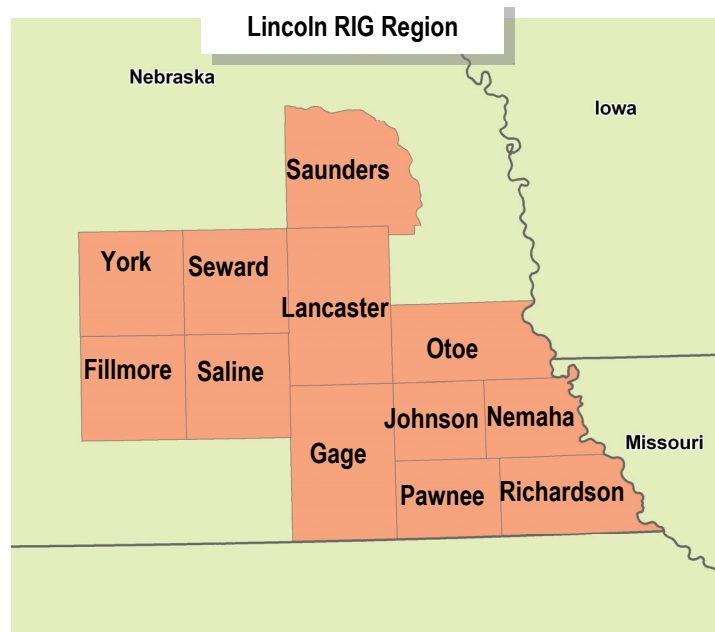
### GREATER LINCOLN RIG REGION

The Greater Lincoln Regional Innovation Grant (RIG) Region has potential for this type of regional dynamism. Incorporating the state capital of Lincoln and a total of 12 contiguous counties in southeast Nebraska, the region is defined by shared demographic and economic challenges, its common labor shed, and a diversified industry base. While the Lincoln metro's economy is shaped by strong financial/insurance services, higher education and government, and a growing health care cluster; the surrounding counties have concentrated strengths in specialized manufacturing, food processing, and agriculture. The roughly 25,000 square-mile RIG Region includes 411,000 people and 11,400 businesses that provide more than 209,000 jobs.

A number of underlying economic issues shape the Greater Lincoln Region. With slow job and population growth, the region faces some significant labor market hurdles. However, a strikingly diverse and increasingly higher-wage industry base, strong education attainment rates, and relatively low business costs are pushing regional incomes toward a strong growth trajectory. And while the region has experienced a significant slowdown during the recent economic recession, it, like the state, has weathered the storm well as evidenced by its remarkably low unemployment rates.

The region also brings together a multitude of important assets that, if leveraged

appropriately, can position the area for enhanced economic growth, making regional collaboration worthwhile. The University of Nebraska-Lincoln (UN-L), with 20,000 students, over \$120 million of R&D annually and a new 1.6 million square foot Innovation Campus that will be dedicated to enhancing life science research and regional entrepreneurship, will continue to be the major driver of innovation in the region. The region also has a network of additional 2- and 4-year public and private institutions (Southeast Community College, Peru State, Concordia, Doane College, Nebraska Wesleyan, York College, and Kaplan University) spread throughout with state-of-the-art facilities and a multitude of academic program offerings. Southeast Community College (SCC), which services the entire 12-county RIG region across three campuses (as well as three additional counties), is, in many ways, the regional “common thread” or workforce development connection point. The region is home to a number of major





## INTRODUCTION: REGIONAL ECONOMIC SCAN

corporate operations from Novartis, Kawasaki, Cargill, Duncan Aviation, Toro, State Farm, ADM, and Nationwide, as well as a myriad of smaller high growth firms, all of which employ a significant number of people and engage in important research and testing of new technologies. A network of entrepreneurship, small business development centers, and other resources also exist that will help the region strengthen common predominant industry sectors like healthcare, financial services, and food processing, while building a stronger foundation for emerging value-added ones such as renewable energy and life sciences.

This RIG project is further cementing regional and public-private collaborations that are already in existence. SCC, the regional Workforce Investment Boards, UN-L, the Lincoln Chamber of Commerce/Lincoln Partnership for Economic Development, and the Lincoln Area Development Partnership have started to work closely together defining common issues and marketing the region externally. The Greater Lincoln RIG project will build on this work, identifying the economic and workforce assets of the region and devising specific regional strategies that capitalize on these strengths – all through a unified vision for building the long-term talent pipeline for the right jobs and spurring innovation regionally.

Through the transformative mega-regional plan, the capacity of area education and workforce systems will be strengthened to meet the demands of strong and emerging target industries – ensuring that the region can realize its collective economic potential and compete on a global stage.

## REGIONAL ECONOMIC SCAN

### REPORT ORGANIZATION & CRITICAL ISSUES

This Economic Scan is the first in a series of reports and is designed to examine both the common and unique characteristics of the Greater Lincoln region *today*, while identifying the underlying economic factors that define it as a potentially viable economic “region.” The report evaluates the current state of affairs that are most critical to industry growth, incorporating both interviews and roundtable discussions with regional leaders and quantitative data independently compiled by AngelouEconomics.

The report is broken into two sections:

- An **Economic Scan of the region** that evaluates the demographic and economic trends shaping its current situation and compares Greater Lincoln to competitor communities.
- A discussion of **Critical Issues** that identifies key strengths, weaknesses, opportunities and constraints and sets the framework for issues to be addressed in the Asset Map and Strategic Plan.

The Critical Issues section identifies eleven (11) issues for the region, a summary of which is presented here:

	Greater Lincoln Region: Strengths and Challenges Summary
Economic Development	Positioned along major interstates, with access to national air cargo transporters, and situated centrally with access to markets in three different states, the Region bears a number of locational assets. Relatively friendly business climate and strong physical infrastructure (in and around metro area in particular) provide opportunities to build on current strong industry sectors including health care, transportation, and financial services, while tapping into emerging plant science and renewable energy clusters – all of which will be important in creating sustainable high wage jobs and a more “global” presence for the region.
Workforce Development	Region benefits from a young educated workforce and strong education and post-secondary components (K-12 systems, SCC, UN-L among others). As the region grows and capitalizes on key high-impact industries, it must integrate economic and workforce development efforts to ensure that the local workforce has the right competencies to feed into new growing businesses that will require a number of highly skilled professionals. Additional collaboration across institutions and increased awareness of job training resources will be critical, especially to ensure growing dislocated workforce is retrained for new opportunities. As was noted in the recent Gallup study for the Nebraska Department of Economic Development, strong jobs within the region are the most important factor for attracting Nebraskans that have left the State and want to return.
Entrepreneurship & Innovation	Although Region has strong technology foundation, availability of capital and other resources for emerging start-ups are extremely limited. UN-L’s Innovation Campus will play a crucial role in regional economic development especially if regional target industries can align to targeted research competencies and an enhanced technology transfer effort.
Regional Leadership	Conceptually, leaders throughout 12 counties actively support the concept of “regionalism.” However, county and city public officials need significant convincing that cooperation and resource sharing is worthwhile and will yield significant return. <i>Intra</i> -regional economic disparities (between Lincoln metro area and rural counties) must also be addressed for all of the region to benefit.

## REGIONAL ECONOMIC SCAN

### ECONOMIC SCAN

The Economic Scan serves as the foundation for the next project report – the Target Industry Analysis and Regional Asset Map – that will identify and inventory specific economic development assets that can be leveraged to drive economic growth in certain target industry sectors and create a pipeline of talent aligned to these industry needs.

To gain a better understanding of trends within the Greater Lincoln Region, this Economic Scan compares it to two regional competitors: greater Des Moines (IA)<sup>1</sup> and greater Madison (WI)<sup>2</sup>. These regions were selected in part because they have been considered Midwest competitors of greater Lincoln and because of similar geographic and economic characteristics. In addition, these benchmarks are multi-county designated “regions” as identified through similar U.S Department of Labor grant programs. To provide additional perspective, the Lincoln metropolitan statistical area (MSA) was included in most analyses. The Lincoln MSA includes Lancaster and Seward counties.

In its effort to provide an understanding of the current economy and potential for future growth, the Economic Scan is built around a set of indicators organized into 8 areas:

- Regional Interdependencies & Current Economic Downturn
- Demographics
- Economic Trends
- Human Capital
- Innovation
- Business Climate, Infrastructure and Quality of Life
- Industry Cluster Potential (Project Next Steps)

Throughout the report, the characterization of the “Region” refers to the 12 county RIG area, also known as the Greater Lincoln Region. Various Greater Lincoln Region assets are also showcased to demonstrate the collective strength of the region.

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<sup>1</sup> Including the Des Moines metropolitan area and 8 surrounding counties

<sup>2</sup> Including the Madison metropolitan area and 6 surrounding counties

## REGIONAL ECONOMIC SCAN

### AT A GLANCE

The At-A-Glance table is a brief summary of many of the data points that are discussed in further detail throughout this report. Generally, the Greater Lincoln Region performs well in certain indicators against benchmark regions. The Greater Lincoln region's unemployment rate (today and over the longer term, as identified later in the report) has been consistently and significantly lower than other regions. Also, importantly, its mix of educated young professionals (those aged 25-44), while on par with the nation as a whole, is significantly higher than the benchmark regions. This population, with their earning potential and propensity to drive innovation, is a critical part of a region's

AT A GLANCE						
	Greater Lincoln Region	Greater Des Moines	Greater Madison	Lincoln MSA	Nebraska	USA
<b>Population (2008 Estimate)</b>	410,555	678,810	780,678	295,486	1,783,432	304,059,721
<b>Population Growth ('00-'08)</b>	6.4%	9.1%	19.2%	10.3%	4.1%	7.8%
<b>Unemployment Rate, May. 2009*</b>	4.5	6.0	8.4	4.2	4.7	9.1
<b>Labor Force Growth ('03-'08)</b>	3.7%	4.5%	6.5%	6.2%	5.4%	5.6%
<b>Median Household Income (2008)</b>	\$50,593	\$54,485	\$58,650	\$53,425	\$49,928	\$52,599
<b>% Bachelor's Degree + (2008)</b>	30.1%	32%	36.3%	35.5%	27.9%	27.8%
<b>% in 25-44 Age Group (2008)</b>	27.6%	20.7%	18.5%	29.7%	25.9%	27.4%

\* Not Seasonally Adjusted

Source: U.S. Census Bureau, Bureau of Labor Statistics, Decision Data Resources, AngelouEconomics

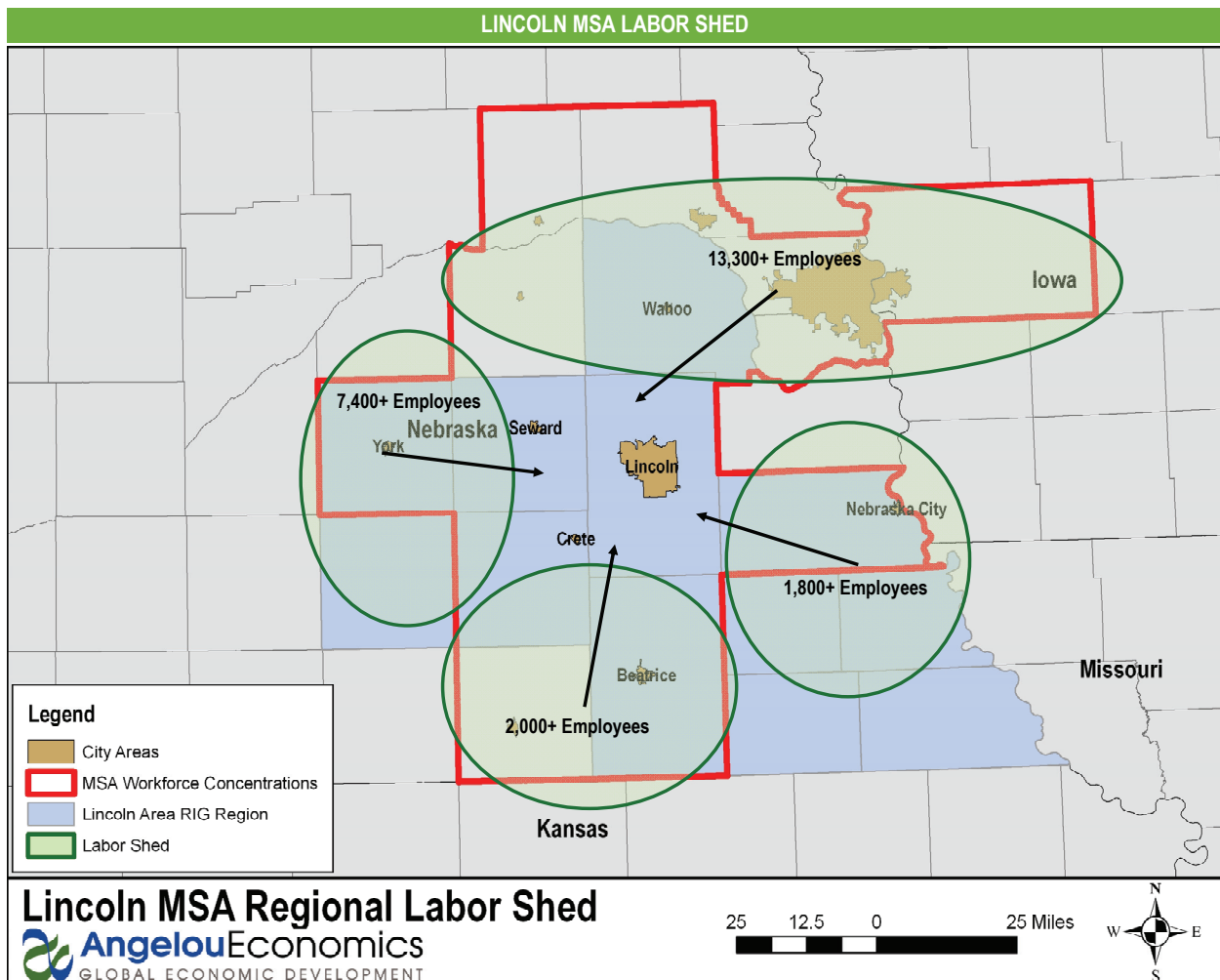
economy. A potential issue for the region is its overall slow labor force growth. This percentage – especially as it is compared to the Lincoln MSA percentage – reflects, in part, an aging population in the rural counties surrounding Lincoln, and slower overall job growth.

## REGIONAL ECONOMIC SCAN

### GREATER LINCOLN REGION: EVIDENCE OF REGIONAL ECONOMIC INTERDEPENDENCIES

The region includes 411,000 people and 12,300 businesses that provide more than 209,000 jobs. The area's strong transportation network (interstate highways, rail, air), concentration of post-secondary institutions, and common industry base in food processing/agriculture, manufacturing, and healthcare sustains a natural labor shed as people commute across the 12-county area for jobs, educational opportunities, and services.

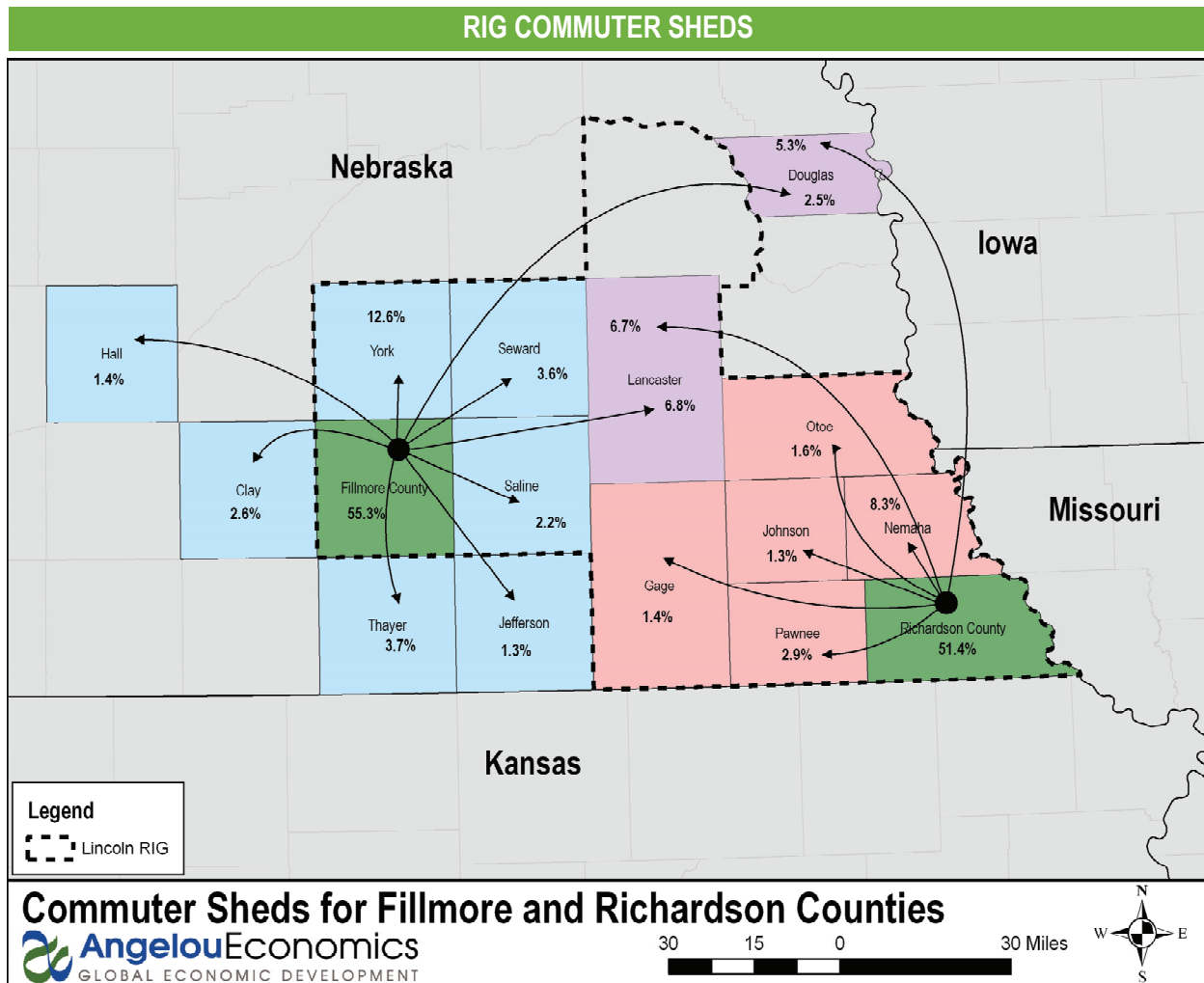
The labor shed for the region, which represents the area around the region from which an employment center draws a majority of its commuting workers, reveals evidence of these intertwined regional economies. The map below shows the labor shed of the Lincoln Metropolitan Statistical Area (MSA) and the distribution of workers. More than 25 percent of its workers are pulled from the 60 mile radius, across regional geographical and political boundaries including Iowa and Missouri. It is clear, however, that the 12-county Greater Lincoln Region makes up the core of this shed. Of note: Omaha is also a significant part of the Greater Lincoln Regional labor shed and the region may consider capitalizing on a broader "region" (beyond just the 12 counties) in the future.



## REGIONAL ECONOMIC SCAN

Commuter patterns – where workers who live in one location are driving to (as compared to where employment centers are pulling workers from) – are also a good indicator of economic interdependencies. The map below shows the commuting patterns of residents of Richardson and Fillmore Counties, two of the counties within the region. Eighty one percent of Fillmore County residents and 74 percent of Richardson County residents work within the 12-county region.

Evidence of economic and fiscal interdependence, then, is clear in this 12-County area: every day workers from these two counties travel to employment opportunities in almost every other county within the region, providing evidence that the region shares not only labor, but infrastructure and trade patterns.



## REGIONAL ECONOMIC SCAN

### THE GREATER LINCOLN REGION AND THE RECENT NATIONAL ECONOMIC DOWNTURN

While this report is designed to assess *longer-term* underlying economic, demographic, and labor market trends, it is important to analyze the information within the context of the current national economic crisis and how the Greater Lincoln Region has been affected from a labor perspective. When possible, this economic scan provides a more detailed analysis of recent trends.

For the past several years, the Greater Lincoln Region has experienced significantly lower unemployment rates than the nation. During the current recession, this gap has grown as the national unemployment rate (now at 9.1 percent) is twice that of the region. The Greater Lincoln Region, and the state as a whole, also fair very well compared to the regional benchmarks.

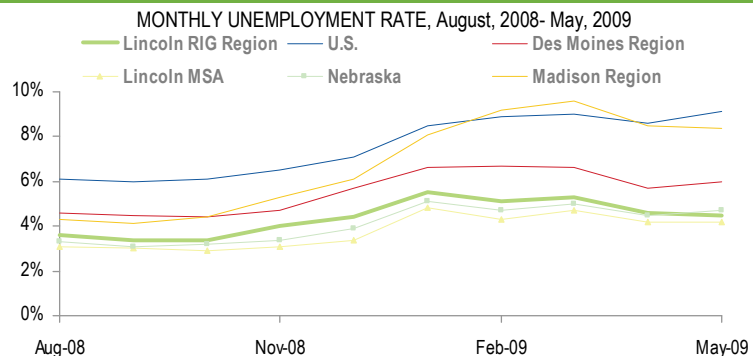
Like most regions throughout the country, businesses have slashed inventory and reduced production as both corporate clients and consumers have become more hesitant to make significant purchases. Several high profile layoff announcements in Lancaster, Seward, and Beatrice, in particular, were made in 2009. This has caused layoffs at companies across the region like Kawasaki Motors, American Meter, Exmark Manufacturing, and Burlington Northern Santa Fe (BNSF). While some of these layoffs follow cyclical manufacturing patterns, the numbers were higher and the layoffs were made earlier than is typical.

With recent global trends, unemployment insurance claims throughout Nebraska have increased significantly. In 2007, nearly 68,000 claims for unemployment benefits were initiated. In 2008, that number grew nearly 21 percent, to 82,000 claims. If the rest of 2009 reflects claims into July, Nebraska may have to address as many as 116,000 initial claims, 72 percent more than the state had two years ago.

Higher claims rates have also translated into more benefits payments. 2008 payments of \$101 million were 16 percent greater than in 2007. As of July 2009, unemployment benefits payments had already reached nearly \$120 million for the year.

Overall, the regional economy has been hit hard and will continue to face some workforce development challenges in the coming years. However, by and large, the economy is still in very good shape compared to most states and regions throughout the country. The rest of the report examines some of the factors behind this stability.

#### UNEMPLOYMENT RATE



Source: BLS Local Area Unemployment Statistics

#### LAYOFFS

NUMBER OF EMPLOYEES LAID OFF BY COUNTY 3<sup>RD</sup>  
QTR 2008-2<sup>ND</sup> QTR 2009

**Lincoln RIG Region 2379**

Source: Nebraska Workforce Development Department of Labor

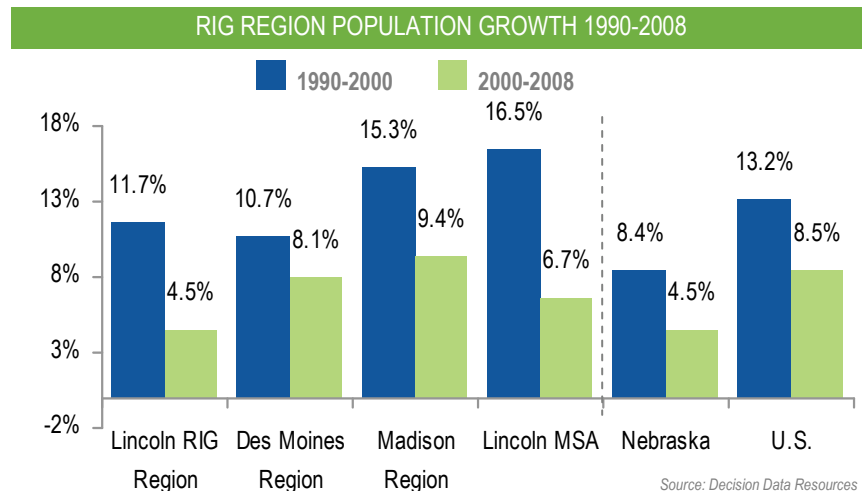
# REGIONAL ECONOMIC SCAN

## DEMOGRAPHIC PROFILE

This assessment of the Greater Lincoln Region's demographic trends serves as a snapshot of the population dynamics shaping the area. Indicators highlighted include migration, age distribution, and income levels.

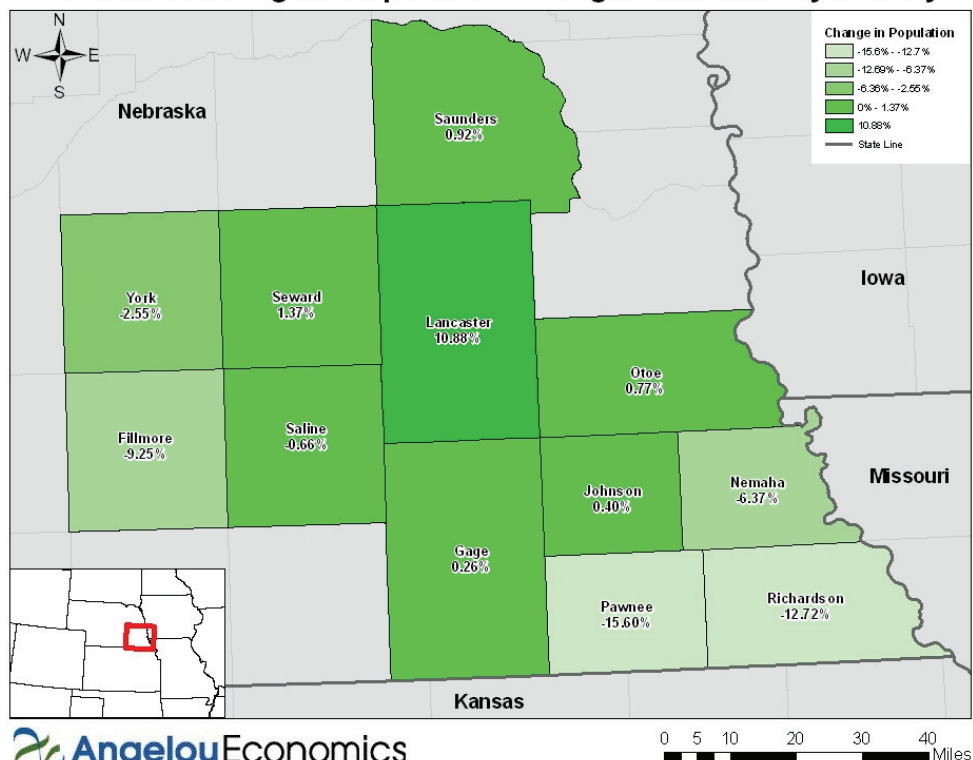
### POPULATION GROWTH & MIGRATION

Since 1990, population growth in the region has lagged mildly behind the nation. The regional population, estimated currently at 410,555, has grown by 4.5 percent since 2000, just slightly more than half the national rate. While slower population growth is not essential for a strong economy, it does suggest the region has little in-migration and mostly sustains the current population rather than being a major "destination" for younger workers.



The map to the right highlights the great disparity in population growth intra-regionally. Not surprisingly, most growth has occurred in and around the Lincoln metro area. Over the past eight years, in fact, most counties have experienced no growth or an actual loss of population. As the agriculture industry continues to consolidate and become less labor-intensive, these outlying counties will continue to face demographic and labor market challenges.

**Lincoln RIG Region Population Change 2000-2008 by County**



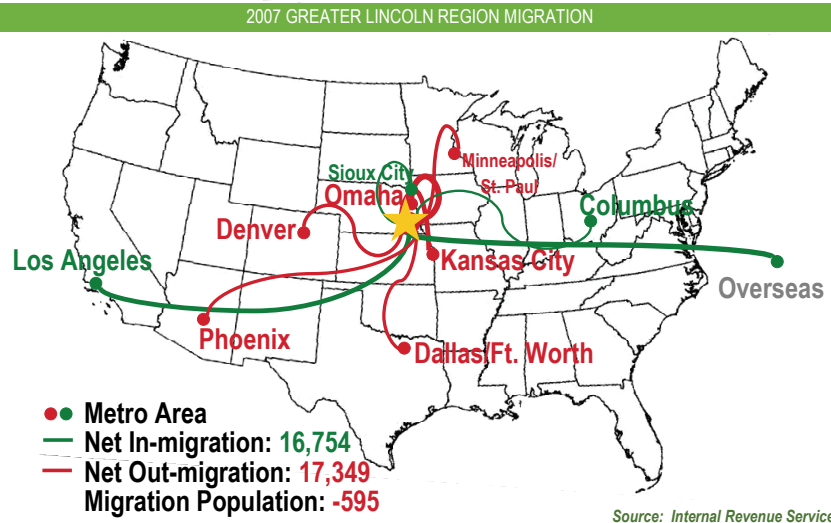


## REGIONAL ECONOMIC SCAN

The region's population expansion has come entirely from within the area (with a net loss of 595 people in 2007 due to migration). While the latest figures show nearly 16,754 people moved into the Greater Lincoln Region, 17,349 moved out. This is probably the most contributing factor to the region's slower-than-average growth rate. The majority of the United States growth is due to in-migration from other countries and growing life expectancies. Without in-migration, the region must rely on fertility rates outstripping fatality rates for population growth.

### AGE DISTRIBUTION

An aging population is a nationwide challenge with significant economic and workforce development implications. The State of Nebraska, in particular, has been highly affected by this trend for some time. The Greater Lincoln Region, however, while aging, has not been impacted nearly as hard. Its median age, at 35.1, is lower than all benchmarks, the state and the nation as a whole. In addition, along with the Madison region, it is the only area to have gained population in the young professional demographic (25-44) in the past decade. This age group, often part of a community's "creative class" and almost always the engine of innovation, is very important for economic growth. At 17.7 percent, the Greater Lincoln Region's growth in those at or near retirement is much slower than other benchmarks and the nation. This is a key advantage for the region.



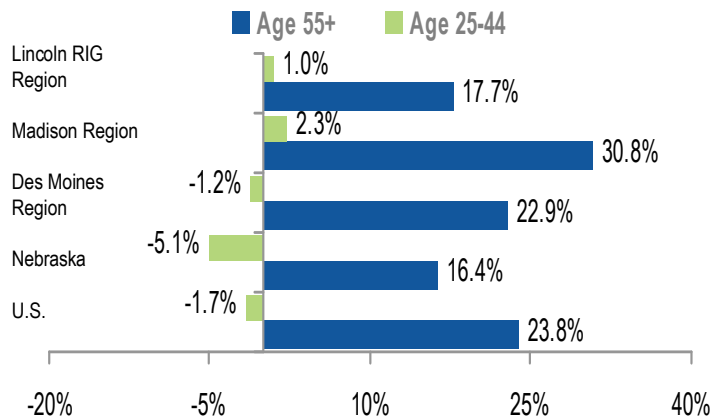
### MEDIAN AGE 2008

<b>Lincoln RIG Region</b>	35.1
<b>Des Moines Region</b>	36.1
<b>Madison Region</b>	36.8
<hr/>	
<b>Iowa</b>	36.0
<b>U.S.</b>	36.9

Source: U.S. Census Bureau

### AGING POPULATION

GROWTH IN POPULATION AGE 25-44 AND AGE 55+, 2000-2008



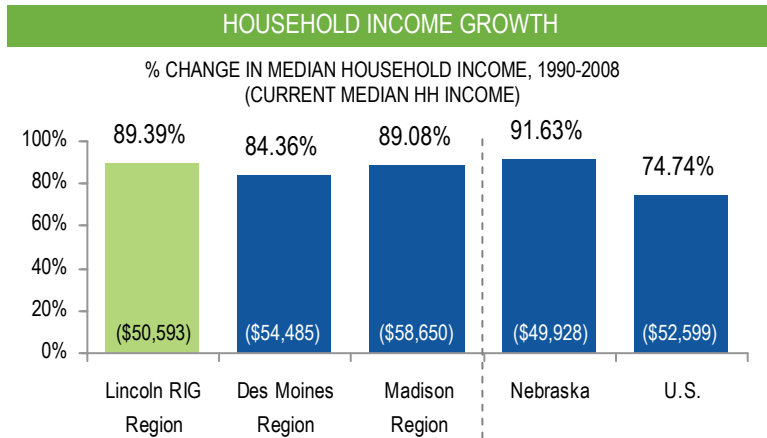
Source: Decision Data Resources

## REGIONAL ECONOMIC SCAN

### INCOME LEVELS

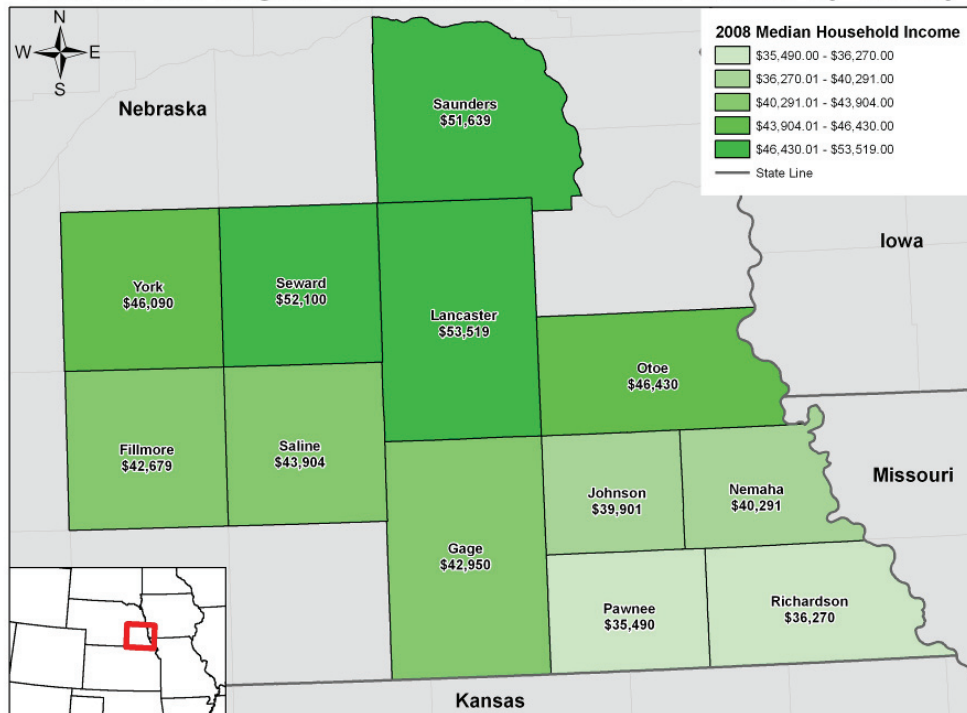
Regional average household and per capita incomes (\$50,923 and \$28,950 respectively) across the region are slightly lower than national and benchmark incomes. However, income growth has been quite strong over the past several years in both the region and the state. This is, in part, a reflection of the success the region has had in securing higher wage industry sectors that now make up a significant part of the regional economy.

As the map below shows, however, there is a significant disparity in income levels within the region. Again, the differences are seen most starkly between Lancaster and surrounding counties and rural counties to the southeast.



Source: Decision Data Resources

### Lincoln RIG Region 2008 Median Household Income by County



AngelouEconomics

0 5 10 20 30 40 Miles

## REGIONAL ECONOMIC SCAN

### DEMOGRAPHIC TRENDS SUMMARY

- ✓ Population growth, especially in outer counties, has slowed significantly over the past decade.
- ✓ Despite concerns from stakeholders that the region is losing young workers (i.e. a “brain drain” challenge), the data shows a low median age and growth in the 25-44 year old demographic – a critical competitive strength for the region.
- ✓ While incomes still remain relatively low, the regional high growth trend is a positive sign and reflects the region’s balanced and increasingly “white collar” economic base.

## REGIONAL ECONOMIC SCAN

### ECONOMIC TRENDS

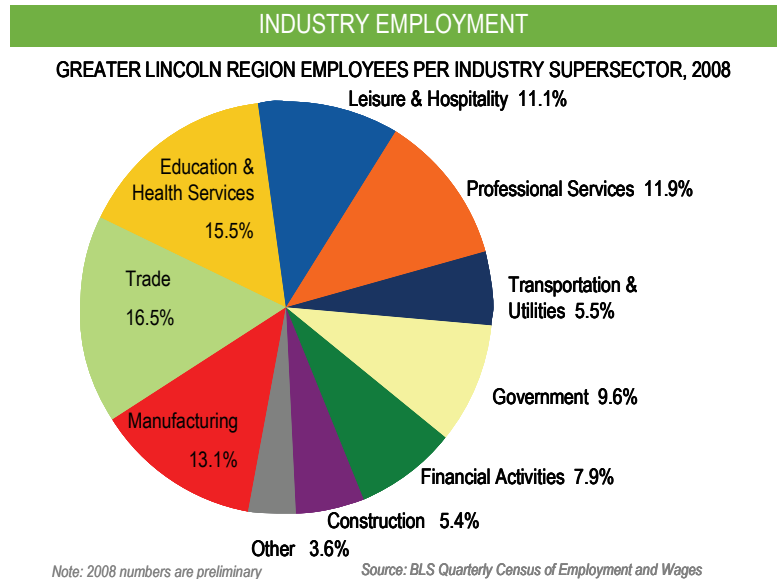
This section highlights the Greater Lincoln Region's job creation trends, composition of the existing employment base and local industry growth patterns. This information will set a foundation for exploring different industry niche sectors that will be important for the region to build upon.

### CURRENT ECONOMIC BASE AND BUSINESS CREATION

The Greater Lincoln Region has a very diverse industry presence across super sectors. Of the ten non-farm sectors, none make up more than 17 percent of the entire region's labor force, and more than half each have 10 percent or more of employment. The region's industry base is almost a mirror reflection of the U.S' industry.

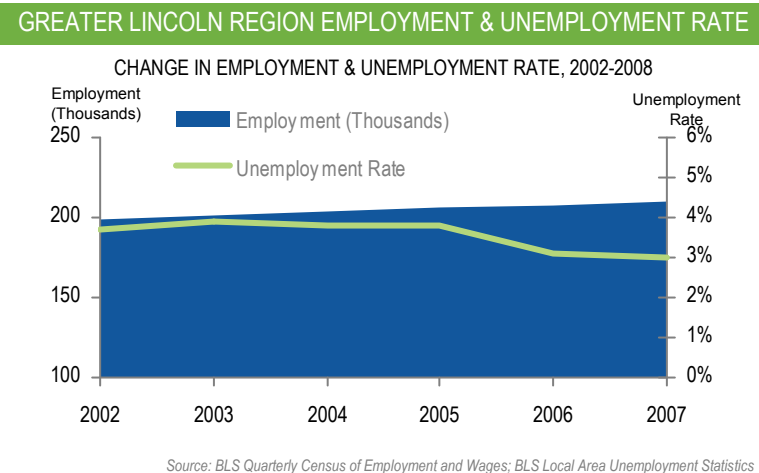
### JOB CREATION

Employment in the region grew at a steady rate of 3.7 percent over a five-year period, with nearly 210,000 people employed in 2008. While below national and benchmark trends, this demonstrates some stability with potential for sustainable growth. While many places have contracted substantially over the past 18 months, the Greater Lincoln has had a much smaller loss.



As expected, a disparity in job creation exists throughout the region, with metropolitan areas driving business creation and employment growth. As of 2008, the Lincoln MSA had grown 6.2 percent, more than any benchmark but the Madison region.

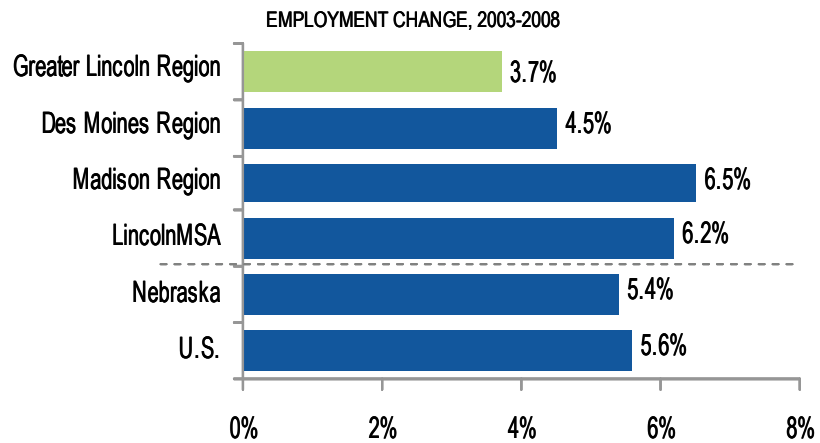
In general, regional unemployment rates have remained at least two full percentage points below the national average. The global recession has only increased this difference between southeast Nebraska and the nation. As of May 2009, regional unemployment was at 4.5 percent, nearly half the national 9.1 percent rate.



## REGIONAL ECONOMIC SCAN

The region's steady employment gains – close to 7,500 jobs over the past several years – reflect some targeted economic development success and a well-diversified economy. The largest growth in actual employment numbers occurred in the trade, transportation, and utilities sector (e.g. wholesale trade, warehousing, transportation, manufacturing firms), a sector that has also been growing nationally. However, business and professional services has been growing at a much greater rate as a percentage of its previous workforce. This demonstrates strong regional growth in distribution of goods manufactured and produced in the Greater Lincoln Region, but a trend-shift towards more service oriented work, including business and professional services, education and health services, and financial activities – industries with generally higher concentration of well-paying occupations.

### JOB GROWTH IN THE LINCOLN RIG REGION



Note: 2008 numbers are preliminary

Source: BLS Quarterly Census of Employment and Wages

### NEW JOBS IN THE GREATER LINCOLN REGION, 2003-2008



Note: 2008 numbers are preliminary

Source: BLS Quarterly Census of Employment and Wages

## REGIONAL ECONOMIC SCAN

While the region has done well to capitalize upon growing high-impact industry opportunities, several sectors are showing signs of decline. Manufacturing, which has been in slight regional decline for some time in light of globalization trends, lost more than 1,400 jobs prior to the current recession. Others, such as construction, have declined mainly out of the global slowdown that stemmed from the overleveraged and overpriced real estate market. Importantly, these losses, including the Information sector (e.g. software, telecom), are very much in line with national trends, which reflects the symptoms of a larger economic illness – and something that could turn around once the economy begins to recover.

2008 EMPLOYMENT BREAKDOWN				
	Greater Lincoln Region % Total	Greater Des Moines % Total	Greater Madison % Total	USA % Total
Trade (wholesale + retail)	16.50%	18.62%	17.60%	18.40%
Education and Health	15.47%	13.90%	12.70%	15.54%
Manufacturing	13.12%	11.41%	16.17%	11.58%
Professional Services	11.85%	12.39%	12.21%	15.33%
Leisure & Hospitality	11.11%	10.50%	11.78%	11.59%
Government	9.64%	6.54%	8.96%	6.43%
Financial Activities	7.85%	14.08%	8.32%	6.90%
Transportation & Utilities	5.46%	3.51%	2.72%	4.18%
Construction	5.44%	5.46%	5.59%	6.17%
Other	3.55%	3.58%	3.95%	3.88%

Source: Bureau of Labor Statistics QCEW

The region strongly reflects the nation in employment breakdown and only varies from the benchmarks in a few ways. For instance, the Greater Lincoln Region has less financial activities employment than the Des Moines and Madison regions. However, it has more employment within education and health and manufacturing.

While the Greater Lincoln Region experienced losses in four major sectors by *employment*, it gained in the number of *business establishments* in all sectors except for government and information. Nationally, businesses have been shrinking in the average size by employees while labor force has continually grown. This has caused establishment growth to outpace employment growth in almost every sector. The region's 6.7 percent business growth rate is nearly double the employee growth rate of 3.7 percent. While this national trend towards growth in smaller businesses makes attracting large firms less common and more challenging, it does reduce a region's dependence on a single major employer. The Greater Lincoln Region, which matches benchmarks and the nation in this trend, is building a more economically diverse market that is less susceptible to the challenges facing a single business or industry.

TOP GREATER LINCOLN REGION EMPLOYERS		
1.	University of Nebraska-Lincoln	5,000-10,000
2.	State of Nebraska	5,000-10,000
3.	Lincoln Public Schools	5,000-10,000
4.	BryanLGH Medical Center	5,000
5.	B&R Stores	2,200
6.	Ameritas Life Insurance	1,000-2,500
7.	City of Lincoln	1,000-2,500
8.	Duncan Aviation	2,000
9.	Hy-Vee Stores Inc.	1,000-2,500
10.	Lancaster County	1,000-2,500

Source: York County Development Corporation, Nebraska Dept. of Econ. Dev., Lincoln Area Development Partnership, InfoUSA, Hoovers

## REGIONAL ECONOMIC SCAN

The fastest growing sectors by establishments align with employment trends of professional services, education and health services, and financial activities. While there are many employers in the region that employ more than 1,000 employees, none employs more than 10,000 people. This can be a positive for the region, as its success is not dependent on one or a few major employers. Additionally, large employers like state and public institutions, are sources of stable, long-term employment.

### ECONOMIC TRENDS SUMMARY

- ✓ **The region sustains a highly diversified industry base – a primary factor in its stable economy during this recent economic downturn.**
- ✓ **While overall job creation is slow, the region has gained employment over the past several years in some important higher-wage industry sectors including financial services, health care, professional services, and transportation and utilities.**
- ✓ **Unemployment rates have remained well below national averages even during this recent economic recession. Much of this, however, is attributable to the slow regional population growth that has occurred.**
- ✓ **While manufacturing employment, at 13 percent, has declined nationally and regionally due to the recession and globalized production trends, it is still a significant part of the regional economy. The region actually experienced growth in the number of manufacturing businesses in the area despite its employment losses – indicating a mix of smaller manufacturing firms with similar or greater productivity levels.**

# REGIONAL ECONOMIC SCAN

## HUMAN CAPITAL

This section assesses the Greater Lincoln Region's base of available and skilled professionals to support an innovation-driven economy. Educational attainment is one indicator, as are the type of degrees received. Regions with an established pipeline of young professionals with advanced degrees in science, technology, engineering and math programs, for example, will provide a deep talent base upon which to recruit and nurture high-impact and competitive industries. In addition, the quality of K-12 systems that provide young people foundational skills and expose them to different career options is critical to developing the region's overall human capital.

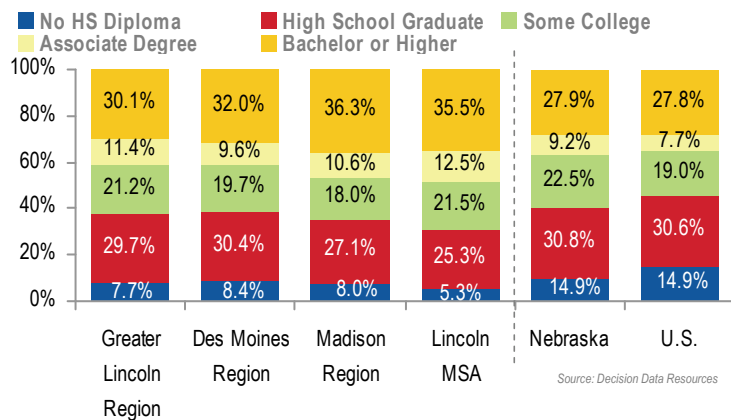
### EDUCATIONAL ATTAINMENT

With over 30 percent of the adult population holding a bachelor's degree or higher, the Greater Lincoln Region has higher levels of educational attainment than the state and the U.S. as a whole. The region fares as well as the other regional benchmarks when associates degrees are added.

There are two issues of concern, however, for the region: 1) the disparity within the region between metropolitan and rural counties (the Lincoln MSA has 35.5 percent adults with a bachelor's degree, while Otoe and Gage counties, for example, are at 19 percent and 17 percent respectively – see page 21); 2) growth in educational attainment levels are lagging its benchmarks, the state, and the nation as a whole.

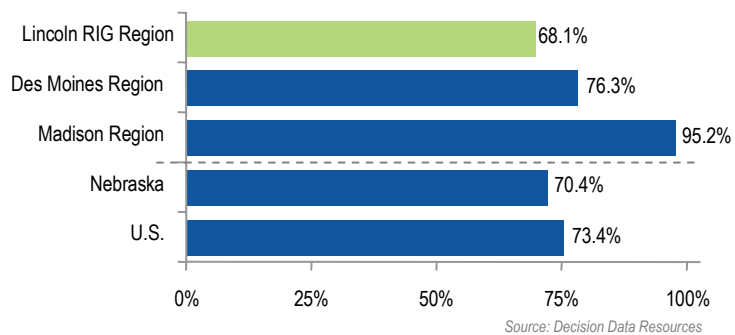
Ensuring that the region maintains these education levels is critical moving up the

### EDUCATIONAL ATTAINMENT 2008



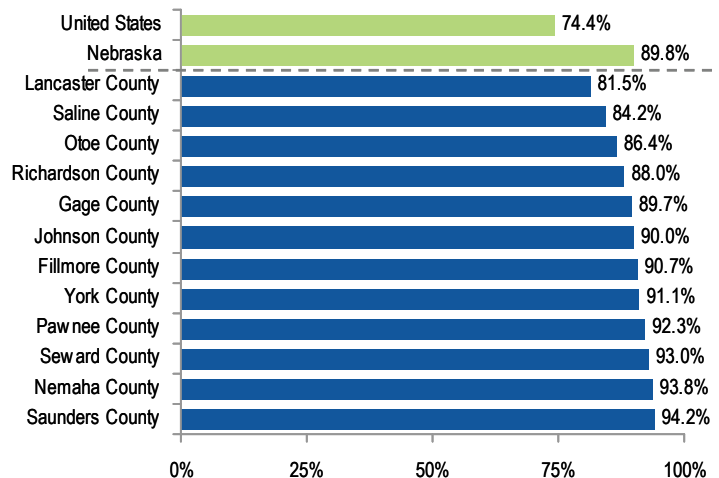
### GROWTH IN EDUCATIONAL ATTAINMENT

GROWTH IN POPULATION 25+ WITH A BACHELORS DEGREE OR HIGHER, 1990-2008



### HIGH SCHOOL GRADUATION RATE

LINCOLN RIG REGION COUNTIES MAJOR SCHOOL DISTRICTS 2008 GRADUATION RATE



NOTE: County data represents one major school district in each county

Source: Nebraska Department of Education, Digest of Educational Statistics



## REGIONAL ECONOMIC SCAN

industry value-added “food chain” replacing sub-sectors with growing, higher-tech, higher-wage sectors (e.g. business and professional services, software/IT, life sciences, etc).

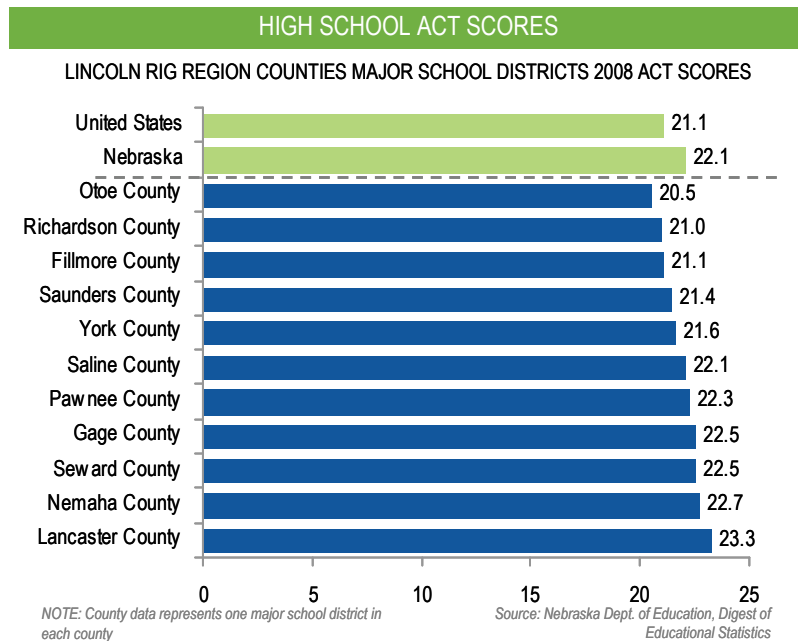
### K-12 PERFORMANCE

At a secondary schooling level, the region appears to be performing extremely well. High school graduation rates average well above 80 percent. This is well above the national graduation rate and on par or better with statewide trends.

While there was greater fluctuation in ACT scores relative to state and national averages, the Greater Lincoln Region still compares favorably, matching or even outstripping national and state level scores.

While ACT scores were on par with state and national rates, the region shows specialized strengths in math testing. While almost all counties had more than half of their students

scoring higher than the national average on standardized math tests, some counties had more than three-fourths of their students scoring better than the nation. Such high scores is a competitive advantage for these students and for the region, which can help position it to develop a pipeline of technically-skilled young professionals who have the engineering and math competencies which are increasingly in demand by high growth industries.



GREATER LINCOLN REGION EDUCATIONAL INSTITUTIONS				
School/College/University	Main Location	Type	Awards offered	Student population
University of Nebraska-Lincoln	Lincoln, NE	4-year	Associate's; Bachelor's; Master's; Post-master's certificate	22,973
Southeast Community College	Lincoln, NE	2-year	<1 year certificate; 1 & 2 years certificate; Associate's	9,603
Peru State College	Peru, NE	4-year	Bachelor's; Master's	2,307
Nebraska Wesleyan University	Lincoln, NE	4-year	Bachelor's; Postbac certificate; Master's; Post-master's certificate	2,107
Doane College	Lincoln, NE	4-year	Bachelor's; Master's	1,649
Concordia University	Seward, NE	4-year	<1 year cert.; Bachelor's; Postbac. cert.; Master's; Post-master's certificate	1,279
Union College	Lincoln, NE	4-year	Associate's; Bachelor's; Master's	1,009
York College	York, NE	4-year	Associate's; Bachelor's	404
BryanLGH College of Health Sciences	Lincoln, NE	4-year	Associate's; 2 but <4 years certificate; Bachelor's; Master's	397
Nebraska Institute for Technology	Lincoln, NE	2-year	Asscoiates	N/A

Source: National Center for Education Statistics

## REGIONAL ECONOMIC SCAN

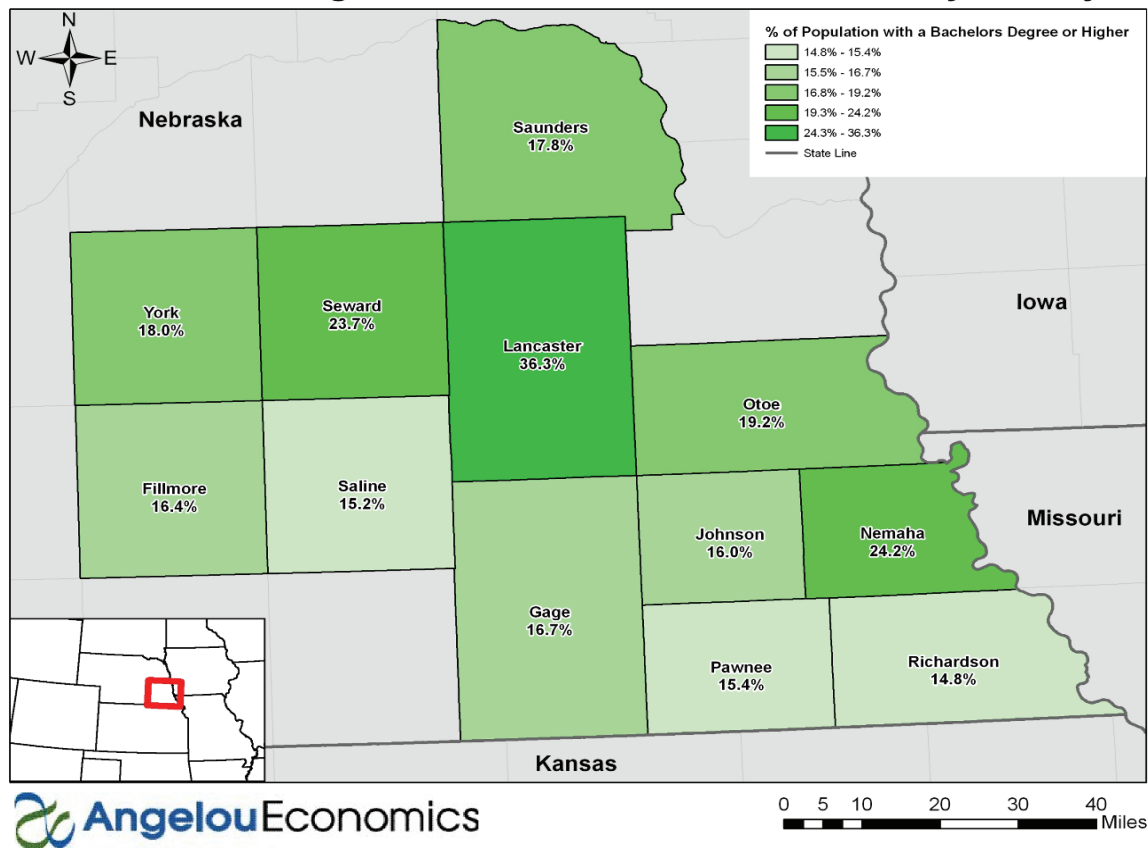
### REGIONAL EDUCATIONAL ASSETS

The region brings to bear a number of post-secondary educational assets from the University of Nebraska-Lincoln to Southeast Community College to Concordia University and Peru State, among others. These institutions have exceptional reputations and draw students from around the world. Through articulation agreements and other initiatives, many of these schools work together and, according to economic development stakeholders, are responsive to regional industry needs. These institutions, together, provide a diverse array of educational and technical training opportunities to meet a broad mix of industry skill demands within the region. In addition, most schools are expanding online education opportunities in a move to access students in surrounding more rural counties.

Also of note, are the strong higher-education/workforce/economic development connections occurring especially in the more rural areas of the region. For example, the SCC-Beatrice Campus, until recently, was the co-location of workforce service programs and Gage County economic development. These types of partnerships are crucial for ensuring industry attraction efforts are tied closely to job training initiatives – something that can be a critical asset for the entire region.

The next report, the Asset Map Report, will look closely at growing regional occupations and competencies and assess them generally with the current mix of programs offered within the region.

### Lincoln RIG Region 2008 Educational Attainment by County



## REGIONAL ECONOMIC SCAN

### HUMAN CAPITAL SUMMARY

- ✓ Regionally, education attainment is moderately high. Not surprisingly, given the presence of the state university, there are pockets of extremely educated professionals – a crucial asset to tap.
- ✓ High school graduation rates are strong but, comparatively, the slow growth in adult residents with bachelor's degrees indicates high school graduates are directly entering the workforce, likely through farming or manufacturing jobs; and/or college graduates are relocating to areas they perceive to have additional amenities and higher wage job opportunities.
- ✓ With a very strong community college system, a major public university, and numerous high-quality liberal arts colleges throughout the region, the region has the ability to train and retain workers with a diverse array of skill sets and competencies. This will continue to be a tremendous asset for the region.

#### Regional Asset: Peru State College

Peru, Nebraska

Student Population: 2,307

PERU STATE COLLEGE

Peru State College is a four year liberal arts institution with academic programs in arts and sciences, education, professional studies, and various graduate programs including a Master of Science in Education and a Master of Science in Organizational Management.

#### Regional Asset: Southeast Community College

*Southeast community college*

Southeast Community College has locations in fifteen counties in Southeast Nebraska and has more than twenty campus locations. The mission of the Southeast Community College is to "provide quality career/technical and academic educational opportunities for the students, businesses, and communities of our district". Southeast Community College has more than 50 academic programs in areas including Associate of Arts, Associate of Science, Associate of Applied Science, and Associate of Occupational Studies. Their continuing education programs include classes in Business and Real Estate, Technology and Computers, Drivers Education, Family and Consumer Science, Food and Culinary, Health, and Personal Enrichment. SCC also operates various workforce and business development programs, including "Train the Trainer" boot camp and QuickBooks training. The SCC Entrepreneurship Center provides training and mentorship integrated with a business incubator.

#### Regional Asset: Concordia College

Seward, Nebraska

Student Population: 1,279

CONCORDIA  
UNIVERSITY

Concordia University is a private Liberal Arts school with over 40 majors and minors to choose from. The school has been identified by the U.S. News and World Report as a top baccalaureate colleges in the Midwest.

#### Regional Asset: University of Nebraska - Lincoln

Lincoln, Nebraska

Student Population: 22,973

UNIVERSITY OF  
**Nebraska**  
Lincoln

The University of Nebraska at Lincoln is one of the premier land-grant universities in the nation. Established in 1869, the University is a leader in research and is also known for its many projects dedicated to science. The University of Nebraska-Lincoln is a research-extensive institution with a prime focus on undergraduate education. Signature programs include creative arts, computer science, business management, and information technology.

## REGIONAL ECONOMIC SCAN

### Regional Asset: Doane College

Crete, Nebraska

Student Population: 2,950



Doane College was the first liberal arts and sciences institution in Nebraska. It is home to over 50 undergraduate and three graduate level degree program offerings.

### Regional Asset: Nebraska Wesleyan University

Lincoln, Nebraska

Student Population: 1,805



Nebraska Wesleyan University is a private, 4-year liberal arts university, with almost 50 undergraduate major programs and 3 master's programs.

### Regional Asset: Union College

Lincoln, Nebraska

Student Population: 914



Voted as one of the top-tier Midwestern baccalaureate colleges by U.S. News and World Report, Union College provides major offerings in over 50 programs.

### Regional Asset: York College

York, Nebraska

Student Population: 396



York College is a small liberal arts college in York, Nebraska. It has over 7,500 alumni from more than 25 undergraduate programs.

### Regional Asset: Kaplan University

Lincoln, Nebraska

Student Population: 429



With over 16 program offerings at its Lincoln Campus, Kaplan University is structured to prepare students for rapid entry into the workforce. Systems include hands-on experience, on the job training, and accelerated programs.

## REGIONAL ECONOMIC SCAN

### REGIONAL INNOVATION

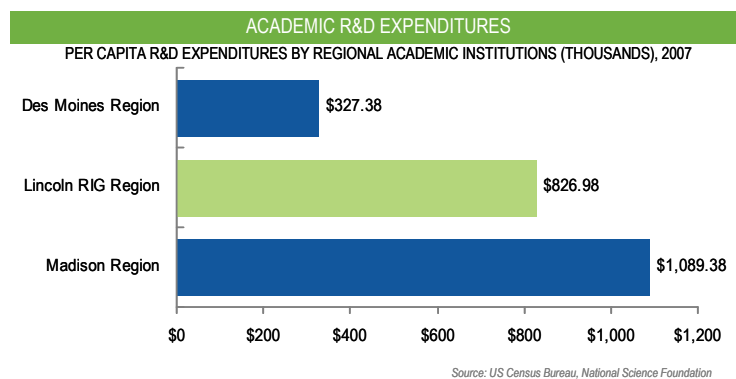
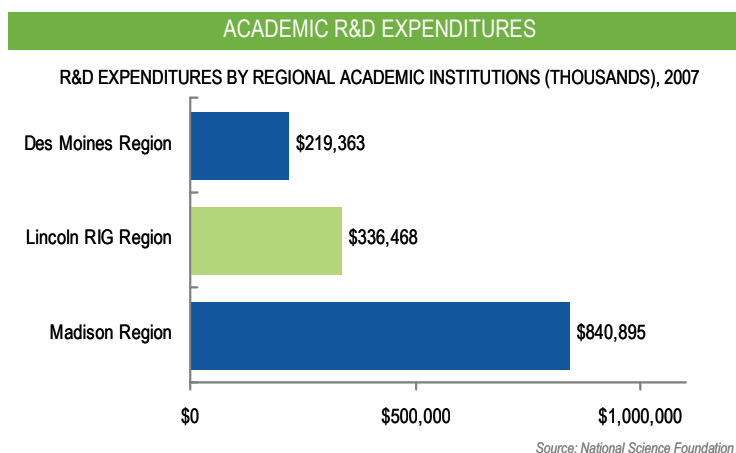
From renewable energy to creative media, all high-wage, growing industries are dependent on technological innovation. During economic downturns, the opportunity costs of innovation drop dramatically; commercial and industrial space costs less and higher skilled workers are more abundant. Communities can successfully foster innovation by supporting human capital (education), funding pre-commercial technology (research and development), protecting intellectual property (patents), and encouraging company start-ups through venture capital.

### RESEARCH AND DEVELOPMENT

Major funding for research and development flows through universities, where new technologies are tested and often incubated before they emerge on the commercial market. In 2007, the Greater Lincoln Region had more than \$336 million in research dollars expended within the area. While significantly more than the Des Moines region, it is far less than Madison's University of Wisconsin, which, as a university system, has the 2<sup>nd</sup> highest R&D level in the country.

On a per capita basis, the Madison region still outpaces the Des Moines and Greater Lincoln regions. However, the Greater Lincoln Region is much more competitive when considered in light of its population.

UN-L's research activities have grown substantially over the past decade (now with more than \$120 million of R&D investments annually) with continued advances in agricultural and food science, water resource, and nanotechnology disciplines. The planned 250-acre Innovation Campus, modeled after a similar R&D park at North Carolina State University, presents an excellent opportunity to capitalize on university R&D and promote regional economic development.





## REGIONAL ECONOMIC SCAN

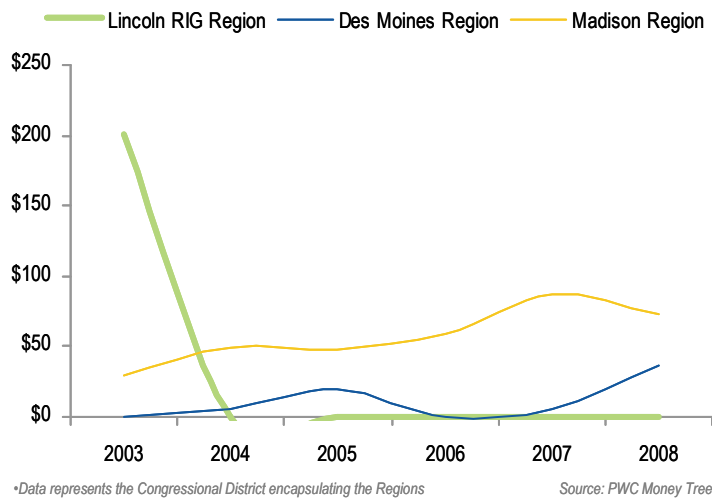
### VENTURE CAPITAL FUNDING

Technology inventors and start-ups require access to business and entrepreneurial networks to get the support they need to move new technology from conception to the marketplace. Furthermore, entrepreneurs and start-ups need early stage funding to support their development, and later stage funding for hiring workers and product launches. The amount of venture capital investment or private equity to early stage, high-growth companies, is a particularly telling measure of innovation commercialization. While research and development dollars demonstrate the general of research and innovation taking place, the presence of venture capital shows these innovations to be commercially viable and potentially useful to society.

Venture capital investment within the Greater Lincoln Region has been sporadic and very limited. Ranked 49<sup>th</sup> out of 50 states by the Kauffman Foundation for venture capital investment, this is a key area that the region needs to address in order to keep competitive. In fact, since 2003, there has been little to no VC funding in the region whatsoever.

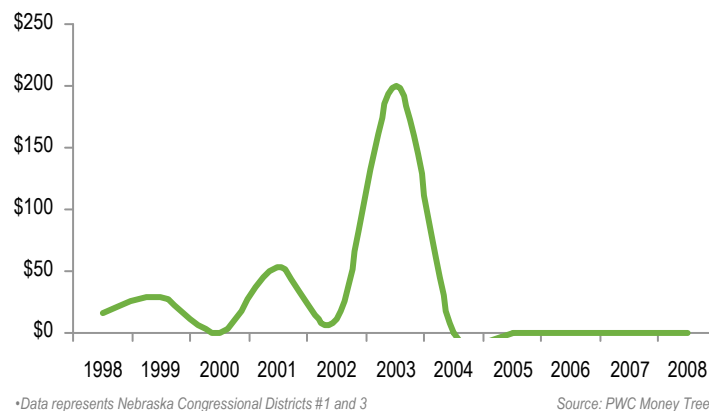
### VENTURE CAPITAL FUNDING

VC FUNDING (\$MILLIONS), 2003-2008



### VENTURE CAPITAL FUNDING

LINCOLN RIG REGION VC FUNDING (\$ MILLIONS), 1998-2008



Stakeholders identified this as a major issue for not only southeast Nebraska but the state as a whole. In order for the region to actually commercialize innovations coming from local institutions and businesses, it must have early stage capital available that can bridge the gap between an idea and traditional financing.

#### Regional Asset: University of Nebraska Technology Park

Lincoln, Nebraska

UNIVERSITY OF NEBRASKA **TECHNOLOGY PARK**

The University of Nebraska Technology Park is a cooperative partnership of the University of Nebraska Foundation, University of Nebraska and private sector investors. Founded in 1996, the Technology Park is now home to 19 companies and organizations that employ 1,366 people.

The park provides access to university resources, technology transfer assistance, research funding resources, highly competitive lease rates, high-speed data services, and on-site expansion building options.

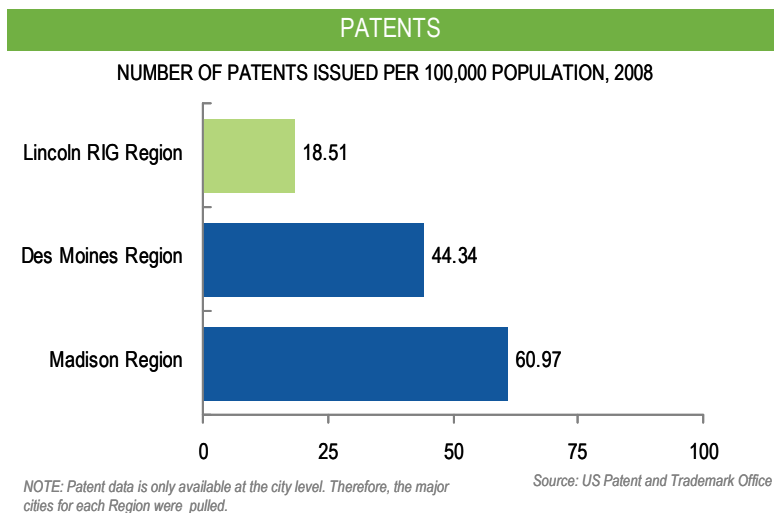
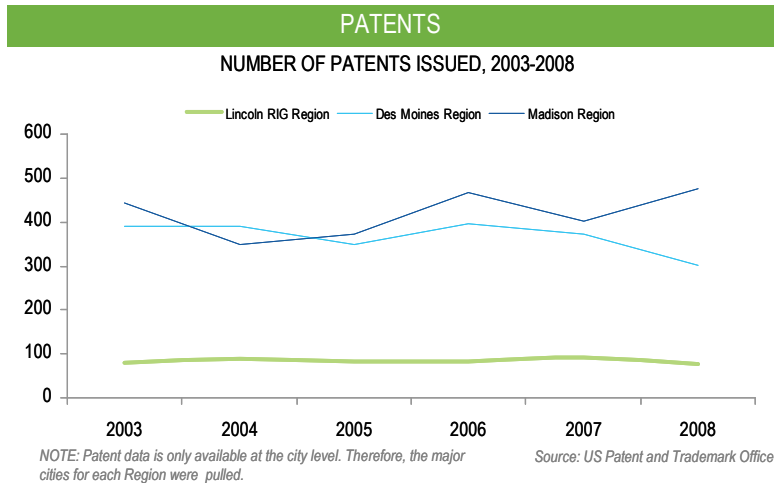
## REGIONAL ECONOMIC SCAN

### PATENTS

Patents play a vital role in the advancement of science and technology, fostering innovation through intellectual property. They also provide another indication of the level of research and development activities taking place in a region.

The Greater Lincoln Region has solid patent activity, but it is much less than both the Des Moines and Madison regions. Despite receiving more research and development funding than the Des Moines region, fewer patents come out of those efforts within the Greater Lincoln Region. Interviews with UN-L leaders suggest this may be due to the fact that a significant amount of research that occurs locally is commissioned by local and regional businesses to solve specific problems rather than to necessarily develop new technologies.

Beyond the numbers however, it is important to note the regional activity in entrepreneurship at many institutions, including UN-L and SCC. UN-L continues to develop its technology transfer program to more actively pursue partnerships with venture capital firms as well as local businesses to help solve production and efficiency problems. In addition, SCC has developed an entrepreneurship center that offers SCC students business model training and incubator space with business and legal mentoring services to help fledgling businesses develop.



#### Regional Asset: Invest Nebraska Corporation

The Invest Nebraska Corporation helps to foster growth of new and developing companies. In addition to helping companies acquire funding from sources such as angel investors, networking is a large part of what the organization provides for its member companies. The mission of the corporation is to "promote capital formation for, and provides operating assistance to, high impact entrepreneurs and investors in Nebraska."



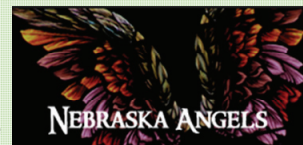
## REGIONAL ECONOMIC SCAN

### INNOVATION SUMMARY

- ✓ Relative to the rest of the nation and the benchmarks, the Greater Lincoln Region faces significant challenges in commercializing innovation that occurs within the area. With limited funding and patenting activity, there is little innovation being captured by the region, impacting regional economic development efforts.
- ✓ In spite of these challenges, several critical “innovation drivers” are emerging that will hopefully position the region to commercialize new technologies and ensure financial benefits stay local. UNL’s research programs (e.g. Beadle Center researchers, who, in eleven years of operation, have secured over \$100 million in research funding) are growing and the university is planning for the development of a 1.6 million square foot Innovation Campus situated adjacent to campus to link researchers and the private sector.
- ✓ Like most areas that are seeking to build a stronger economic base, there is a demand in the Greater Lincoln Region for better support for developing “home-grown” entrepreneurs – including stronger training programs, more robust networks, early stage venture capital funding, and more focus from the public sector on building existing small business.

#### Regional Asset: Nebraska Angels

Nebraska Angels focuses on the growth of “early-stage” companies within the state. It is a not for profit program which is committed to the transfer of knowledge to companies during early growth. The Nebraska Angels invests in businesses that have the potential to “achieve high growth, strong market position, and sustainable advantages.” The Nebraska Angels typically contribute to companies that they believe have the ability to receive upwards of \$50 million in revenue within the first few years.



#### Regional Asset: Nebraska Center for Entrepreneurship Lincoln, Nebraska

Nebraska Center for Entrepreneurship  
Creating growth and competition in local businesses

Consistent with its role as a part of Nebraska's Land Grant University, the Nebraska Center for Entrepreneurship (NCE) strives to fulfill the University of Nebraska's responsibility to students who aspire to create jobs. NCE's experientially-oriented curriculum teaches theory and skills that have been associated with the highest probability of entrepreneurial success. The undergraduate entrepreneurship curriculum consists of 8 courses. The NCE also offers 5 elective courses at the graduate level.

#### Regional Asset: Investors, Inventors, and Entrepreneurs Club (I2E Club) Southeast Nebraska



The Investors, Inventors, and Entrepreneurs Club (I2E Club) was developed to support an entrepreneurial culture in Southeast Nebraska. Funded through a Building Entrepreneurial Communities Act (BECA) grant, I2E Club is administered through the Kimmel Education and Research Center at UNL's Cooperative Extension. The Club connects existing business leaders with budding entrepreneurs to build relationships and exchange advice on business challenges in the market.



## REGIONAL ECONOMIC SCAN

### BUSINESS CLIMATE, INFRASTRUCTURE AND QUALITY OF LIFE

This indicator area measures the capacity of the region to support business expansion and development opportunities. It identifies factors (outside of workforce development) most critical to small, medium, and large employers in deciding where to locate or expand operations.

#### LABOR COSTS & TAX STRUCTURE

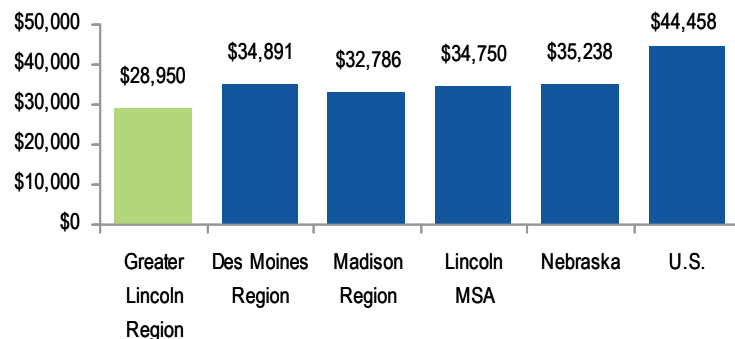
Average wages in the Greater Lincoln Region are extremely low. In fact, in 2007, at \$28,950, wages were more than 35 percent lower than national average wages and 18 percent lower than all Nebraska's average wages. This is a double-edged sword. While businesses seek competitively priced regions for better profitability, they also want communities that have appropriately skilled labor. While the region clearly has high-skilled labor, and in SCC and UN-L, large institutions educating young smart talent, wage levels must be properly addressed to make it a selling point rather than a detractor.

Also of concern, wage growth has been slow and appears to have flattened resulting in a slightly larger gap with competitor communities.

Tax burden can be a pivotal factor in a company's site location decision. Competitive tax rates are important to business attraction at varying degrees based on a company's stage of development. Manufacturers and many service companies are highly sensitive to tax rates and incentives. Nebraska, as a state, is in the mid-range of corporate taxes and gross sales and receipts taxes, two rates important to businesses. Additionally, income and property taxes are near the national

#### LABOR COSTS

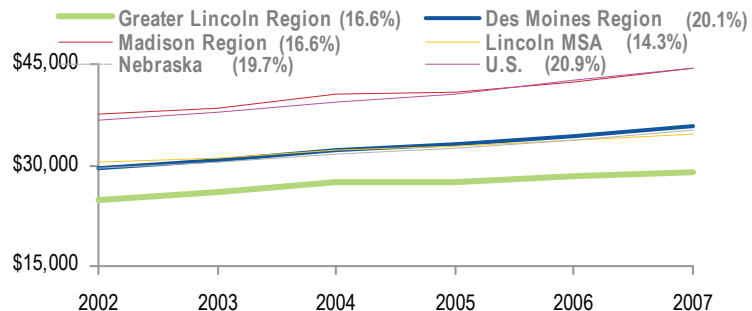
AVERAGE WAGES, 2007



Source: BLS Quarterly Census of Employment and Wages

#### WAGE GROWTH

WAGE GROWTH, 2002-2007 (2002-2007 TOTAL GROWTH)



Source: BLS Quarterly Census of Employment and Wages

#### PER CAPITA TAX COLLECTION BY STATE AND STATE RANK (1 IS HIGHEST), 2006

	State & Local Property Tax		State & Local Corporate Tax		Individual Income Tax		General Sales & Gross Receipts	
	Per Capita	State Rank	Per Capita	State Rank	Per Capita	State Rank	Per Capita	State Rank
Nebraska	\$1,270	17	\$149	22	\$878	21	\$1,244	28
Wisconsin	\$1,444	11	\$209	10	\$1,337	7	\$1,449	14
Iowa	\$1,144	21	\$96	42	\$838	26	\$1,128	40

Source: Tax Foundation

## REGIONAL ECONOMIC SCAN

average, too. In general, the state and region are competitive tax-wise.

While tax rates are competitive, some stakeholders expressed concern with government's ability to continue providing existing services without raising taxes. These concerns mainly applied to infrastructure, such as roads, bridges, water, and sewer systems.

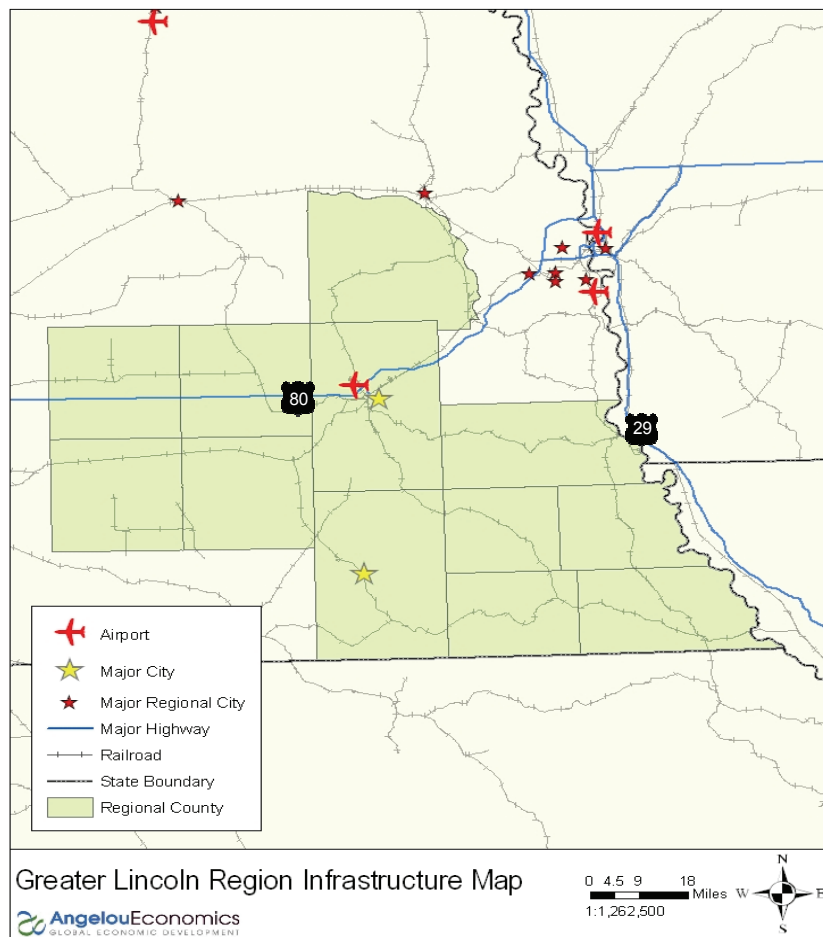
### INFRASTRUCTURE

There is no doubt that investments in basic infrastructure components such as railroads, highways, and ports, as well as communication infrastructure such as broadband and wireless, are critical to addressing complicated regional economic and workforce development challenges.

Transportation accessibility appears to be strong regionally. The Greater Lincoln Region is served by a major highway, strong rail access, and two strong regional and international airports (Lincoln and Omaha). Interstate 80 provides strong east-west access while US Highways 81, 77, 75, and 73 provide moderate north and south access, respectively. Interstate 29, which runs inside the western Iowa border, also provides strong north-south access. In 2008 nearly 190,000 people flew through the Lincoln Airport and 4.4 million flew through Epply Airfield in Omaha/Council Bluffs.

Through interviews and roundtable discussions, employers indicated high satisfaction with the quality of the region's transportation system. In fact, a significant number – mostly in the manufacturing sector – pointed to the region's central U.S. location and strong interstate and rail systems that allow efficient movement of goods, as a primary reason their business is located in the area. While there is some frustration over north-south access, it appeared that east-west access was more important for most employers.

While transportation accessibility appears to be strong, like most areas around the country, infrastructure maintenance will be a key to continued economic success. Economic developers in outlying regional counties identified potential concerns in ensuring quality and access to water, roads, and broadband, in particular, is there to meet expected industry demand. In addition, outlying counties highlighted an important challenge in increasing their stock of shovel-ready sites as a means to improve their viability in competing for company expansions and new locates.



## REGIONAL ECONOMIC SCAN

While the region is generally competitive, it does face some real estate pricing challenges. Between the second quarter of 2007 and the first quarter of 2009, Class A office space increased from less than \$18.00 per square foot to \$19.14. Class B office space had similar price gains. However, the second quarter of 2009 has shown a slight decline in prices, with an asking price of \$19.00 per square foot, down fourteen cents. While industrial rates have remained fairly level, with gains of less than one dollar in a year for rental rates, retail trends have jumped sharply since Q3 2008. According to Grubb & Ellis Pacific Realty, average asking rents increased twelve cents in the last quarter alone. Retail rental rates are expected to decline however, as retail vacancy rates across the country and within the Greater Lincoln Region have increased and are expected to continue to do so.

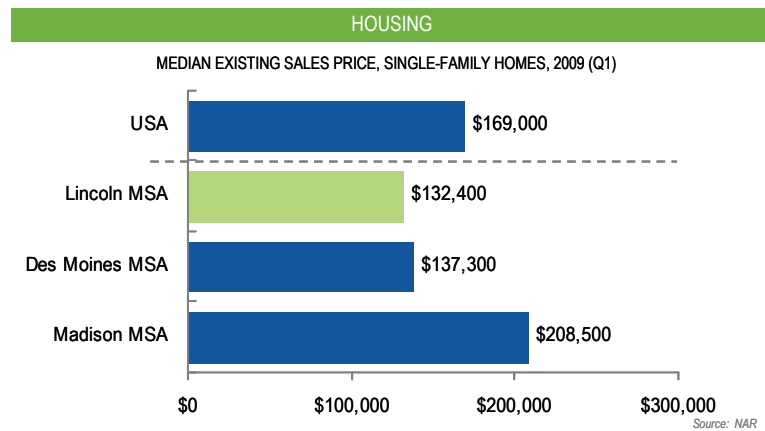
### QUALITY OF LIFE

Quality of life indicators are a combination of several factors, some that are quantifiable and some that are not. Taken together they provide a picture of how attractive a place is to both live and work – a critical factor for attracting and retaining both industry and talent.

Cost of living data is unavailable for the Greater Lincoln Region. However, the majority of price variations between locations occur due to differences in housing costs. By examining housing prices, it is possible to get a relatively clear picture of cost of living differences between regional benchmarks.

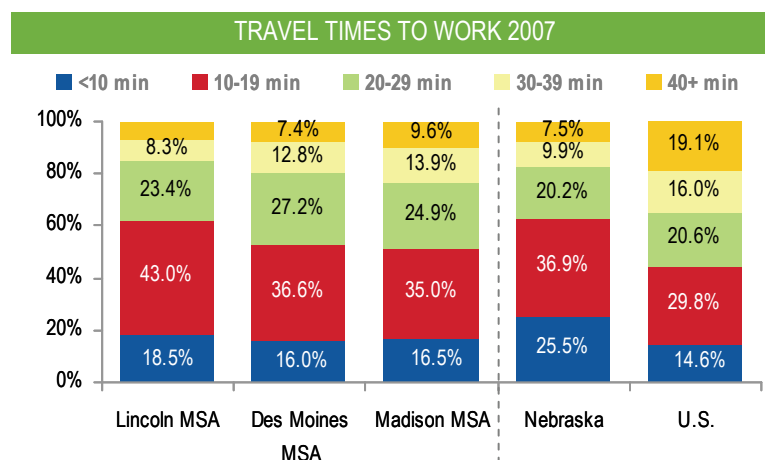
### COST OF HOUSING

The National Association of Realtors only provides sales of single family homes for metropolitan areas. Assuming the metro area for each benchmark is the most expensive area, the Greater Lincoln Region compares very favorably to benchmarks as well as to the nation as a whole. Housing is 22 percent less within the region than within the entire United States. At the same time, metro wages are 21.8 percent less than national rates. This demonstrates that while housing is less expensive, wages are proportional, suggesting that the Greater Lincoln Region has a cost of living almost exactly on par with the national average.



### TRAVEL TIME TO WORK

The Greater Lincoln Region's workforce spends less time sitting in traffic than the average worker in the U.S. Over 60 percent of workers have a commute less than 20 minutes, compared to only 45 percent of the nation. A short commute time demonstrates affordable homes relative to income and low congestion on



## REGIONAL ECONOMIC SCAN

major arterials, things that both employees and employers prefer.

Overall, focus group participants identified strong “quality of life” factors for the region and the metro area, with its low cost of living and steady job growth, has been nationally recognized for its potential as a destination for young professionals. In addition, the outlying RIG counties, with their extremely low cost of housing, wealth of recreational opportunities, and extremely low crime rates, present attractive places for younger workers who are starting and raising families.

Focus group participants, however, also spoke about the need for more cultural and recreational amenities in the area that could be an avenue for attracting additional visitors and creating a destination for young twenty-something professionals.

### BUSINESS CLIMATE, INFRASTRUCTURE, AND QUALITY OF LIFE SUMMARY OF KEY FINDINGS

- ✓ **Overall, in terms of business attraction, the Greater Lincoln Region is cost competitive with areas around the Midwest, and certainly more competitive than coastal regions that have typically less land to develop, higher tax rates, and higher costs of living for employees.**
- ✓ **Low labor costs are certainly a double edge sword – while attractive to employers, they are prohibitive in attracting and retaining young educated professionals. As companies face increasing competition and a deep recession, more attention will be placed on controlling costs. This is especially true for manufacturing companies, where wages account for a significant percentage of total company costs. By and large, this region, with lower costs of living, reasonable tax burden, and wages are competitive with most of the country.**
- ✓ **Because manufacturing, agriculture, and trade are major components of the region’s economy, high quality physical access to national markets is important. However, as professional services and innovation-oriented industries grow (and demand skilled workers) the region can gain a competitive advantage by ensuring that infrastructure development and maintenance is completed in a holistic fashion and tied to regional economic development plans.**
- ✓ **With a low cost of living and easy commutes, the region offers a number of quality-of-life advantages that can help in efforts to attract and retain both business investment and young people. However, the region can certainly benefit from attracting additional cultural and recreational amenities, including world-class museums, performing arts centers, festivals, etc.**

## REGIONAL ECONOMIC SCAN

### Connective Workforce and Economic Development Organizations

The Greater Lincoln Region features a number of regional and county economic development organizations, workforce groups, and business coalitions, all of which are actively promoting economic objectives – and doing so collaboratively in some cases.

**The Lincoln Chamber of Commerce**, which, with over 700 business members, is the premier business association within the Lincoln metro area.

**The Lincoln Partnership for Economic Development**, a public-private collaboration affiliated with the Lincoln Chamber, guides the Lincoln metro area's economic development activities, including business attraction, retention/expansion and entrepreneurial development.

**The Lincoln Area Development Partnership (LAD)**, a group of 11 southeast Nebraska city/county economic development organizations (all within the RIG region), formed recently to conduct regional joint marketing initiatives.

**The Greater Lincoln Workforce Investment Board**, with the **City of Lincoln** and the **Southeast Community College** system, provides workforce investment oversight for the Lancaster and Saunders Counties, aimed at enhancing job training opportunities for regional workers and employers. **The Greater Nebraska Workforce Investment Board** plays a similar role as the Greater Lincoln Workforce Investment Board, and it services the majority of the state's more rural counties including several within the Greater Lincoln Region. Each of these boards oversees five one-stop career centers that fall within the 12-county region that provide an array of hiring, training, and workforce development facilitation services.

There are also a number of city and county economic development organizations throughout the region that engage in local business attraction and retention efforts. Many of these entities, together, make up the LAD group.

#### Local Economic Development Organizations

- Auburn Development Committee
- Downtown Lincoln Association
- Falls City Economic Development and Growth Enterprise, Inc.
- Fillmore County Economic Development
- Gage County Economic Development, Inc.
- Greater Wahoo Development Foundation
- Lincoln Chamber of Commerce
- Lincoln Partnership for Economic Development
- Milford Chamber of Commerce
- Pawnee City Development Corporation
- River Country Economic Development Corporation
- Seward County Development Corporation
- Southeast Nebraska Partners for Progress
- Syracuse Area Economic Development Corporation
- York County Development Corporation

## REGIONAL ECONOMIC SCAN

### ASSESSING INDUSTRY CLUSTER BASE

While the “Economic Trends” section identified industry super-sectors that provide the economic foundation of the region, an industry cluster base analysis looks at more specialized sectors and compares the cluster’s share of total local employment to the cluster’s national share. This analysis yields important information about industries in which the Greater Lincoln Region is *currently* strong. A later report will identify which industries and specific niche industries are not only strong today, but will continue to grow in the future – thus making them potential economic development targets.

The Greater Lincoln Region enjoys key cluster strength as well as significant employment in the following industries: electronics, agriculture, higher education and research, health services, and transportation equipment.

STRONGEST INDUSTRIES FOR THE GREATER LINCOLN REGION			
Industry	Employment	Businesses	LQ
Electronics	2,416	31	2.26
Agriculture	7,603	3,081	2.04
Higher Ed. & Research	7,162	150	1.86
Health Services	23,464	1,024	1.38
Transportation Equipment	1,933	26	1.27
Food Processing	2,423	61	1.27
Government	27,466	846	1.22
Civic Enterprises	6,429	1,035	1.21
Financial Services	7,910	976	1.12
Eat/Drink	10,528	697	1.06
General Services	10,780	2,208	1.02
Retail	23,326	2,439	1.02

Source: Dun & Bradstreet

**Electronics** — With a location quotient more than twice the nation average, the electronics industry has been an important sector for the region, with everything from electronic control systems manufacturing to hardware design and engineering by companies such as Digitec. This industry has slowed recently however and overall is not a major employer for the region.

#### Regional Asset: Nebraska Center for Excellence in Electronics

Lincoln, Nebraska

The Nebraska Center for Excellence in Electronics (NCEE) is a nonprofit organization that provides facilities for product compliance testing and consulting. Located within Nebraska Technology Park, the facility is a collaboration between higher education, industry, and government. The site houses some only publicly available testing facilities for the electronics sector in the country.



**Agriculture** — More than 4 percent of the region’s workers are employed in the agriculture industry. Opportunities for growth in this industry exist through adoption of emerging technologies and processes, as well as higher



## REGIONAL ECONOMIC SCAN

valued-added production—organic farming, niche farming, biofuels, and the increased use of technology in production and marketing.

**Higher Education and Research** — Education and research has become one of the most important sectors. Growing nationally, education is becoming a significant export good for the US as well as providing the edge that has arguably kept the nation competitive internationally over the past few decades. With a location quotient of 1.86, the Greater Lincoln Region has a strong advantage in this sector.

**Health Services** — With a location quotient above the average of 1, health services comprises more than 12 percent of regional employment. Recognized as a growing sector regionally and nationally, this field is only expected to grow as baby boomers reach retirement.

**Transportation Equipment** — While the recent decline in the economy has exacerbated manufacturing within the United States, especially regarding transportation (see GM, Chrysler, and Ford), most of the transportation equipment manufacturing within the Greater Lincoln Region is comprised of farm, lawn care, and alternative vehicle manufacturing. This has helped the region, relatively speaking, to avoid such drastic manufacturing losses as many “car towns” in the Midwest have had to face. Even so, big name companies in the area, such as Kawasaki, Toro, and Duncan Aviation, have still had to make layoffs deeper and earlier than typical manufacturing cycles require.

It is worth noting again that the Greater Lincoln Region has a strongly diversified economy. The largest industry only has twice the national average employment, and most businesses have a location quotient near 1, which puts them on par with the national employment rates.

## CRITICAL ISSUES

### UNDERLYING REGIONAL ECONOMIC ISSUES

The Greater Lincoln Region has a very steady and resilient economy. A well-balanced industry portfolio continues to guard the region against the current economic downturn even in the face of mass layoffs in the food processing and manufacturing sectors. At a time when the national rate is expected to reach or exceed 10 percent, the Greater Lincoln Region has one of the lowest unemployment rates in the country.

While overall job growth continues to be slow, the region has experienced job gains and secured new company locates within some critical high-wage industries, including trade and transportation, health services, and information technology and financial activities – all of which has helped spur strong income level growth over time. A growing young professional population and a strong business climate are other foundational strengths that will position the region for future economic development opportunities.

These positive trends are countered by several fundamental regional challenges including slow population growth, slow growth of its educated workforce, and lower labor costs (which, while appealing to industry, will continue to make it difficult to attract and retain educated young talent).

### CRITICAL ISSUES (CHALLENGES AND OPPORTUNITIES)

As the Greater Lincoln Region seeks to foster a more economically competitive environment predicated on developing high-skilled, high-wage jobs, key strategic implications of that decision must be at once recognized and addressed. Through analysis of data and trends, **AngelouEconomics has identified eleven (11) economic and workforce development issues that warrant such attention** – represented here as both challenges and opportunities for the region. It must be noted that the following analysis of strategic issue areas is not designed to be exhaustive. Rather, it is a concise assessment of the issues that will have the greatest impact on future workforce development efforts throughout the region.

#### Workforce Development

##### **Issue 1: Opportunity to better connect Southeast Community College, UN-L, Peru State, Concordia, and other post-secondary institutions around preparing a skilled regional workforce**

While the region benefits from a strong network of two- and four-year higher education institutions with a mix of program offerings, there may be an opportunity to leverage these assets to develop a more unified 'system' that anticipates and effectively responds to existing and future industry needs across the region. Each offers distinct advantages (SCC with leading academic and technical programs and physical campuses throughout the region; Peru State with growing online service offerings; Concordia with state-of-the art facilities, etc.) While articulation agreements between some of these schools exist more enhanced integration may be appropriate especially as emerging target industry clusters (with new occupational requirements) are identified.

##### **Issue 2: Responsive community college system but limited capacity for generating awareness of customized training services.**

The Southeast Community College system has an exceptional reputation for meeting academic needs in the region but may need to do more to reach directly to the regional business community to understand customized training needs and to articulate SCC existing training capabilities. SCC customized training programs appear well linked to dominant and/or growing industries regionally (e.g. health care, financial services, component manufacturing). However, SCC does not currently have the resources to conduct additional and targeted outreach necessary to enhance enrollment and ultimately serve more employers, especially those that have accessed state incumbent worker training dollars.



## CRITICAL ISSUES

### **Issue 3: Opportunities for enhancing pipeline of skilled workers**

The slow growth of an educated workforce is a concern for the region. This indicates a trend of high school graduates directly entering the workforce (likely through lower-wage manufacturing, agriculture, or service jobs) and/or college graduates relocating to other regions they perceive to have additional amenities and higher wage job opportunities. While AngelouEconomics will examine specific occupational shortages in the next report, it is likely that the Lincoln region suffers (as the state does) from a shortage of highly educated students with backgrounds in science, engineering, and math. This base of highly skilled students is critical to positioning the region to ultimately “move up the value chain” into higher-growth, more technology-based, and higher wage industry opportunities.

SCC (often through career academy programs) is actively engaged in regional K-12 skill development initiatives across a number of different industry sectors. Ensuring these initiatives are tied to emerging regional target industry areas and connected to other planned efforts (e.g. career academies being planned currently in Nebraska City) will maximize resources. School systems (K-12) in the region obviously play a significant role in generating career awareness and experiential learning opportunities in science and math disciplines, although, according to some stakeholders, they have historically not been an active stakeholder in regional economic development discussions.

### **Issue 4: Opportunity to more actively engage private sector in workforce development strategic initiatives**

There does not appear yet to be active or consistent employer participation in strategic discussions around regional job training efforts. While occurring sporadically and in pockets throughout the region, formalized avenues through which employer input on hiring and training needs is captured (and through which new/refined curriculum is developed) are limited. These formalized venues become even more critical in today’s economic downturn where identifying ‘early warnings’ of potential massive layoffs is critical to determining dislocated worker response opportunities.

## **Entrepreneurship, Innovation and Tech Transfer**

By and large, regional stakeholders recognize that a critical aspect of sustainable economic competitiveness for the Greater Lincoln region is building a strong support network that encourages innovation through the development of entrepreneurship. Several specific key issues emerged:

### **Issue 5: Supporting “community” entrepreneurship**

A critical aspect of sustainable economic competitiveness for the Greater Lincoln Region is building a strong support network that provides the tools needed for “home grown” entrepreneurship and small business. Efforts to provide aspiring entrepreneurs with the appropriate resources will help not only attract and retain young workers but it will also assist older dislocated workers – an increasingly critical target population in this down economy. There is no lack of individual entrepreneurial and small business support programs throughout southeast Nebraska, from SCC’s Entrepreneurship Center (including incubator space) to various “Main Street” and small business support programs in outlying regional communities to University of Nebraska-Lincoln’s Center for Entrepreneurship and sponsored Inventors, Investors, and Entrepreneurs Club . However, stakeholders overwhelmingly agree that more can be done to connect these initiatives and provide aspiring entrepreneurs an easier way to navigate through regional and statewide support resources to successfully develop and launch a business.

### **Issue 6: “High Technology” entrepreneurs – providing the capital and networking opportunities for entrepreneurs to succeed**

Nebraska ranks 49<sup>th</sup> in a recent Kauffman Foundation study of national venture capital funding availability. This is a critical challenge for the region as emerging technology start-ups are increasingly capital-intensive relying heavily upon VC firms, angel networks, or foundations to bridge the gap between an idea and traditional financing.

## CRITICAL ISSUES

There is sentiment in the region that leadership around these issues is gaining momentum. However, the funding has just not been generated (an issue that has been accentuated during this recent recessionary period). Several specific challenges were identified as causes for why there has been limited commercialization of new products and why high-tech entrepreneurs often leave the region.

- 1) Angel networks, like Nebraska Angels, that typically provide early-stage equity are newly formed and it will take several more years for investments to show returns.
- 2) Venture capital – critical to take companies to mid and later stages – is invested sporadically and in limited amounts. Anecdotal evidence shows that when companies within the region reach a certain growth stage they tend to move elsewhere where VC funding is more abundant and accessible.
- 3) There is limited regional and statewide support for small business and entrepreneurship programs (504 loan programs, SBIR) that provide businesses with research and development support and long-term financing for fixed assets.
- 4) Very few opportunities exist for regional innovators to network with potential investors within the region increasing exposure of new ideas.

### **Issue 7: Opportunity to drive/connect innovation – if it is targeted to specific industries and accessible to the greater region**

The UN-L Innovation Campus presents a great opportunity to encourage private entrepreneurs to work with research faculty and expand economic development throughout the region. While planning for this campus is still underway, that effort should inform and be informed by this RIG workforce development plan. This RIG plan will identify economic development targets (in the next phase) that are likely to be synergistic with core UN-L research competencies, such as food processing, animal health, water resources, and plant science.

In addition, as Innovation Campus and other UN-L research facilities develop, there may be an opportunity to more robustly tie to counties outside of Lancaster. During interviews, outlying counties expressed a disconnect with UN-L from an economic development perspective. This was most often characterized as a lack of awareness of innovations emerging from the university that may have applications for regional firms. As R&D and technology transfer becomes more of a focal point for the university, outlying counties may benefit from gaining a more clear understanding of the match between regional business' core competencies and innovations that are available for licensing.

## **Economic Development**

### **Issue 8: Job training and business attraction/retention not necessarily tied to target industries**

The next AngelouEconomics report will closely examine which mix of business sectors provides the Greater Lincoln region the best opportunities for long-term, sustainable high-wage job creation. Based on current regional strengths, stimulus funding opportunities, as well as feedback gathered, industries such as Health Care, Food Processing/Agriculture/Life Sciences (plant sciences) Renewable Energy (e.g. green building, wind, geothermal), Finance/Insurance (and IT – as it connects to financial transactions), Advanced Manufacturing, and Transportation/Logistics (technology, equipment) all show promise and will be reviewed closely. All regional economic and workforce development programs/efforts should then be aligned to these targets.

## **Regionalism**

Strengthening regional partnerships will not only help in becoming more competitive as a geography but will help in generating specific economic and workforce development future funding opportunities (as federal agencies like the

## CRITICAL ISSUES

U.S. Department of Labor and other job training grant funding sources increasingly require communities to demonstrate regionally collaborative relationships).

### **Issue 9: “Regional” thinking at nascent stage**

Conceptually, economic and workforce development leaders throughout the 12 counties actively support “regionalism.” There appears to be strong interest to use this RIG project to “set the table” (as one stakeholder described it) for learning how to better share information and resources across city and county lines in an effort to attract and retain new businesses and skilled workers. The Lincoln Area Development Partnership (LAD), a group of 11 southeast Nebraska city/county economic development organizations, is an excellent example of this emerging regional appeal. The group was formed recently to conduct regional joint marketing initiatives, although it is still very much in its early stages of development continuing to determine its formal structure and long-term objectives.

However, by and large, stakeholders across the region recognized that public county and city officials still need a significant amount of convincing that regionalism is a worthwhile concept that generates a return on investment. As one stakeholder mentioned, “We can all agree that regionalism is important, but it is a different matter when push comes to shove and a new project locate lands in Gage County and not Lancaster.” Regional identification (i.e. branding) and leadership buy-in, therefore, will continue to be important principles if this is to become a sustained effort.

To that end, stakeholders agreed that LAD, LPED, and other leadership groups must persistently articulate the economic and financial benefits of regionalism throughout all 12 counties. Interestingly, there is sentiment among the LAD group, that when it comes to new potential business attraction projects, there historically has been very few that pitted one county against another in the 12-county region.

In addition, as the region continues think through how to operationalize 12-county regional economic and workforce development concepts, it must not overlook the tie to the Omaha region, which data reveals is a significant part of the Greater Lincoln Region’s labor shed.

### **Issue 10: Regionalism is good – but be wary of intra-regional issues**

As the region seeks to unify economic and workforce development efforts to enhance competitiveness, it needs to be wary of *intra*-regional economic disparities. Not surprisingly, there is a significant difference between the metro Lincoln area and surrounding county economies:

- *Education and income levels* - While high as a region, there is a striking disparity between Lancaster County (36% with at least a bachelor’s degree) and Otoe (19%) or Gage (17%) counties, for example.
- *Physical infrastructure and sites*– Water availability/quality, roads, broadband, and the availability of shovel-ready sites, in particular, were identified as major concerns in outlying rural counties in terms of meeting future industry demand.

To be competitive as a region, it will need to build on the strengths and assets (often found in the metro area), while ensuring outlying areas are enhancing resources.

## **Governance**

### **Issue 11: Putting the pieces in place for a governance or leadership structure**

The strategies that are ultimately developed through this project will need a formalized leadership team accountable for their execution. Currently, several existing groups will likely play an important role in this effort: LAD, Lincoln Area WIB, Greater Nebraska WIB, SCC, LPED, along with the informal RIG Executive Committee.

## CRITICAL ISSUES

In the short term, these groups will need to consider who will lead implementation efforts including securing funding for execution. In the longer-term there may be justification for a more formalized strategic “regional” group(s) that helps to guide economic and workforce development efforts on a 12-county basis. Although focused currently on marketing and business attraction efforts, LAD is a great example of how a ‘grassroots’ regional alliance can form to serve a multi-county need. LPED or LAD taking on a larger role would ultimately have significant implications in the way business attraction activities within the region are accomplished and a major repurposing such as that would require significant thought and leadership buy-in.

## PROJECT NEXT STEPS

The Economic Scan is a first step in the process of developing a Workforce Development Strategy for the Greater Lincoln Region. The next critical action item will be to look more closely at target industries and identify specific regional economic and workforce development assets that can be leveraged to cultivate dynamic clusters. Assets to be inventoried will include:

- Higher education programs (academic and technical)
- Research institutions and program focuses
- Occupations and skill sets demanded by target industries and the existing base of current talent
- Entrepreneurship/Small business centers

The Asset Map will closely examine each county within the region and the specific strengths it brings to bear.