While Nebraska successfully weathered the most severe years of the recession, recent revenue shortfalls signal cracks in the state’s economic super-structure. Popular opinion attributes most of this decline to weaker commodity prices. The alignment between Nebraska’s industries and its workforce, however, provides a more powerful explanation of both its weaknesses and tremendous opportunities.

NEBRASKA JOBS DON’T ALIGN WITH EDUCATION LEVEL OF WORKFORCE

Despite Nebraskans’ high rate of post-secondary education, 70% of Nebraska’s jobs require a high school education or less. Almost 40% of Nebraska workers have an associate’s degree or better, yet only 20% of Nebraska’s jobs require those levels of education (BLS, 2013; UNO, 2015-2017).

Nebraska industries overly rely on low-skill jobs (FSG, 2016; SRI, 2016; Battelle, 2010). This may contribute to Nebraska’s ability to retain talent. According to FSG, Nebraska’s outflow of college graduates has been more severe than other states, and our business, community, and state leaders agree (2016).

For jobs requiring a HS diploma or less, Nebraska has 280,000 more jobs than it does workers. On the other hand, about 330,000 people cannot find work appropriate for their level of education.

Since Nebraska has been at full employment for 30 years, one can only conclude that many educated, experienced workers fill jobs requiring a HS diploma or less (UNO, 2015-2017).

NEBRASKA JOBS ALSO DON’T REQUIRE EXPERIENCE

The fact that 90% of Nebraska’s jobs require no prior experience underscores industry’s inability to more fully leverage the potential productivity of the state’s workforce (BLS, 2013, UNO 2015-2017).

JOB - WORKFORCE MISALIGNMENT LEADS TO UNDEREMPLOYMENT

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NEBRASKA UNDEREMPLOYMENT HAS SIGNIFICANT FISCAL IMPLICATIONS

Impact on wages and tax revenue if Nebraska workers were employed at degree level

- Nebraska’s jobs pay about $36 billion a year. If workers were employed at their degree level and at average Nebraska wages for that degree level, workers could earn $11 billion dollars more per year and generate an additional $824 million in annual tax revenue.

- Nebraska workers could earn $21 billion more per year and generate almost $1 billion dollars more in annual tax revenue if employed at the average national wage for their degree level (UNO, 2015-2017).

WHAT SHOULD NEBRASKA DO?

Aside from its fiscal dimensions, this reservoir of untapped talent represents a potent resource by which Nebraska industry might recapture a more profitable and competitive footing. The state’s economic strategies must shift to support employers’ transformation to best-in-industry techniques grounded in advanced methodologies that release the potential of its current and its future labor force. (see full Nebraska Now report for further explanation of suggested actions)

Stop public financing counter-productive investments

Improve Nebraska’s use of capital investments

Set stage to diversify county economies across the state

Invest in projects to retain heavy construction capacity

Identify, recruit, and resource next generation of NE business owners

NEBRASKA’S ECONOMY BIASED TOWARD CAPITAL-INTENSIVE INDUSTRY

The chart to the right shows how an industry’s contribution to Nebraska’s economic output compares to the national average. For example, as 6.3% of Nebraska’s GDP, agriculture makes up 5.3% more of the state’s economic output than the national average.

Overall, capital-intensive industries compose more of Nebraska’s GDP. Higher margin, technologically advanced industries (e.g., information; professional, scientific, and technical services) contribute less than the national average to the state’s economic activity (BEA, 2016; UNO, 2015-2017).

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