

Chapter 5

Income Characteristics of Thayer County and Nonmetropolitan Region

5.1 Introduction

Income measurements are employed as indicators of the aggregate economic activity within an area or region. Indicators of income are used to measure an economy's ability to purchase a major portion of its production of goods and services. These indicators measure an economy's ability to motivate that production, also.

Income statistics will be reviewed to provide an analysis of the relative economic health of Thayer County and its Nonmetropolitan Region. Income characteristics of the population in the county can be used to illustrate economic independence, purchasing power, and ability to access public funds (grants, loans, loan guarantees, tax credits, etc.).

5.2 Regional Snapshot

The geographic area of the specified nonmetropolitan region in this study encompasses nine (9) counties in southeast Nebraska. The counties included in the nonmetropolitan region are Butler, Fillmore, Gage, Jefferson, Polk, Saline, Seward, Thayer and York. While this region of nine counties is included in a single Bureau of Economic Analysis (BEA) region, the Plains Region, not all of its constituent counties are grouped into a single BEA Economic Area. Two BEA Economic Areas include parts of the nine county region: the Omaha Economic Area and the Lincoln/Southeast Nebraska Economic Area.

Lincoln/Southeast Nebraska (hereinafter L/SE) Economic Area is one of the 172 BEA Economic Areas in the United States. In 2002 its population was estimated at 385,245 and ranked 133rd in the nation. The geographic area of the nine county nonmetropolitan region has an estimated 2002 population of 103,217. Seven (7) of the nine counties in the region of interest are within the L/SE BEA Economic Area, including Fillmore, Gage, Jefferson, Saline, Seward, Thayer and York counties. The other two counties of the region, Butler and Polk, are included in the Omaha BEA Economic Area. Polk County has the smallest population and Butler County has the fifth largest county population among the nine counties, representing 5.3 percent and 8.7 percent, respectively, of the total population of the region.

5.2.1 Per Capita Income

In 2002 the nine county Nonmetropolitan Region had a per capita personal income (PCPI) of \$25,966. This was 89 percent of the Nebraska PCPI and 84 percent of the national PCPI figure. In 1992, the PCPI of Nonmetropolitan Region was \$18,905 (see Table 5.1). The average annual growth rate of PCPI for study area over the ten year period was 3.2 percent. By comparison, the average annual growth rate of PCPI for Nebraska was 4.2 percent; the BEA Plains Region was 4.2 percent, and 4.0 percent for the nation during this same period.

The PCPI of the Nonmetropolitan Region has lagged the state and the Plains Region. In 2002, the PCPI for each of the nine counties in the specified region was less than the state level. The PCPI for Thayer County was \$27,021 in 2002, 92.6 percent of the state PCPI. Butler County recorded the lowest per capita income at \$23,095, representing 79.1 percent of the state PCPI. Thayer County per capita income ranked 15th and Butler County ranked 57th among the 93 counties in Nebraska.

Table 5.1
Per Capita Personal Income
Thayer County and Nine County Nonmetropolitan Region

Area	Per Capita Income (\$)			Percent of State			Real Percent Change*	State Rank
	1982	1992	2002	1982	1992	2002	1992 to 2002	2002
Plains Region	11,472	19,718	29,690	100.9	101.9	101.7	17.4	n.a.
Nebraska	11,370	19,349	29,182	100.0	100.0	100.0	17.6	n.a.
Nine County Nonmetropolitan Region	11,620	18,905	25,966	102.2	97.7	89.0	7.1	n.a.
Butler County	11,034	18,055	23,095	97.0	93.3	79.1	-0.2	57
Fillmore County	12,810	22,891	28,068	112.7	118.3	96.2	-4.4	8
Gage County	11,650	18,594	26,744	102.5	96.1	91.6	12.2	16
Jefferson County	12,084	17,816	23,576	106.3	92.1	80.8	3.2	52
Polk County	13,599	20,863	25,669	119.6	107.8	88.1	-4.0	27
Saline County	11,803	18,181	24,320	103.8	94.0	83.3	4.3	46
Seward County	10,466	18,249	27,402	92.0	94.3	93.9	17.1	12
Thayer County	11,657	18,361	27,021	102.5	94.9	92.6	14.8	15
York County	11,202	19,468	26,535	98.5	100.6	90.9	6.3	21

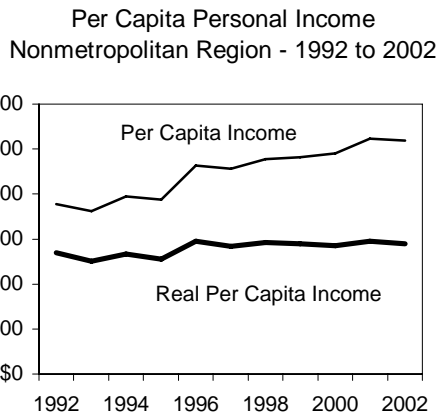
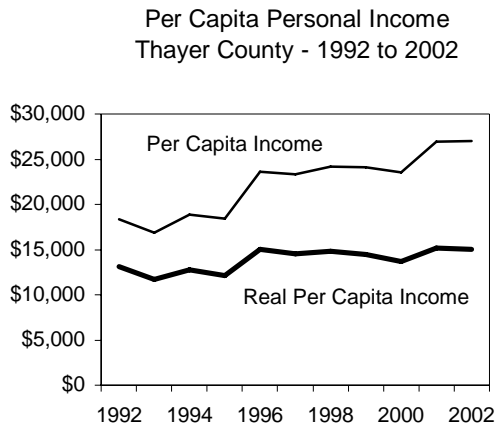
Note: * = Adjusted for inflation.

Source: Regional Economic Information System, Bureau of Economic Analysis, 2004.

Thayer County recorded the third highest per capita income within the study area in 2002 (\$27,021). Fillmore County recorded the highest per capita income (PCPI) in 2002. The nine county Nonmetropolitan Region PCPI in 2002 was \$25,966 and that of the state as a whole was \$29,182. Thayer County's per capita income ranked 15th among the state's 93 counties but at 92.6 percent of the state level it still lagged the state as a whole.

Price adjusted per capita personal income in Thayer County has experienced an upward trend even with slight down turns in the late 1990s, surpassing the Nonmetropolitan Region.

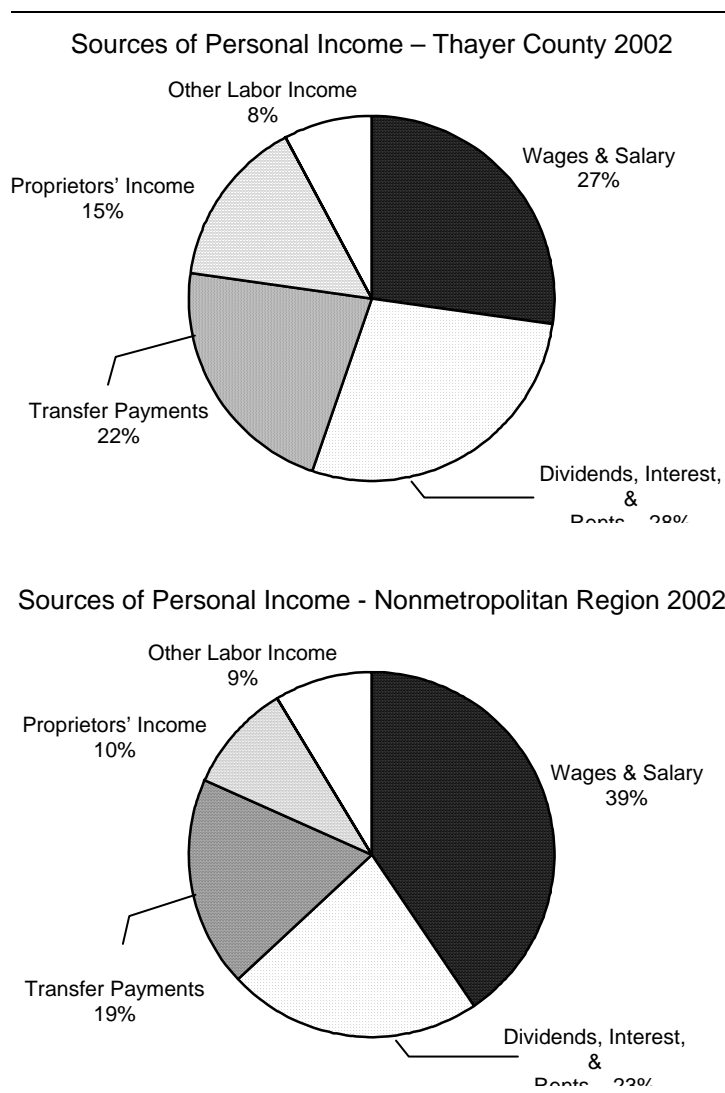
Figure 5.1



5.2.2 Total Personal Income

According to the BEA, the personal income of a local area is defined as the income received by the residents of the local area. Total personal income is the sum of wage and salary disbursements, other labor income, proprietors' income, rent, dividends, interest, and transfer payments minus personal contributions for social insurance. Figure 5.2 displays the sources of personal income for Thayer County and the nine county nonmetropolitan area in 2002.

Figure 5.2



In 2002, the nine county nonmetropolitan area had a total personal income (TPI) of \$2,680.1 million, increasing 38 percent between 1992 and 2002, an average annual rate of growth of 3.3 percent. By comparison, the average annual growth rates of TPI during this period for the L/SE Economic Area and the state were 5.1 percent and 4.9 percent, respectively. Over the same period, the average annual growth rate for the nation was 5.2 percent.

Between 1992 and 2002, the Wages and Salary component of personal income recorded the largest absolute gain, increasing \$54.9 million to \$149.5 million or 58 percent. Transfer Payments experienced the largest relative gain, increasing from \$36.0 million to \$64.1 million or 78 percent. Only the Proprietors' Income component decreased in absolute terms, decreasing \$24.6 million to \$38.3 million or -39.1 percent

It is important to note the Proprietors' Income component includes Nonfarm Proprietors and Farm Proprietors. Farm income is the most volatile source of income and this is exemplified by the proportion of Proprietors' Income that Farm Proprietors' Income represents. For example, in Thayer County Farm Proprietors' Income accounted for over 72 percent in 1992 but only 37 percent in 2002. The influence of Farm Proprietors' Income for the region as a whole mirrors that with Thayer County.

Table 5.2
Source of Personal Income 2002 (millions)
Thayer County and Nine County Nonmetropolitan Region

Area	Wages & Salaries	Dividends, Interest & Rent	Transfer Payments	Proprietors' Income	Other Labor Income	Total Personal Income	Farm Proprietors' Income as a % of Proprietors' Income	
							1992	2002
Nine County Nonmetropolitan Region	\$1,083.5	\$603.4	\$504.6	\$254.8	\$233.8	\$2,680.1	71.1%	33.5%
Butler County	89.3	57.7	36.8	9.6	12.8	206.2	84.8	4.5
Fillmore County	59.4	57.3	30.0	21.5	13.4	181.5	78.5	44.5
Gage County	238.0	117.9	153.4	59.2	53.5	622.0	54.6	22.7
Jefferson County	72.7	49.3	43.1	13.5	15.4	194.0	68.2	18.7
Polk County	54.3	30.4	25.3	24.4	7.1	141.5	84.3	63.0
Saline County	153.6	67.1	56.6	22.9	41.3	341.6	70.7	34.9
Seward County	224.4	92.6	61.4	42.0	35.4	455.8	67.6	33.9
Thayer County	42.3	44.0	33.8	23.5	12.2	155.8	72.2	37.2
York County	149.5	87.2	64.1	38.3	42.8	381.9	69.1	34.3

Source: Regional Economic Information System, Bureau of Economic Analysis, 2004.

While the gains in nonfarm earnings within total personal income for the county more than offset the losses within the farm earnings component, the effect of poor farm earnings is to introduce a very unstable source of income into the economy as a whole which can create wide swings in total personal income from one year to the next.

5.3 Earnings by Industry

Data for earnings by industry are available on the individual county level; however availability of industry sector level detail by county is greatly affected by confidentiality requirements. These requirements prevent the disclosure of sector level detail for most of the counties in Nebraska, including the counties of interest here. As a result, a regional view of earnings by industry is the best available; this view aggregates individual counties into a region. The Nebraska Department of Labor provides industry sector data by the North American Industrial Classification System (NAICS) for regions in the state, including the Southeast Region (Workforce Investment Area) and we use this as an alternative to U.S. Department of Commerce data for regional earnings by industry. The Southeast Region includes sixteen counties of: Butler, Cass, Fillmore, Gage, Jefferson, Johnson, Nemaha, Otoe, Pawnee, Polk, Richardson, Saline, Saunders, Seward, Thayer and York.

Industry earnings, compiled by the U.S. Department of Commerce, are reported by place of work. Earnings by place of work in Thayer County increased from \$71.9 million in 1992 to \$90.8 million in 2002, an average annual growth rate of 2.4 percent. Earnings of persons employed in the nine county region increased from \$1,239.2 million in 1992 to \$1,558.9 million in 2002, an average annual growth rate of 2.3 percent. By comparison, the average annual growth rate from 1992 to 2002 for the State of Nebraska was 4.9 percent and for the nation was 5.3 percent. Earnings are reported by place of work, without adjustment for residence of the worker.

The largest industry within the Southeast Region in 2003 was the Government industry, which made up 27.2 percent of the region's total wages. Included in the Government classification are schools, municipal hospitals and utilities and their employees. The next largest industries in terms of total wages were the Manufacturing industry (24.4 percent), Trade, Transportation & Utilities industry (17.0 percent), and the Education Health Services industry (10.6 percent). The ranking of industry sectors by their share of total wages has not changed since 2001, the earliest year available under the NAICS system. Comparisons of industry earnings reported under the NAICS system are not comparable to 2000 and before industry earnings reported under the previous Standard Industrial Classification (SIC) system.

Between the years 2001 and 2003, the Southeast Region's largest increase (in absolute terms) in total wages came from the Government and Manufacturing industries. These industries grew 10.6 percent and 6.0 percent, respectively. In relative terms, the Other Services and Natural Resources & Mining industries were the fastest expanding

industries, increasing 76.2 percent and 14.4 percent, respectively. These latter two industries represent less than five percent of total wages in the area, compared to the Government (27 percent) and Manufacturing (24 percent) industries which together account for 51 percent of total wages in the area.

Table 5.3
Wages by Industry Sector, 2001 to 2003
Southeast Nebraska Region

NAICS Super Sector	Total Wages (millions)			Change in Total Wages (millions)	Percent Change in Total Wages
	2001	2002	2003		
Total all Industry/Ownership	1,362.1	1,395.7	1,482.8	120.7	8.9%
Private Ownership	997.2	1,011.4	1,079.1	81.9	8.2%
Natural Resources & Mining	27.9	25.8	31.9	4.0	14.4%
Construction	65.4	64.6	68.9	3.5	5.3%
Manufacturing	341.6	347.2	362.0	20.4	6.0%
Trade, Transportation & Utilities	233.7	239.2	251.6	17.9	7.7%
Information	17.0	17.2	17.3	0.3	1.6%
Financial Activities	57.5	60.0	64.0	6.5	11.2%
Professional & Business Services	58.3	50.3	52.0	-6.3	-10.8%
Education & Health Services	139.8	149.0	156.8	17.0	12.1%
Leisure & Hospitality	35.4	36.5	38.4	3.0	8.5%
Other Services	20.5	21.7	36.1	15.6	76.2%
Government	364.9	384.2	403.7	38.8	10.6%

Source: Nebraska Department of Labor, 2004.

Farm earnings in Thayer County were 13,245,000 in 2002, a decrease of \$7,820,000 (37 percent) from 2001. In 2001, farm earnings represented 22.9 percent of all earnings in Thayer County and 14.6 percent in 2002. Within the nine county nonmetropolitan area, farm earnings, which in 2002 accounted for 8.0 percent of all earnings in the district, *declined* by 44.7 percent between the 2001 and 2002. It is important to note that farm earnings is the most volatile source of earnings; it has historically experienced wide swings.

5.3.1 Net Earnings

Between 1992 and 2002, the largest gain in nonfarm earnings by place of work was recorded in Butler County (64 percent), followed by Gage County (61 percent). In 2002, Gage County ranked highest in net earnings by place of work within the nine county region. (See Table 5.4) The county reporting the largest nonfarm earnings total during the 1992-2002 period was consistently Gage County. The rank order among the nine counties in the region by nonfarm earnings remained unchanged during the study period: Gage, York, Saline, Seward, Jefferson, Fillmore, **Thayer**, Butler and Polk.

Table 5.4
Earnings by County (000s)
Thayer County and Nonmetropolitan Region

	Butler County	Fillmore County	Gage County	Jefferson County	Polk County	Saline County	Seward County	Thayer County	York County
Nonfarm Earnings by Place of Work									
1992	44,786	59,839	209,921	71,488	32,922	155,609	140,104	48,744	169,380
2002	73,383	79,120	337,438	96,063	45,350	241,682	216,367	77,557	266,941
Net Earnings by Place of Residence (includes both nonfarm and farm earnings)									
1992	98,119	97,702	242,993	85,717	74,344	147,907	194,100	67,234	183,985
2002	111,697	94,238	350,653	101,572	101,572	217,816	301,757	77,943	230,650
Earnings Adjustment for Residence									
1992	20,820	2,165	19,658	3,759	10,677	-15,391	33,714	2,046	-11,493
2002	44,573	8,638	33,730	11,571	26,376	-6,612	92,053	-3,527	-23,902
Percentage of Net Earnings by Place of Residence Represented by Net Inflow of Commuter Income									
1992	21.2%	2.2%	8.1%	4.4%	14.4%	-10.4%	17.4%	3.0%	-6.2%
2002	39.9%	9.2%	9.6%	11.4%	26.0%	-3.0%	30.5%	-4.5%	-10.4%

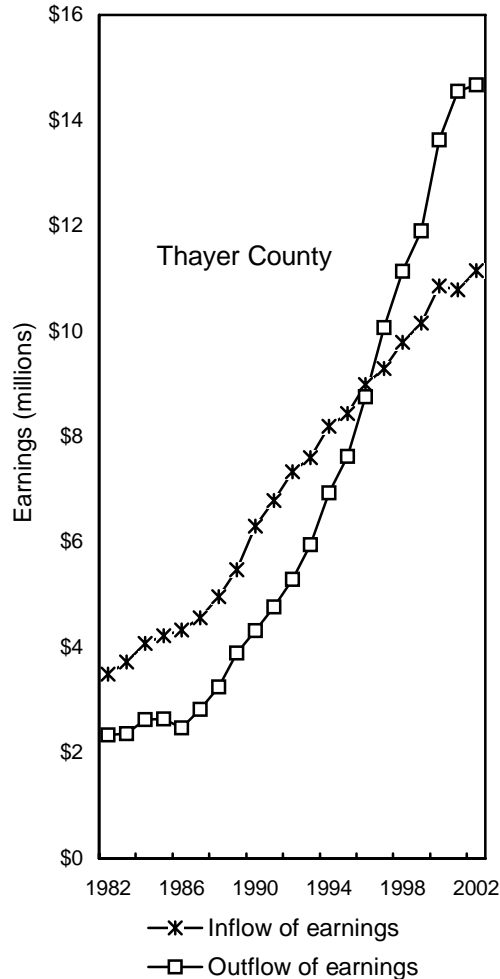
Source: Regional Economic Information System, Bureau of Economic Analysis, 2004.

Reported earnings by place of work on a county basis include wages paid to workers who commute to their place of work within the county but reside outside their county of work. The flow of wages between counties is substantial and represents a significant percentage of personal income for many counties. The inflow of earnings is captured in the U.S. Bureau of Economic Analysis figure "Adjustment for Residence," which is reported in Table 5.4.

Nearly five percent of labor income earned in Thayer County goes to residents of other counties. During 2002, the outflow of earnings from Thayer County employers to workers residing outside the county exceeded by \$3,527,000 the inflow of earnings from Thayer County commuters traveling outside the county to their place of work. Figure 5.3 displays the outflow and inflow of earnings for Thayer County from 1982 to 2002.

Figure 5.3

Inter-County Commuter Earnings: Thayer County



The net flow of earnings for Thayer County is used to calculate a "Commuter Earnings Indicator," a ratio of the inflow to outflow of earnings. When the Commuter Earnings Indicator (CEI) is below 1.0, it indicates that the county sends out more earnings than it receives from the flow of commuters. Thayer County had a CEI below one in 2002. This chart suggests that Thayer County has increasingly become a net worker importing county since 1997.

Two other counties of (Saline and York) had CEIs below one, also. The other six

counties (Butler, Fillmore, Gage, Jefferson, Polk and Seward) showed CEIs above one which indicates the significance of net receipts from workers out-commuting in those counties.

Area	1982	1992	2002
Nonmetropolitan Region	1.45	1.47	1.68
Butler County	11.88	4.80	5.52
Fillmore County	1.02	1.28	1.75
Gage County	1.52	1.95	1.75
Jefferson County	1.28	1.38	1.67
Polk County	5.94	4.14	5.08
Saline County	0.46	0.61	0.89
Seward County	2.64	2.31	2.73
Thayer County	1.49	1.39	0.76
York County	0.89	0.50	0.49

Over the last two decades, the magnitude of the Commuter Earning Indicator has changed. (See Table 5.5) In 1982, Thayer County's CEI was 1.49. That number has decreased over the years and, as seen in Table 5.5, declined to 0.76 in 2002. The trend for Thayer County has been towards becoming increasing reliant upon imported workers to serve the work force needs of county-based employers.

Those counties that export earnings are paying an economic cost by the resulting inability to offer expanded local employment opportunities to resident workers.

5.4 Median Income

Five counties recorded a larger increase in median household than the state-wide average. These counties include Seward Co. (57.0%), Butler Co. (56.1%), Gage Co. (52.6%), Thayer Co. (51.4%) and Fillmore Co. (51.4%). The smallest gain over the same period was experienced by York County (44.2%).

Table 5.6
Median Household Income (dollars)
Thayer County and Nonmetropolitan Region

Area	Median Household Income			Percent of the State 2000
	1980	1990	2000	
Nebraska	15,925	26,016	39,250	100%
Butler County	13,612	23,267	36,331	92.6%
Fillmore County	13,881	23,219	35,162	89.6%
Gage County	13,915	22,876	34,908	88.9%
Jefferson County	12,704	21,740	32,629	83.1%
Polk County	13,756	25,959	37,819	96.4%
Saline County	15,223	24,455	35,914	91.5%
Seward County	15,847	27,200	42,700	108.8%
Thayer County	13,502	20,298	30,740	78.3%
York County	15,761	25,722	37,093	94.5%

Source: U.S. Bureau of the Census.

While only 8.3 percent of Nebraska households reported an income of less than \$10,000 in 1999, five area counties had a higher percentage of household incomes below \$10,000. The percentage distribution of households in Thayer County with income below this level was 11.0 percent and in Jefferson County 10.1 percent of households were below this level (Table 5.7).

Table 5.7
Household Income Percent Distribution by County (1999)
Nebraska and Nine County Nonmetropolitan Region Counties

Household Income	Nebraska	Butler County	Fillmore County	Gage County	Jefferson County	Polk County	Saline County	Seward County	Thayer County	York County
Number of Households	666,995	3,430	2,679	9,322	3,528	2,252	5,192	6,005	2,556	5,718
<u>Percent of Households</u>										
Less than \$10,000	8.3	8.0	9.2	9.4	10.1	7.2	9.8	7.9	11.0	7.3
\$10,000 to \$14,999	6.6	7.2	6.0	7.5	8.8	7.1	7.0	5.9	10.1	7.8
\$15,000 to \$24,999	14.8	15.9	17.2	16.4	19.8	15.5	16.5	14.2	17.4	15.1
\$25,000 to \$34,999	14.7	16.5	17.2	16.8	16.0	15.7	15.4	13.3	18.6	16.0
\$35,000 to \$49,999	18.4	21.1	22.7	19.7	19.1	21.6	20.3	18.0	18.0	21.5
\$50,000 to \$74,999	20.4	20.8	17.1	19.5	17.8	23.5	20.3	24.2	15.9	21.3
\$75,000 to \$99,999	8.7	6.9	6.7	6.4	4.0	5.2	6.6	8.9	5.0	6.4
\$100,000 to \$149,999	5.5	2.6	2.5	3.1	2.5	2.7	2.7	5.7	2.9	3.0
\$150,000 or more	2.6	1.1	1.4	1.1	1.9	1.5	1.3	1.9	1.0	1.7

Source: U.S. Bureau of the Census, Census 2000.