

City of Sidney



Appendix #2

Innovation and the New Economy

Comprehensive Development Plan 2012

Table of Contents

Introduction	4
What is the New Economy	4
Guidelines for Regional Investment	5
Overall Innovation Index	6
Human Capital	7
Educational Attainment	8
Population Growth Rates	9
High Tech Employment Share	10
Technology Based Knowledge Occupations	11
Economic Dynamics	12
Average Venture Capital	13
Broadband Density and Penetration	14
Establishment Churn	15
Size of Establishments	16
Productivity and Employment	17
Change in High Tech Employment	18
Job Growth	19
Gross Domestic Product Per Worker	20
Patents	21
Economic Well Being	22
Poverty Rate	23
Unemployment Rate	24
Net Migration	25
Per Capita Personal Income Growth	26
Compensation	27
New Economy Trends	28
Education Matters	29
Change in Skills Used at Work	30
Shift Toward Services	31
Non-Human Capital Replacing Labor	32
Free Agent Workforce	33
Greater Value Produced in Non-Production	34
E-Commerce Capturing Retail Sales Growth	35
New Economy Summary	36

WHAT IS THE NEW ECONOMY?

While some use the term “New Economy” to refer to a brief period at the end of the 1990s, in fact, the real New Economy was not just a fad. Rather, it refers to a set of qualitative and quantitative changes that, in the last two decades, have transformed the structure, functioning, and rules of the U.S. economy. The New Economy is a global, entrepreneurial, and knowledge-based economy in which the keys to success lie in the extent to which knowledge, technology, and innovation are embedded in products and services.

Today’s economy is knowledge-dependent. Of course, managers and “knowledge workers” always have been part of the economy, but, by the 1990s, they had become the largest occupational category. Managerial and professional jobs increased as a share of total employment from 22 percent in 1979, to 28.4 percent in 1995, and to 34.8 percent in 2003. In contrast, around one in fourteen workers is employed as a production worker in manufacturing and, even there, knowledge and continual skills enhancement is becoming more important.

Today’s economy is global. While it is true that some firms have long had global links, today’s globalization is pervasive, as more nations join the global marketplace, as more goods and services are traded, and as more of the production process is interconnected in a global supply web. Since 1980, global trade has grown 2.5 times faster than global GDP. World exports are now at \$12.5 trillion, nearly 20 percent of world GDP.

Today’s economy is entrepreneurial. While it is true that entrepreneurial growth, market dynamism, economic “churning,” and competition have been features of the American economy since the colonial days, after the 1990s the center of gravity seemed to shift to entrepreneurial activity, while, at the same time, the underlying operation of the economy accelerated to a new speed while becoming more customized and innovative. For example, in the 60 years after 1917, it took an average of thirty years to replace half of the 100 largest public companies. Between 1977 and 1998 it took an average of twelve years. Moreover, from 1980 to 2001, all of the net U.S. job growth was from firms less than five years old, while older firms actually lost jobs.

Today’s economy is rooted in information technologies. While it also is true that information technologies have played a role in the economy since the invention of the telegraph, something happened in the 1990s when semiconductors, computers, software, and telecommunications became cheap enough, fast enough, and networked enough to become so ubiquitous as to power a surge in productivity growth. Indeed, information technology is now the key technology driving the economy, not just in the IT industry itself—which continues to see high-wage job growth—but also in the use of IT in virtually all sectors to boost productivity, quality, and innovation.

Today’s economy is driven by innovation. The development and adoption of new products, processes, and business models. Nations, states, regions, firms, even individuals compete on their ability to accumulate, aggregate, and apply their assets to create value in new ways for increasingly diverse customers all over the world. For example, as R&D is the key fuel of the engine of New Economy growth, it is not surprising that business-funded R&D has increased from 1.19 percent of GDP in 1980 to 1.8 percent in 2005. Moreover, the number of patents issued has increased by more than 160 percent since 1984, with more than 173,771 issued in 2006.

Guidelines for Regional Investment

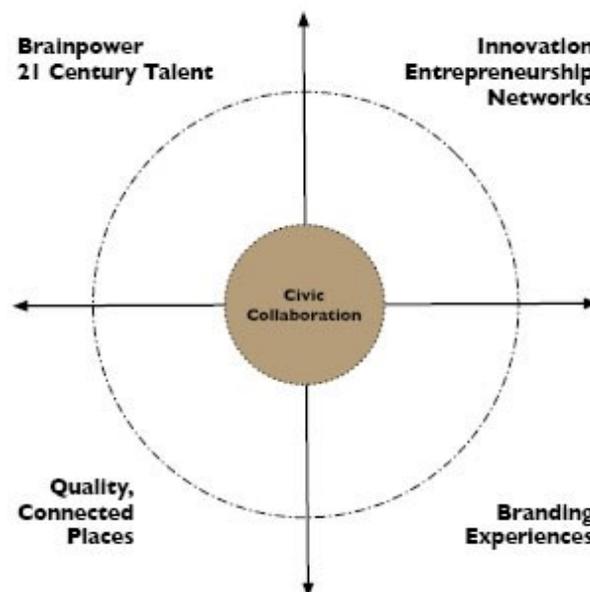
Projects are most successful when they are connected to a sensible regional strategy. The following framework and tool can help regions link and leverage assets in new and innovative ways.

What Investments Hold Strong Potential for the Region?

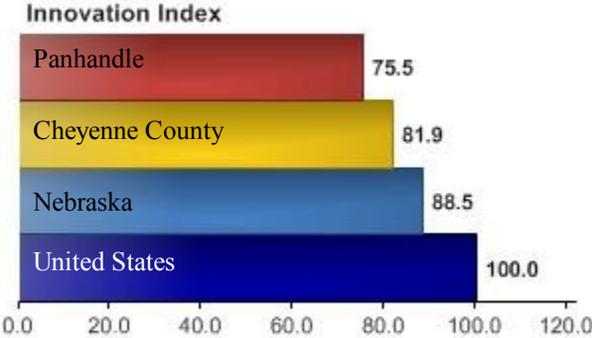
Regional leaders can simplify the process of developing a shared framework by first defining their goals in terms of five categories of strategic investment, corresponding to the critical ingredients for competitive regions in today's global economy.

- **Brainpower:** A region needs people with the necessary skills to support globally competitive businesses.
- **Innovation and Entrepreneurship Networks:** A region needs business development networks to convert brainpower into wealth through innovation and entrepreneurship (including cluster organizations, angel capital networks, and mentoring networks).
- **Quality, Connected Places:** A region needs to develop places with a high quality of life that are connected to the rest of the world since skilled people and innovative companies are mobile and seek such characteristics.
- **Branding Experiences:** A region needs to define its most distinctive attributes and communicate them. Young people want to live in regions with a future, and they can see this future most clearly through the stories they hear about a region.
- **Civic Collaboration:** A region needs leaders skilled in collaboration. Economic and workforce development investments involve multiple partners, so a region that understands how to collaborate will be more competitive.

By defining and mapping regional goals onto the strategy mapping tool, regional leaders can gain some insights into whether their current level and pattern of economic development investments appropriately reflect their goals.



Overall Innovation Index



Components Measuring Innovation

The overall index incorporates a mix of input measures that characterize the place and its people (accounting for 60 percent of the overall index score) and output measures that characterize its economic success (40 percent of the overall score). The state context category is provided for reference, but is not part of the broader index. Overall, Cheyenne County scored ahead of the Panhandle region but trailed Nebraska and scored well below the national average in the overall innovation index.

Inputs and Capacity (60% of score)

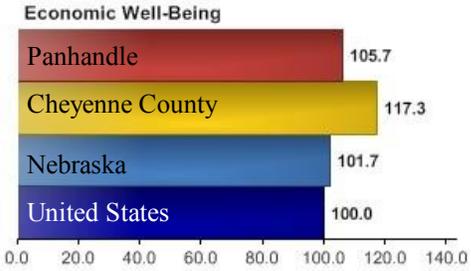
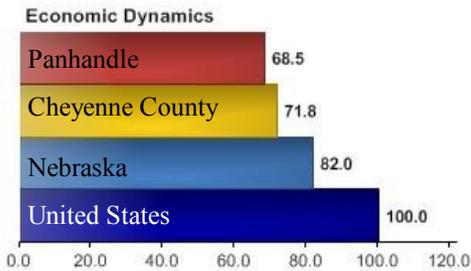
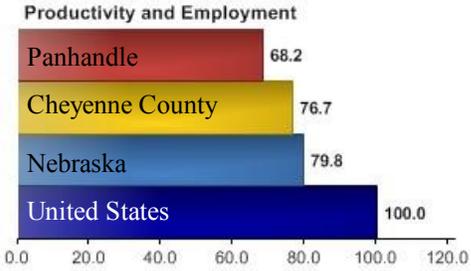
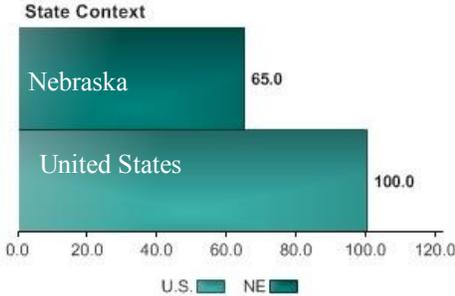
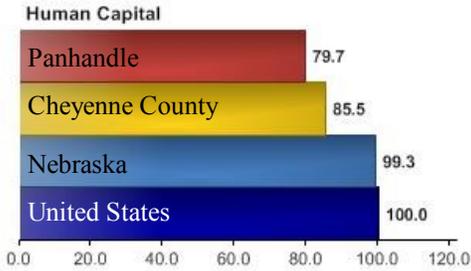
The ability of the population and labor force to innovate is captured in 2 component indexes that include inputs into local economies.

State Context (reference only)

A measure of the resources available in a state to entrepreneurs and businesses.

Outputs (40% of score)

Direct outcomes and economic improvements of innovative activities are displayed in the output indexes.



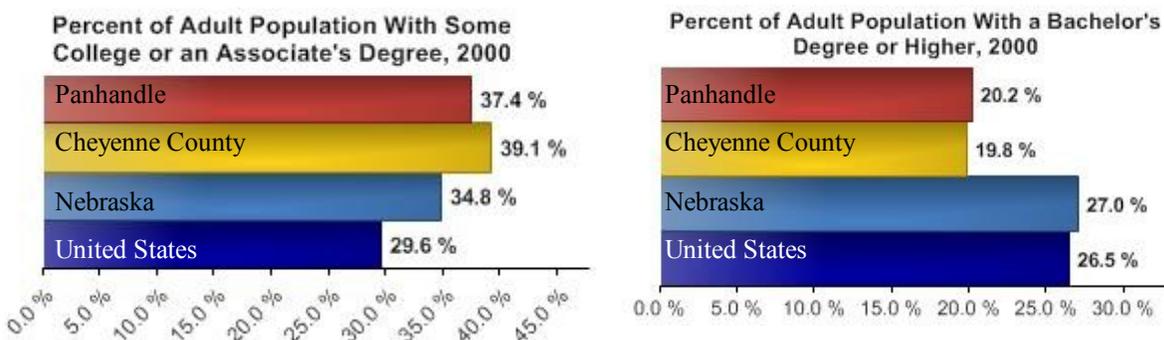
Human Capital

- **Educational Attainment**
- **Population Growth Rates**
- **High-Tech Employment Share**
- **Technology-Based Knowledge Occupations**

Educational Attainment

Educational attainment is a measure of the population's capacity to contribute to innovation with necessary skills and knowledge. Two component indicators are presented for education to measure not only highly educated residents with a bachelor's degree or higher, but also residents with some college. Research shows that the some college/ associate's degree indicator has significant effects on GDP per worker growth.

Cheyenne County has a much higher percentage of adults with some college or an Associate's Degree than the national average. It also ranks well ahead of the state and the region. However, Cheyenne County is well behind the state and nation in the percentage of adults with a Bachelor's Degree or higher.



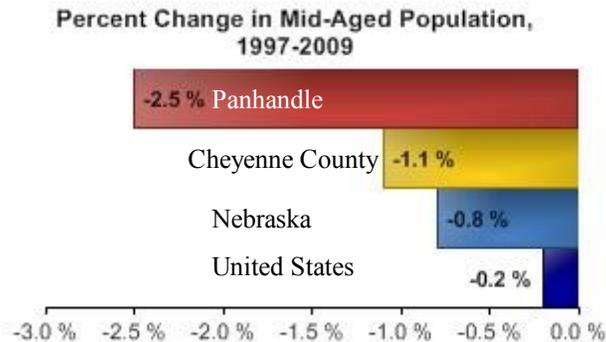
Percent of Adult Population 25 to 64 in the year 2000 with Some College or an Associate's Degree OR a Bachelor's Degree or Higher					
	Population Ages 25-64 with Some College or Associate's Degree		Population Ages 25-64 with a Bachelor's Degree or Higher		Population Ages 25-64
Panhandle	37.4%	16,253	20.2%	8,775	43,414
Nebraska	34.8%	297,083	27%	230,857	854,882
Colorado	32.4%	764,689	34.7%	819,906	2,360,850
United States	29.6%	43,521,981	26.5%	39,078,598	147,232,667
Panhandle Counties					
Banner County	45.2%	188	21.9%	91	416
Box Butte County	39.3%	2,400	15.9%	972	6,110
Cheyenne County	39.1%	1,897	19.8%	959	4,850
Dawes County	36.2%	1,329	32.6%	1,194	3,667
Deuel County	36.2%	374	20.5%	212	1,033
Garden County	36.8%	417	18.4%	208	1,132
Kimball County	38.5%	763	17.1%	338	1,981
Morrill County	34.3%	913	15.8%	420	2,661
Scotts Bluff County	37.1%	6,638	20.1%	3,606	17,903
Sheridan County	36.6%	1,059	20.6%	596	2,893
Sioux County	35.8%	275	23.3%	179	768

From: <http://statsamerica.org/>

Population Growth Rates

High population growth rates for younger working age persons (ages 25 to 44) suggest new residents are attracted to an area, growing the workforce, adding to the innovative base and launching new businesses. Research shows this indicator has significant effects on GDP per worker growth.

Cheyenne County has fared much better than the Panhandle region and most of rural Nebraska in the change in the number of young workers. The County is also just behind the state in this category which is impressive for a small rural county. The State and the county, though, have lost many more young adults than the national average.

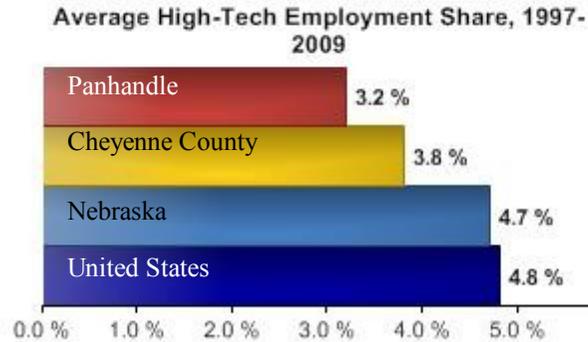


Average Annual Mid-Aged Population Growth Rate, 1997 to 2009			
	Average Annual Change in Mid-Aged Population	Mid-Aged Population 2009	Mid-Aged Population 1997
Panhandle	-2.5%	17,807	23,952
Nebraska	-0.8%	451,666	498,804
Colorado	0.4%	1,445,400	1,376,785
United States	-0.2%	83,096,278	85,573,378
Panhandle Counties			
Banner County	-4.4%	137	231
Box Butte County	-4.2%	2,186	3,634
Cheyenne County	-1.1%	2,376	2,700
Dawes County	-3.2%	1,371	2,018
Deuel County	-3.7%	329	513
Garden County	-6.7%	256	573
Kimball County	-3.5%	661	1,012
Morrill County	-3.1%	970	1,401
Scotts Bluff County	-1.4%	8,349	9,897
Sheridan County	-4.8%	879	1,569
Sioux County	-2.7%	293	404

High-Tech Employment Share

Firms requiring a highly skilled and specialized workforce contribute to innovation in a county by providing a resource for workers, other firms and other industries. (This metric measures the point in time innovative capacity of the region as opposed to the growth of innovative capacity in the productivity and employment index.)

The share of high tech employment in Cheyenne County is better than the Panhandle region, but is well behind the state and national average in this category.



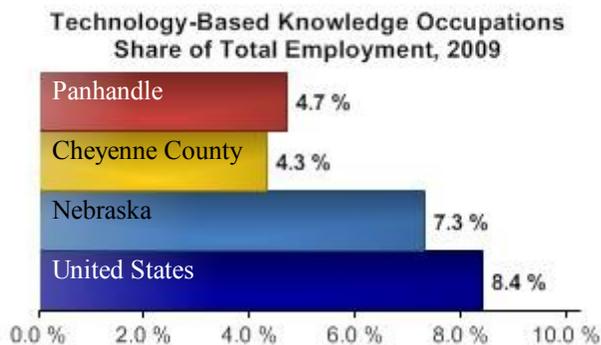
Average High Tech Employment Share, 1997 to 2009			
	Average High-Tech Employment Share, 1997-2009	Average High-Tech Employment Share, 1997-2002	Average High-Tech Employment Share, 2003-2009
Panhandle	3.2%	3.9%	2.6%
Nebraska	4.7%	5%	4.4%
Colorado	7.5%	8.5%	6.8%
United States	4.8%	5.1%	4.6%
Panhandle Counties			
Banner County	0.5%	0.6%	0.5%
Box Butte County	3.8%	4%	3.6%
Cheyenne County	3.8%	4.3%	3.4%
Dawes County	2.3%	1.9%	2.6%
Deuel County	3.4%	4%	2.7%
Garden County	0.8%	1%	0.6%
Kimball County	3.6%	4%	3.4%
Morrill County	1.4%	1.2%	1.6%
Scotts Bluff County	3.2%	4.5%	2.2%
Sheridan County	3.2%	3.8%	2.8%
Sioux County	1.6%	1.8%	1.4%

From: <http://statsamerica.org/>

Technology-Based Knowledge Occupations

These six occupation clusters are often thought to be closely associated with the production of innovations. They include information technology; engineering; health care and medical science practitioners and scientists; mathematics, statistics, data and accounting; natural science and environmental management; and postsecondary education and knowledge creation.

Although Cheyenne County rates behind the Panhandle region and well behind the state and nation in technology-based, knowledge occupations, the share of technology based, knowledge employees is likely higher in Cheyenne County than indicated as Cabela's likely has much more innovation, technology, and knowledge workers than is typical for its occupational sector.



Technology-Based Knowledge Occupations, 2009	
	Technology-based Knowledge Occupation Cluster Share of Total Employment, 2009
Panhandle	4.7%
Nebraska	7.3%
Colorado	10.2%
United States	8.4%
Panhandle Counties	
Banner County	2.7%
Box Butte County	4.4%
Cheyenne County	4.3%
Dawes County	6.6%
Deuel County	3.1%
Garden County	3.6%
Kimball County	4.3%
Morrill County	3.2%
Scotts Bluff County	5.1%
Sheridan County	3.5%
Sioux County	2.7%

From: <http://statsamerica.org/>

Economic Dynamics

- **Average Venture Capital**
- **Average Private R&D**
- **Broadband Density and Penetration**
- **Establishment Churn**
- **Establishment Sizes**

Average Venture Capital

Venture capital provides a source of funds to launch new ideas or expand innovative companies.

Cheyenne County, like Nebraska and most rural areas, does not attract much venture capital.

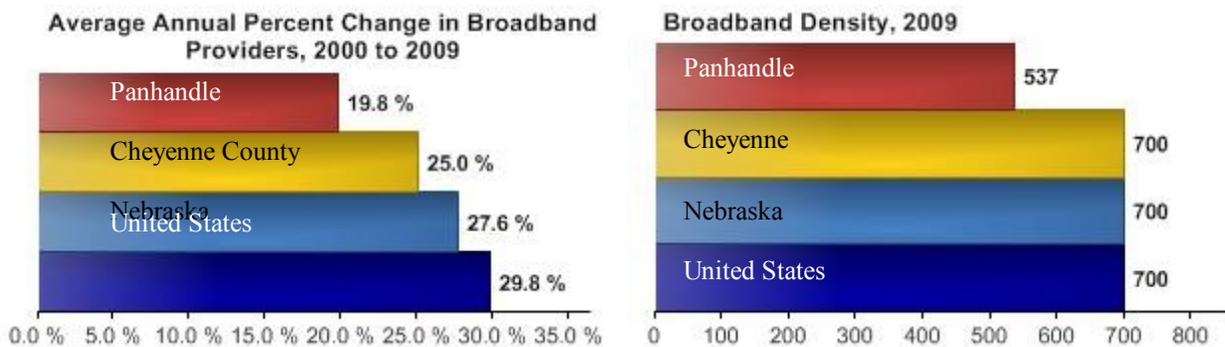


Average Venture Capital Investment per \$10,000 GDP, 2003 to 2008	
	Average Venture Capital Investment per \$10,000 GDP, 2003 to 2008
Panhandle	\$0.00
Nebraska	\$1.79
Colorado	\$53.90
United States	\$52.45
Panhandle Counties	
Banner County	\$0.00
Box Butte County	\$0.00
Cheyenne County	\$0.00
Dawes County	\$0.00
Deuel County	\$0.00
Garden County	\$0.00
Kimball County	\$0.00
Morrill County	\$0.00
Scotts Bluff County	\$0.00
Sheridan County	\$0.00
Sioux County	\$0.00

Broadband Density and Penetration

Innovation and knowledge are linked to widespread Internet usage for individuals and businesses. This indicator is defined as the number of broadband providers available to residents in a given county, which serves as a proxy for actual broadband penetration into rural markets. This indicator is presented as the population-weighted mean of broadband service providers available per county translated from population-weighted ZIP code data.

Cheyenne County ranks on par with the state and nation in broadband density and well ahead of the region.

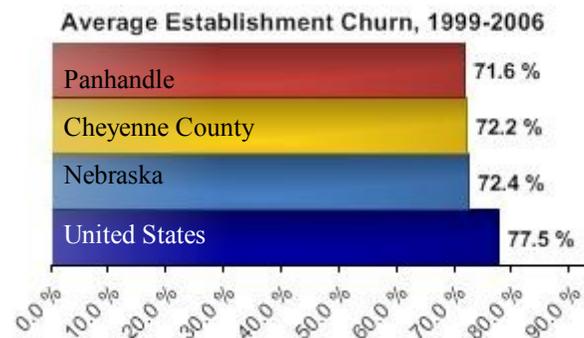


Average Rate of Change in Broadband Holding Companies, 2000-2007			
	Average Annual Percent Change, 2000-2009	Broadband Providers 2000	Broadband Providers 2009
Panhandle	19.8%	20.0	114.0
Nebraska	27.6%	6.0	72.0
Colorado	24.3%	10.0	89.0
United States	29.8%	106.0	1,543.0
Panhandle Counties			
Banner County	N/A	N/A	N/A
Box Butte County	20.8%	2.0	13.0
Cheyenne County	25%	2.0	19.0
Dawes County	18.9%	2.0	11.0
Deuel County	16.7%	2.0	9.0
Garden County	15.4%	2.0	8.0
Kimball County	18.9%	2.0	11.0
Morrill County	18.9%	2.0	11.0
Scotts Bluff County	21.6%	2.0	14.0
Sheridan County	13.9%	2.0	7.0
Sioux County	18.9%	2.0	11.0

Establishment Churn

Innovative and efficient companies replace outdated establishments, or those firms unable to modernize techniques and processes. Average churn is a measure of total establishment births and deaths, and expansions and contractions, relative to the total number of firms in a county for all years available.

Cheyenne County's average establishment churn is on par with the state and the region but is below the national rate of establishment churn.

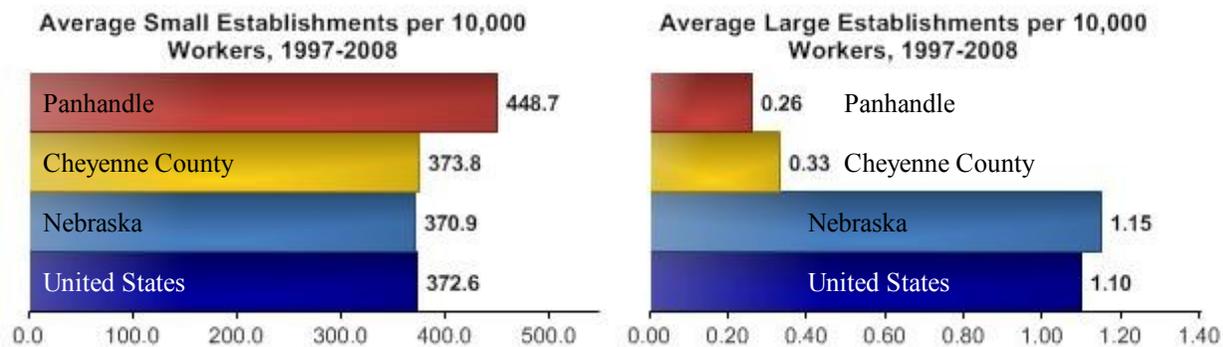


Average Establishment Churn	
	Average Establishment Churn
Panhandle	71.6%
Nebraska	72.4%
Colorado	79.6%
United States	77.5%
Panhandle Counties	
Banner County	66.7%
Box Butte County	70.9%
Cheyenne County	72.2%
Dawes County	70.7%
Deuel County	62.3%
Garden County	64.1%
Kimball County	72.5%
Morrill County	70.0%
Scotts Bluff County	73.4%
Sheridan County	69.5%
Sioux County	59.4%

Size of Establishments

The sizes of establishments provide an indication of a regional economy's structural composition. Small establishments with fewer than 20 employees are flexible and not overburdened by a bureaucratic organizational structure enabling rapid changes to implement new ideas and evolve with technology. On the other end of the spectrum, large establishments with more than 500 employees have both the capital and labor resources to fund research and other innovative activities. Research shows that the average share of small establishments has significant effects on GDP per worker growth.

Cheyenne County has about the same amount of small business establishments per resident as the state and nation, but much less than the region. Cheyenne County has more large establishments than the region but has far fewer large establishments than the state or nation, which is typical for a rural community.



Average Small and Large Establishments per 10,000 Workers, 1997 to 2008		
	Average Small Establishments per Worker	Average Large Establishments per Worker
Panhandle	448.7	0.26
Nebraska	370.9	1.15
Colorado	426.2	0.91
United States	372.6	1.10
Panhandle Counties		
Banner County	133.8	0.00
Box Butte County	425.6	0.00
Cheyenne County	373.8	0.33
Dawes County	493.1	0.00
Deuel County	591.2	0.00
Garden County	385.6	1.14
Kimball County	518.0	0.30
Morrill County	418.6	0.00
Scotts Bluff County	460.3	0.43
Sheridan County	549.9	0.00
Sioux County	239.2	0.00

From: <http://statsamerica.org/>

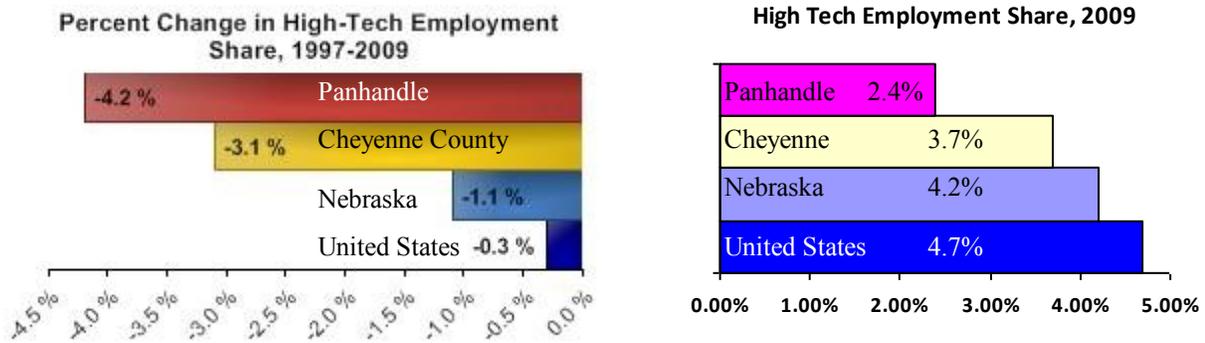
Productivity and Employment

- **Change in High-Tech Employment**
- **Job Growth**
- **Gross Domestic Product per Worker**
- **Average Patents per 10,000 Workers**

Change in High-Tech Employment

Firms requiring a highly skilled and specialized workforce are drawn to innovative areas. Growth in this sector suggests the increasing presence of innovation. High-tech employment, derived from a NAICS-based definition by Moody's, measures an aggregation of employment in key sectors (e.g., telecommunications, Internet providers, scientific laboratories) as an average annual rate of change in the share of high-tech employment. Research shows this indicator has significant effects on GDP per worker growth.

Cheyenne County has more than 50% more share of high tech employment than the Panhandle region. While the county has a smaller high tech employment share than the state and nation, it does quite well for a rural community.

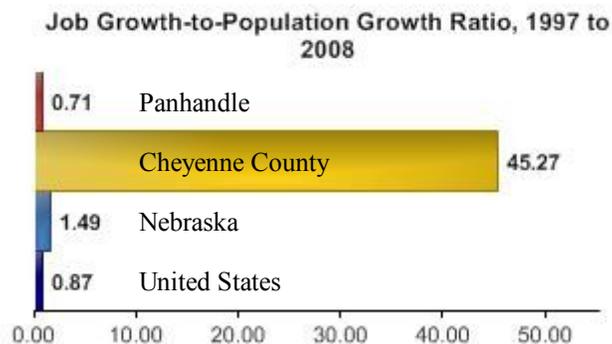


Rate of Change in High-Tech Employment Share, 1997-2009			
	Rate of Change in High-Tech Employment Share, 1997-2009	High-Tech Employment Share, 1997	High-Tech Employment Share, 2009
Panhandle	-4.2%	3.9%	2.4%
Nebraska	-1.1%	4.8%	4.2%
Colorado	-1.5%	8.0%	6.7%
United States	-0.3%	4.9%	4.7%
Panhandle Counties			
Banner County	-2.5%	0.8%	0.6%
Box Butte County	-0.9%	3.8%	3.4%
Cheyenne County	-3.1%	5.4%	3.7%
Dawes County	1.8%	2.4%	2.9%
Deuel County	-1.0%	3.3%	2.9%
Garden County	-7.8%	1.6%	0.6%
Kimball County	-2.4%	3.9%	2.9%
Morrill County	-0.4%	1.2%	1.1%
Scotts Bluff County	-7.4%	4.3%	1.8%
Sheridan County	-6.0%	3.3%	1.6%
Sioux County	-3.0%	2.1%	1.4%

Job Growth

High employment growth relative to population growth suggests jobs are being created faster than people are moving to a region. A high ratio between these two variables indicates strong economic growth.

In this area Cheyenne County is performing remarkably. The job growth ratio of 45.27 new job per new resident dwarfs the ratios for Nebraska (1.49), the US (0.97) and the Panhandle (0.71). While the job growth is phenomenal, it also indicates the city/county need to focus more efforts to translating business growth to community growth.

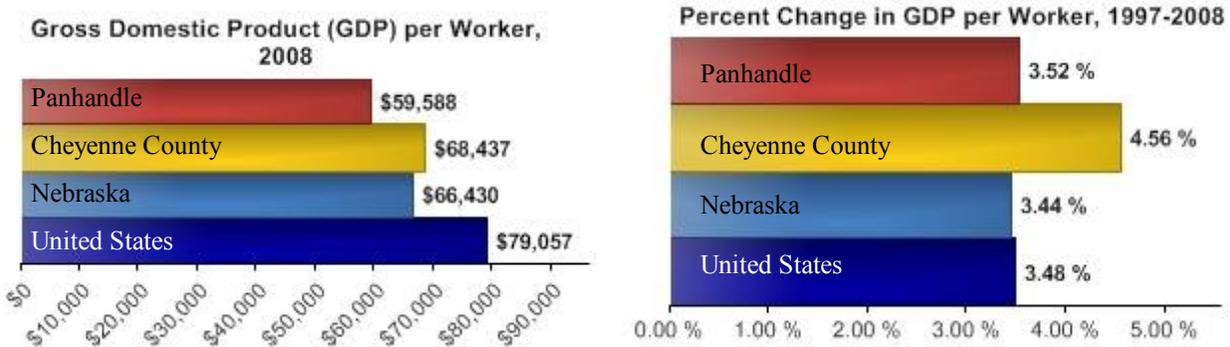


Job Growth-to-Population Growth Ratio, 1997 to 2008					
	Job Growth to Population Growth Ratio	Total Employment (1997)	Total Employment (2008)	Total Population (1997)	Total Population (2008)
Panhandle	-0.71	53,988	58,138	91,568	85,711
Nebraska	1.49	1,111,371	1,253,549	1,686,418	1,781,949
Colorado	0.72	2,629,239	3,285,413	4,018,293	4,935,213
United States	0.87	154,541,200	181,755,100	272,646,925	304,059,724
Panhandle Counties					
Banner County	-0.07	433	445	855	673
Box Butte County	0.29	7,866	7,400	12,719	11,084
Cheyenne County	45.27	6,627	8,121	9,838	9,871
Dawes County	-2.30	4,823	5,968	9,190	8,692
Deuel County	0.06	1,168	1,156	2,079	1,873
Garden County	0.27	1,550	1,394	2,361	1,783
Kimball County	0.36	2,776	2,586	4,082	3,548
Morrill County	-0.56	2,629	2,913	5,467	4,961
Scotts Bluff County	-9.79	21,648	24,351	36,901	36,625
Sheridan County	0.53	3,732	3,085	6,516	5,290
Sioux County	0.07	736	719	1,560	1,311

Gross Domestic Product per Worker

The gross domestic product (GDP) output of a community may be the most important economic indicator. It represents a broad measure of economic activity and signals the direction of overall aggregate economic activity. GDP serves as a measure of county-level economic output, while increases in GDP per worker measures increases in worker productivity.

Cheyenne County performs ahead of the GDP per worker for the state of Nebraska and is well ahead of the Panhandle region.. The annual growth in GDP per worker in Cheyenne County is also significantly outpacing the national, state and regional growth rates.

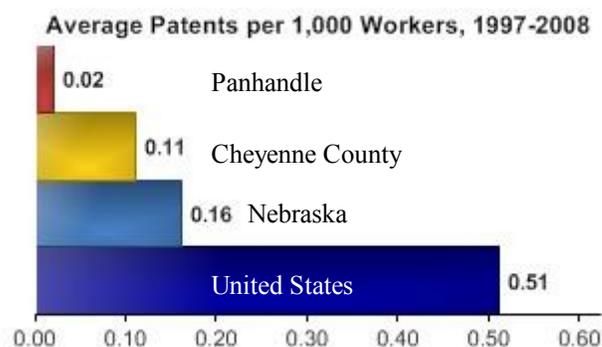


Gross Domestic Product (GDP) per Worker and Average Rate of Change, 1997-2008			
	GDP per Worker, 2008	Average Annual Change in GDP per Worker	GDP per Worker, 1997
Panhandle	\$59,588	3.5%	40,447
Nebraska	\$66,430	3.4%	45,477
Colorado	\$75,669	3.7%	50,540
United States	\$79,057	3.5%	53,917
Panhandle Counties			
Banner County	\$70,682	4.4%	43,614
Box Butte County	\$53,279	3.7%	35,578
Cheyenne County	\$68,437	4.6%	41,434
Dawes County	\$51,738	2.8%	37,991
Deuel County	\$59,100	2.8%	43,360
Garden County	\$57,495	2.8%	42,288
Kimball County	\$80,990	6.3%	40,630
Morrill County	\$59,519	3.9%	38,812
Scotts Bluff County	\$56,430	2.6%	42,195
Sheridan County	\$70,365	5.2%	39,691
Sioux County	\$71,702	3.9%	46,894

Average Patents per 10,000 Workers

New patented technologies provide an indicator of individuals' and firms' abilities to develop new technologies and remain competitive in the economy. Patents are presented as total number per 10,000 workers

Although Cheyenne County produces far fewer patents per worker than the United States which is full of Universities and research laboratories, it actually does quite well for a rural community. Although the county produces a very respectable level of patents compared to the state, the State of Nebraska benefits from the University of Nebraska. Thus, Cheyenne County likely produces a higher rate of private sector patents than the state. Cheyenne County also far out-produces the Panhandle region's level of patent activity which would be much closer to zero if measured ex-Cheyenne County.



Average Patents per 1,000 Workers, 1997-2008	
	Average Patents per 1,000 Workers
Panhandle	0.02
Nebraska	0.16
Colorado	0.38
United States	0.51
Panhandle Counties	
Banner County	0.00
Box Butte County	0.00
Cheyenne County	0.11
Dawes County	0.00
Deuel County	0.07
Garden County	0.00
Kimball County	0.00
Morrill County	0.00
Scotts Bluff County	0.01
Sheridan County	0.00
Sioux County	0.00

From: <http://statsamerica.org/>

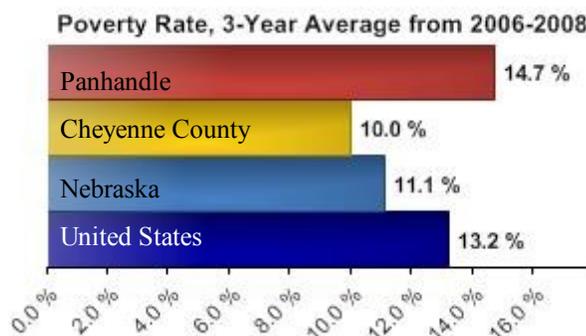
Economic Well-Being

- **Average Poverty Rate**
- **Average Unemployment Rates**
- **Average Net Migration**
- **Average Growth in Per Capita Personal Income**
- **Compensation**

Average Poverty Rate

Innovative economies are thought to be less poverty stricken as a result of elevated employment opportunities and a more highly educated workforce with diverse skills that open the doors to an increased number of employers. As poverty rates decrease, presumably innovation has increased. It also demonstrates how well wealth is distributed throughout the population.

Cheyenne County's poverty figures demonstrate that not only is Cheyenne County producing wealth, a much higher percentage of its population is sharing in that wealth compared to the state, nation and region. Cheyenne County's poverty rate is even more impressive when compared to the region as the county's poverty rate is well below the state and national level while the region it resides in is much greater than the state and national level.

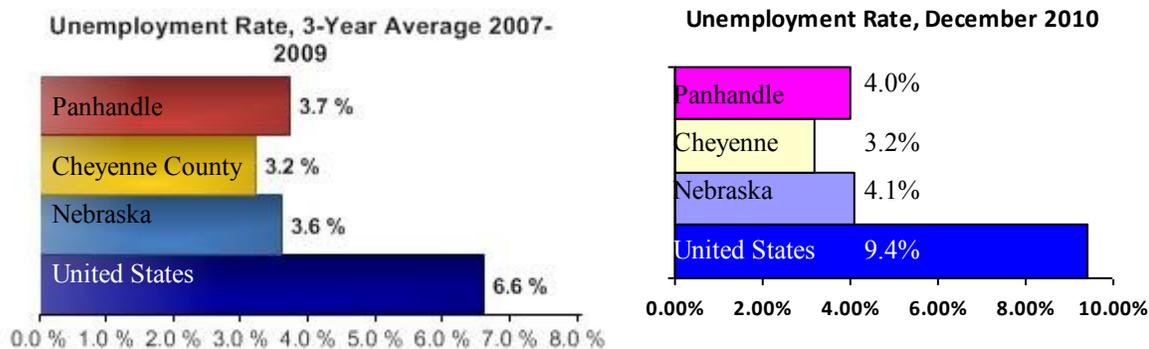


Poverty Rate, 3-Year Average from 2006 to 2008				
	Avg Poverty Rate	Number in Poverty (2003)	Number in Poverty (2004)	Number in Poverty (2005)
Panhandle	13.6%	11,307	11,254	12,311
Nebraska	10.3%	170,042	172,162	186,436
Colorado	10.4%	451,658	466,804	497,763
United States	12.8%	35,861,170	37,039,804	38,231,474
Panhandle Counties				
Banner County	10.0%	61	70	91
Box Butte County	11.7%	1,288	1,288	1,374
Cheyenne County	9.7%	937	932	1,001
Dawes County	16.6%	1,286	1,254	1,374
Deuel County	9.8%	201	182	201
Garden County	13.2%	270	240	285
Kimball County	12.0%	442	425	477
Morrill County	14.4%	706	707	801
Scotts Bluff County	14.9%	5,213	5,269	5,729
Sheridan County	13.8%	762	754	806
Sioux County	10.2%	141	133	172

Average Unemployment Rates

Innovative economies have greater employment opportunities and lower unemployment rates. Much like poverty rates which demonstrate how wealth is being distributed through the community, unemployment rates demonstrate how opportunities are created for a community to participate.

Cheyenne County's unemployment rate demonstrates opportunities are abundant for its citizens to share in the prosperity of the wealth being generated in the community. Cheyenne County has an unemployment rate that is presently a third of the national rate. Additionally, the county's unemployment rate is well below the state level which is the second lowest level in the country.

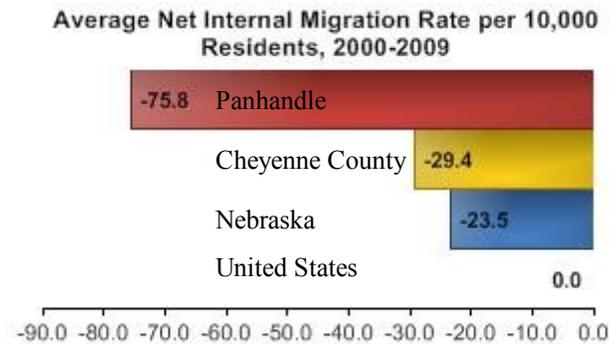


Unemployment Rate, 3-Year Average 2007-2009								
	Unemployment Rate 3-year Average 2007-2009	Unemploy- ment Rate Dec 2010	Unemploy- ment 2007	Unemploy- ment 2008	Unemploy- ment 2009	Labor Force 2007	Labor Force 2008	Labor Force 2009
Panhandle	3.7%	4.0%	1,283	1,576	2,304	46,366	46,882	45,920
Nebraska	3.6%	3.2%	28,943	32,634	45,437	981,400	993,286	983,517
Colorado	5.5%	8.8%	104,430	132,364	208,486	2,695,834	2,727,616	2,701,026
United States	6.6%	9.4%	7,078,000	8,924,000	14,265,000	153,124,000	154,287,008	154,142,000
Panhandle Counties								
Banner County	2.6%	4.5%	8	10	13	406	409	397
Box Butte County	4.5%	4.4%	178	212	379	5,646	5,744	5,600
Cheyenne County	3.2%	3.2%	125	150	234	5,275	5,350	5,056
Dawes County	3.3%	3.4%	127	142	208	4,828	4,936	4,778
Deuel County	3.3%	3.3%	30	32	42	1,056	1,047	1,061
Garden County	3.4%	5.7%	25	29	42	942	943	953
Kimball County	3.7%	4.3%	54	67	94	1,985	1,963	1,905
Morrill County	3.4%	3.1%	72	92	125	2,795	2,843	2,855
Scotts Bluff County	3.9%	4.5%	568	731	1,017	19,600	19,815	19,484
Sheridan County	3.1%	2.8%	76	86	125	3,121	3,132	3,096
Sioux County	3.3%	4.3%	20	25	25	712	700	735

Average Net Migration

Total migration of all persons into a county serves as an indicator of whether a region is attractive to job seekers and families.

Despite Cheyenne County's generation of wealth, it is still experiencing net internal out-migration. While this is not a positive event, the county's net internal out-migration rate is only a third of the Panhandle region's and not far below the statewide rate. It does demonstrate, though, that the community needs to do more to translate economic growth into community growth.



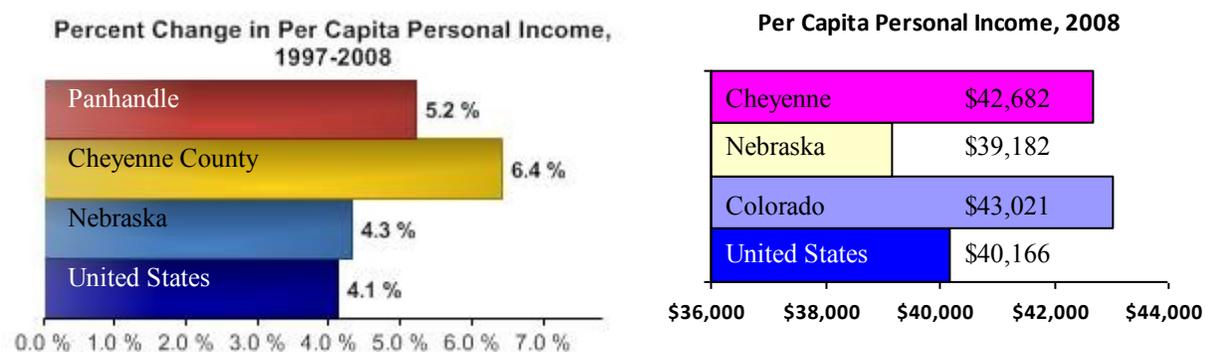
Average Net Internal Migration Rate, 2000-2009	
	Average Net Internal Migration Rate per 10,000 Residents
Panhandle	-75.8
Nebraska	-23.5
Colorado	45.7
United States	0.0
Panhandle Counties	
Banner County	-258.1
Box Butte County	-147.9
Cheyenne County	-29.4
Dawes County	-48.3
Deuel County	-90.9
Garden County	-199.8
Kimball County	-103.2
Morrill County	-108.7
Scotts Bluff County	-39.5
Sheridan County	-144.3
Sioux County	-171.2

From: <http://statsamerica.org/>

Average Growth in Per Capita Personal Income

Personal Income is the broadest measure of a person's income because it includes rental income, dividends and interest payments, in addition to salary, wages and benefits. As a result, it is probably the best measure of well-being.

This demonstrates that the average Cheyenne County resident is generating more wealth annually than both the state and nation. Cheyenne County's per capita personal income is also nearly equal to the rapidly growing and prosperous state of Colorado which has a much higher cost of living than Cheyenne County. Furthermore, the rate of income growth in Cheyenne County in the last decade has far outpaced the state and national rates of income growth.

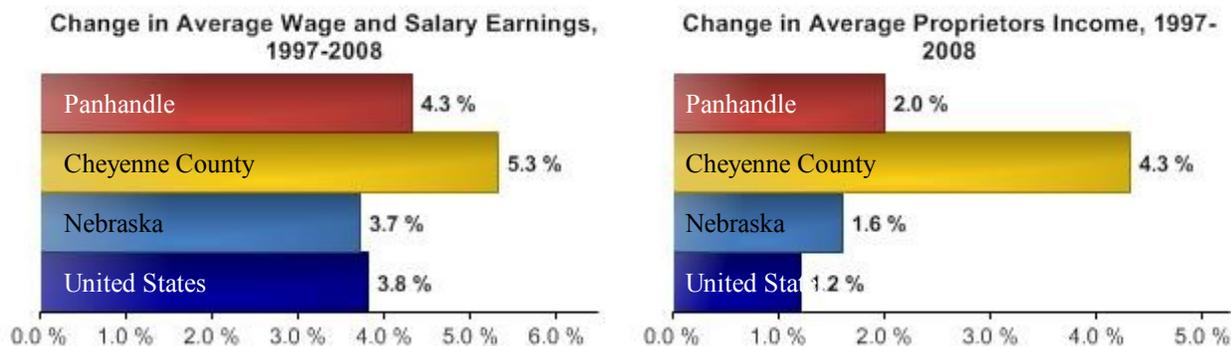


Average Annual Growth in Per Capita Personal Income, 1997-2008			
	Average Annual Growth in Per Capita Personal Income (PCPI)	PCPI, 1997	PCPI, 2008
Panhandle	5.2%	\$19,862	\$35,361
Nebraska	4.3%	\$24,359	\$39,182
Colorado	4.1%	\$27,402	\$43,021
United States	4.1%	\$25,654	\$40,166
Panhandle Counties			
Banner County	6.6%	\$18,179	\$37,452
Box Butte County	4.5%	\$21,736	\$35,643
Cheyenne County	6.4%	\$21,038	\$42,682
Dawes County	5.6%	\$15,875	\$29,480
Deuel County	4.1%	\$21,600	\$34,001
Garden County	7.6%	\$20,263	\$46,859
Kimball County	5.3%	\$20,568	\$36,975
Morrill County	7.8%	\$17,606	\$41,512
Scotts Bluff County	4.4%	\$20,798	\$33,644
Sheridan County	5.7%	\$17,458	\$32,586
Sioux County	8.9%	\$12,589	\$33,586

Compensation

Improvements in earnings per worker, or compensation, signify a positive trend in economic growth being passed on to workers. Two specific categories of workers are considered: wage and salary employees and nonfarm proprietors.

Cheyenne County's figures in these areas demonstrate that both workers and proprietors are benefiting from the county's economic growth. Wage and salary earnings in the county are well ahead of the state, regional and national rates while proprietors incomes are significantly outpacing the state, region and nation.



Compensation, Chg. in Avg. Wage and Salary Earnings, 1997 to 2008					
	Average Annual Change in Wage and Salary Earnings per Worker	Wage and Salary Employment, 1997	Wage and Salary Employment, 2008	Wage and Salary Disbursements, 1997 (000s)	Wage and Salary Disbursements, 2008 (000s)
Panhandle	4.3%	39,367	42,231	\$829,132	\$1,425,898
Nebraska	3.7%	897,691	995,523	\$22,520,992	\$37,527,418
Colorado	4.1%	2,092,468	2,477,263	\$62,753,633	\$116,644,658
United States	3.8%	128,681,000	143,013,000	\$3,872,441,000	\$6,538,004,000
Panhandle Counties					
Banner County	3.7%	182	184	\$3,923	\$5,956
Box Butte County	3.9%	6,207	5,640	\$166,741	\$233,130
Cheyenne County	5.3%	4,988	6,351	\$106,028	\$242,982
Dawes County	3.3%	3,297	4,101	\$59,944	\$106,945
Deuel County	2.6%	623	639	\$11,915	\$16,335
Garden County	5.6%	927	688	\$14,334	\$19,648
Kimball County	4.2%	1,748	1,584	\$32,787	\$46,987
Morrill County	5.3%	1,608	1,779	\$28,040	\$55,593
Scotts Bluff County	4.2%	17,160	19,071	\$365,273	\$641,563
Sheridan County	4.5%	2,321	1,899	\$35,755	\$47,906
Sioux County	6.7%	306	295	\$4,392	\$8,853

Compensation Change in Average Proprietors Income, 1997 to 20068					
	Average Annual Change in Proprietors' Income per Proprietor	Proprietors' Employment, 1997	Proprietors' Employment, 2008	Proprietors' Income 1997 (000s)	Proprietors' Income 2008 (000s)
Panhandle	2%	9,565	12,153	\$162,540	\$256,948
Nebraska	1.6%	160,239	219,261	\$3,242,079	\$5,283,298
Colorado	3.7%	507,412	775,466	\$10,607,492	\$24,442,762
United States	1.2%	23,648,200	36,832,100	\$595,645,000	\$1,057,540,000
Panhandle Counties					
Banner County	-4.2%	51	102	\$725	\$913
Box Butte County	1.6%	1,129	1,385	\$16,254	\$23,823
Cheyenne County	4.3%	976	1,303	\$17,914	\$38,380
Dawes County	-1.5%	1,018	1,477	\$16,191	\$19,820
Deuel County	-0.6%	283	337	\$4,580	\$5,115
Garden County	-3%	316	481	\$4,169	\$4,553
Kimball County	0.6%	691	710	\$9,918	\$10,837
Morrill County	3.2%	535	743	\$6,937	\$13,654
Scotts Bluff County	2.9%	3,753	4,735	\$73,461	\$127,519
Sheridan County	-0.4%	726	729	\$11,646	\$11,242
Sioux County	-1.5%	87	151	\$745	\$1,092

From: <http://statsamerica.org/>

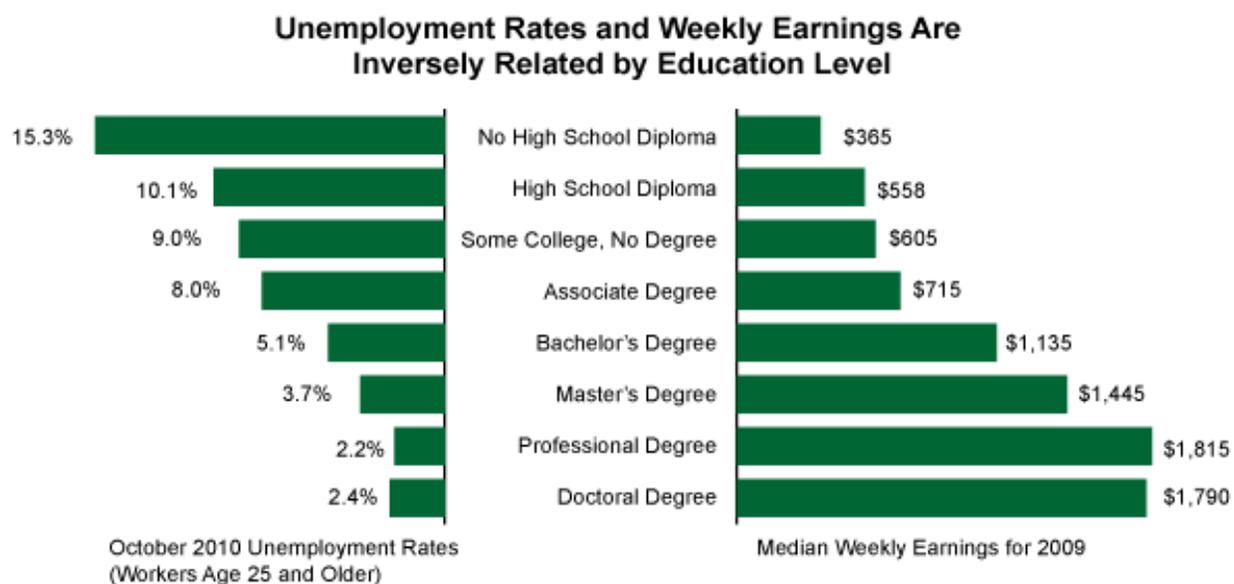
*Additional
'New Economy'
Characteristics
and Trends*

Education Matters

The gap in pay and employment between highly educated and less educated persons continues to widen. Persons with a high school diploma or less as their highest level of education now, on average, make less in real dollar terms than they did 30 years ago.

The recent recession fell particularly hard on less educated persons. While persons with a college degree were nearly at full employment levels, over 15% of adults without a high school diploma were unemployed while persons with no greater than a high school diploma experienced 10% unemployment.

Globalization has made it especially difficult for persons with no specialized skills or college degree. Companies now have access to billions of persons who are willing to provide manual or routine labor for dollars a day. Willingness to simply put in a hard days work no longer guarantees employment or a livable wage.



Source: U.S. Census Bureau

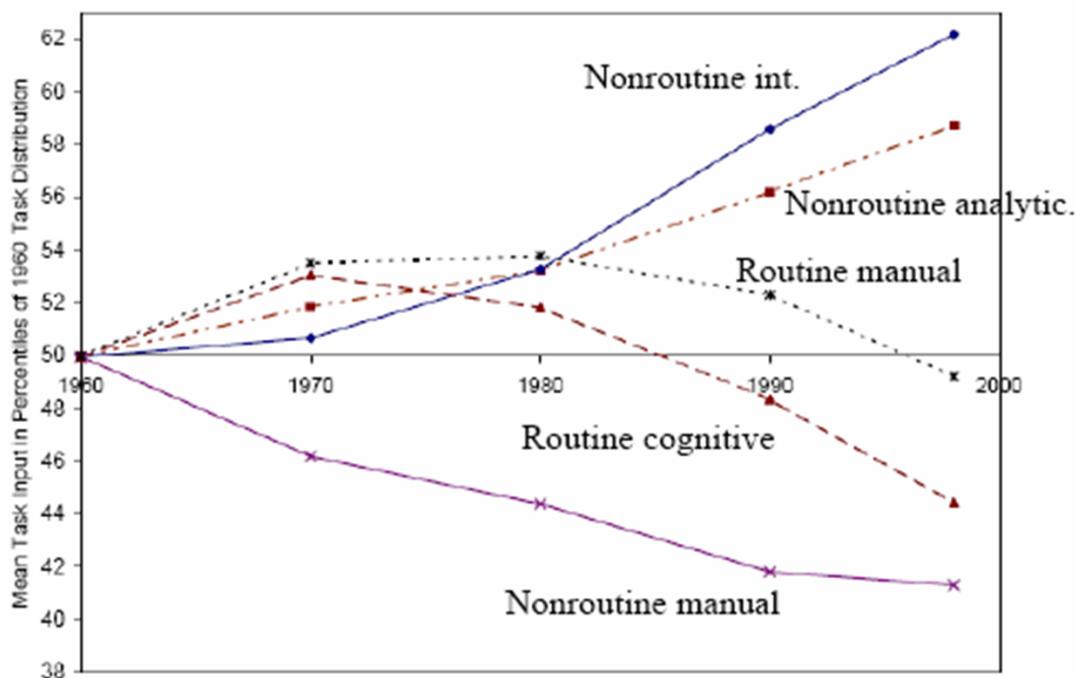
Changes in Skills Used at Work

Changes in skills used at work reinforce the importance of education and the challenges facing unskilled and uneducated persons.

Jobs that are routine or manual in nature have been declining in America for the past 30 to 50 years. These jobs are often the types of positions that are easily outsourced to unskilled workers in foreign countries who are willing to work for very little pay.

Job growth in non-routine interactive or analytic occupations have been growing significantly in the United States over the past 30 years. These occupations, though, usually require specific skills training or an advanced education.

CHANGES IN SKILLS USED AT WORK BASED ON DOT



—■— Nonroutine analytic —●— Nonroutine interactive —×— Nonroutine manual
-▲- Routine cognitive -●-●-●- Routine manual Source: Autor, Levy and Murnane, 2003.

— Source: K-12 Education and Economic Summit presentation by Alan B. Krueger, Princeton University

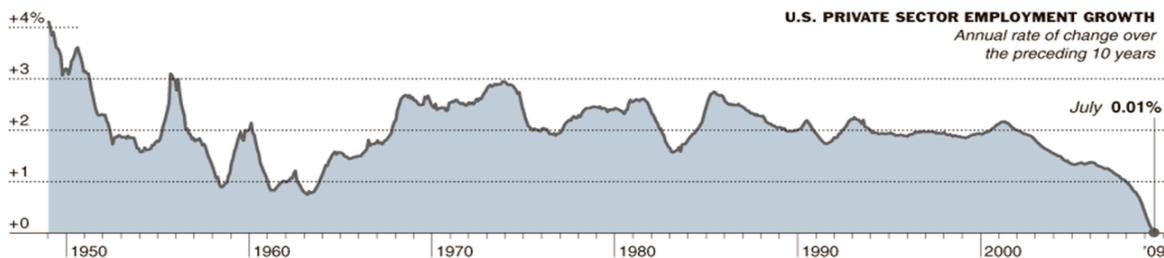
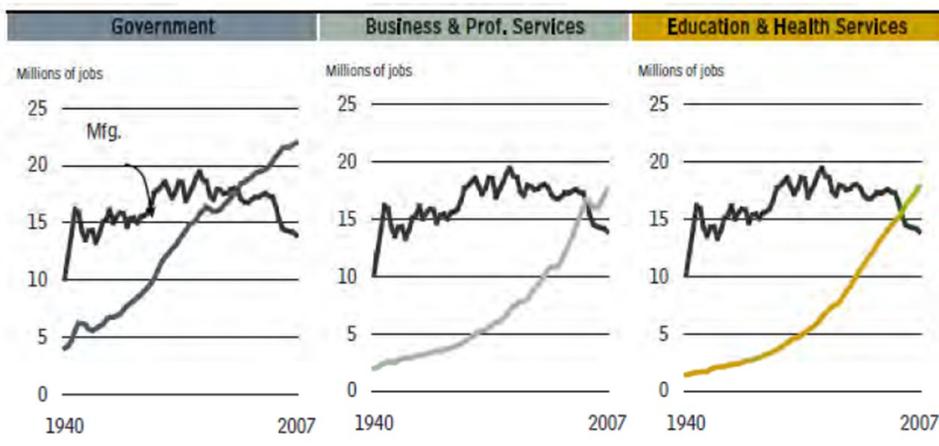
Shift Toward Services

Between May 1999 and May 2009, the US private sector added 6.6 millions service jobs and lost 5.4 million production jobs. Services now account for 83% of private sector jobs.

Areas of job growth in the past decade have largely been in business and professional services, health care, education, food services, and government. With the exception of food services, all these industries require advanced degrees or skills and are high paying occupations.

Occupations that once provided good wages to less educated persons, particularly those in the manufacturing and production areas, have continued decades of decline while retail sales have been flat.

Also, the rate of overall private sector employment growth has been declining well before the recent recession. This is largely due to technology, software and outsourcing making it easier to increase productivity while reducing payrolls.



ANNUAL RATE OF CHANGE IN EMPLOYMENT July 1999 to July 2009

Manufacturing	- 3.7%
Machinery	- 3.8
Computer & electronic products	- 4.4
Motor vehicles and parts	- 6.7
Food	- 0.5
Air Transportation	- 2.2
Accommodations	- 0.6
Retail Trade	- 0.2
Automobile dealers	- 1.3
Building materials & garden supplies	+ 0.7
Food & beverages	- 0.5
Health & personal care	+ 0.9
Gasoline stations	- 1.2
General merchandise	+ 1.0

Professional & business services	+ 0.4%
Legal services	+ 0.7
Accounting	+ 1.1
Architectural & engineering	+ 1.2
Computer systems design	+ 2.5
Management & technical consulting	+ 5.1
Temporary help services	- 3.5
State and local government*	+ 0.9
Federal government**	+ 1.2
Education†	+ 1.7
Food services & drinking places	+ 1.8
Health care	+ 2.4
Home health care	+ 5.0
Hospitals	+ 1.8

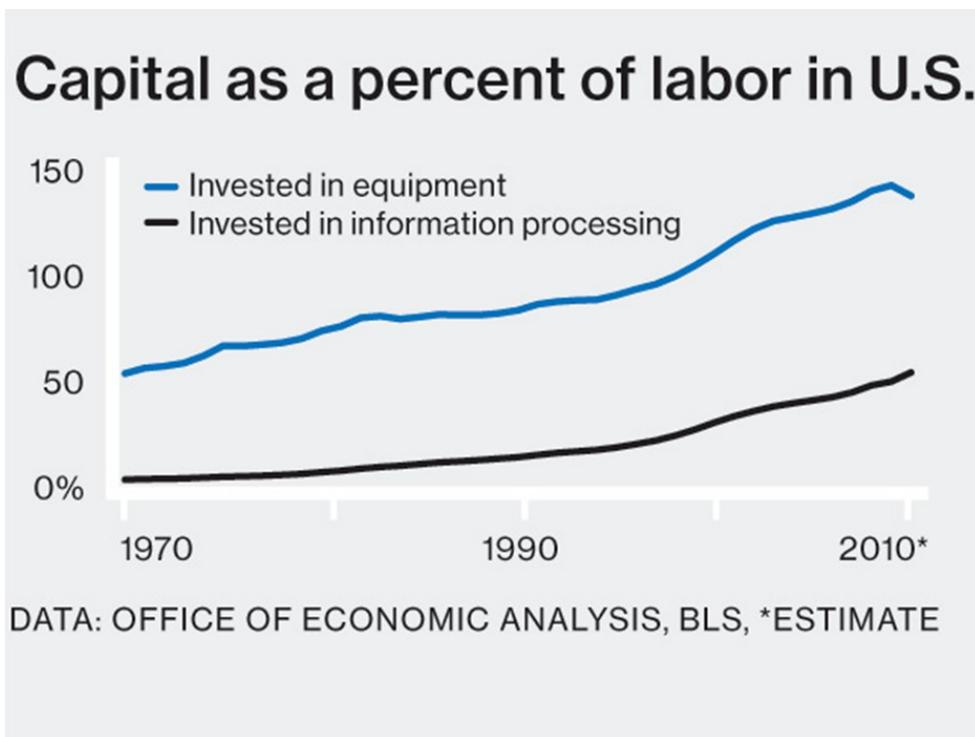
*Excludes education **Excludes postal service †Includes private school employees as well as state and local government employees.

Non-Human Capital Replacing Labor

Companies in the United States have significantly increased their investment in equipment and software in relation to their investment in labor.

Labor is typically the most expensive production cost for businesses. Technology has enabled businesses to substitute labor with machines, robotics and, increasingly, software devices.

This trend will likely accelerate as technology greatly increases productivity and reduces costs leading to greater profits. While America has suffered high unemployment the past few years, corporate America has benefited with record profits and record levels of cash due to these investments in technological capital and cost cutting, much of which has been reducing labor. While many of the jobs lost in the past recession will simply never return, new occupations will arise with the changing and growing economy.

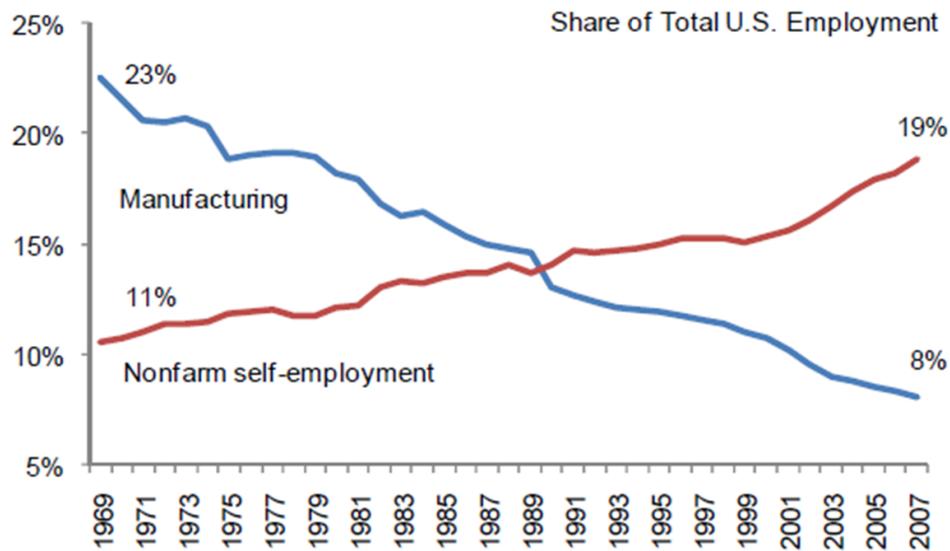


Free Agent Workforce

Self-employment is becoming a more significant part of our nation's economy. Self-employment has grown at a rate three times greater in the last decade than in the previous 30 years.

Sidney will be greatly served by creating an economic environment that is conducive to self-employed persons.

“Free agent” workforce



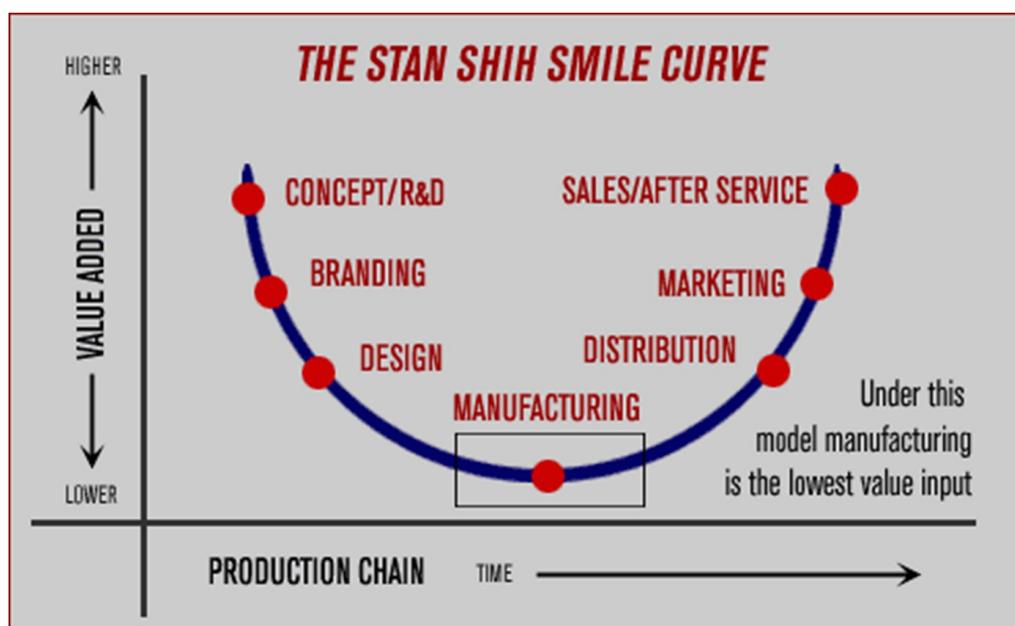
Source: Bureau of Economic Analysis. “Free agent” is used by Daniel Pink in his book *Free Agent Nation*.

Greater Value Produced in Non-Production Activities

Many persons who grew up in the industrial age were conditioned to believe that the source of wealth creation is in producing things through manufacturing, agriculture or other means.

However, in today's economy, greater value comes from research and development, branding, design, distribution, marketing, and sales/services after initial purchase, while the physical act of making things is often the least valuable input of the final product (which is why manufacturing and/or assembly functions are often out-sourced).

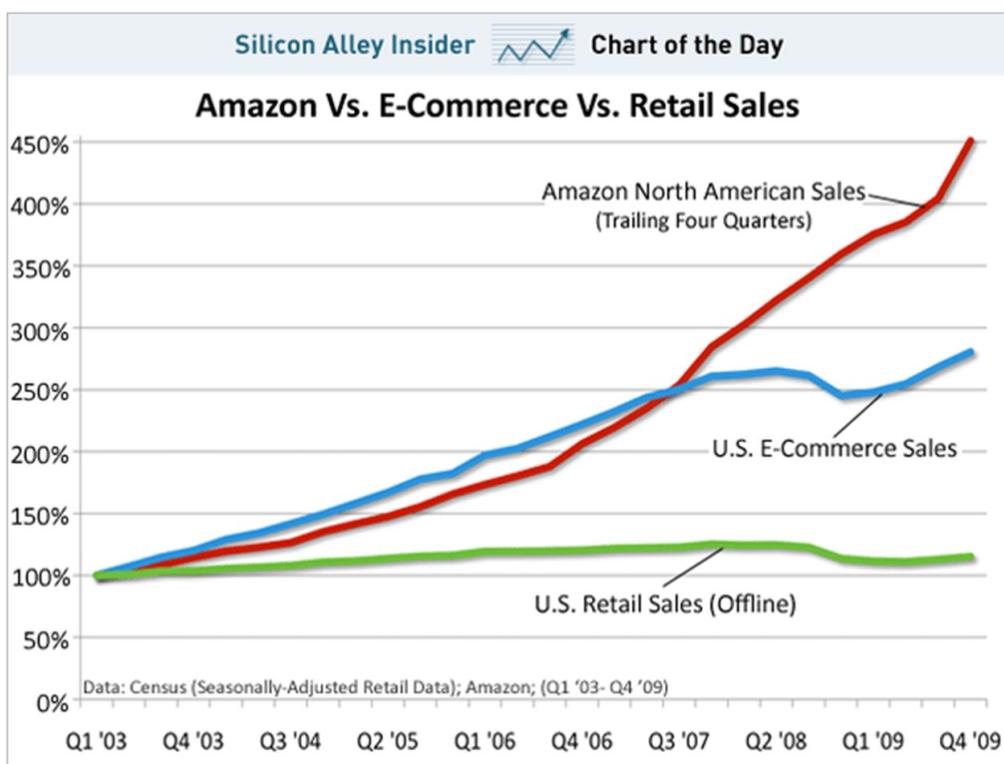
Cabela's is a good example of a local company that has learned how to maximize profits through this modern paradigm. Cabela's does not manufacture its own product line. Rather, they generate wealth through their company concept, branding, marketing, distribution, services, and sales..



E-Commerce Capturing Most Retail Sales Growth

Americans are purchasing a much greater amount of retail items on-line. While on-line sales grew 14.8% in 2010, “bricks and mortar” retail sales have remained flat over the past decade. Even “big box” retail behemoths are impacted as even Wal-Mart, for example, has had declining same store sales for the past seven quarters. The e-commerce boom will likely continue to benefit from innovation of mobile applications like iPads and unique, innovative websites like Amazon, Groupon, Priceline, and Travel-zoo.

This trend bodes well for Sidney as it will greatly benefit online retailers such as Cabela’s. However, this trend will impact local retail stores and local sales tax revenues. Local retailers will need to adapt to these trends and utilize the internet to expand their markets while local planning efforts will need to acknowledge that future land uses, especially in the downtown district, will experience greater growth potential in service related industries rather than storefront retail operations



Strengths

- Cheyenne County's job growth ratio of 45.27 new job per new resident dwarfs the ratios for Nebraska (1.49), the US (0.97) and the Panhandle (0.71).
- The annual growth in GDP per worker in Cheyenne County is significantly outpacing the national, state and regional growth rates. The large increase in wage growth indicates that local workers are directly benefiting from the productivity growth.
- Cheyenne County leads the Panhandle in patents issued
- Sidney and Cheyenne County have a strong history of fostering successful entrepreneurs
- Many local businesses, especially Cabela's, bring many highly skilled and educated workers to the community
- The share of technology based, knowledge employees is likely higher in Cheyenne County than indicated by statistics as Cabela's likely has much more innovation, technology, and knowledge workers than is typical for its occupational sector
- Sidney demonstrates strong civic collaboration
- Cheyenne County ranks well ahead of the Panhandle region in the overall innovation index
- Cheyenne County has a much higher percentage of adults with some college or an Associate's Degree than the national average. It also ranks well ahead of the state and the region.
- Sidney has a quality K-12 school system, a new high school and a community college
- Sidney and Cheyenne County have retained a much higher net percentage of young adults than most of rural Nebraska
- The share of high tech employment in Cheyenne County is better than the Panhandle region
- Cheyenne County ranks on par with the state and nation in broadband density and well ahead of the region.
- Cheyenne County has one of the lowest unemployment rates in the United States
- Cheyenne County's low poverty figures and high per capita personal income level demonstrate that not only is Cheyenne County producing wealth, a much higher percentage of its population is sharing in that wealth compared to the state, nation and region.
- Cabela's will help Sidney benefit from the boom in E-Commerce

Weaknesses

- Patent activity in Sidney, the region and the state lag the national rate
- Sidney loses many of its brightest high school graduates
- Cheyenne County trails Nebraska and the national average in the overall innovation index
- Cheyenne County is well behind the state and nation in the percentage of adults with a Bachelor's Degree
- The share of high tech employment in Cheyenne County is well behind the state and national average in this category.
- Cheyenne County, like Nebraska and most rural areas, does not attract much venture capital.
- While Cheyenne County's job growth is phenomenal, it also indicates the city need to focus more efforts to translating business growth to community growth.

Opportunities

- Continued technological advancement provides local businesses the ability to greatly improve their productivity
- Modern telecommunications enable local businesses to greatly expand their customer base to a world-wide market
- The local business community has recruited and developed many technology savvy residents
- UNL is expanding their research efforts
- Modern technology enables many knowledge driven industries to locate in Sidney where many fixed and variable costs are lower than large cities.
- WNCC can provide job training assistance to local residents for many emerging industries
- Cabela's has demonstrated local businesses can be successful serving a worldwide market through new economy elements such as branding, design, distribution, marketing and sales
- Growth in service industries, especially health care, will provide many high paying employment opportunities in Sidney

Threats

- The present and future knowledge- driven economy will likely leave many less educated residents unprepared for good paying job opportunities
- Many residents, especially those who grew up in an industrial age when education was less important in finding a good paying job, will remain stuck in an old economy mindset and will resist positive change.
- Many quality employers are deterred from investing in the area due to a perception they will not be able to find a sufficient number of workers
- Young residents who are more interested and involved with modern technology will continue to leave the community and not return if employment is not available to meet their career interests.