

Nebraska's Tight Labor Markets: An Update to Long-Running Shortage Concerns

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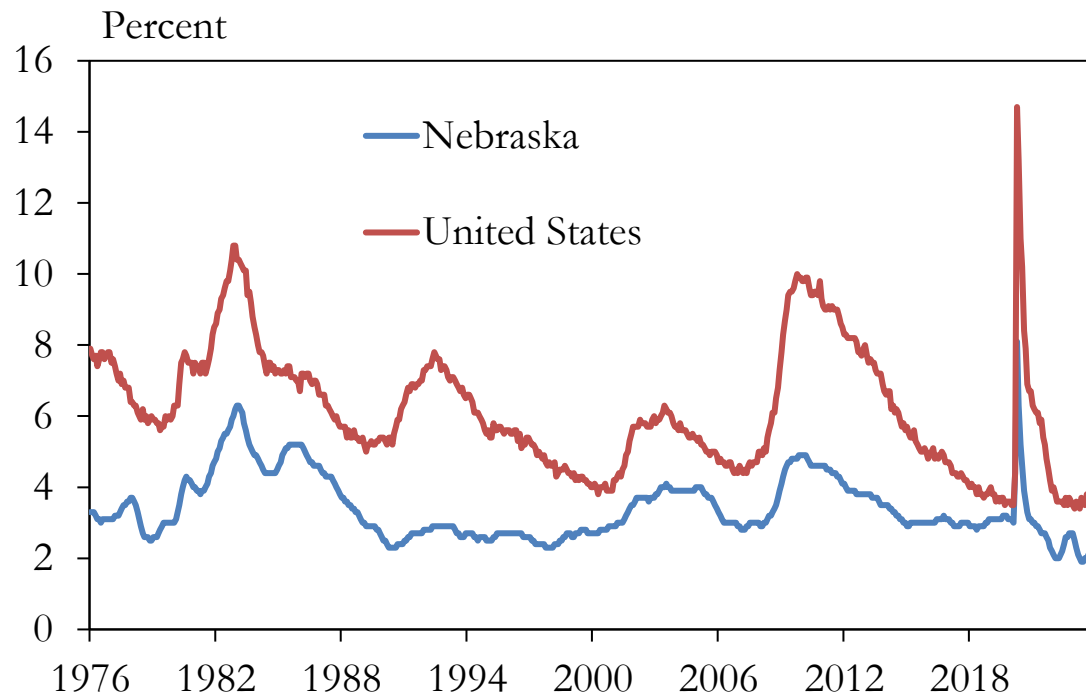


Outlook Themes

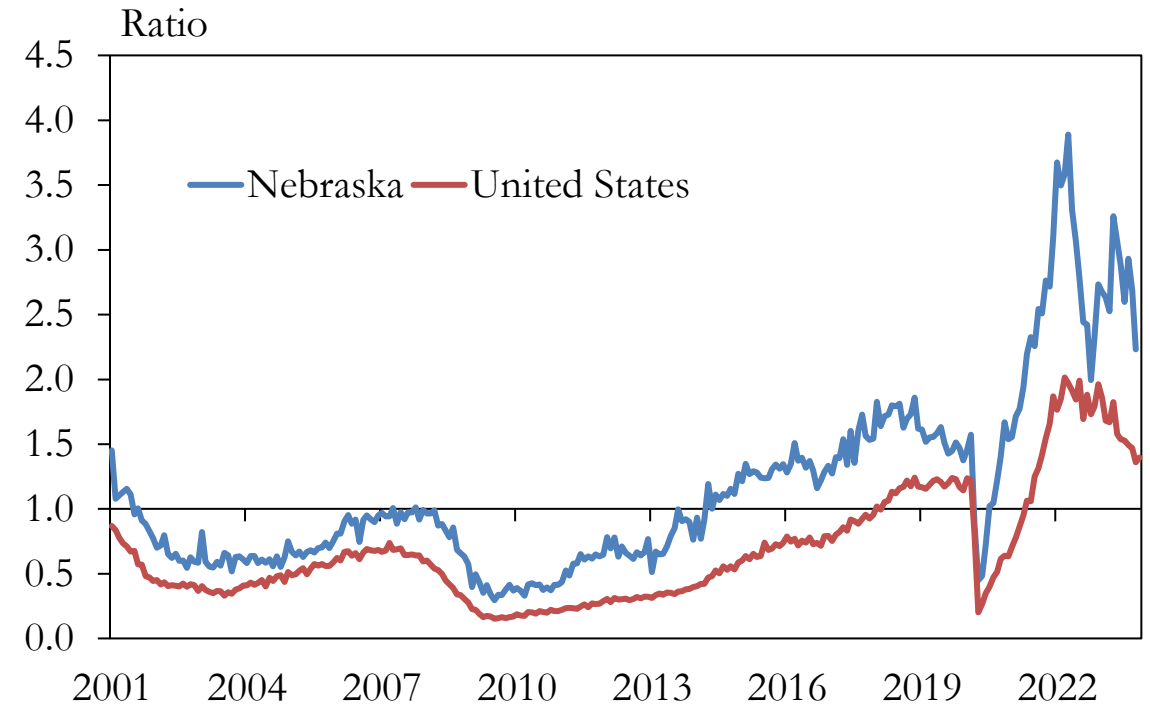
- Labor markets have been tight in Nebraska for almost a decade.
- Among current Nebraskans, a long-term decline in youth participation, particularly young men, has been a notable factor of labor scarcity.
- Without a change to the population, increasing the size of the youth labor force will likely require improvements to their rate of participation.

Unemployment has remained low in Nebraska and job openings have remained elevated.

Unemployment Rate



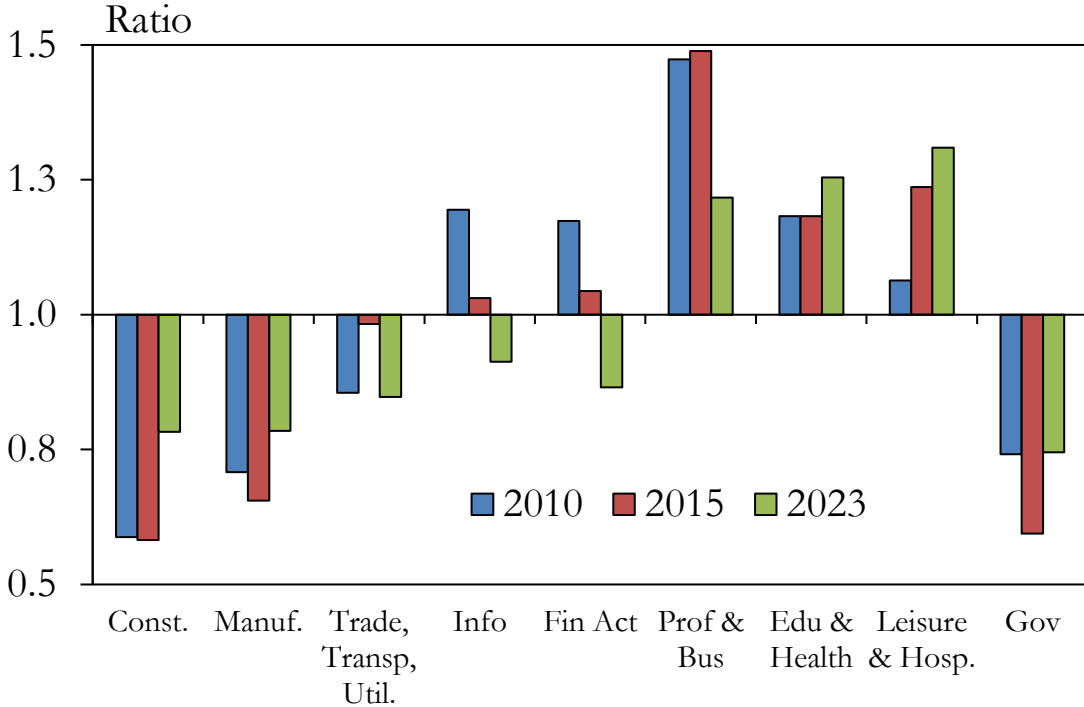
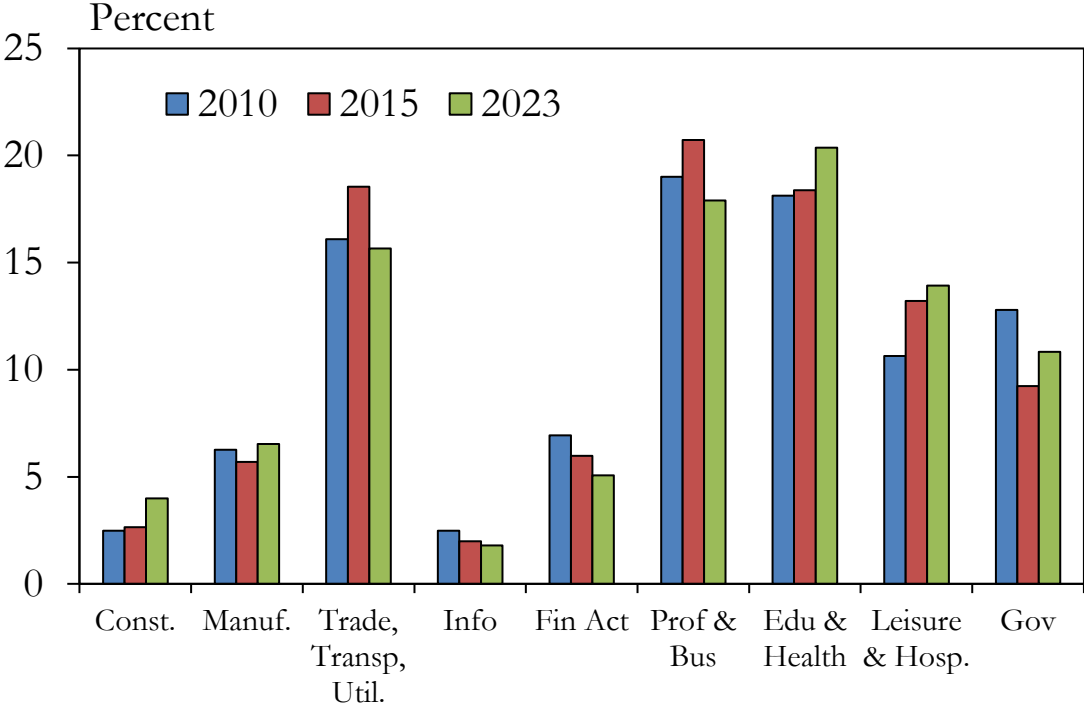
Job Openings-to-Unemployed, Total



Nationally, job openings in leisure and hospitality, and in education and health care, have become increasingly prominent.

Share of All Job Openings (U.S.)

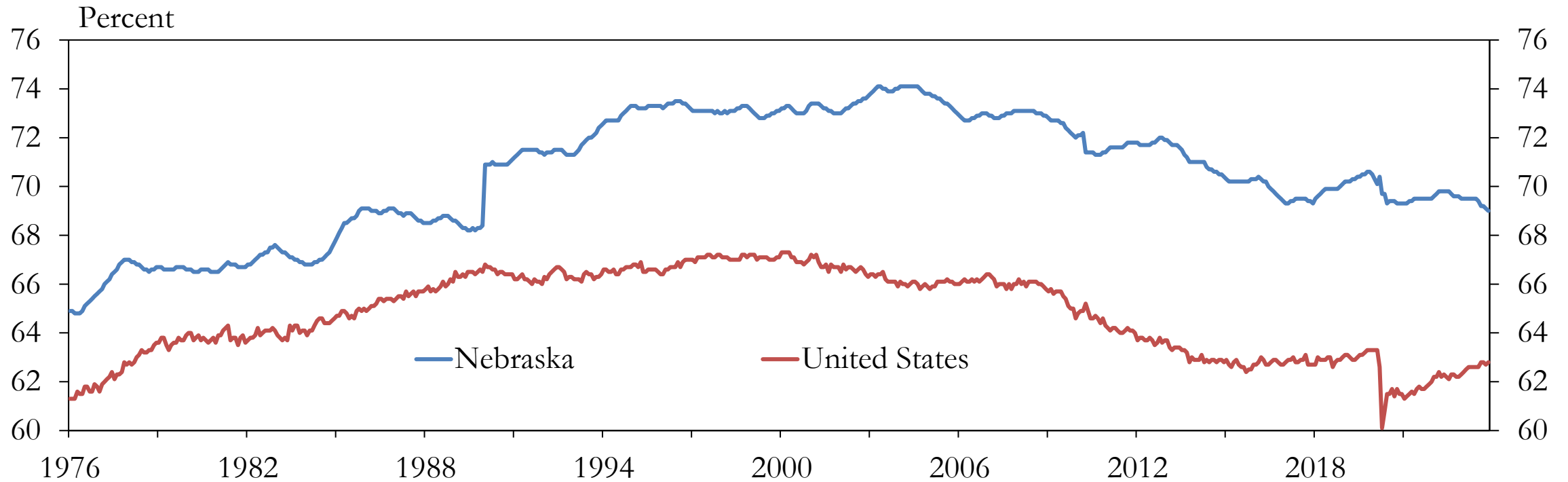
Share of All Job Openings Weighted by Share of Employment (U.S.)



Sources: BLS, Haver Analytics.

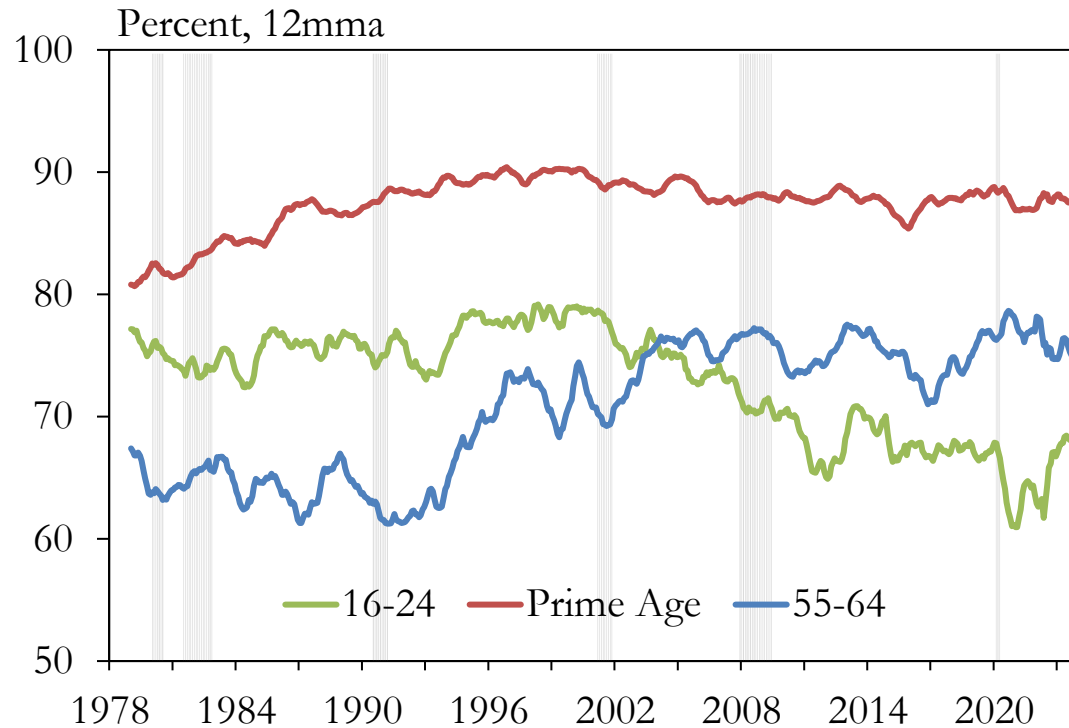
Labor force participation has steadied somewhat alongside its longer-term trend.

Labor Force Participation Rate

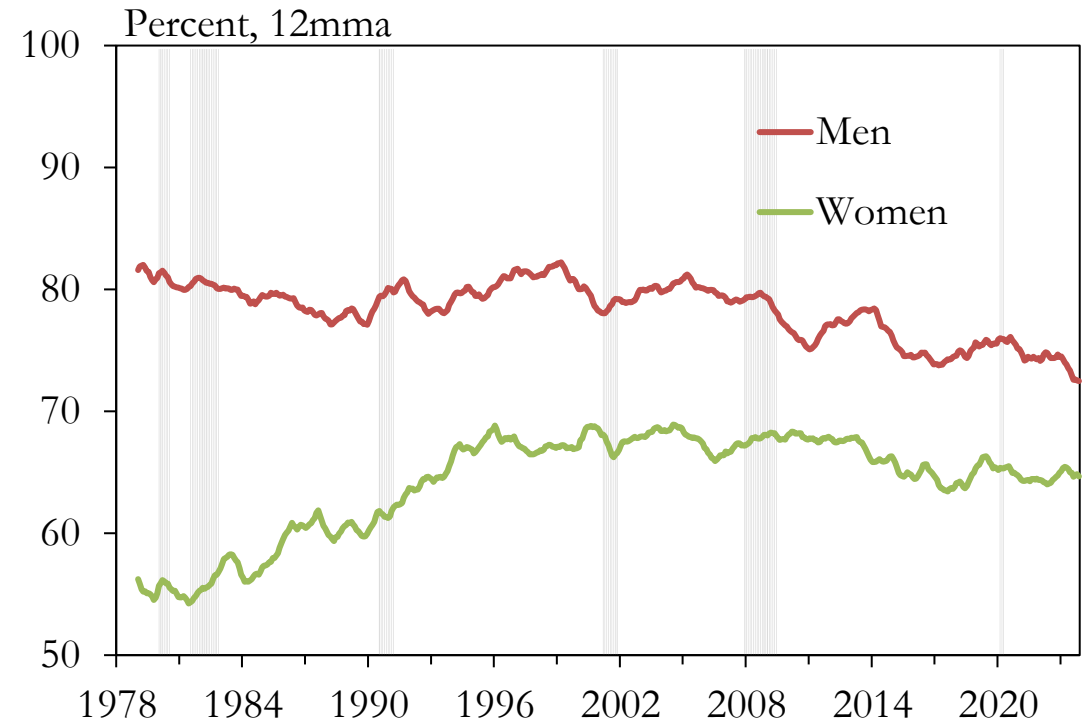


Labor force participation has trended down for men and, despite a recent uptick, younger individuals.

Labor Force Participation Rate, Nebraska



Labor Force Participation Rate, Nebraska

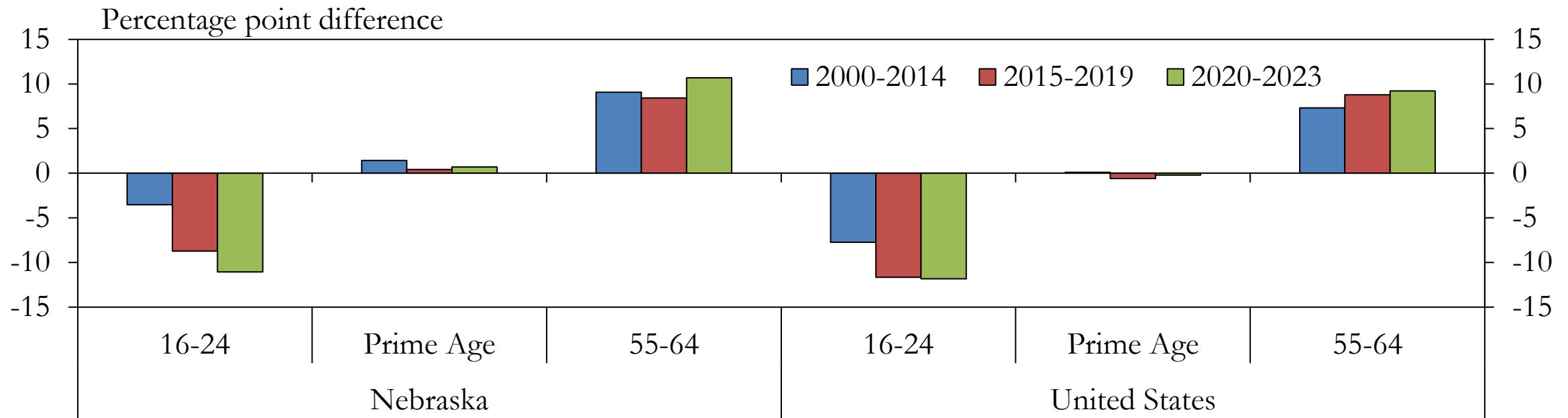


Sources: BLS, staff calculations.

Note: Gray bars indicate NBER-defined recessions.

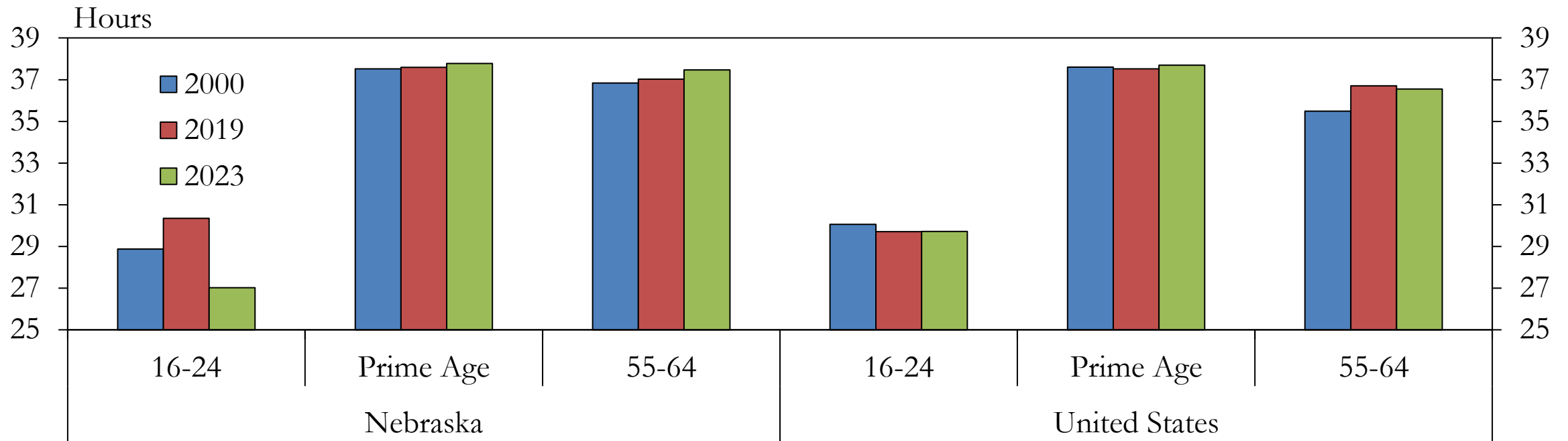
Compared with the historical average, participation among young individuals has fallen consistently.

Change in Average Labor Force Participation Rate
From 1980-1999 Average



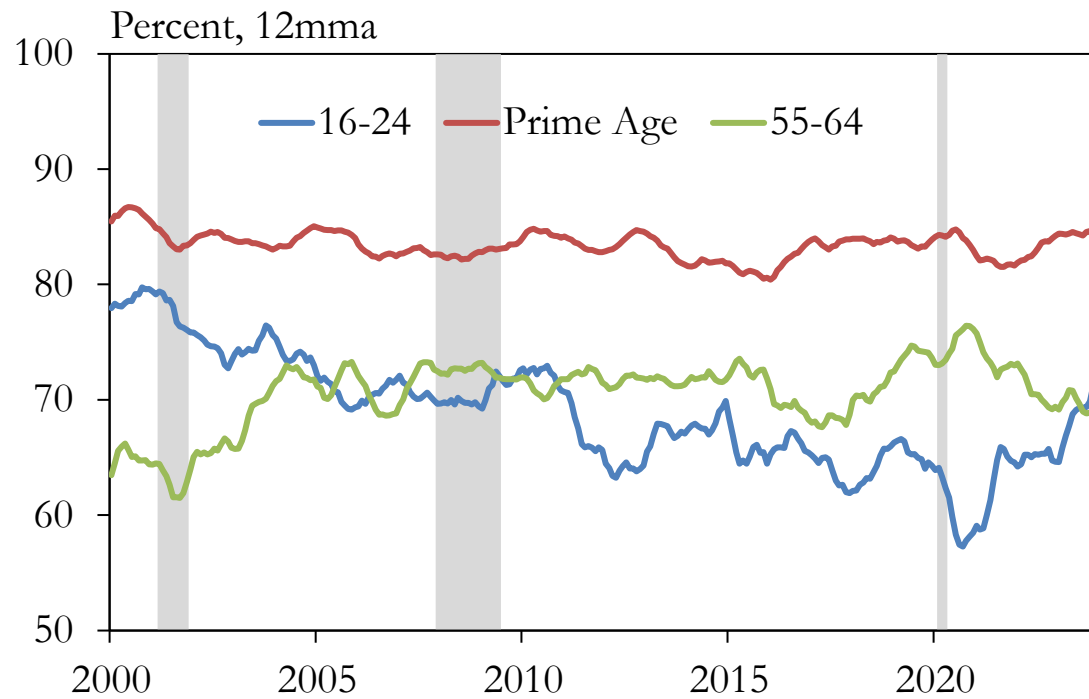
By 2023, those young workers who did hold jobs were also working fewer hours than previous years.

Average Hours Worked per Week

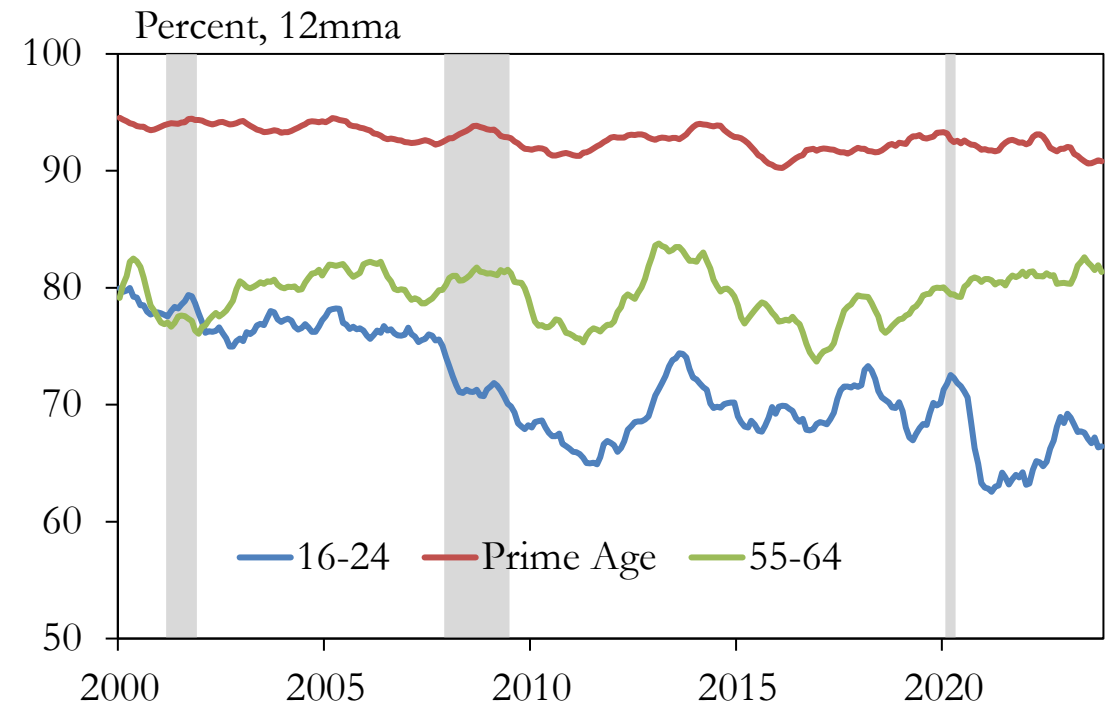


Participation for younger men has fallen steadily since the turn of the century.

Labor Force Participation Rate,
Nebraska Women



Labor Force Participation Rate,
Nebraska Men

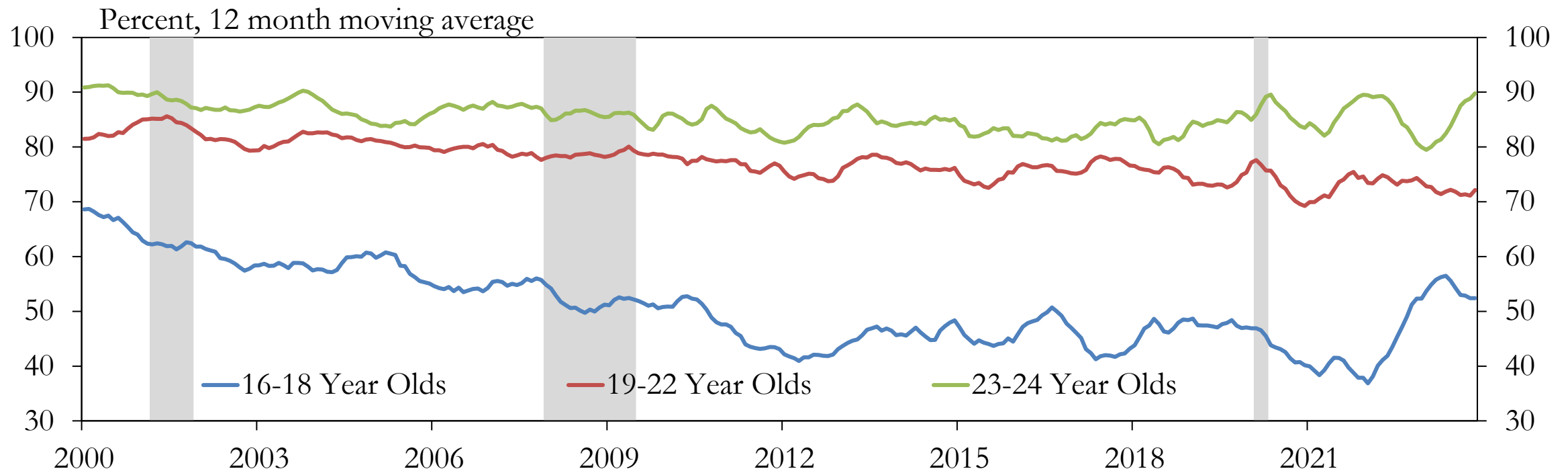


Sources: BLS, staff calculations.

Note: Gray bars indicate NBER-defined recessions

For both men and women, declines in participation among workers younger than 22 had been most notable.

Labor Force Participation, Young Nebraskans

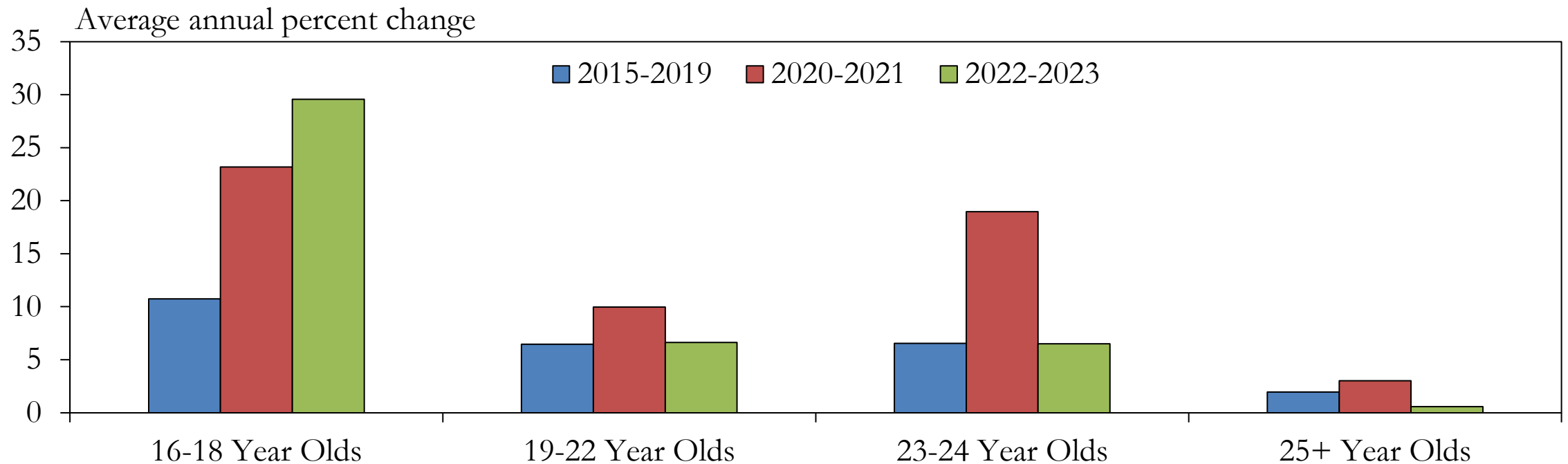


Sources: BLS, staff calculations.

Note: Gray bars denote NBER-defined recessions.

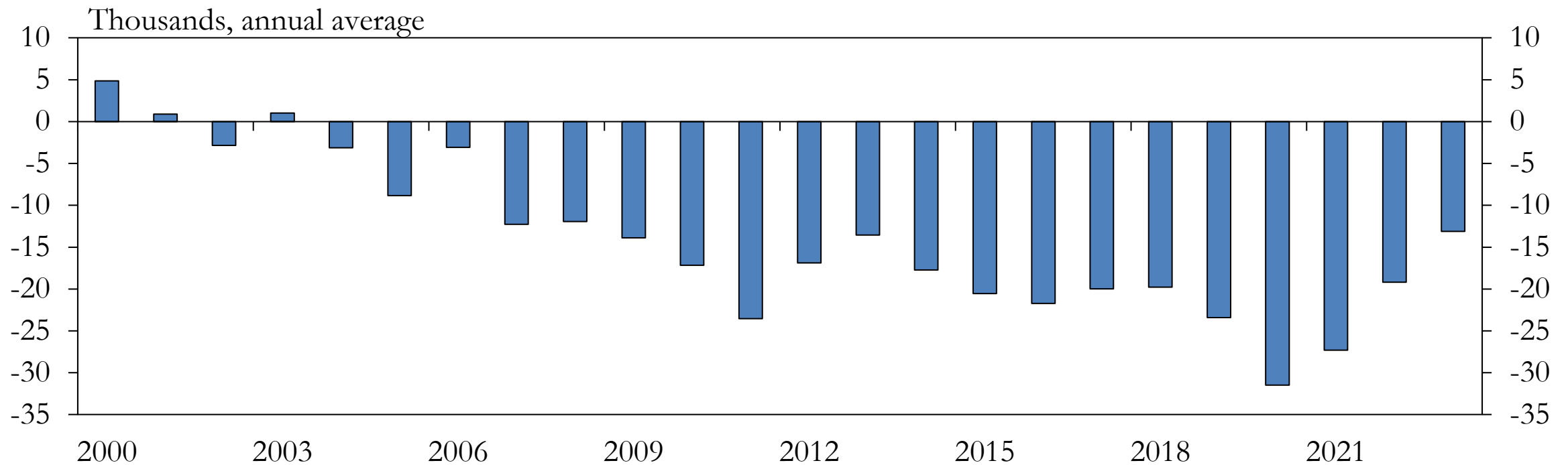
However, recent robust wage gains for young workers may have contributed to an uptick in participation.

Real Wages for Workers in Nebraska by Age



Nebraska's labor force in 2023 would have been larger if younger individuals participated at the same rate as in the past.

16-24 Year Olds Missing from Nebraska's Labor Force

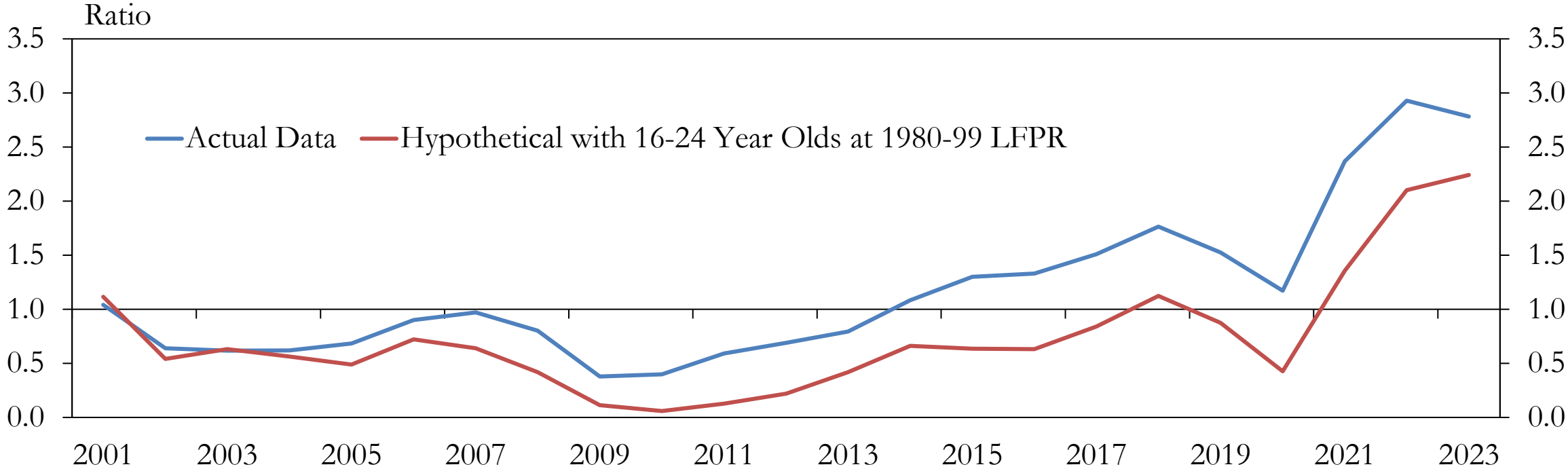


Sources: BLS, staff calculations.

Note: Missing labor force participants are calculated by subtracting the observed labor force from a hypothetical labor force based on the average labor force participation rate from 1980 to 1999.

Labor scarcity may have become slightly less pronounced if younger workers had continued to be as actively employed as in the past.

Ratio of Job Openings to Unemployed Workers



Sources: BLS, Census Bureau – ACS 1-year PUMS estimates, IPUMS.org, staff calculations.

Note: The hypothetical job openings-to-unemployed ratio is calculated by applying the average LFPR of 16-24 year olds between 1980 and 1999 to the data from 2000 to 2023. Individuals added to the labor force from 2000 to 2023 based on historical rates of participation are assumed to be unemployed at their average rate of each year, and the remainder are assumed to fill job openings.

Growing the labor force among younger individuals could reduce job openings in leisure and hospitality.

Share of Employment in Nebraska,
2015-2019 Average

