



Nebraska Economist

Cooling Labor Markets in Nebraska Present Some Challenges for Younger Workers

by: John McCoy and Nate Kauffman

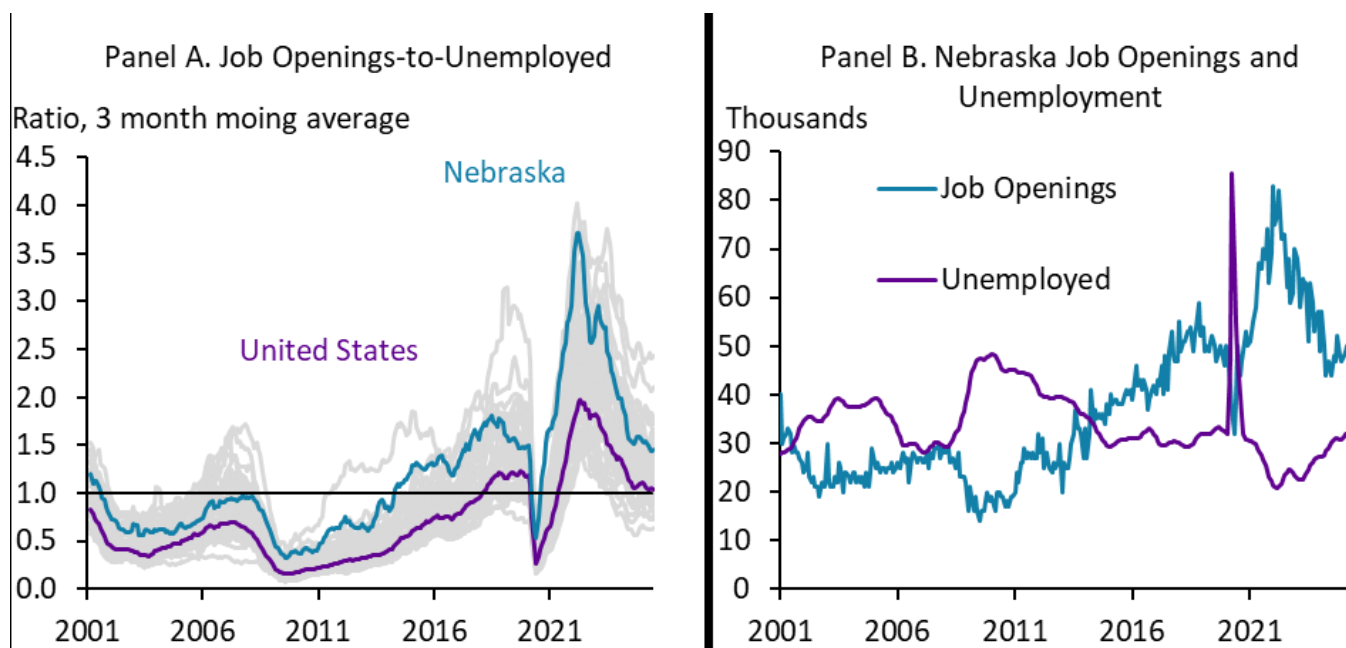
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Labor conditions in Nebraska have cooled over the last year, marked by slowing demand and a slight increase in unemployment. Hiring has slowed across industries and fewer workers are voluntarily leaving jobs, resulting in some challenges for younger workers.

Labor markets in Nebraska have cooled slightly over the last year. Demand for labor among firms has slowed and the number of unemployed has increased slightly as several major industries have shed jobs this year. Despite the increase, unemployment remains relatively low throughout the state when compared with other parts of the country. Challenges from increasing unemployment appear to be impacting younger workers most significantly.

Labor conditions have eased since the beginning of the year and now more closely resemble pre-pandemic years. As of July, there were fewer than 1.5 open jobs per unemployed person in Nebraska (Chart 1, Panel A). This represents a significant rebalance from 2022 when there were nearly four open jobs for each unemployed person. The ratio of job openings-to-unemployed has normalized as both the number of openings has fallen and the number of unemployed people has increased (Chart 1, Panel B). As with the United States more generally, the balance between labor demand from firms (job openings) and supply of workers (unemployed) is similar to the months immediately before the pandemic. As in late 2019, the relationship between job openings and the unemployed suggest a strong, but perhaps not overheated, labor market in both Nebraska and the nation more broadly.

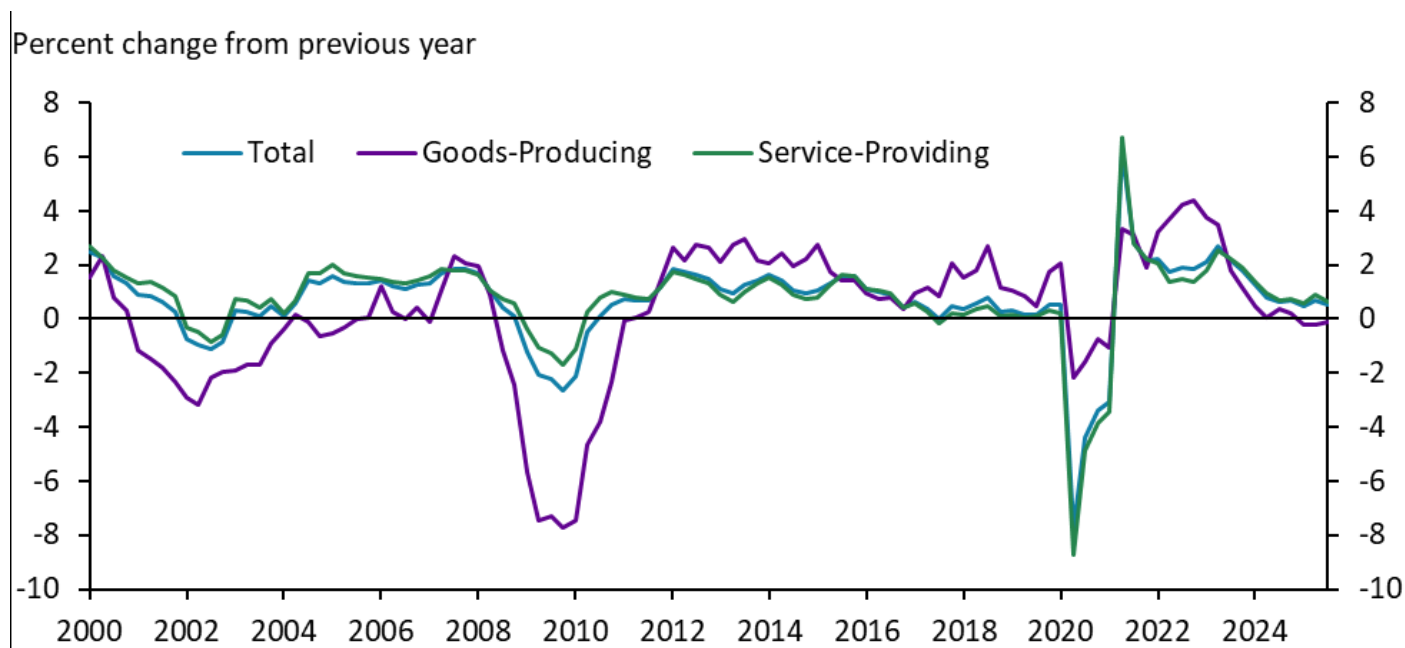
Chart 1. Job Openings and Unemployment



Note: Gray lines indicate other states.
Sources: BLS, Haver Analytics.

Job growth in Nebraska has softened alongside the slight increase in unemployment and fewer job openings. Through August 2025, employment in Nebraska was only 0.7 percent higher than the first half of 2024 (Chart 2). In Nebraska, job growth has slowed alongside weaker labor conditions in goods-producing industries. In these industries, job growth slowed to an average of 0.3 percent in 2024 and further deteriorated into outright job losses in 2025. In contrast, service-providing employment has continued to expand, albeit at a slightly slower pace.

Chart 2. Nebraska Job Growth by Industry

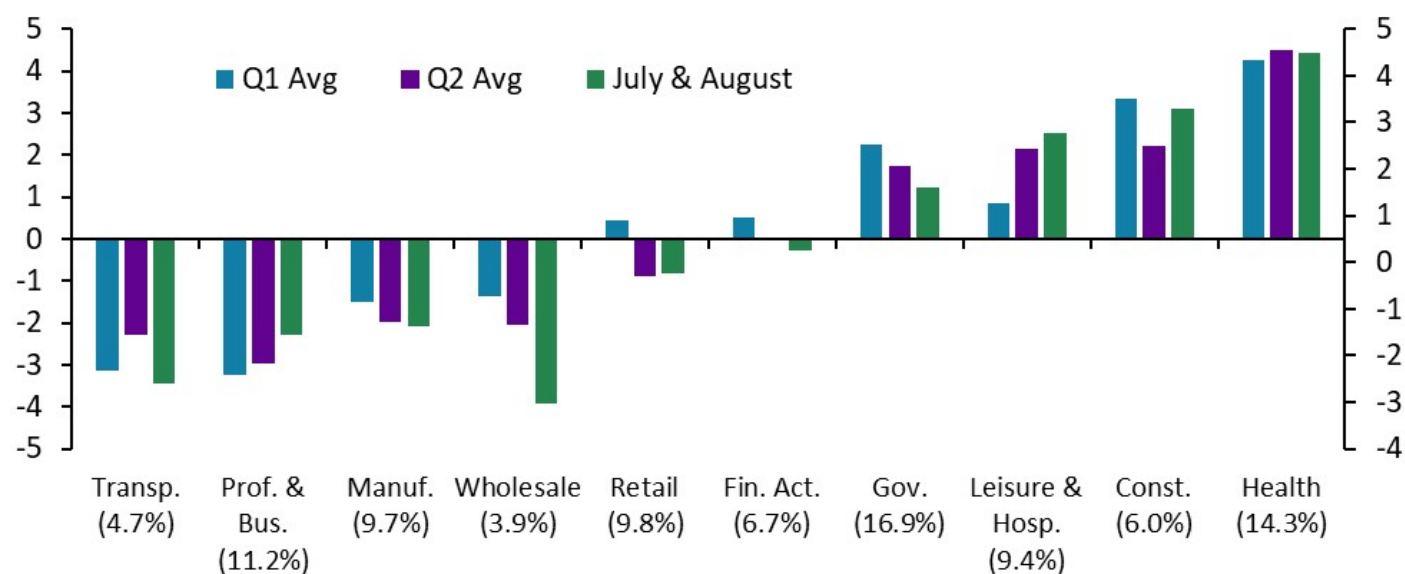


Sources: BLS, Haver Analytics.

The level of employment has declined across many major industries within the broader goods-producing and service-providing categories. Employment growth was higher in July and August than in the second quarter in only two industries: leisure and hospitality and construction (Chart 3). Steady gains in construction employment buoyed goods-producing employment overall in Nebraska as labor conditions in manufacturing continued to weaken. Similarly, health care and leisure and hospitality were the only private service sector industries continuing to add jobs through the summer of 2025.

Chart 3. Nebraska Job Growth by Industry, 2025

Percent change from previous year

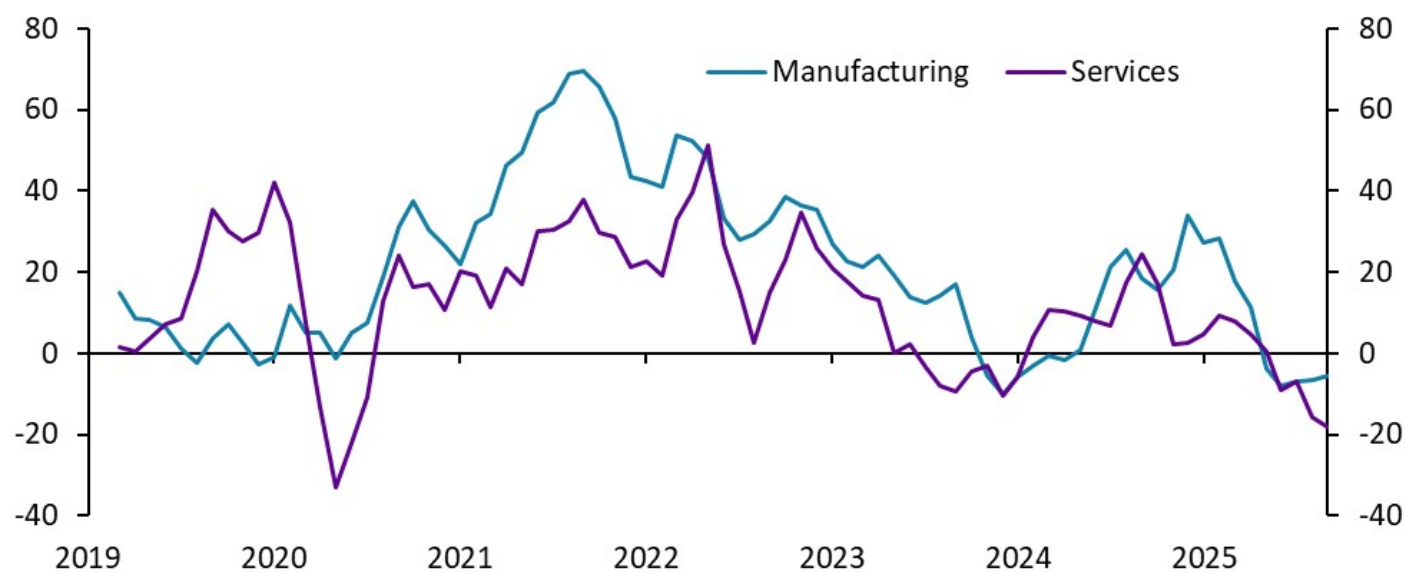


Note: Numbers in parentheses indicate industries' share of total employment. Some smaller industries omitted.
Sources: BLS, Haver Analytics.

Firms in Nebraska expect employment to decline further in the coming months. As surveyed by the Federal Reserve Bank of Kansas City in September, more employers reported that headcounts would be smaller by early 2026 than those reporting likely increases (Chart 4). Usually, more employers expect the level of employment to be higher in the coming months. As shown in the chart, the recent decline in expectations has only happened in a few months over the last six and a half years, showing that not only are current labor conditions softer than recent years, but that firms expect the softness to persist.

Chart 4. Nebraska Employment Expectations in Six Months

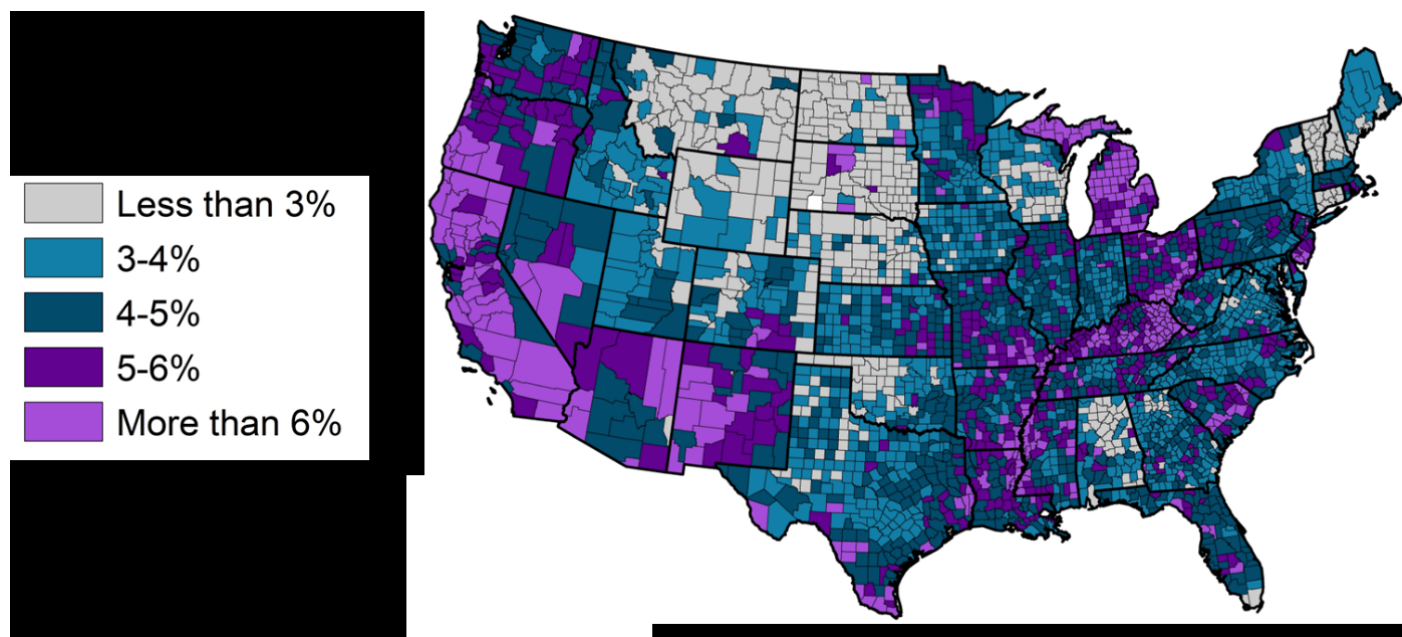
Diffusion index, 3 month moving average



Source: Federal Reserve Bank of Kansas City

Alongside slower job growth and weakening demand for labor, unemployment rates have risen across much of the country. County-level unemployment has risen to more than 6 percent – far higher than the national rate of 4.3 percent – in 345 counties (Map 1). In fact, 1,439 (43%) counties exceed the national rate of unemployment. Unemployment is highest along the west coast and in areas with higher concentrations of manufacturing employment that might be more exposed to ongoing trade disruptions, such as pockets of central Kansas, parts of the Great Lakes states, and portions of the south.

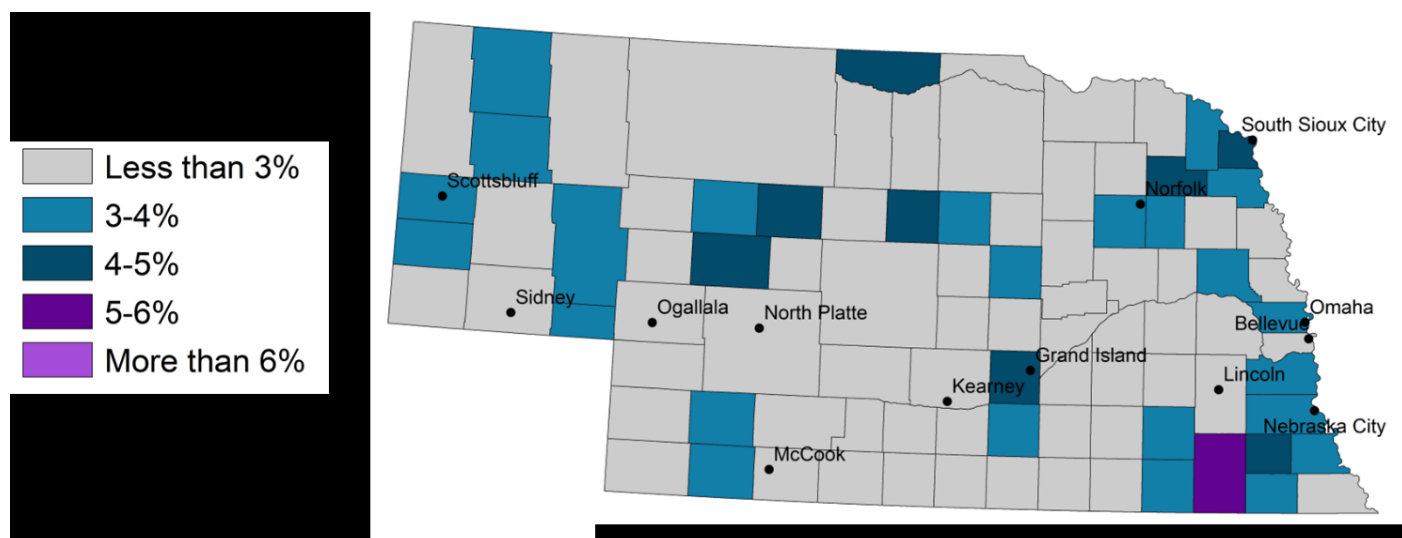
Map 1. Unemployment Rates, July 2025



Sources: BLS, Haver Analytics

Within Nebraska, unemployment generally remains low. As of July, 55 of the state's 93 counties recorded an unemployment rate below 3 percent (Map 2). Still, several pockets of higher unemployment have appeared, particularly in northeast and southeast Nebraska.

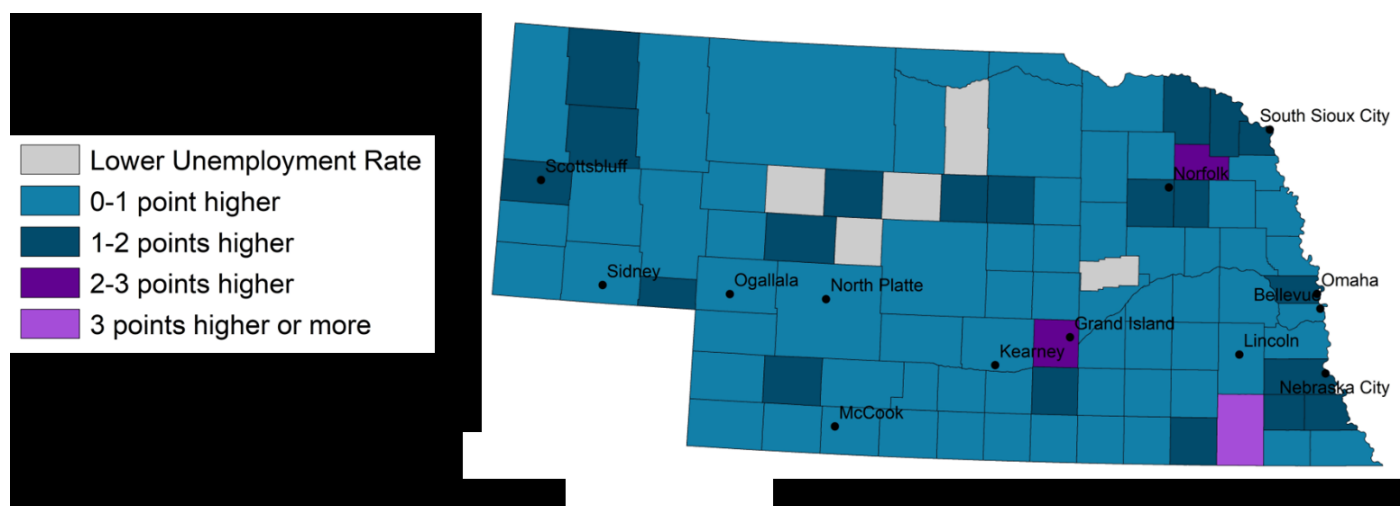
Map 2. Nebraska Unemployment Rates, July 2025



Sources: BLS, Haver Analytics

Though unemployment rates have remained low throughout most of the state in absolute terms, unemployment has increased by some degree in nearly all areas of the state. In most areas, unemployment has increased by 2 percentage points or less (Map 3). While noteworthy, increases in these areas have followed several years of extremely low unemployment rates and a marginal increase may ease the challenges for some businesses to find needed workers. However, in some counties, such as Hall County (Grand Island), the increase in unemployment has been much larger. Like other parts of the country more reliant on manufacturing, trade disruptions may have affected the manufacturing base located in this area as well.

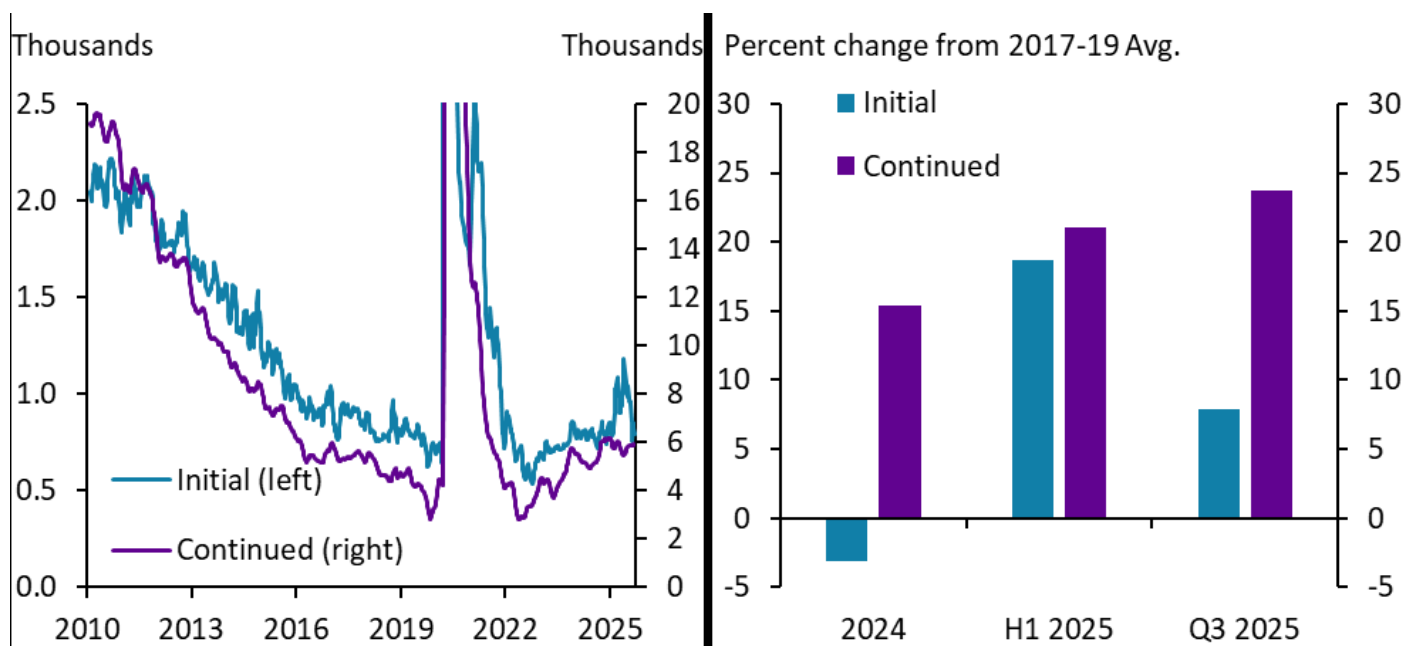
Map 3. Change in Nebraska Unemployment Rates, 2022 Average to July 2025



Sources: BLS, Haver Analytics

Alongside slight increases in unemployment rates, unemployment insurance claims have also edged higher over the past two years. Both initial and continued unemployment insurance claims in Nebraska exceeded pre-pandemic levels in July and August (Chart 5). Initial claims, or those individuals newly unemployed and filing for unemployment insurance for the first time, were nearly 8 percent higher through most of the third quarter than the average between 2017 and 2019. However, the increase relative to pre-pandemic years was slower than the increase in the first half of the year. Continuing claims, on the other hand, were nearly 24 percent higher than the pre-pandemic average, an increase from both 2024 and the first half of the year. The discrepancy between initial and continuing claims suggests that, at least through the summer of 2025, more individuals who claim unemployment insurance are remaining on benefits, indicating some difficulty in finding work after losing a position.

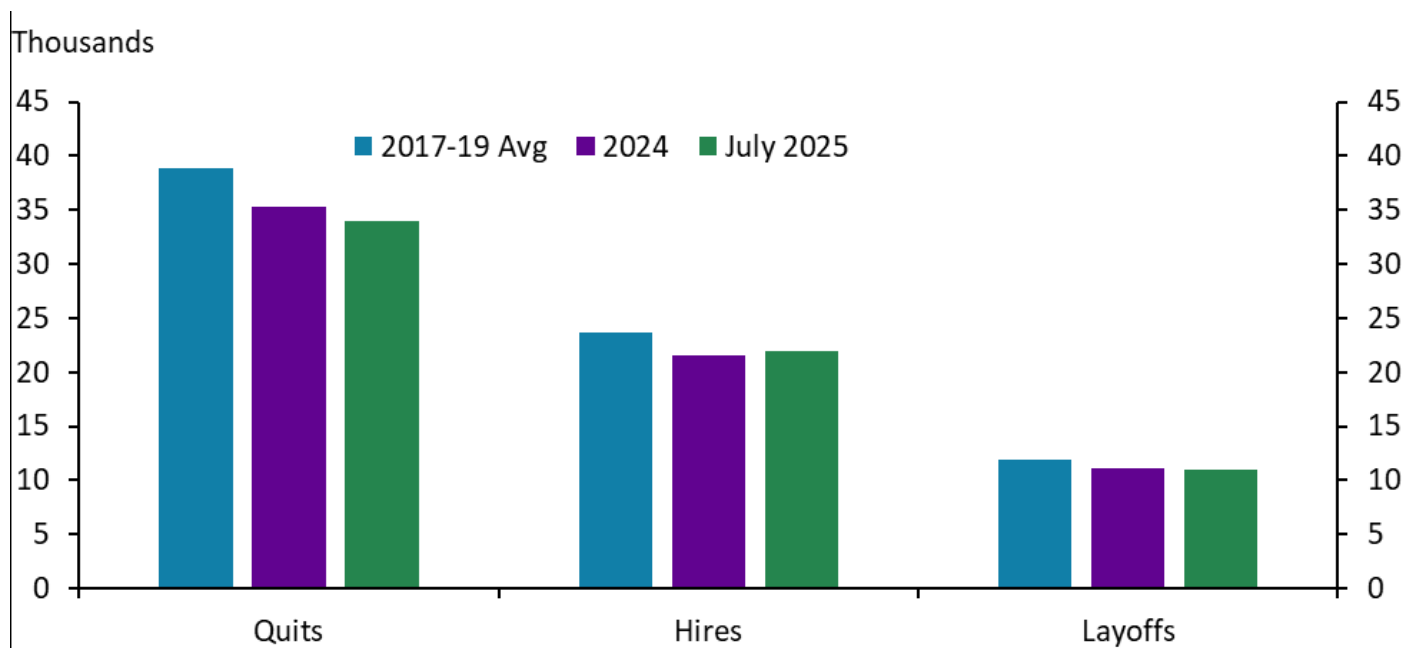
Chart 5. Nebraska Unemployment Insurance Claims



Sources: DOL, Haver Analytics

Nebraska’s labor market has become somewhat less dynamic recently, encapsulating slower employment growth, lower projected demand, and increasing unemployment. Compared with the pre-pandemic average, the number of people quitting jobs has steadily declined and the number of hires has plateaued (Chart 6). Fewer quits indicate less comfort in the ability to switch jobs and muted hiring has contributed to more sluggish employment growth over the last eighteen months. On the other hand, layoffs have not increased, suggesting that the labor market remains stable, even if churn has decreased.

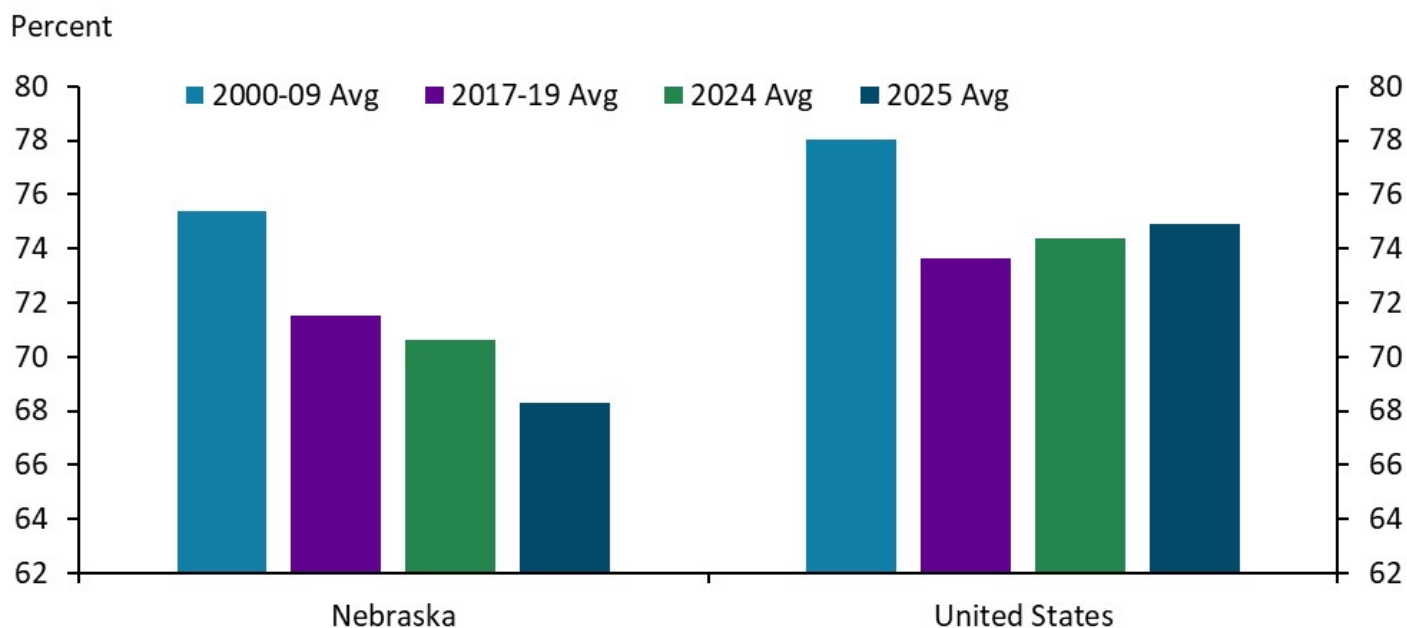
Chart 6. Nebraska Labor Force Dynamics



Sources: BLS, Haver Analytics

In Nebraska, lower dynamism may be due, in part, to fewer retirement-age individuals leaving the workforce. The number of retirees among the population age 65 or older has steadily fallen relative to levels prior to the 2008-09 financial crisis (Chart 7). Prior to the crisis, 75% of Nebraskans above age 65 and 78% of Americans more broadly reported being retired. In 2025, the share had fallen to 68% and 74% respectively. In Nebraska, the drop represents a steadily declining share of retirees, potentially indicating that more retirement-age individuals are remaining at work and limiting the number of new job openings.

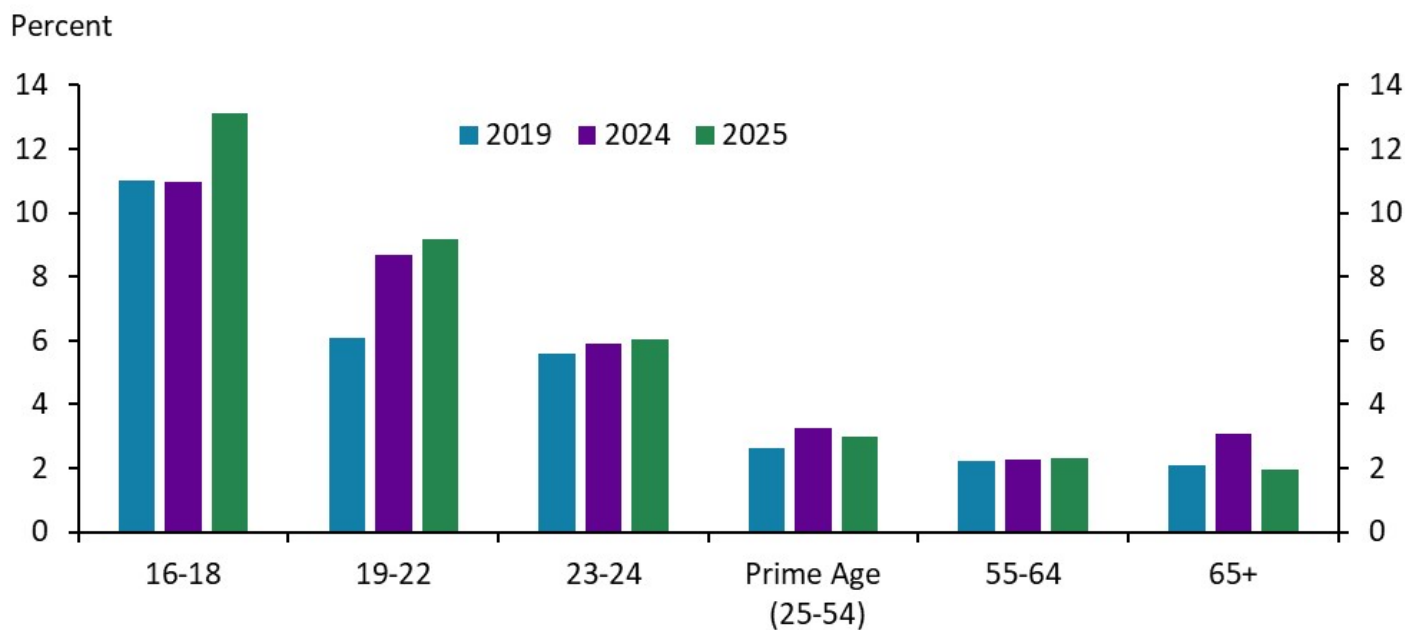
Chart 7. Retirees as a Share of 65+ Population



Sources: BLS, authors' calculations.

Unemployment has been steady among prime-age workers but has increased for younger workers. Unemployment rates have increased to 13 percent for those younger than 18, to 9 percent for those aged 19-22, and to 6 percent for those between ages 23 and 24 (Chart 8). In each case, the unemployment rate is higher than last year. At the same time, unemployment rates for older workers are lower or unchanged relative to 2024. Alongside fewer job openings, the newest entrants to the labor force may have the most difficulty finding work.

Chart 8. Average Unemployment Rate by Age Group, Tenth Federal Reserve District



Note: The Tenth Federal Reserve District includes the states of Colorado, Kansas, Nebraska, Oklahoma, Wyoming, the western part of Missouri and the northern part of New Mexico.

Sources: BLS, authors' calculations.

Labor conditions in Nebraska have eased in recent months, but may also be more balanced relative to previous years. The supply of potential workers now more closely matches the demand for labor. Economic activity has generally remained steady, but a cooling job market bears monitoring. If unemployment continues to edge higher alongside fewer opportunities to work, the number of those remaining unemployed for longer could increase and affect other economic indicators.

Authors



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John McCoy is an associate economist in the Regional Affairs Department at the Omaha Branch of the Federal Reserve Bank of Kansas City. In this role, he supports research and outreach efforts surrounding economic developments in the state of Nebraska. His responsibilities include serving as Board Secretary to the Omaha Branch Board of Directors and co-authoring *The Nebraska Economist*. John joined the Bank in 2017 as a research associate in the Regional Affairs Department at the Omaha Branch. Prior to 2017, he spent two years as an intern with the department. John holds a BA and MA from Creighton University.



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Nate Kauffman is senior vice president and Omaha Branch executive with the Federal Reserve Bank of Kansas City. In this role, he provides strategic leadership for the Omaha Branch and oversees the Bank's regional research and economic outreach in Nebraska. Nate works closely with the Omaha Branch Board of Directors and regularly connects with businesses and communities across the state to gain real-time perspectives on economic conditions that help inform the Kansas City Fed's understanding of the economy. Nate also serves as Executive Director of the Kansas City Fed's Center for Agriculture and the Economy, leading efforts to strengthen the Federal Reserve's connection to agriculture and the rural regions where agricultural production is concentrated. He engages with agribusiness leaders, producers, and policymakers nationwide to discuss current and emerging trends in agriculture and related sectors. Nate also oversees the Center's research and outreach to deliver clear, objective analysis of developments in the agricultural sector, and he frequently shares insights with industry audiences and the news media. Nate joined the Federal Reserve in 2012. He received his Ph.D. in economics from Iowa State University. Prior to receiving his Ph.D., he spent three years in Bosnia and Herzegovina coordinating agricultural economic development projects. Nate has spent many years coaching youth sports, most recently baseball, and demonstrates the same commitment to service through volunteer work with several Omaha-area organizations. He lives in Omaha with his wife and four children.