Introduction

This is the fourth in a series of reports being presented on intra-urban demographic and economic indicators for the Omaha urban area. In order to reveal the developing patterns and rates of change of demographic and economic activity within the Omaha urban area, Omaha and subarea totals are presented by quarter for both 1973 and 1974.

Revised data on mortgages, mechanic's liens and building permits are presented and two new indicators have been added to the list of data monitored by the Center—non-residential building permits and families and businesses served by the U.S. Post Office. In addition, the results of a public opinion survey of attitudes of residents and businessmen are included in this report.

All was not bright in 1974. Prices rose, unemployment grew, bankruptcies and liens against property jumped, new automobile sales slumped and housing construction activity was down. The general public's confidence in our local economy cannot be characterized as optimistic as the 1974 rate of inflation (12.1 percent) and the rising unemployment rate (7.1 percent) appears to have left its mark on public confidence. In general, businessmen were more confident than the general public about the outlook for the Omaha economy.

Although the indicators point to a downward trend, the downward movement locally was not as severe as for the nation. Unemployment in Omaha was still substantially below the national average and total building permit values were at a record high. Declining wholesale prices and interest rates and an increase in the availability of mortgage money vis a vis the national trend should provide stimulus to the housing industry as should the trend of population in-migration to our area. The actual construction of new and expanded industrial, commercial, and institutional facilities announced during 1974 should spill over into 1975 and beyond. The year 1975 should provide a challenge to both the private and public sectors in preserving a healthy, prosperous and growing local economy. Each of these points is discussed in more detail in the following paragraphs.

Natural Increase in Population

Omaha's population growth due to natural increase (i.e. more births than deaths) increased in each quarter of 1974, but 1974's natural increase of 2,749 was less than the total of 2,953 for 1973. Only the fourth quarter of 1974 showed a greater natural increase than did the same quarter of 1973.

The number of births in 1974 increased in each quarter compared to the previous quarter, but there were fewer births in 1974 than in 1973. Again, only the fourth quarter of 1974 showed an increase of births compared to the same quarter of 1973. More deaths were recorded in 1974 than in 1973.

All sectors of Omaha, except the Southwest, had a smaller net natural increase in population in 1974 than in 1973. The largest decline in births by subarea occurred in Southeast Omaha (12 percent). In conjunction with an increase in deaths, Southeast Omaha's net increase in population fell from 238 in 1973 to 67 in 1974, a 72 percent decline. There were
similar birth-death changes on a smaller scale in Northeast, Northcentral and Northwest Omaha. On the other hand, Southwest Omaha's net natural increase in 1974 was higher by 81, (9 percent).

Creating employment opportunities to continue to be a very noticeable new trend. The trend for 1974, 3,534 intranurban moves were recorded compared to 5,708 in 1973. This 38 percent decline probably reflected the difficulty of obtaining mortgage money and concern about the state of the local economy. The fourth quarter of 1974 had the smallest amount of intranurban migration of the last two years.

Other than this decline, patterns in 1974 were similar to those in 1973. For example approximately half of these moves represented a shift from one of the six subareas to another part of the city. The Northeast, Southeast, and Northcentral subareas continued to show a net loss (i.e. more moved out of the area than into it), while the Southcentral, Northwest, and Southwest had a net gain from other subareas. Similarly, most of the new households in the Northeast and Southeast were those moving from the same subarea, while in other sectors most of the new households had come from other parts of Omaha. The Northwest had the largest proportion of new households coming from other subareas (80 percent). The Southcentral continued to show the highest net gain, with the Northwest second, while the areas east of 42nd street continued to show the largest net loss.

An earlier study of Omaha intranurban migration patterns found a movement to the west to be the predominant pattern. The study reported only relatively minor movement across Dodge Street and found little evidence of a move back to the city from the suburbs. The data for 1974 continues to support these conclusions. The net flow of intranurban migration was in a westerly direction; in 1974 (omitting moves within the same subarea) there were 1,009 moves in a westerly direction and only 356 in an easterly direction, for a net western migration of 654. In the same year there were 449 moves southerly across Dodge and 368 northerly for a net southern migration of 81. The net western migration, as a percentage of all moves involving a change of subarea increased from 36.7 percent in 1973 to 37.2 percent in 1974, while the net southern migration showed a greater proportional growth increasing from 3.1 percent in 1973 to 5.2 percent in 1974. Migration to the two subareas east of 42nd Street from the two subareas west of 72nd Street totaled only 36 while the reverse flow was 219.

Intraurban Migration

Families and Businesses Served by the U.S. Post Office

Two new indicators presented in this issue of the Review are families and businesses served by the U.S. Post Office. The reader should view the data with some caution as the series pertaining to Northeast Omaha reflect some sharp unexplainable changes between 1973 and 1974.

The new data being presented for the first time showed that the number of families served by the U.S. Post Office increased from 140,803 in the first quarter of 1973 to 144,873 in the fourth quarter of 1974, a net gain of 3,870.

Both Northeast and Southeast Omaha had fewer families served in the fourth quarter 1974 compared to the first quarter 1973. The decline was 311 and 2,030 respectively in Northeast and Southeast Omaha. Northcentral and Southcentral Omaha showed respective gains of 431 and 380, with the largest increases in Southwest (2,594) and Northwest (2,790) Omaha.

Over the same period of time the number of businesses served by the U.S. Post Office increased from 11,648 to 12,288, a net gain of 740. Northeast Omaha lost 36 businesses. Northcentral and Southeast Omaha gained 36 and 27 businesses respectively, while the largest gains were recorded in Southcentral (188), Northwest (266) and Southwest (270) Omaha.

New Automobile Registrations

New 1974 automobile registrations were down sharply from 1973, declining 14.1 percent. Registrations per 100 families dropped from 12.5 in 1973 to 10.6 in 1974. A quarter by quarter analysis showed automobile registrations down in three of the four quarters of 1974. The third quarter registrations, however, exceeded those of the same quarter in 1973 (up 4.5 percent), apparently reflecting decisions to purchase 1974 models rather than higher priced 1975 models.

The greatest percentage declines for 1974 were on automobiles registered to residents in Northeast and Northcentral Omaha (down 21.8 and 22.6 percent respectively). The smallest declines were in Southcentral and Southwest Omaha (5.8 and 8.3 percent respectively).
Consumer concern over gasoline shortages, rising prices and uncertainty about the state of the economy has played a major role in the decline in new automobile registrations. Since an estimated one of every six workers in Nebraska are dependent upon automobile manufacturing and related services, sharp declines locally are also likely to have a ripple-like effect on the rest of the area's economy. With the automobile manufacturers' cash rebate program now in effect, new automobile registrations should begin to pick up. Future registrations should reflect a growing share for American automobiles as foreign-built cars no longer have the lower price advantage they once enjoyed.

Building Permits

Building permit values in Omaha reached a new high of $120.5 million in 1974, up 30.4 percent from $92.4 million in 1973. A few very large projects (see non-residential building permits) contributed to the record high. At the same time, a major part of the construction industry (see residential building permits) was in a downward trend.

Residential Building Permits. New residential housing authorized by building permits dropped sharply in 1974 from 1973. The total number of single-family units for which permits were issued declined 52 percent (2,062 to 980 units), and single-family permit values declined 54 percent ($24.1 million to $11.1 million). An examination of demolition permit data showed that 19 percent of the single-family units were for replacement housing in 1973 compared to 43 percent in 1974.

In contrast, approximately 90 percent of the multi-family units were net additions to Omaha's housing stock both in 1973 and 1974.

The decline in residential building permits parallels national rates, which show new housing starts down over 40 percent in 1974 compared to 1973. (New housing starts closely parallel trends in building permits, with a 30 to 90 day lag.) At least one national authority expects housing activity to climb slowly throughout 1975 and lead the economy out of the current downturn. However, the extent to which this trend may hold for Omaha is problematical because of the unsold inventory of approximately 400 single-family units and 700 condominiums, and the unrented inventory of approximately 4,500 apartments in the area as of December, 1974.

An analysis of data by subarea showed both the greatest absolute decline (556 units) and greatest percentage decline (68 percent) in single-family units authorized by building permit from 1973 to 1974 was in Northwest Omaha. Declines in Northwest and Southwest Omaha combined accounted for 93 percent of the overall decline in single-family building permits. At the same time almost all of the decline in multi-family units from 1973 to 1974 can be attributed to a 796 unit drop in Northwest Omaha. Southcentral Omaha showed the only increase in multi-family units (up 259) in 1974.

Non-Residential Building Permits. The number of non-residential building permits authorized in 1974 was down 31 percent from 1973 (274 to 190). However, the total value of non-residential (new structure) permits rose from $36.4 million in 1973 to $80.8 million in 1974 (up 121 percent).

Three projects--Omaha Public Power District's emission control system at its North Omaha Station, Creighton University-St. Joseph Hospital, and a 15 story office structure--contributed more than 60 percent of the total value of non-residential building permits in 1974.

Permits for Improvements and Additions. The remaining category of construction activity, permits for improvements and additions, rose from $17.9 million in 1973 to $21.6 million in 1974. This represents a 21 percent increase.
Mortgages

Mortgage lending activity, in terms of total number of mortgages made, declined approximately 22 percent from 9,154 in 1973 to 7,133 in 1974. In terms of total money loaned, however, mortgage lending activity declined only 14 percent from approximately $335 million in 1973 to $289 million in 1974. This modest decline was in spite of a drastic 52 percent drop from over $100 million in the first quarter of 1973 to less than $47 million in the first quarter of 1974. In fact, the total amount of money loaned in the last two quarters of 1974 exceeded the amount in the last two quarters of 1973 by approximately $10 million ($143 million to $133 million).

At the same time the average size of individual mortgages increased by approximately $3,797, or 11 percent, from $36,576 in 1973 to $40,550 in 1974.

Mortgage money appears to be becoming more plentiful, as evidenced by three consecutive monthly declines in the average interest rate nationally on conventional first mortgages. This trend indicates the prospects are good that mortgage lending activity both nationally and in Omaha will remain strong during 1975.

Unemployment Insurance Claimants

One of the components used by the U.S. Department of Commerce in the index of leading indicators used to forecast economic trends is initial claims for unemployment insurance (U.I.). As of December, 1974, the government’s index of leading indicators was pointing to an economic decline for the fifth month in a row—surpassed only by a six-month decline during the 1956-57 recession.8

Data on U.I. Claimants in Omaha indicates that the number of unemployment insurance claimants increased in six of the last seven quarters. The number was up 28 percent in the second quarter of 1974 compared to the second quarter of 1973. The increase in 1974 compared to 1973 was 67 percent in the third quarter and 25 percent in the fourth quarter.

Overall, increases in U.I. Claimants were most pronounced in the western subareas. Second quarter data showed a 49 and 73 percent increase for Northwest and Southwest Omaha respectively. There was a 112 and 357 percent increase respectively in the third quarter, and 52 and 57 percent increase respectively in the fourth quarter.

Although the rate of increase was less in the fourth quarter, an unemployment rate of 7.1 percent in January (up from 5.8 percent in December) makes it difficult to be optimistic in the short-run. Passage of legislation authorizing federal payments to municipalities for hiring jobless persons to work in public service positions, and to provide extended unemployment benefits to state and local employees, farm workers, and domestic workers as well as extensions on the number of weeks of eligibility (which will go into affect in Nebraska in the latter part of February) will help. In contrast to the national rate (8.2 percent) unemployment in Omaha (7.1 percent) continues to be below the rate for most urban areas. However, no longer can it be said that Omaha has little or no involuntary unemployment.

Welfare Recipients

Data for welfare recipients is available only for 1974. Families receiving aid to dependent children (ADC) was lowest in the first quarter of 1974 and increased in each of the other quarters of the year. However, the total number of recipients in the fourth quarter was less than 1 percent more than the previous quarter, and only 3.7 percent higher than the first quarter total.
Mechanic’s Liens

Mechanic’s liens represent claims against property. One who furnishes materials or labor that go into building or one who brings about other improvement of real estate has a vested interest and is given a statutory lien upon the premises which have been improved by the contribution. Liens should, given no statutory changes, increase with growth in the value of construction and decrease with declining building activity. To the extent that mechanic’s liens derive from this pattern they signal an increasing or decreasing problem in paying for material and labor claims against property.

Building permit values amounted to $92.4 million in 1973. By 1974 building permit values had increased 30.4 percent to $120.5 million. During this same period of time the value of mechanic’s liens was up 190 percent from $1.8 million in 1973 to $5.1 million in 1974. The average value of a mechanic’s lien went from $3,510 in 1973 to $7,820 in 1974, with a 12.1 million lien on property located in the South Omaha Industrial Park and a $500,000 lien on an apartment complex in Northwest Omaha accounting for nearly 86 percent of the increase in average value of liens from 1973 to 1974.

The use of “raw housing units authorized by building permits” as a basis for comparing 1973 and 1974 relationships between construction activity and liens also illustrates a dramatic change. In 1973 and 1974 almost two-thirds of all liens were against property located west of 72nd Street. The greatest percentage increase between 1973 and 1974 was recorded in Northeast Omaha (166 percent) followed by Southwest Omaha (78 percent). Southcentral Omaha showed an actual decline (44 percent), while the number of liens was up 50 percent and 7 percent respectively in Southwest and Northwest Omaha.

A Look Ahead: A Survey of Public Opinion

Most Omaha residents are not looking for economic conditions to improve during the remainder of 1975. Omaha’s expectation of 1974’s inflation rate to continue through 1975 and unemployment to become a serious problem for the local economy during the remainder of the year.

In contrast to the general public, local businessmen are more optimistic. The majority feel that they will either have higher or the same volume of business, investment, employment, and profits during 1975 as compared to 1974.

The data on recipients of OABD (old age, blindness, or disability) payments indicate a pattern of slight fluctuations. The totals for the last quarter of 1974 are slightly higher than the previous quarter, but lower than the first half of the year. Four of the subareas (Northeast, Southeast, Northcentral, and South-central Omaha) experienced a drop in the number of recipients from the first to the fourth quarter 1974. The largest decrease (166) was in Southeast Omaha. While the number of recipients in Southwest Omaha remained constant the Northwest subarea recorded increases in each successive quarter, with a total increase of 49 recipients from the first to fourth quarter 1974.

Bankruptcies

Over the last two years, the number of bankruptcies has increased greatly. The current rate of bankruptcies in Omaha appears to be considerably higher than the national rate. In 1973 there were a total of 173,197 bankruptcies in the United States (includes both personal and business bankruptcies) representing a rate of 82.86 bankruptcies per 100,000 population. In 1975 the bankruptcy rate in Omaha was 120-126 per 100,000 population. The number of bankruptcies by the end of 1974 had reached an annual rate of 180-185 per 100,000 population, with the number rising 53 percent from 196 in 1973 to 752 in 1974. The rise in bankruptcies parallels the rise in unemployment in Omaha. During the fourth quarter of 1974 there were 219 bankruptcies, the highest quarterly total in the last two years. This represented a 24 percent increase over the previous quarter, and more than double the total in the same quarter of 1973. The eastern subareas in both 1973 and 1974 accounted for more than 50 percent of the total bankruptcies with 17 percent contributed by Northcentral Omaha.

Will the rate of bankruptcies continue to grow? The remarkable increase in the rate of bankruptcies is probably attributable to both growth in the volume of personal indebtedness and short run changes in the level of unemployment. Early in 1975 the local economy was confronted with prospects for further increases in unemployment and in the short run, the bankruptcy rate will be strongly affected by changes in the state of the local economy.

These were among the major findings of interviews carried out with 504 residents of Omaha (January 20-24, 1976) and businessmen representing 183 local firms (February 5-7, 1975). The results reflect the attitudes of residents and businessmen after President Ford's "State of the Union Message".

Specifically, four of every five residents interviewed felt that the rate of inflation experienced in 1974 will continue through 1975, while a similar number indicated unemployment will be a serious problem in Omaha during 1975.

The results reflect the expectations which will be the most serious problem locally, inflation or unemployment? 46 percent replied that unemployment will be, 41 percent indicated that the most serious problem in 1975 will be inflation rather than unemployment (52 vs. 44 percent), while those 55 years and older expressed a greater concern about unemployment as opposed to inflation (50 vs. 30 percent).

In general, businessmen were more confident about the outlook for the Omaha economy. Of businessmen representing 183 firms, the largest aggregate employment of over 40,000 workers, two of five anticipated a higher volume of business in 1976. Two of five also predicted that their business volume would remain the same. Firms in the construction and manufacturing industries were most pessimistic, with 40 percent and 22 percent respectively anticipating lower business volumes in 1976.

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### Table: Businessmen’s Opinions

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Four of five businessmen representing local firms felt their work force would either increase or remain the same in 1975. The firms anticipating declines in number of employees were most pronounced in the construction industry, (47 percent), while firms in retailing and finance were most optimistic. Of the 183 firms, approximately 75 percent expected their investments in capital goods and inventories in 1975 to equal or exceed 1974 investments.

Overall, businessmen were less optimistic about their profit margins. More than one-third anticipated that their profit margins will decrease compared to one-fifth anticipating higher profit margins.

| Will your investment in capital goods and inventories in 1975 increase, decrease or remain about the same as in 1974? |
|-----------------|----------------|----------------|----------------|
| No. of Firms    | Increase | Same    | Decrease | No. Response |
| Total Business  | 151      | 31      | 41       | 27          | 1          |
| Manufacture    | 71       | 30      | 37       | 32          | 1          |
| Retail       | 35       | 40      | 37       | 23          | 0          |
| Wholesale    | 26       | 35      | 42       | 23          | 0          |
| Construction  | 19       | 16      | 63       | 21          | 0          |

Data Sources and Subarea Delineations

Several sources of data have been utilized in this report. The data sources were as follows: (1) automobile registrations, bankruptcies, migration, mechanic’s liens, and mortgages were from the Daily Record, (2) building permit data were from the Division of Permits and Inspections, Housing and Community Development Department, City of Omaha, (3) births and deaths were from the Division of Vital Statistics of the Douglas County Health Department, (4) welfare cases were from the Douglas County Department of Welfare Administration, (5) unemployment insurance claimants were from the Nebraska Department of Labor, and (6) the U.S. Post Office served as the source of data on the number of businesses and families in the Omaha area.

Omaha, defined as the urban portion of Douglas County was divided into six geographic areas with 42nd and 72nd Street serving as east-west boundaries and Dodge Street serving as the north-south boundary. All data were compiled either as address, zip code zone, or census tract. Data gathered by zip code zone and census tract were aggregated to conform as closely as possible to the 42nd, 72nd and Dodge Street boundaries.

Footnotes

2. Number of families as recorded by the U.S. Post Office.
3. Omaha-Council Bluffs Metropolitan Planning Agency. MAPA reports, though, that there is a shortage relative to demand of single-family homes for sale in price categories of $35,000 and below.
5. Omaha-Council Bluffs Metropolitan Planning Agency.

Table of Random Sampling Numbers.

10. Total includes permits issued for improvements and additions to existing structures.
11. Respondents were selected from the Omaha Telephone Directory, using E.S. Pearson’s Table of Random Sampling Numbers. The true values are within ± 1.5 percent of calculated values at the 90 percent confidence level.
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ECONOMIC IMPACT OF THE UNIVERSITY OF NEBRASKA AT OMAHA ON THE OMAHA ECONOMY *

(Editors Note: Although many of the indicators monitored by the Center for Applied Urban Research point to a downward trend in the local economy--this is far from true in all sectors. A recent 1974 study by the Center entitled “Economic Impact of the University of Nebraska at Omaha on the Omaha Economy” points out the dramatic growth of UNO and the large economic impacts that the institution has on the community. This report with the use of a money flow diagram highlights some of the economic relationships that exist between the campus and the community. Data used in the study were obtained from published reports, interviews, correspondence, and sample surveys of visitors, students, faculty, and staff.)

Highlights

- The University of Nebraska at Omaha (UNO) related local business volume is estimated at between $107.6 and $116.7 million annually.

Of the total business volume generated by UNO, $45.5 million of local expenditures are made by the University, faculty, staff, students, and visitors to the campus. Another $34.8 million of University related local expenditures are made to purchase goods and services from local businesses. In addition, between $27.3 and $36.4 million of local business activity is generated by the University related expenditures that are spent and respent locally.

**The Authors are Ralph H. Todd, Director of the Center for Applied Urban Research and Robert F. Blair, Graduate Student, Department of Public Administration.**
- A total of 6,195 local jobs are attributed to the presence of the University.

In addition to the 1,225 faculty and staff members at UNO, an estimated 4,970 jobs are generated as a result of the University's expenditures in the local economy.

- A total of $40.1 million of personal income is generated from University related jobs and business activity.

In addition to $11.9 million of gross compensation to faculty and staff, UNO related jobs and business activity accounts for an estimated $28.2 million in personal income to the community.

- A total of $8.5 million of revenue received by local governments is attributed to the presence of the University.

The estimated local government revenue consists of $5.0 million in property taxes, $222,620 in sales taxes, and $2.5 million of other revenues, e.g., wheel tax fees and user charges for water, sewer and sanitation paid by the University, faculty, staff, and students. In addition, an estimated $793,375 of state aid allocable to local governments can be attributed to the presence of the University.

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\[\text{MONEY FLOW BETWEEN UNO AND LOCAL ECONOMY} \]

\[\text{(Millions of Dollars)} \]

- $7.6\% \text{ State Appropriations}
- $1.5\% \text{ Grants and Contracts}
- $5.8\% \text{ Student Payments}
- $3.0\% \text{ Auxiliary Enterprises and Miscellaneous}

\[\text{\$18.0} \]

\[\text{UNO Income} \]

\[\text{\$11.9} \]

\[\text{Faculty and Staff} \]

\[\text{\$18.0} \]

\[\text{UNO} \]

\[\text{\$46.4} \]

\[\text{Students} \]

\[\text{\$3.7} \]

\[\text{Visitors} \]

\[\text{\$46.5} \]

\[\text{Expenditures} \]

\[\text{\$116.7*} \]

\[\text{Omaha Local Economy} \]

\*Includes multiplier effects. Initial dollars spent in the local economy today will become incomes of local households, firms, and governments tomorrow. Of this new income some is saved, some is paid out in taxes, and some is respent. The dollars respent in the local economy once again will return to someone in the form of income. This process of expenditure-income transformation is called the "Multiplier Effect", because the ultimate total amount of income generated will be several times the amount of initial expenditure.
WHAT IS CAUR?

The Center for Applied Urban Research (CAUR) is a part of the College of Public Affairs and Community Service of the University of Nebraska at Omaha. It was established to carry out research on current problems facing community leaders and officials. The range of its activities includes studies on urban finance and taxation, governmental administration, employment and economic development, environmental quality, education, health, welfare, housing and community development, recreation, transportation, intergovernmental relations and the many other aspects of urban communities large and small.

The Center’s research staff of eight full-time professionals includes six Ph.D’s (in Economics, Geography, Political Science, and Statistics) and a senior government official on assignment from the U.S. Department of Housing and Urban Development under the Intergovernmental Personnel Mobility Program. Graduate assistants with training in urban planning, sociology, public administration and other urban-related skills, as well as faculty members from other departments of the University of Nebraska and Creighton University, are available to the Center as needed for various research projects.

The Center has a full-time urban information and statistical data coordinator and its own library containing over 3,500 documents concerned with urban Nebraska, the Mid-West and the United States.

The research staff serves on city, state, regional and national advisory committees and boards to make available the Center’s research findings and conclusions to decisions on urban problems.

Research findings are published in the Review of Applied Urban Research monthly which is distributed free to those who request it.

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