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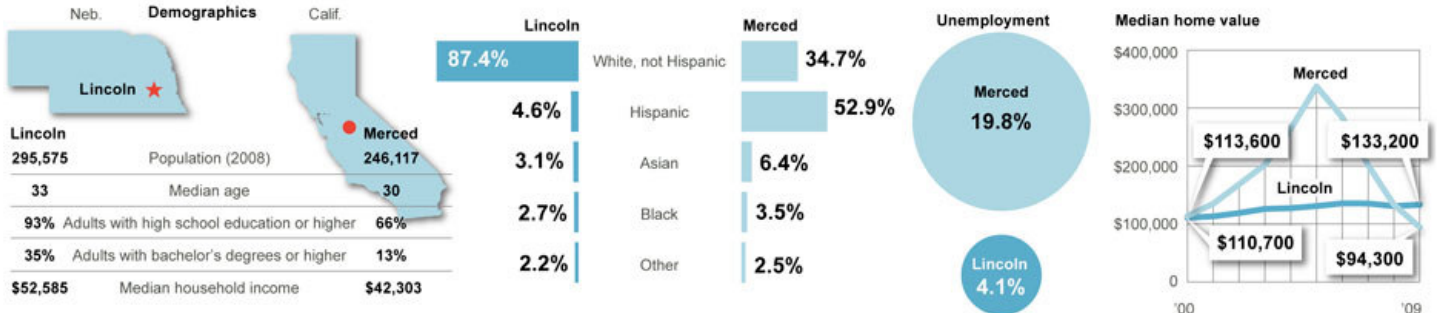
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Metro area comparison

The metropolitan areas of Lincoln, Neb., and Merced, Calif., are similar in population but differ in many other ways:



Sources: Census Bureau; Zillow.com; Bureau of Labor Statistics

By Julie Snider, USA TODAY

Recession sometimes takes uneven toll

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By **Dennis Cauchon** and **William M. Welch**, USA TODAY

From the mountains, to the prairies, to the oceans white with foam, the search for jobs in America is as varied and diverse as the nation's geography.

The U.S. unemployment rate was 9.7% in January. But that big number blurs what's

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Enlarge By Kurt Hegre for USA TODAY

In Merced, Calif., Angela Rodríguez, 41, gets breakfast with her grandson Jayden, 1, at the Salvation Army on Feb 5. Rodríguez was laid off from her job as an adult care nurse and her husband, a farm worker, doesn't get much work during the winter.

boom —California, Florida, Arizona, Nevada— have suffered the worst job loss," says economist Gus Faucher of Moody's Economy.com.

The middle of the country — from Texas to North Dakota — missed most of the real estate growth and, to a large extent, the comedown. "These (middle of the nation) economies are less cyclical and less exposed to the nation's business cycle," Faucher says.

College towns and state capitals also have enjoyed an extra degree of stability, keeping unemployment low in some places.

RECOVERY WATCH: [Tracking the economy](#); see VIDEO
JOBS OUTLOOK: [Latest data for all states](#), [384 metros](#)

To understand why some places are winning and others losing, USA TODAY examined a pair of No. 2s — the metropolitan areas of Lincoln, Neb., which has the second-lowest metro area unemployment rate in the United States, and Merced, Calif., which has the second-highest.

Lincoln symbolizes a swath of the central USA with economies that didn't have wild highs and lows during the last decade.

Merced represents the opposite. Here are their stories:

Lincoln: Steady as she goes

Lincoln's economy has been good for so long that it's hard for many there to remember bad times.

The unemployment rate in the vibrant metropolitan area of 296,000 is just 4.1%, second-lowest in the nation.

The rate has never been above 5% since the [Bureau of Labor Statistics](#) starting tracking it 20 years ago.

"It's like we're on our own island out here," says Jason Perry, a Wisconsin-born rental car manager who moved to Nebraska in 2008, when his wife, Robin, got a job in nearby Omaha, which also has low unemployment.

Lincoln is home to a major research university and national and regional headquarters for several substantial companies. It is surrounded by farms that export worldwide.

The metro area — built on the edge of the Great Plains — has the good fortune of being at the convergence of several positive trends in a dangerously weak national economy. Lincoln is:

- A college town, home to 24,000 students at the University of Nebraska-Lincoln. Nine of the 10 metro areas with the lowest unemployment rates have major universities.
- A state capital, benefiting from a stable workforce of government jobs.
- Part of a farm economy at a time when farm income has been at or near record highs.

Just as important, Lincoln missed the real estate bubble, so it's not suffering withdrawal from a construction boom caused by too-easy credit.

Tom Henning, chief executive of Assurity Life Insurance of Lincoln, can't recall any significant speculative office buildings or shopping centers getting built in Lincoln during this decade's national real estate boom that ended in 2007.

During an interview, Henning calls the company's head of real estate lending on a speaker phone to check his memory.

Investment chief Bill Schmeckle pauses for a long time as he recalls what's been built in Lincoln during the past several years.

"No. None," he says.

Henning says a real estate developer who approached Assurity Life about financing a speculative building would have been met with the common-sense question: "You mean you want to build it, but you don't have any tenants yet?"

Construction in Lincoln proceeded at a steady, moderate pace during the last decade — and that continues today.

Assurity Life is building a new \$53 million corporate headquarters. The university is developing a new research park. In May, voters will decide whether to approve bonds to start a \$334 million arena for the university's basketball team.

usatoday.com/.../2010-02-17-two-cities...

napping in nurseries or local economies — some winners, some losers — during this harsh, job-destroying recession.

The nation's 372 metropolitan areas are experiencing an extraordinary range of jobless rates — from a low of 4% in [Grand Forks, N.D.](#), to a high of 27.7% in [El Centro, Calif.](#)

The simplest explanation may be the most telling: The bigger the housing bubble, the worse the job loss. That's still true more than two years after the housing bubble burst.

PHOTOS: [A tale of two cities: Lincoln and Merced](#)

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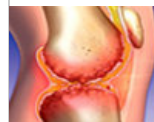
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The city's historic Haymarket District continues to slowly but steadily add new businesses.

The Bar & Grill has hung a sign at its future location: "Now Accepting Applications for All Positions."

Trent Taylor, 28, who recently quit his job as a cook, says he's not worried about finding work.

"There's work around, just not always what you want," says Taylor, smoking a cigarette outside a government career center in downtown Lincoln.

Lincoln hasn't been immune to the recession. A total of 6,800 people were unemployed in December in a labor force of 167,000. That's an increase of 1,150 from a year earlier.

"We've absolutely had job losses," says Eric Thompson, a University of Nebraska economist. "It just doesn't feel like the worst recession in 30 years or longer."

One reason: Nebraska has among the nation's highest rates of people holding multiple jobs, Thompson says. That means people can lose one job or be employed below their skill level, yet not count as unemployed.

Nebraska, with its high level of education, and Lincoln, in particular, have a labor force that's attractive to employers.

"We might have someone with an economics degree working as a clerk," Henning says.

Lincoln's diversified economy has more than 100 companies and agencies that employ 250 or more workers, including a robust manufacturing sector. [Kawasaki](#) makes [New York subway](#) cars here, along with all-terrain vehicles and Jet Skis.

Nick Cusick, chief executive of IMS Corp., says manufacturing has been helped by electricity rates 25% below the national average.

A key reason for the low rates: Nebraska is the only state that generates all its power from government-owned utilities.

Thriving entrepreneurship and the lack of a major union presence also have helped keep Nebraska manufacturers competitive, says Cusick, who started his company with a high school buddy in 1974.

Today, Cusick and his friend are still 50-50 partners in a company that employs 200, down from a peak of 275 in 2008.

IMS makes football goalposts, basketball hoops and electronic signs and scoreboards. The [PGA Tour's](#) electronic leader board is one of its products.

Cusick thinks his region's "common sense" culture helps Lincoln avoid economic peaks and valleys.

Nebraska companies typically are reluctant to take on debt because of this conservative culture, he says. Nebraska's constitution even prohibits the state from borrowing money.

"The Nebraska sensibility — whether it's in the public sector or the private sector — is to be cautious," Cusick says.

Cusick vacations in Scottsdale, Ariz., every March and November. Between visits there, new shopping centers would appear there during the boom years. "Lot of vacancies now," he says.

Lincoln was different that way. No boom, no bust. Still hiring.

Merced: 'Like a bomb went off'

In Merced, a stroll down Main Street brings little visible evidence of the economic misery that grips the San Joaquin Valley city.

Drive a few miles to the outskirts, though, and the pain comes into focus.

At the big Bellevue Ranch subdivision, entire cul-de sacs look like eerie ghost towns, empty of people.

Rows of homes stand unfinished, their bare wood frames darkened by rain and weather.

An unopened roll of roofing paper rests atop one house, and the clutter of construction debris lies soaked from winter rains, untouched since buyers and workers walked away when the housing bubble burst.

"It was like a bomb went off," says Tom Calton, a retired insurance executive who devotes his time to helping the newly poor through an outreach program at his church, Liberty Fellowship.

"The workers walked away. It happened so quick it was scary. It put people in shock. ... It didn't slow down. It just collapsed."

Today, the Merced metropolitan area (population 246,117) has the second-highest unemployment rate in the nation, 19.8%.

Merced also has one of the highest foreclosure rates. According to widely published statistics from First American CoreLogic, one in five homes in Merced County was 90 days delinquent in payments as of November 2009.

The impact on property values has been devastating. Home values have dropped 62% since 2006, city spokesman [Mike Conway](#) says.

Median home prices dropped from a peak of \$337,300 in 2006 to \$94,300 at the end of 2009, according to [zillow.com](#), which tracks real estate values.

Cities here in California's fruit and vegetable basket are always dependent on the vagaries of agriculture and see unemployment soar in winter when there's little work in the fields. In this recession, however, the impact has

been compounded by the collapse of construction after a frenzied speculative bubble.

In 2005, the city issued 1,444 residential building permits, Conway notes. In 2009, the number was seven.

The collapse of construction has been devastating for Jerry Manning, 48, who made his living designing and selling home kitchens — countertops, cabinets and appliances.

He worked for several construction supply companies and had his own company but saw demand vanish.

"The way the economy went, I just couldn't get any work," says Manning, who has a wife and two teenage sons. "No houses are getting built, and people aren't doing a lot of remodeling."

Manning and his wife gave up the 2005 car they were making payments on, canceled cable TV and accepted the gift of a 16-year-old car.

They live in a rented home and have exhausted their savings, he says. His wife gets a few hours of work each week preparing food for the school system, and he works as a volunteer with Calton's church group, Nineveh Outreach, distributing food.

"This is the first time I've ever not been able to get a job," Manning said.

"I've e-mailed and filled out applications and all that stuff. Nothing. I'm not getting any return calls. Nothing."

Throughout inland California, the lure of lower property and construction prices compared with expensive coastal areas brought a building boom during the early and mid-2000s. Easy money from lenders allowed people to buy bigger homes.

In Merced, the frenzy had still more fuel — the arrival in 2005 of the University of California-Merced, the latest campus in the prestigious UC system.

Builders put up houses with confidence that the arrival of more students and faculty would provide people to live in them, says Shawn Kantor, economics professor at the young campus.

"With the availability of mortgage capital, there was just incredible building going on," Kantor says. "When I moved here in 2004, there was new development popping up just on the outskirts of town. You kind of wondered, where were all these people going to come from?"

The university one day will enroll 25,000 students, its projections show.

Today, however, there are fewer than 3,500 students. It will take decades for the young school to reach its enrollment potential.

"This is a relatively speaking poor area, with high unemployment and perpetual poverty," Kantor says.

"There's not a strong high-tech industry, not a huge manufacturing sector here. So to a large extent it is agriculture and low-level services that are driving the economy. ... If any area was going to fall apart as a result of interest rates going up and house prices falling, it's going to be especially exaggerated in this area, where people had a hard time qualifying for loans in the first place."

At the [Salvation Army](#), Capt. Joel Harmon and his volunteers serve a free breakfast every morning and dinner on Saturday night.

More than 200 people show up each day.

Some of those who show up for a hot meal are homeless. Others are families straining to stay above water.

Angela Rodriguez, 41, comes each morning along with her daughter, Kimberly Hinojosa, 22, and Hinojosa's two sons, Aliza, 3, and Jayden, 1.

Rodriguez's husband is a farm laborer, and in winter things are slow.

Rodriguez was laid off from her job as an adult care nurse nearly 50 or so miles away in Fresno. She has been unable to find another job and is struggling to meet this month's rent of \$575.

"We make rice and beans. That's all we eat, and some corn tortillas," she says.

"I need a job really bad."

Rodriguez is considering her fallback: living in their old [Chevrolet](#) Blazer SUV.

Yet there are some glimmers of hope.

Mayor Bill Spriggs points to plans for a [Wal-Mart](#) distribution center in Merced that will bring jobs, and a few small businesses have opened.

"We're kind of bouncing along the bottom with a little increase," Spriggs says. "I think we're in for a couple years of it, but there are bright things on the horizon."

One of those bright spots is [Jerry Yang](#), 42, who recently opened a sushi and tappanyaki restaurant in Merced.

Yang had capital to invest after winning more than \$8 million at the 2007 [World Series](#) of Poker.

A clinical psychologist before televised poker made him a multimillionaire, Yang invested \$350,000 in opening Pocket 8's Sushi & Grill, which has 26 employees.

It is doing well, he says, and he is thinking of adding new locations.

"A lot of business people I know are afraid to invest," Yang says. "To me, I'm thinking the opposite — the best time to buy a house is when the market is down, and business is the same thing. ... That's when you take your shot."

"I still see a good future for Merced," Yang says.

"The people of Merced will get through this."

Cauchon reported from Lincoln; Welch from Merced.

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sleestack (0 friends, send message) wrote: 6h 5m ago
The difference can be summed up in two politically incorrect but very truthful words:
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YoMamaObama (16 friends, send message) wrote: 8h 33m ago
dahusker said, "Lincoln may be in a RED state, but Lincoln is a BLUE city."

AMEN - lot's of Bedwetting, Liberal, Town-N-Gownies from the University of Nebraska infesting "Stinkin' Lincoln". Truth is that both population and jobs are disappearing from the State of Nebraska. Lincoln and Omaha are exceptions . . .

Over the years the GENEROUS FARM BILLS courtesy of FEDERAL TAXPAYERS have subsidized Greater Metropolitan Lincoln. Many folks feed at the public trough in Lincoln . . . largest employer is State of Nebraska, next the public school system, University of Nebraska, Bryant Medical Center, City of Lincoln, and many, many small businesses, which spin off the SUBSIDIZED AGRICULTURAL economy . . .

Property taxes are HIGH, state and local are pretty much in-line with the rest of the country.

Great place to live if you can stomach the LIBBIES and COLD WINTERS.

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dahusker (5 friends, send message) wrote: 8h 57m ago
Lincoln may be in a RED state, but Lincoln is a BLUE city.

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The Examiner (13 friends, [send message](#)) wrote: 9h 35m ago

It is really quite pointless making these comparisons, there will always be disparities, and comparing large conurbations with towns is quite meaningless, Would California's legion of unemployed find jobs in Lincoln?

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The Examiner (13 friends, [send message](#)) wrote: 9h 38m ago

OBAMA says "You don't go buying a boat when you can barely pay your mortgage," Obama said at a New Hampshire town hall on February 2. "You don't blow a bunch of cash in Vegas when you're trying to save for college. You prioritize. You make tough choices. And it's time your government did the same."

Well thats real easy to say now that you put us debt forever !!!

=====

I am sure the government would like to balance the budget, but by doing it there would be a lot more people making decisions like "Should I buy food or pay the mortgage"

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dbunkdam (2 friends, [send message](#)) wrote: 10h 20m ago

OBAMA says "You don't go buying a boat when you can barely pay your mortgage," Obama said at a New Hampshire town hall on February 2. "You don't blow a bunch of cash in Vegas when you're trying to save for college. You prioritize. You make tough choices. And it's time your government did the same."

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dam_yankee (0 friends, [send message](#)) wrote: 11h 5m ago

Let me tell you I have seen a large number of politicians who have returned to the work force, but according to you going back to the law office and practicing law is not work to you.

Now I am going to put you on the spot. How many years have you been working on your dream? You do realize that it all starts with one person, so how many years have you spent your life working on your dream? What is the name of your group? You do have a group by now don't you? What is your website that you use to keep people informed of what your doing?

What do you call 500 lawyers at the bottom of the ocean? An excellent start. Obviously, just a joke. However...

NOW, I'll address your questions. I belong to "GOOOH" which is a non-partisan political party. "GET OUT OF OUR HOUSE"

<http://goooh.com>

I've been a member for nearly two years. If you truly want to make a difference where YOU live, then take a look at what its about. You seem like an intelligent person. Instead of arguing for the sake of arguing, use some of that energy to make a difference in OUR country. I've read your posts. You like to argue with EVERYBODY. The rebuttals that you have posted are directed at me and not the attention to the reality of what I'm trying to communicate. (Trying to split hairs over which presidents worked in a factory or is practicing law considered real work) The fact that I'm trying to point out is that the TWO PARTY SYSTEM has ZERO interest in solving our VERY REAL PROBLEMS that are currently bankrupting and destroying our country. If you ever travel to Baton Rouge, let me know. Be more than happy to meet you and discuss what we can do to help our country. Peace out

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