

NEBRASKA'S ENTREPRENEURIAL ECOSYSTEM



UNIVERSITY OF NEBRASKA AT OMAHA

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The Evolution and Status of Nebraska's Entrepreneurial Ecosystem

Overview

Entrepreneurs are central to the U.S. economy, driving growth through new business creation, job generation, increased worker productivity, innovation, and overall economic expansion (Van Praag, & Versloot, 2007; Acs, 2006). In Nebraska, multiple stakeholders have called for expanded support of entrepreneurship as a lever for economic growth (UNO CPAR, 2021). Yet starting and sustaining new ventures remains challenging. Many firms fail to launch due to limited access to capital, infrastructure, and institutional support, and those that survive often struggle to scale into long-term, sustainable businesses.

At the national level, recent trends in entrepreneurial activity are mixed — showing resilience in the number of startups but continued challenges in sustaining growth-oriented firms (S&P Global Market Intelligence, 2025; Duke, 2024; U.S. Department of Treasury, 2023). Nebraska's data, as this research shows, is less encouraging. This raises a critical question: What is being done — and what more can be done — to strengthen entrepreneurship in Nebraska?

This study examines how Nebraska's entrepreneurial ecosystem has evolved since the release of *Entrepreneurship in Nebraska* (UNO CPAR, 2021). We revisit national data sources to track key indicators of entrepreneurial activity. We then evaluate today's ecosystem using interviews conducted as part of research funded by the Ewing Marion Kauffman Foundation, with particular attention to how programmatic gaps and resource needs have shifted over time.

2021 Baseline Indicators and Key Gaps in Nebraska's Entrepreneurial Landscape

In Nebraska, expanding entrepreneurship has been identified as a critical lever for economic and workforce growth (Blueprint Nebraska, 2019; UNO CPAR, 2021). The 2021 report *Entrepreneurship in Nebraska*, produced by the University of Nebraska at Omaha's Center for Public Affairs Research in partnership with the Nebraska Business Development Center, assessed entrepreneurship through quantitative indicators, identified ecosystem actors, and surveyed them on existing programs, resources, and challenges.

Entrepreneurship indicators from 2020 to 2021 show Nebraska gaining ground but still positioned in the middle range of Midwestern states. Nebraska's new entrepreneurship rate in 2020 was 0.27%, below neighboring states such as Iowa (0.31%) and Kansas (0.30%). Yet from 2020 to 2021, Nebraska's entrepreneurial ecosystem expanded: the number of businesses grew by 7%, outpacing those same peers. At that time, 3.8% of Nebraska's workforce was self-employed in incorporated businesses, higher than Iowa (3.4%), Kansas (3.3%), and Missouri (3.0%), though still behind South Dakota (4.2%), Wyoming (5.0%), and Colorado (5.1%). Together, these indicators show that Nebraska's entrepreneurial

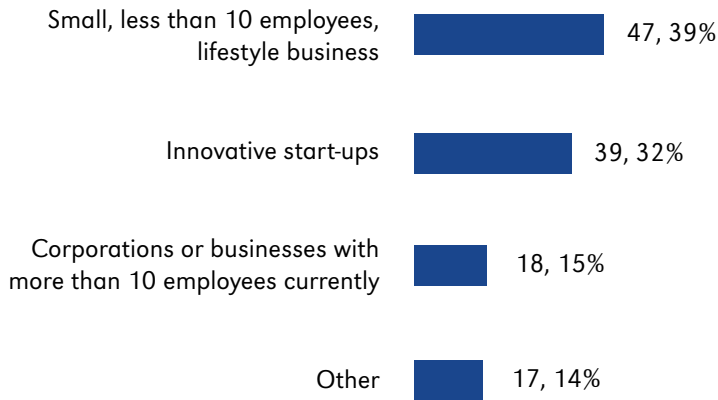
For reference, entrepreneurship includes both those who start any type of business and those who create innovation-driven ventures. Both are relevant to this analysis, but they are not the same. Entrepreneurs are often classified as self-employed, yet not all self-employed workers are entrepreneurs. Some enter self-employment out of necessity, while others pursue it as an opportunity to build something new and are growth-oriented. These *opportunity entrepreneurs* are more closely associated with high-growth activity (Naudé, 2014). The entrepreneurial ecosystem is defined as the network of organizations that support, drive, and grow new ventures.

activity increased, the state’s overall standing remained mixed compared to its Midwestern neighbors. Nebraska’s entrepreneurial ecosystem in 2021 was broad but lacked a clear innovation focus. A wide range of actors supported small businesses, high-growth startups, and larger established firms. Survey results confirmed this diffusion: 39% of organizations reported focusing on small lifestyle-type businesses compared to 32% on innovative startups, which emphasize scalable growth, new technologies, or novel business models (UNO CPAR, 2021, p. 23). Survey respondents identified several central actors in the ecosystem, such as the Nebraska Business Development Center and the Nebraska Department of Economic Development, which illustrate this dynamic as they work across business types rather than maintaining an innovation-specific focus. The result was an ecosystem with reach across sectors but without a coordinated agenda to advance innovation.

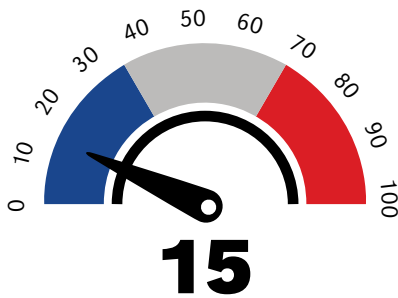
Entrepreneurs interviewed in Nebraska in 2021 consistently described access as the greatest barrier to participating in the ecosystem. They reported difficulty locating and navigating available resources. Many pointed to the absence of an organized networking platform, often described as a “one stop shop” to connect with the ecosystem, including mentors, investors, and peers. Educational programming and institutional support were also limited. University-led mentorship opportunities were scarce, and wrap around services, such as succession planning, market research, and workforce development were largely reported as unavailable. The lack of coordinated connections and support reinforced the sense of fragmentation and made it harder for entrepreneurs to grow their ventures.

Entrepreneurs also identified the lack of incubation facilities and limited access to capital as critical barriers. They emphasized the absence of dedicated spaces such as wet labs, which are essential for startups developing products that require testing or prototyping. Without these facilities, many innovation-driven firms struggled to advance ideas beyond concept. Capital access created additional challenges. Stakeholders described uneven availability of in-state venture and risk capital, with very limited Series A and B funding for firms ready to scale. Entrepreneurs also noted gaps at the earliest stages, pointing to the need for micro-loans, seed grants, and stronger support for acquiring innovation grants. Together, these conditions restricted both the launch and growth of new ventures in Nebraska.

Which type of entrepreneur is your main focus at work?



Please estimate in whole numbers, how many entrepreneurs or firms in your region have a HIGH growth business idea right now?

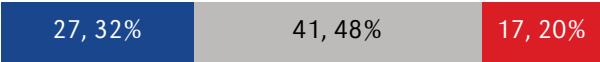


What programming and/or resources are currently offered by your organization to entrepreneurs in your region?

Yes, regularly Yes, but only sometimes No

CONNECTIONS

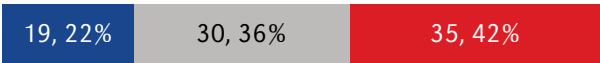
Celebratory events for entrepreneurs



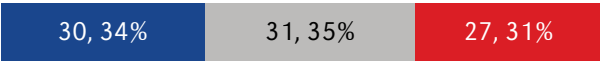
Get togethers with other members of the ecosystem in your area



Social events like happy hours, breakfasts, or cookouts for entrepreneurs to meet



Mentorship programs



Pitch competitions, review panels or hackathons



Opening parties or festivals to showcase new businesses or products



RESOURCES

In-kind donations like office space or do-spaces



Pre-seed capital



Grants



Micro-loans



Seed/start-up capital



Series A capital



Series B capital

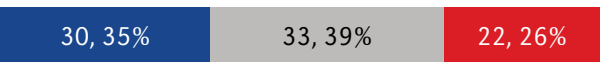


EDUCATION

Workshops or structured classes to help develop entrepreneurship skills



Market research and analysis



Business plan development



Wrap around support services including legal or financial review



Succession planning



Nebraska has an underground entrepreneur ecosystem that you have to go to and meet people to learn who is who.

Entrepreneur Interviewee

Entrepreneurs emphasized that these issues amounted to more than missing programs. They described feeling isolated in a fragmented landscape where it was difficult to reach customers, funders, peer networks, and service providers. Access also differed between rural and urban communities, leaving rural entrepreneurs more isolated and deepening existing divides. As one entrepreneur put it in 2021:

“Nebraska has the opportunity to be the first and best in early identification of entrepreneurs. If we miss this opportunity, it would be a tragedy.”

These access challenges also constrained Nebraska’s pipeline of entrepreneurial talent. With a smaller workforce than many peers and higher concentration in traditional jobs, the state had a more limited pool of potential entrepreneurs. Expanding access to programming was viewed as essential for reaching underrepresented groups — young people, older adults, women, and people of color — whose participation could strengthen and diversify the ecosystem.

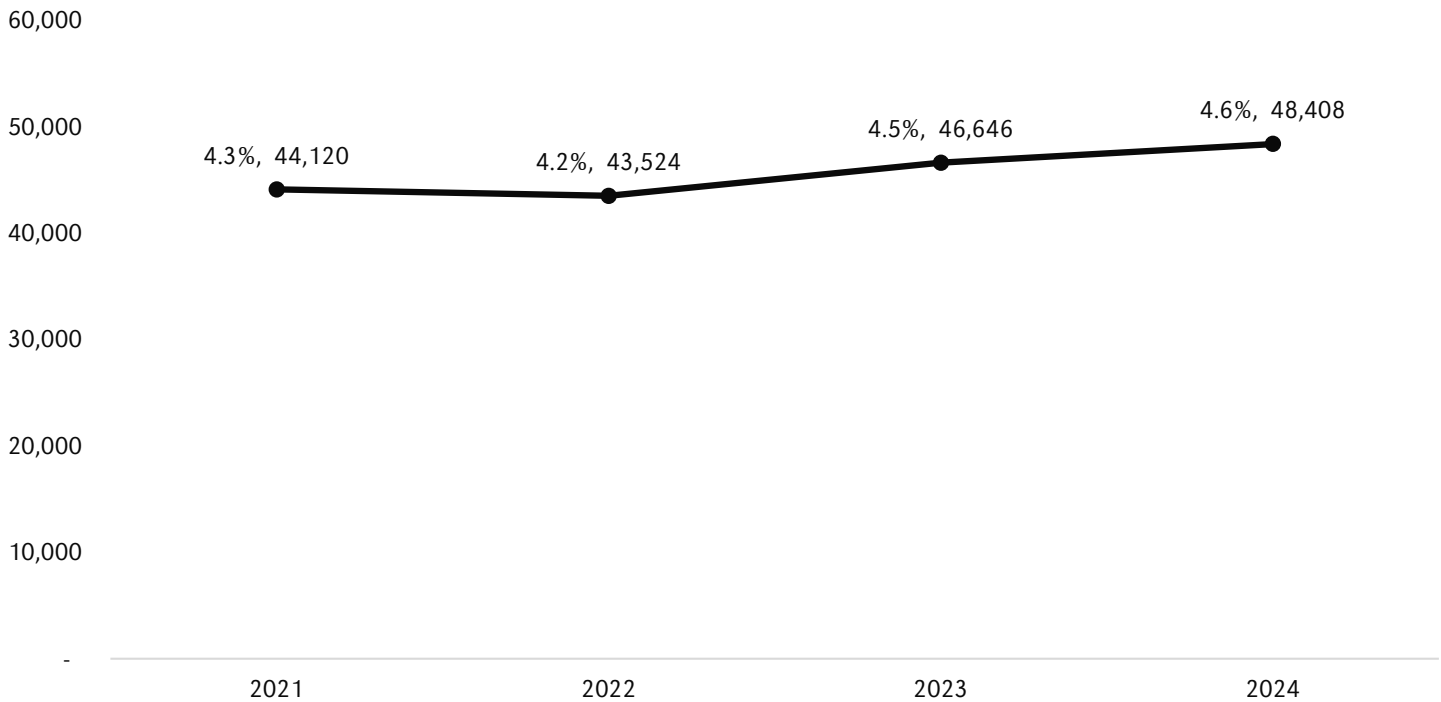
Updates to Quantitative Indicators of Entrepreneurship

The Kauffman Indicators of Entrepreneurship used in the 2021 report have not been updated (see: <https://indicators.kauffman.org/indicator/rate-of-new-entrepreneurs>). To address this gap, we draw directly on original data sources to refresh key indicators and add new measures of Nebraska’s entrepreneurial activity today.

Self-Employment

Using one-year estimates from the U.S. Census Bureau’s American Community Survey (ACS), the number of Nebraskans self-employed in their own incorporated businesses rose from 44,120 in 2021 to 48,408 in 2024. Though modest, this growth signals an upward trend in self-employment.

Percent and Estimate of the Workforce that is Self-Employed in Own Incorporated Business, 2021 to 2024



In 2024, Nebraska’s incorporated self-employment rate reached 4.6%, ranking 8th among states, between Idaho and Georgia. Nebraska trailed nearby Colorado (5.0%) and Wyoming (5.3%), but outperformed Iowa (4.0%), Kansas (3.6%), and Missouri (3.1%) (U.S. Census Bureau, ACS, 2024). Overall, these patterns mirror the 2021 findings of modest growth.

Self-employment rates also vary across Nebraska. In 2023, using the ACS 5-year estimates – the most recent available for counties – the counties with the highest shares of residents self-employed in incorporated businesses were Banner (15%), Logan (15%), and Blaine (13%) (U.S. Census Bureau, n.d.). All three are rural counties where self-employment is likely tied to agriculture. The lowest rates were in Knox, Webster, Dakota, Thurston, and Dawes counties, also rural counties, each below 3% (U.S. Census Bureau, ACS, 2023).

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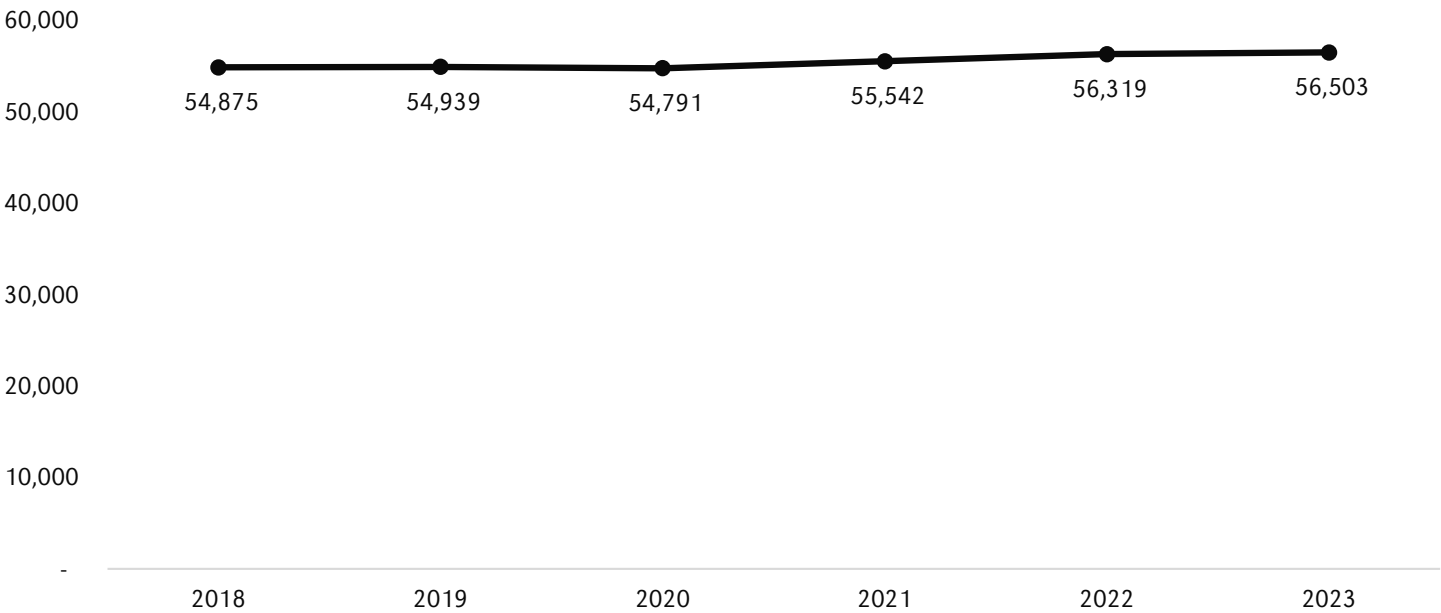
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Business Establishments

Another way to assess entrepreneurial activity is through establishment data from the U.S. Census Bureau’s County Business Patterns (CBP), which track the number of business locations operating in the state. Establishments include physical sites such as stores, offices, or plants where business activity takes place. A single firm may operate more than one establishment, so these data capture locations rather than distinct companies.

Between March 2022 and March 2023, Nebraska added 184 establishments, bringing the statewide total to 56,503 (U.S. Census Bureau, CBP, 2023). Since 2021, the overall growth rate in establishments is 2.0%. However, the most recent annual increase (2022 to 2023) was only 0.3%, a notable slowdown compared to the stronger post-COVID-19 gains of 1.4% in each of the two prior years.

Number of Establishments in Nebraska, 2018 to 2023



Exploring the more detailed turnover data provides additional insight into the sustainability of establishments. In 2022, Nebraska’s establishment entry rate was 8.9%, slightly higher than the exit rate of 8.4%, yielding a net gain of 0.5%. In 2023 the entry rate was just slightly higher at 9% but yielded a lower gain of just 0.3%. Nationally, the net gain was 1.9% (U.S. Census Bureau, BDS, 2022). One of the primary goals of new establishment generation is job creation. On this measure, Nebraska also lags the nation. New establishments in the state accounted for 3.2% of employment in 2022, compared with 4.4% nationally.

Taken together, these measures indicate Nebraska is sustaining its establishment base but expanding more slowly than the nation. Small businesses remain the backbone of the state’s economy, yet turnover rates suggest that fewer new ventures are surviving long enough to make a sustained contribution to job growth.

Innovation and Value in Establishment Births

Beyond overall growth trends, it is also important to consider which industries are driving new establishment formation. At the establishment level, we have few direct measures of high-growth potential, a central focus of entrepreneurial research. One way to approximate this is by examining the industries in which new establishments are created. Industry is not a perfect proxy for growth potential, but sectors vary in their contribution to GDP and the value they produce. More births in high-value industries may suggest greater potential for innovative startups, while concentration in lower-value industries may indicate the prevalence of lifestyle businesses.

In 2023, the industry with the highest establishment birth rate in Nebraska was agriculture, forestry, fishing, and hunting, at 12.0%. Only 2.3% of establishments in this sector closed, leaving agriculture with a strong net positive rate of establishment formation (U.S. Census Bureau, BDS, 2023). Yet agriculture is a medium-value industry, contributing about \$12.2 billion to Nebraska's economy in 2023 (U.S. Bureau of Economic Analysis [BEA], 2023).

By contrast, finance and insurance (\$39.7 billion) and manufacturing (\$19.6 billion) contribute considerably more to state GDP but showed weaker entrepreneurial dynamics. Finance and insurance had one of the lowest establishment birth rates at 6.5%, with exits exceeding entries and resulting in a net decline (U.S. Census Bureau, BDS, 2023; BEA, 2023). Manufacturing reported an even lower birth rate of 6.0%, but with a smaller exit rate of 4.7%, leaving a net positive for startup activity in this high-value sector (U.S. Census Bureau, BDS, 2023; BEA, 2023).

Technology startups are often a central focus of the entrepreneurial ecosystem. They are classified under professional, scientific, and technical services, alongside other high-innovation firms. While not among the highest-value sectors in terms of GDP contribution (\$15.8 billion), this industry reported a relatively high establishment birth rate of 10.6% in 2023, with an exit rate of 9.4%, reflecting ongoing startup activity in an innovative sector (U.S. Census Bureau, BDS, 2023; BEA, 2023).

Overall, Nebraska's entrepreneurial activity shows the strongest momentum in medium-value sectors like agriculture and professional services, while high-value sectors such as finance and manufacturing exhibit weaker but still positive dynamics.

Research and Development Expenditures

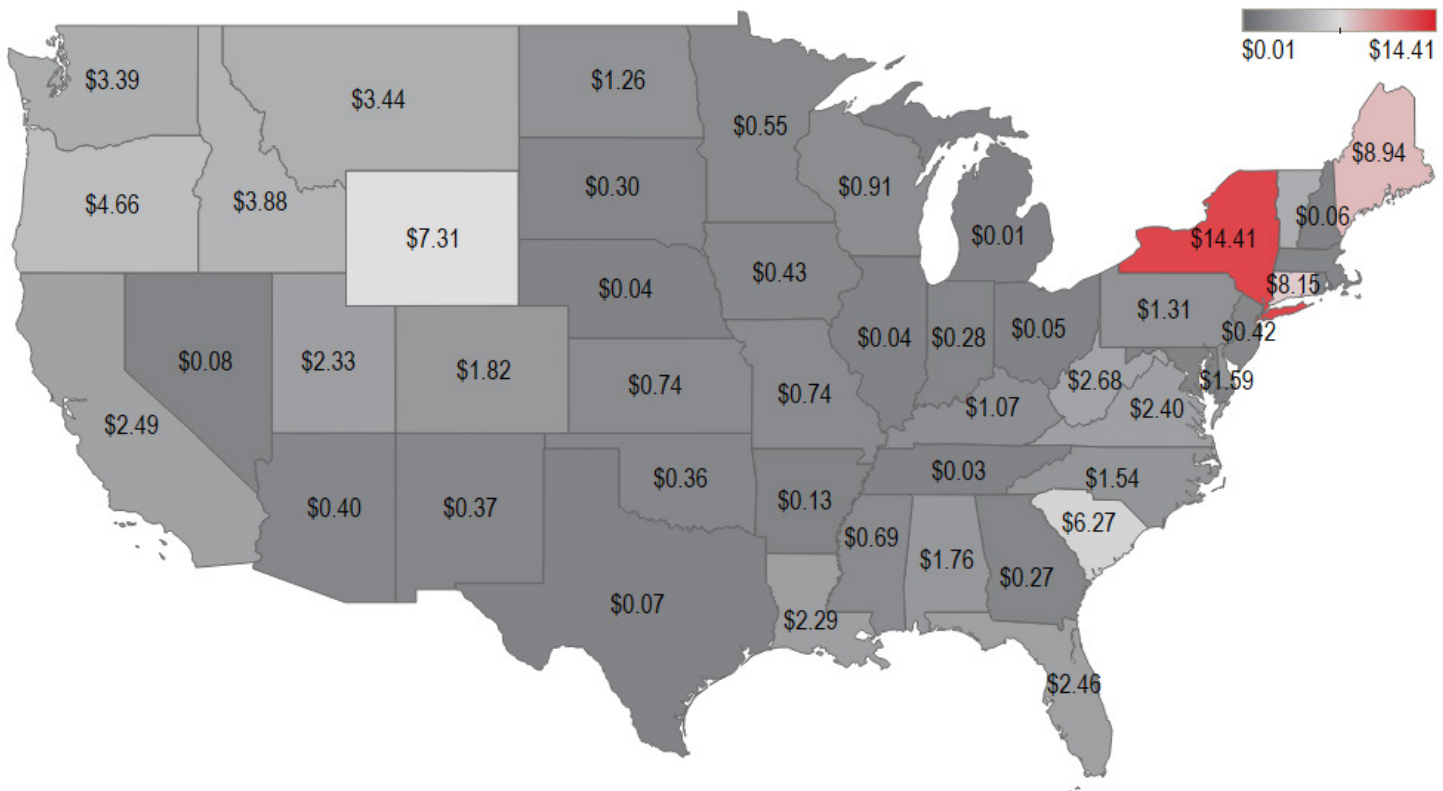
Another measure of innovation potential, not quantified in the 2021 report but discussed conceptually, is research and development (R&D) expenditures in the state. R&D activity represents deliberate investment in generating something new — knowledge, products, or processes that can create economic value. This aligns directly with the mission of high-growth entrepreneurship. While entrepreneurs may not conduct R&D themselves, their ventures often depend on the outputs of such activity, whether new technologies, products, or methods. In this sense, R&D provides the raw material that entrepreneurs translate into commercial value.

Not all R&D is captured in government spending. Many activities take place in the private sector, particularly within large firms or through university–industry partnerships. Still, government R&D expenditures are a widely used proxy for the state's overall innovation climate. Persistently low government spending signals limited public-sector commitment to generating new knowledge and may also suggest fewer opportunities for entrepreneurs to leverage public research into new ventures.

Data on state government R&D come from the National Center for Science and Engineering Statistics' (NCSES) *Survey of State Government Research and Development*, administered by the U.S. Census Bureau for 2019 to 2023. The survey reports three categories of research: basic, applied, and experimental. Over this period, Nebraska invested the most in applied research, at \$6.5 million, compared to \$762,988 in basic research and \$138,200 in experimental development (NCSES, 2020 to 2024). Applied research was also the only category funded consistently each year.

When adjusted for population, the state's commitment appears even more modest. On a per capita basis, average applied research funding equaled just \$0.67 per resident — well below the national average of \$1.67 (NCSES, 2020 to 2024). By 2023, the state's total R&D expenditure fell to \$74,500, the lowest level recorded in the five-year period. Per capita, Nebraska spent no funding on basic research, \$0.02 on applied research, and \$0.02 on experimental research. Nationally, per capita spending was \$0.64 on basic, \$1.94 on applied, and \$0.26 on experimental (NCSES, 2024). These gaps place Nebraska well behind many states in government-funded R&D. Per capita values were calculated by dividing state R&D expenditures by total population estimates from the U.S. Census Bureau's American Community Survey, 5-year Estimates for each year (U.S. Census Bureau, 2019 to 2023).

Total Research and Development Spending by State Per Capita, 2023



Taken together, these figures suggest that Nebraska is investing little in the creation of new knowledge through government R&D. While private-sector activity may offset some of this gap, the state's public commitment remains limited. This reduces the flow of new ideas and technologies that can serve as the foundation for high-growth entrepreneurial ventures and underscores a weakness in the state's innovation ecosystem.

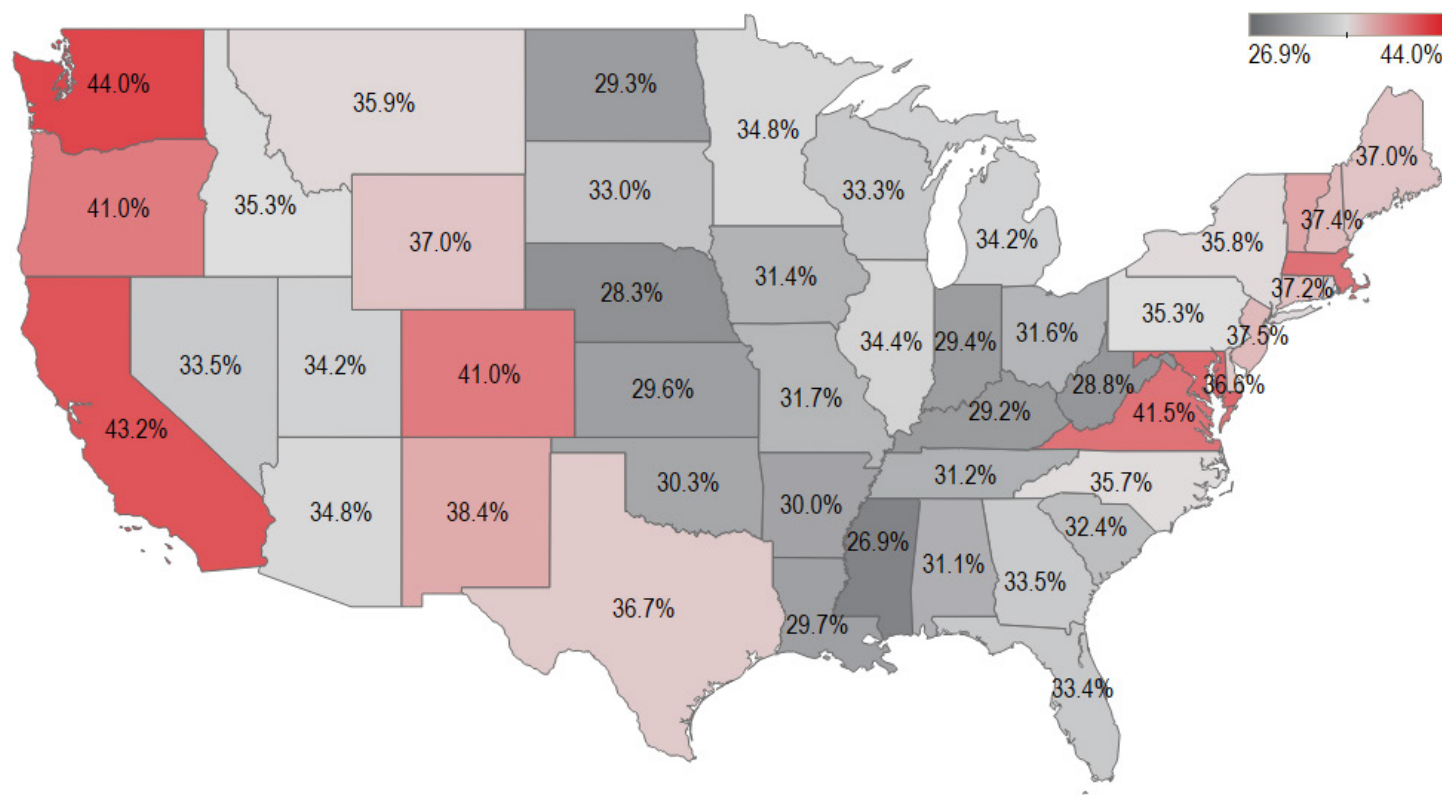
Talent as a Driver of Entrepreneurship

R&D investment provides the raw material for innovation, but its impact depends on whether a workforce exists to apply new knowledge, develop products, and scale firms. Ideas without talent remain underutilized, which is why workforce skills are as critical to entrepreneurship as research itself. High-growth ventures thrive where both conditions are met: sustained R&D activity and a pipeline of educated workers prepared to turn ideas into economic value.

On education, Nebraska again has mixed results. In 2024, 35.4% of Nebraskans aged 25 and older held a bachelor's degree or higher, up slightly from 34.4% in 2021 (U.S. Census Bureau, ACS 1-year Estimates, 2021 to 2024). The state ranks 26th nationally, behind Florida and just above Texas, and lower than several Midwestern peers, including Kansas (36.0%) and Colorado (47.8%).

The challenge is sharper when looking at fields of study. Only 28.3% of Nebraska's degree holders had majored in science or engineering in 2024, ranking the state 49th nationally, ahead of only Mississippi. Regional peers far outpace Nebraska on this measure — Colorado (41.0%), Wyoming (38.0%), South Dakota (33.0%), Missouri (31.7%), Iowa (31.4%), and Kansas (29.6%) (U.S. Census Bureau, ACS 1-year Estimates, 2024). This points to a serious weakness in building a workforce pipeline aligned with innovative-led growth.

Percentage of Persons with a Bachelor's Degree That Majored in Science and Engineering



Taken together, limited R&D investment and low representation in science and engineering fields create a structural barrier to entrepreneurship in Nebraska. Without more investment in both knowledge creation and talent development, the state risks seeing its entrepreneurial activity remain concentrated in lower-value, lifestyle sectors rather than expanding into high-growth industries that drive long-term economic transformation.

Access to Capital

Access to capital has historically been one of the most cited barriers for Nebraska entrepreneurs. In 2021, interviewees highlighted a lack of micro-loans, innovation grants, and later-stage capital. By 2022, the state appeared to have made progress in addressing these gaps. According to the U.S. Small Business Administration's *2024 Nebraska Small Business Profile*, banks in the state issued approximately \$1.7 billion in loans to firms with revenue under \$1 million, and over \$1.7 billion in total loans of \$1 million or less, suggesting that more capital is being deployed than in 2021 (U.S. Small Business Administration [SBA], 2024). These figures indicate a robust lending environment for smaller firms and reflect broader efforts to expand financial access. While these metrics do not capture all entrepreneurial resource support — a measure that is not consistently available — they nevertheless highlight an improving capital landscape.

Accounts from founders, collected through interviews conducted in 2024, reinforce this shift. Several entrepreneurs emphasized the expanding role of in-state funding efforts and local angel investment. One founder explained, "We've raised a Series A, and that primarily was from investors in Nebraska... all our money was from angel investors, and local individuals as well." An ecosystem leader remarked, "We could probably go in a corner right now and come up with an idea that would garner some type of investment." These perspectives contrast sharply with 2021 interviews, when discussions were more focused on risk aversion and limited funding opportunities.

Interviewees also highlighted the importance of Department of Economic Development Prototype Grants and the support of Invest Nebraska as key sources of capital. In addition, many noted the new visibility of angel investors, particularly in Omaha. Together, these statements illustrate the growing viability of Nebraska's early-stage funding environment and point to an emerging culture of blended capital, where institutional backers and individual investors play complementary roles.

Programming, Education, and Additional Support

Another encouraging trend since 2021 has been the emergence of highly accessible startup support programs. The Startup Collaborative and Pipeline Entrepreneurs were frequently cited by founders interviewed in 2024, despite going largely unmentioned in 2021. Participants consistently described these programs as valuable for refining business models, preparing for pitches, and building relationships with mentors and investors. Unlike more traditional or academic incubators, they are flexible, responsive, and designed to meet founders where they are. Several entrepreneurs emphasized that these programs provided a gateway to both capital and expertise. One founder explained that she would not have known about funding opportunities or investor contacts without her involvement in The Startup Collaborative, while another described how a \$10,000 grant received through a fellowship gave her the confidence and capital to move forward with her idea. These experiences illustrate how programmatic interventions, when designed with founder needs in mind, can have significant impact.

Entrepreneurs highlighted specific features of these programs that set them apart:

“ The fact that the Startup Collaborative was free, and it was kind of on your own timeframe...they give you a contact who checks in, connects you with outside people, helps facilitate meetings...you're kind of just given this book of resources that you would have never had before... for example, you know, connecting to Ben Williamson...one of the biggest investors in the State of Nebraska...You just have access to resources that I would have never been able to find on my own. ”

“ I ended up going through like a four- or six-week intensive. It was called a FinTech fellowship... at The Startup Collaborative...they were partnering with First National Bank... at the end they awarded some grants, \$10,000 grants...I got one of those \$10,000 grants. And that was kind of like, 'hey, we can use this to actually start the company.' ”

“ [The] Startup Collaborative...putting us all together in that same space was the single biggest catalyst to the venture community and the startup community in Omaha... ”

These quotes demonstrate that since 2021, some progress has been made in connecting entrepreneurs to talent resources, particularly through non-academic programs that act as entry points for mentorship, training, and networking. Interviewees noted that more entrepreneurs are now being funneled into programs that serve as the “one-stop shop” so frequently demanded in 2021. These programs provide centralized access to coaching, connections, and occasionally capital, helping founders overcome barriers that previously required navigating multiple fragmented resources.

Several new initiatives also aim to strengthen ties between entrepreneurship and workforce development. For example, the Governor’s New Venture Competition seeks to cultivate entrepreneurial skills among students and connect them to Nebraska’s startup community (State of Nebraska, n.d.). Such efforts highlight the growing recognition that workforce development and entrepreneurship are deeply intertwined. The Governor’s New Venture Competition was explored in greater detail in a related case study in this series.



These benefits, however, are not uniformly distributed. Founders operating in rural areas or without proximity to major program hubs often report missing out, underscoring persistent geographic gaps. Moreover, while non-academic programs have become more effective, partnerships with higher education institutions remain underdeveloped. Mentorship opportunities, capstone projects, and student engagement were often described as inaccessible or difficult to integrate into the realities of fast-paced, digital startups. Workforce development resources continue to be fragmented, with some founders reporting that they conducted their own market research due to the lack of centralized support services.

“ You can go through a, b, c, d program where you can learn how to start a business, and what the normal things are to do. But then, when do you get past that kind of initial startup phase? I think that’s where there could be more resources because you have specific, different challenges that you’re trying to solve. ”

Taken together, these dynamics suggest that while Nebraska has made progress in integrating entrepreneurial and workforce development resources, significant opportunities remain to broaden access, deepen higher education partnerships, and create a more cohesive pipeline for entrepreneurial talent.

Connectivity and Statewide Inclusion

Perhaps the most consistent theme across both 2021 and 2024 data is the uneven nature of ecosystem access. Urban founders reported more frequent interactions with funders, mentors, and program administrators, while rural entrepreneurs and those from underrepresented backgrounds struggled to access the same networks. This divide continues to shape who gets funded and who receives critical support.

“ I suppose I think there’s a pretty big divide, though, between, the Omaha and Lincoln community. So, I live halfway in between...I think that’s really good for me and the company, cause we’re kind of in both places. But I think if we weren’t, if I wasn’t like closer to Omaha, I don’t think we’d have any connections in Omaha. ”

Several entrepreneurs also emphasized the role of informal networks in facilitating access to resources. One noted that a conversation at church led to a key email introduction and eventually a funding opportunity. Another described a chain of personal connections that resulted in a successful grant application. These examples underscore how opportunity is often mediated through personal relationships rather than formalized ecosystem supports.

These dynamics highlight the importance of strengthening statewide connectivity and ensuring that programs reach entrepreneurs regardless of geography or background. While progress has been made in building resources, access remains uneven — and in many cases dependent on who founders know rather than the ecosystem itself. Issues of access are explored in greater detail in a related study within this series.

Conclusion

The purpose of this report was to evaluate the strength of Nebraska’s entrepreneurial ecosystem and its capacity to support innovation-led growth. The findings show clear signs of progress since 2021, but overall growth remains slow and continues to trail national benchmarks. Establishment formation and startup job creation have increased only modestly, with activity concentrated in medium-value sectors like agriculture and professional services rather than in higher-value industries that drive long-term economic transformation.

Nebraska’s innovation foundation remains weak. State R&D investment is among the lowest in the nation, and the share of science and engineering graduates ranks near the bottom. These gaps limit the state’s ability to generate and commercialize new ideas, leaving many high-growth opportunities untapped.

At the same time, entrepreneurs describe an ecosystem that is easier to navigate than it was three years ago. Access to capital has improved, and new support programs provide clearer pathways to mentorship, training, and early-stage resources. Yet these benefits are unevenly distributed. Rural founders and those outside of established networks continue to face barriers, and partnerships with higher education institutions remain underdeveloped.

Nebraska has taken meaningful steps forward, but the ecosystem is not yet positioned to deliver the scale of entrepreneurial activity needed to transform the state’s economy. Expanding access to capital across all stages, investing in research capacity, strengthening the science and engineering workforce pipeline, and ensuring statewide inclusion are critical priorities. Without these deliberate investments, entrepreneurship will remain concentrated in lower-value activity; with them, Nebraska has the potential to convert incremental gains into a durable, innovation-driven engine for growth.

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