

# Guest Column

## Wyoming's Economy: Forecasting the Questionable

At the Wyoming Business Alliance's first Economic Outlook forum in 1996, Wyoming people were challenged by "Are you hungry enough for economic development and a diversified economy?" At the time, Wyoming's economy was struggling—oil prices were down, there was neither Jonah II nor coal-bed methane, and the state's budget was tight.

Today—and you can find out a whole lot more at this year's May 6 Economic Outlook forum—the question to Wyoming might be "Have you become too comfortable?" Natural gas prices are over \$6.00 an MCF, more than 400 million tons of coal was produced last year and the state's budget has grown from \$3 billion in the 1999 /2000 biennium to now \$8 billion for the upcoming biennium. Housing is tight; unemployment is very low in many parts of the state.

Say its not so...its human nature to sit back and relax when things are good and push the emergency buttons when the economy goes sour. History lessons abound to suggest that real strategic planning should take place in times of plenty. Sadly in today's world of immediacy that's not the case...in Washington, New York, or here in Wyoming.

Nationally the American economy is struggling, and quite frankly, its just a matter of time before Wyoming feels the pinch. In many respects, we are already there as:

- The gas prices are pushing the \$4.00 threshold, impacting tourism, travel and simply getting to work in a high mileage state;
- Utility bills and food prices encroach on double digit paces; and
- Economic doomsaying occurs because of the housing, credit, and financial crises and ambivalence over the Federal Reserve's initiatives on business.

I wish I could say its not so, but all the indicators suggest a recession—mounting national debt, lack of consumer saving, and either increased or overspending by government agencies, educational institutions, and individual consumers alike.

Here in Wyoming per capita income grew by 6.3% last year (please note this could be revised downward to some 4%)...But were it not for energy, what would the growth be? Today Wyoming's economy is less diversified than six years ago. Ditto for the tax base. Inflation is significant—6.1% last year, 50% above than the national average.

Some state and regional commentators cite the cause of inflation—or put the blame—on energy and mineral activity. Clearly, this has and may continue to be a causal factor in the short term.

But for the current and long-term, it may well be that government and government spending transfers are perhaps an even greater driver. Note these indicators:

- Increased biennium budget spending—from \$3 billion for the 1999/2000 biennium to \$8 billion for the 2009/2010 biennium beginning July; an increase of 166%, versus an inflation rate (through 2007) of 40%; and
- Increase funding—significantly so—for K-12, school buildings, higher education, highways, social services, health care, and local government. For example, state support for local government has grown from \$41.5 million in the 2001/2002 biennium to \$400 million for 2009/2010.

Historically, in terms of increased energy prices and production, Wyoming's economy has been quite resilient. In today's global and national economy, that resiliency could be sorely tested, even though things seem on the surface to be going very well in Wyoming.

Attend this year's Economic Outlook forum in Casper to find out why Wyoming has economic challenges, too. At the May 6 meeting, which runs from 11:30 a.m. to 4:00 p.m. at Best Western Ramkota, you'll hear from the Chief Economist of the Conference Board, one of the world's most prestigious business condition monitors; learn from state forecasters (the Dean of the School of Business and the Director of the Division of Economic Analysis); and get a first hand look at state budgeting and ominous trends from two legislative leaders.

Registration is \$65.00. For more information contact Wyoming Business Alliance at (307) 577-8000 or our website at [www.wba.vcn.com](http://www.wba.vcn.com).

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