

# BUILDING

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# STRONGER WYOMING

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Opportunities in a Troubled Economy

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Final Draft Report

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Prepared for Wyoming Futures Project  
by SRI International  
October 1985



BUILDING A STRONGER WYOMING

Opportunities in a Troubled Economy

Final Draft

October 1985

SRI Project 7838

Prepared for:

Wyoming Futures Project

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## PREFACE

This report was prepared for the Wyoming Futures Project in hopes that it will serve as the beginning of a new statewide public discussion of Wyoming's options for the future. This document should not be viewed as an end product. It is an invitation to Wyoming citizens to view the future as a whole range of possibilities, not as a set of inevitable events. The report is a call to Wyoming people to reach their own conclusions about the directions Wyoming should take, based on the idea that Wyoming citizens can take a more active role in deciding their state's future.

The Wyoming Futures Project is a joint partnership of public and private initiative between the State of Wyoming and the privately funded Ucross Foundation. The 1985 Wyoming legislature committed \$100,000 to the project, which could be spent only after a matching sum was raised through private contributions. The matching requirement has been met--largely from companies doing business in Wyoming which recognize the importance of their contributions to the state.

These significant financial contributions from the public and private sectors and this report are only first steps in what should be a long process through which Wyoming can choose a better future for both its residents and those who do business in the state.

## FOREWORD

The data collection and analysis for this report were performed by SRI International, a worldwide problem-solving organization based in Menlo Park, California. SRI's mission was to produce, as an objective outsider, a forward-looking document setting forth the challenges Wyoming faces and suggesting new approaches for meeting them.

The reader will see that this report on Wyoming is different from most. For example, many projects examining the future of a state, as this one does, focus on a technical analysis of the economy. Such studies, however, have only limited utility. They can only project the present forward; they do not show what has to be changed to make the future better. To ensure that this study examined all of the possibilities for the future, the project has looked at both the Wyoming economy and the state's key institutions. Institutions like the university or state government represent points of leverage for moving the state and the economy to a more prosperous future. Further, many projects like this often look only at the role of government in solving problems, ignoring the role of the private sector. This project has grown from the belief that the private sector is critical to Wyoming's future. The report points out a number of private sector roles and emphasizes that many public sector efforts need private sector inputs.

Rather than being written only for experts to use in policy analysis, this report was written for experts and for informed, interested Wyoming residents--people who know Wyoming because they live here, who think about issues the state must deal with, and who are interested in learning about how Wyoming might become stronger. Because the audience was intended to be a broad one, SRI has not set out a highly technical analysis of the Wyoming

economy, made a detailed examination of the state's institutions, or prescribed specific remedies. Instead, the objective from the outset was to prepare a solid overview of Wyoming's economy and its institutions and, based on this overview, suggestions for the future.

Reports such as this one are necessarily based mostly on available statistics, government reports, previous research, and the like. This project went further, however, in looking for the feelings and perceptions of Wyoming people, and in bringing Wyoming's vastness and natural beauty into perspective for the project team. Considerable efforts were made to talk with people across the state, not only with officials. Members of the project team interviewed well over 100 residents in more than 20 communities. Thus, this report reflects not only what we read about Wyoming but also what the people told us.

Because this report is aimed at busy people with more to do than read, the document had to be direct, clear, and easy to read. Footnotes, references, and academic forms of attribution slow reading and do not guarantee against errors; they have been omitted. Where the report draws heavily from previous studies, sources are mentioned, and the project team has taken precautions to be as accurate as possible.

We do not expect this report to answer all questions. Much of this report reflects new thinking, and much of it is intended to provoke further questions and further thought. It is a successful document to the extent that it brings together the issues and strategies for addressing Wyoming problems in a format that seems workable and, by so doing, provides a vision of a stronger Wyoming.

## I THE CHALLENGE TO WYOMING AND A VISION FOR THE FUTURE

Wyoming's history has been shaped by a succession of chance discoveries, unplanned booms, and unwanted busts. Major challenges have been overcome by successive waves of settlers who came to Wyoming seeking economic opportunities and the state's natural advantages. Too often, however, most of the profit from development has left the state while the people of Wyoming who stayed for the beauty and lifestyle have had to cope with the problems that remained behind.

This report shows it doesn't have to be that way any longer. Dedicated teamwork between the public and private sectors coupled with improved approaches to solving problems by business, government, and voluntary organizations can build a stronger Wyoming--a Wyoming better able to compete in new marketplaces, better equipped to meet the diverse needs of its citizens, and able to choose the direction the state should pursue. New approaches can be taken in Wyoming that offer the opportunity of an economically stronger state without giving up a high quality of life.

### How Wyoming Has Developed in the Past

Wyoming did not choose its direction in the past. It never set out to plan a livestock industry; the trappers and freight haulers crossing southern Wyoming in the 1860s stumbled into an opportunity when they had to abandon oxen and reach shelter before the blizzards came. Next spring, the untended animals were not only alive but thriving. Consequently Wyoming's first century of growth was based on the happy discovery that the state's native grasses could support a profitable livestock industry.

The state's agriculture industry was a result of corporate self-interest and growing markets for food products. The Union Pacific brought farmers who profited from the almost limitless Eastern markets for grain from 1900 to 1930. At the same time, Eastern industry began to need western coal and oil--and supplies were found in Wyoming. Later, in the 1950s, Easterners wanted more uranium, and Wyoming turned out to have that, too. In the 1970s, when the world wanted more coal and more natural gas, and when Americans wanted more home-drilled oil, Wyoming provided them.

### New Problems

Around 1980, the situation in Wyoming changed. Increasingly, other countries were selling cattle, sheep, and grain on world markets. The high oil prices of the 1970s encouraged Americans to buy more fuel-efficient cars from Japan, and Eastern steel and Midwest auto plants closed down, slowing the growth in the power-plant demand for Wyoming's coal. And all the time, the cost of money--for land, for supplementary cattle feed, for tractors, for giant coal-hauling trucks, for construction loans--kept going up. High interest rates strengthened the dollar and America's exports grew more expensive, making long-time foreign customers look for cheaper supplies.

So even though new mineral industries have continued to develop, including trona, bentonite, and CO<sub>2</sub>, Wyoming's exuberant growth has slowed. The copper and iron mines have long since closed, shipments of fossil fuels aren't rising the way most analysts said they would, livestock herds have dwindled, and debt-ridden farmers in Wyoming, as elsewhere, face foreclosure. Many of Wyoming's young people must leave to find the opportunities they need to build their lives and can only dream about fishing, clean air, and plenty of room. The state has survived troubled times before, but the circumstances it faces today have especially disturbing implications.

## Why Wyoming Cannot Continue Its Old Ways

The world has changed in a variety of important ways in the past decade. The United States has evolved a new economy that is far more complex and requires new approaches. Today, Wyoming competes not only with other states such as Montana and Utah, but with Australia, Saudi Arabia, and Mexico. To stay competitive and stay alive, companies now doing business in Wyoming may have to shift production to other states or countries where the minerals are easier to extract, crops are closer to market, the weather is better, or wages are lower. This means that much of Wyoming's economic base is vulnerable to decisions made in other parts of the United States and in other countries at a time when other areas have learned how to better exploit their own resources, develop their own agriculture industry, and attract tourists to their own natural beauty.

Wyoming cannot continue in its old ways and still remain a good place to live. Wyoming must develop new ways of doing business and new capacity to solve problems. Change is being forced on the state but, as the report will show, the coming 10 or 15 years of relative economic calm, as troubling as "no growth" is, can nevertheless provide the people of Wyoming an opportunity to direct the changes in ways that will keep Wyoming recognizable.

To reduce its vulnerability to sudden market changes, Wyoming must use this time to develop an economic base that is far more diversified. It must develop the capacity to adapt to the market changes that affect its industries, and it must develop the ability to use its public and private resources to take advantage of opportunities when they occur. The state needs to be able to say "no" to the kinds of development the people of Wyoming don't want and "yes" (with safeguards) to those that serve the people's needs. It needs to develop a broader range of industries so that one "no" doesn't leave a whole town jobless and dying.

The state and its people need to keep more of the dollars Wyoming earns. But to do that, Wyoming needs more fully developed small manufacturing and

small business sectors. It also needs a richer set of commercial, social, and cultural amenities so that people have less need to go to Rapid City, Denver, Billings, or Salt Lake City to shop or be entertained.

Figure I-1 shows some of the social and economic forces which are tugging at Wyoming. When the out-of-state forces are pulling more strongly than the in-state forces can hold, Wyoming "leaks"--it loses economically, educationally, socially, and culturally. To hold its people, its wealth, and its culture, Wyoming must improve the pulling power of its own magnets--its economy, its institutions, and its social and cultural amenities. These are the capacities--the kinds of strengths--that are required.

#### Some Special Challenges and Opportunities

what makes the kinds of action discussed in this report especially hard is that most of Wyoming is owned or controlled by outside interests. Almost half is owned by the Federal Government, which holds mineral rights to more. Outside landowners, who are not part of the political or social fabric of the state, also have significant holdings. Few mechanisms exist for involving these outsiders in cooperative efforts to improve the state's economy. Nonetheless, Wyoming has strengths and assets that it can use to build the kind of future in which Wyoming people will prosper and so many of their "best and brightest" will no longer be forced to choose between clean air and open spaces or making a decent living.

The state has a massive investment portfolio whose proceeds could, if the people agreed, provide the seed money for new local business and new networks of communication and transportation. It has a steady level of revenues provided by resource industries that can help the educational systems of the state develop new practical knowledge and skills. It has land to farm in new ways and on which to raise improved livestock. It has unspoiled scenic beauty that draws visitors from around the world as well as

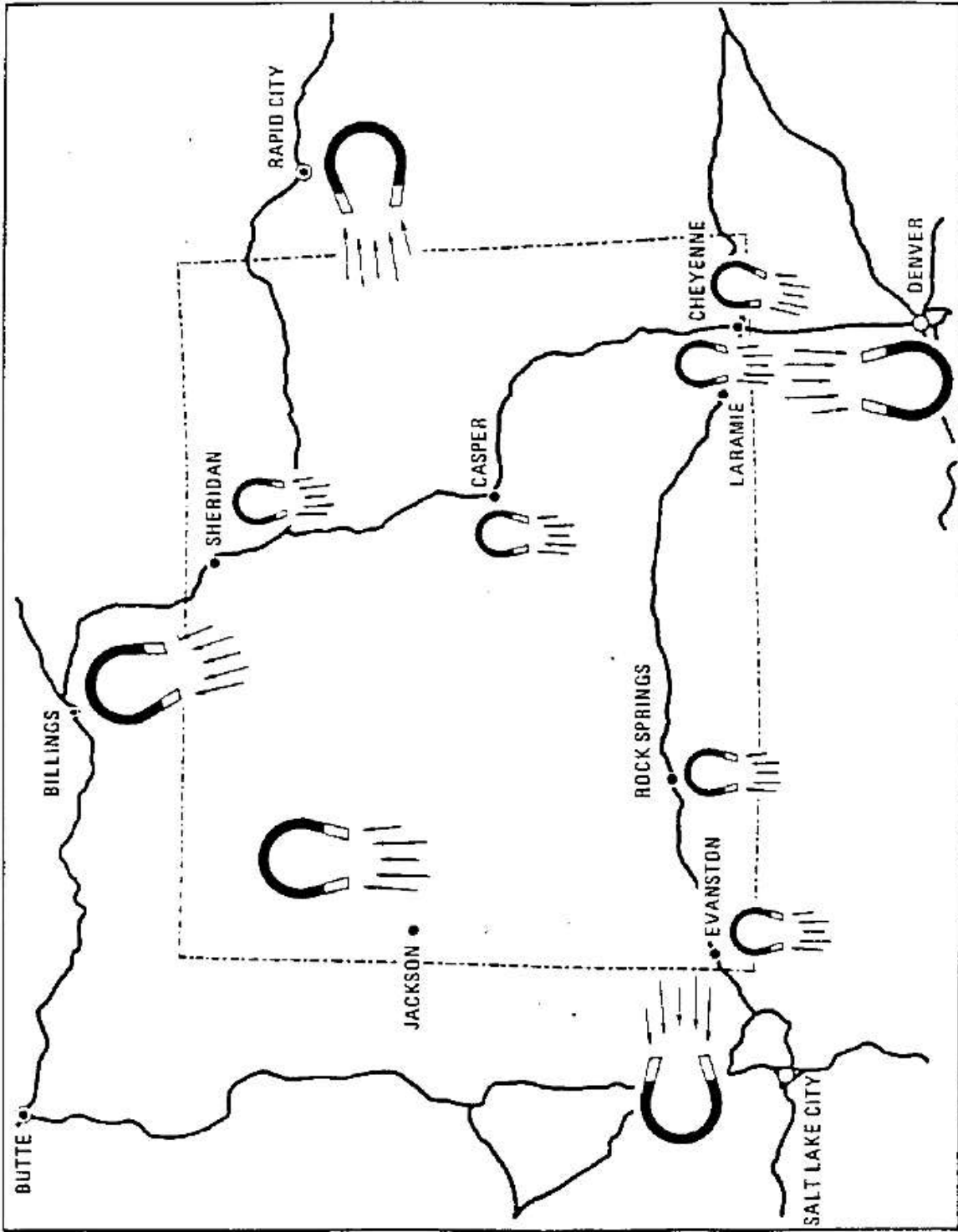


FIGURE I-1 FORCES AT WORK ON WYOMING



around the country. And it has a young and well educated population, looking for work and not afraid of working hard.

To improve on these strengths and turn them into a rich and diverse economy and society, Wyoming needs new ways of organizing for action, new mechanisms to finance local new businesses that will support local residents rather than distant stock and commodity investors, new products that can compete successfully in world markets, and new ways of talking and working together. Although this task won't be easy, Wyoming is almost alone in the United States in having a population small enough to make cooperative change possible.

### The Bottom Line

The report's basic conclusion is that Wyoming can move now to realize the benefits of greater economic stability and more social cohesion by building improved problem solving capacity in its public and private sectors. By so doing, the state can take better advantage of its rich resource base of mineral wealth, agricultural land, scenic beauty, and open space. On the basis of detailed analysis of each of the major sectors making up the state's economy and study of its major institutions, the report recommends that all sectors in Wyoming focus on improved problem-solving capability and, when those improvements are made, realize the social and economic benefits.

Given the national and international markets in which they must operate, neither the state's resources sector nor its agricultural or tourist industries will respond to development strategies that anticipate high growth outcomes. A return to the economic boom days of only a few years ago is not likely through the end of this century. The report also indicates that the situation is not so dismal that the state should adopt strategies that anticipate drastic cut backs. Wyoming need not continue to lose population, income, or jobs as it has in recent years. Simply said,

wyoming has some definite opportunities. But it must organize better to take advantage of them.

what wyoming needs is a strategy for action that builds on its comparative advantages of natural resources, natural beauty and wildlife, and well educated, hard working people. Such a strategy should focus on the "driving sectors" of the state's economy--tourism is a good example, but not the only one. However, because of market conditions, the efforts envisioned would be mostly "at the margin," aimed at successfully moving new and existing products into new market niches. Because what is suggested is neither a high-growth nor a cutback strategy, the aim of the actions recommended is to stem decline and to achieve modest growth in economic sectors like tourism where wyoming has strong advantages.

The recommended strategy also places high emphasis on improved problem solving so that the state can better respond to rapidly changing economic conditions and to citizens' demands to improve higher education, increase social and cultural activities in the state, and protect wyoming's irreplaceable environmental resources from unwise development. Carefully targeted private and public investments, especially in such infrastructure as new communications systems, will enable the state to improve social and economic links between institutions and better link widely separated geographic areas.

Overall, wyoming must prepare itself to move in new directions. The state needs more private initiative (entrepreneurship, small business development, innovation in traditional industries). It also needs improvement in state government so that state leaders focus not only on regulating and administering but also on helping to energize constructive action. Public-private collaboration needs to become a theme in every area of state effort. And economic development needs to be viewed not as "environmental compromise," but as a capacity to create wealth and new jobs so that people have opportunity and a high quality of life.

Too often in the past, economic development and quality of life have been tradeoffs in Wyoming--you couldn't have one without losing the other. Today, it has become clear that, with appropriate laws and administrative frameworks (like the Industrial Siting Act) in place, and with some imagination in solving problems, economic development and quality of life can be mutually reinforcing.

#### What the Report Is For and What It Does

This entire analysis is designed to show how Wyoming can best prepare itself for success in the future. The report has been prepared under the sponsorship of the Wyoming Futures Project to generate statewide discussions between public and private leaders about the direction of development in the state and as a focal point for deciding what kind of future is right for Wyoming.

To organize for action, Wyoming needs to begin looking at itself in new ways. The report analyzes what is happening today in Wyoming's key industries and the state's major institutions. It recommends new directions, and it builds on the information collected to provide specific ideas on how public and private leaders in Wyoming can gain leverage for:

Building a diversified, less vulnerable economy. The state needs to encourage innovation and creativity in all of its sectors, especially where it has a comparative advantage that other states (or nations) do not have.

- Making the state's already good education system better in ways that will meet the needs of its young people and its industries. This will require improvements especially in higher education--new centers of excellence, more applied research, and the provision of new services to industry and to communities.
- Building the new systems and networks (infrastructure) needed to support a richer, more diverse economy, especially by providing mechanisms like advanced telecommunications for pulling the state together, economically, educationally, socially, and culturally.

Developing the cultural and social resources Wyoming's people now seek elsewhere, and building these resources on the state's unique heritage that residents prize.

Establishing a new capacity within both public and private sectors to solve Wyoming's problems. This is the key. To be successful in all of the areas above, Wyoming must develop stronger institutions and pull together nontraditional partnerships of public and private sector leaders to go about solving problems in new ways.

#### How This Report Is Different

This report is about a kind of development that does not fit into traditional definitions of economic development. It is not limited to the creation of jobs or the generation of wealth. New definitions of development focus on education and training as much as profit and loss, and on social and cultural resources as much as products and services. What is also different about the ideas in this report is that successfully implementing them will require nontraditional partnerships and strategic investments, both public and private, and more effective use of existing investments.

Most of all, however, successful implementation demands intelligent participation, cooperation between groups who never worked together before, and the discipline to keep looking ahead. In each area, there are actions that can be taken to strengthen existing institutions and develop new programs. In each area there are tools such as regulatory and tax policies, corporate investment decisions and collaborative efforts that can be used to build a stronger Wyoming.

Solving Wyoming's problems requires strategic investment in the five areas sketched in Figure 1-2. Action in each area is needed both to improve the state's economy and its quality of life. This report does not list the detailed steps to be taken in each area or provide budgets or timetables; only the people of Wyoming can decide these. But it does identify and focus on specific areas in which action is needed.

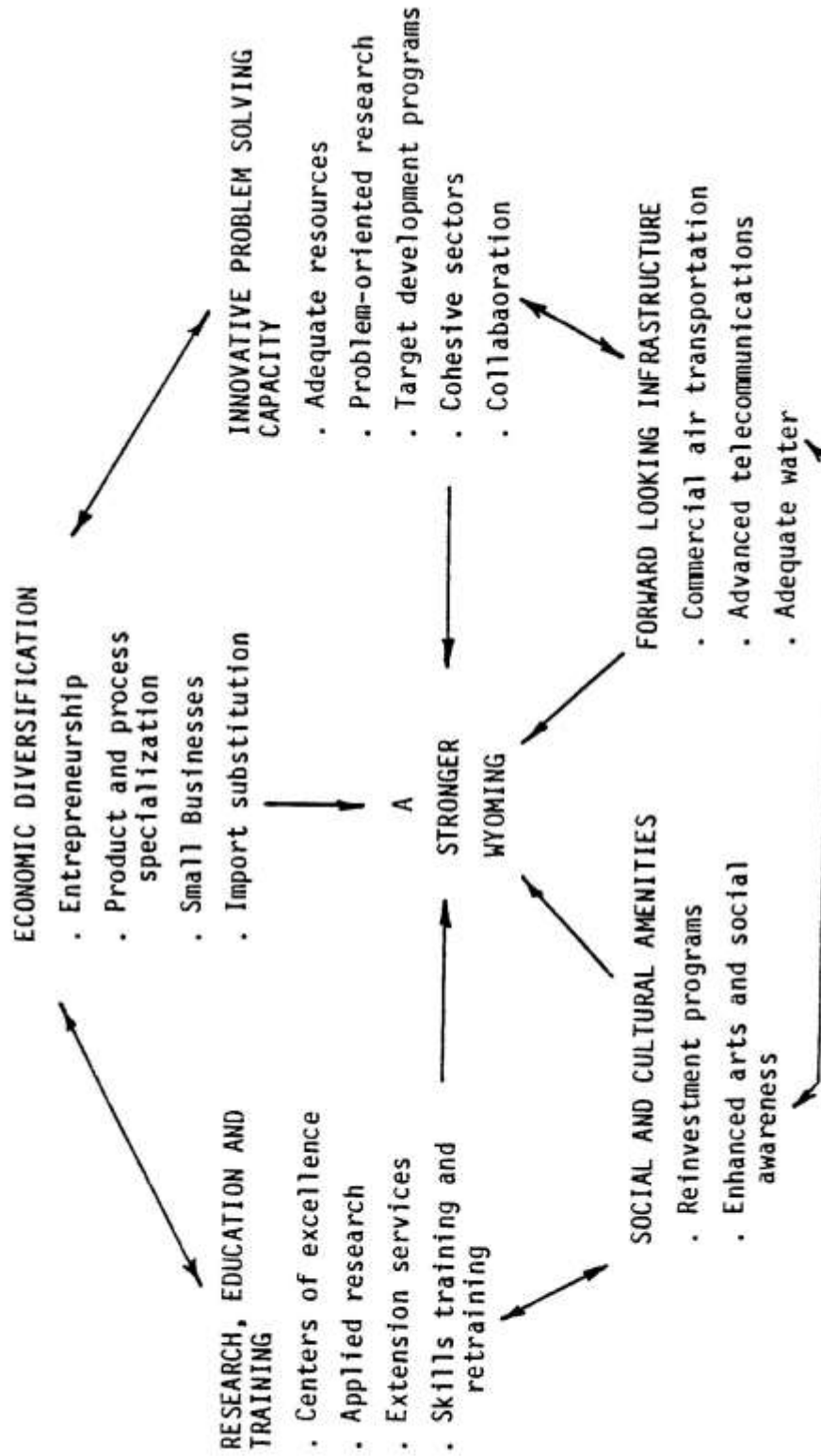


FIGURE 1-2 TOOLS FOR BUILDING A STRONGER WYOMING

Figure I-2 also indicates how the recommended strategies interact with and support one another. For example, a high quality of life includes a diversified economy that provides job opportunities for all. In turn, a diversified economy demands adequate physical infrastructure and a trained workforce, while having job opportunities for all requires facilities to train Wyoming residents in needed skills. A diversified economy and a high quality of life also require improved social and cultural amenities--not only for Wyoming residents but also so that more visitors come and spend their money within the state. And finally, none of these will be possible without developing new problem-solving capacity.

Moving in all of these areas at once will not be easy, but broad action is required if Wyoming is to solve its problems. In the final section, the report will come back to the five-part approach, highlighting strategies and giving specific ideas for implementing them.

The outcome of using this five-part approach to guide public and private efforts in Wyoming will be a stronger Wyoming--with a more balanced economy but with the traditional values that Wyoming people prize. The result should not be a Wyoming whose lands are violated or a Wyoming that is suburbanized; instead, it will be a Wyoming that is not as vulnerable to distant boardroom decisions or to decisions made in Washington, D.C. (or foreign capitals) and a Wyoming that gets to keep more of the wealth it generates.

Wyoming will still be what is called a "rural economy" in that most of its wealth will continue to come from the land in some way. However, Wyoming has the opportunity to become a balanced rural economy in which the use of new techniques along with better problem-solving methods and more information exchange can compensate for the economic and social disadvantages of remoteness, the lack of a many-layered business or industrial sector, and significant capital inflow and outflow. Table I-1 shows some of the features of new rural economies like the one possible for Wyoming.

Table I-1

TWO PERSPECTIVES ON RURAL ECONOMIC DEVELOPMENT

Traditional Rural Economy	New Rural Economy
<ul style="list-style-type: none"> <li>o Economic wealth based on exports of raw resource and agricultural products.</li> </ul>	<ul style="list-style-type: none"> <li>o Increasing local processing of resources and agricultural products. Increasing local production to meet local demand for goods and services. More homegrown economic activity in niches and specialty import substitution.</li> </ul>
<ul style="list-style-type: none"> <li>o Limited manufacturing activity based on less-skilled labor.</li> </ul>	<ul style="list-style-type: none"> <li>o Advanced, competitive manufacturing and service business (e.g., publishing, software) in rural settings made possible because of new telecommunications and satellite technologies. Increases in manufacturing in rural areas because labor is more amenable to changing labor practices e.g., Saturn.</li> </ul>
<ul style="list-style-type: none"> <li>o Limited retail and other services (country store).</li> </ul>	<ul style="list-style-type: none"> <li>o Multi-service rural retail business (e.g., one stop convenience/postal/medical).</li> </ul>
<ul style="list-style-type: none"> <li>o Limited cultural and educational activities.</li> </ul>	<ul style="list-style-type: none"> <li>o Increases in special entertainment and cultural activities in particular small town and rural settings. Increasing use of satellite education courses from top universities.</li> </ul>
<ul style="list-style-type: none"> <li>o Limited linkages between rural and urban areas.</li> </ul>	<ul style="list-style-type: none"> <li>o Increasing spread of economic dynamism from successful urban centers to fringe rural economies.</li> </ul>

The remainder of this report will show how Wyoming can both help itself and achieve great distinction over the next 10 to 15 years by building a rural economy oriented to the economic realities of the future, not the past. Section II provides an overview of the most important population, social, and economic trends affecting the state. Section III provides an analysis of the seven sectors making up the Wyoming economy. Section IV reviews the key sectors that reflect quality of life in the state-- education, infrastructure, social and economic resources, and public and private problem-solving capacity. Finally, Section V draws the report's conclusions together into a strategy of action--one which only the people of Wyoming themselves can choose to implement.



## II KEY TRENDS: A CONTEXT FOR ACTION

### The Starting Point

A map to the future, like any other map, is of very little use unless you know where you are now. Just as you can't take a road you can't get to, so Wyoming cannot take advantage of assets it does not have. Nor should it fail to take advantage of its many strong points some Wyoming citizens may take for granted.

This section shows where Wyoming is now. It includes a detailed look at trends in population, age structure, employment, income, gross state product, and bankruptcies. These trends show some of Wyoming's history and describe the foundation on which Wyoming will build its future.

Throughout, efforts have been made to use information sources that would provide the most complete and consistent basis for analysis. This means a heavy reliance on official information from agencies in and outside of Wyoming. It also means that many of the data are already familiar. Data from the U.S. Bureau of Economic Analysis (BEA) have been used for employment, income, and population because of their consistency, even though BEA data are not the most current. In some cases, direct contact with federal sources has provided more recent data. Finally, throughout the report, data have not been adjusted for inflation. It is SRI's experience that adjusting for inflation makes reading harder, not easier--people think in current dollars. Thus, current dollars are consistently the frame of reference. For perspective, however, in 1980 it took \$1.00 to buy what \$.40 bought in 1967.

## Wyoming's People and Economy

### Population

Wyoming's population growth during the most recent boom years was much more explosive than that in any other state--the number of people grew by 46%. Arizona, Florida, and Nevada added more people per year, but they were already experiencing rapid growth in the 1960s while Wyoming added only 2,350 new residents between 1960 and 1970.

Wyoming's 1970s population growth is particularly dramatic when compared with the national average and growth in Colorado, Montana, and Oklahoma (states of similar economic composition), as shown in Figure II-1. The rate of change is shown from a single starting point because this kind of indexing allows the comparison of widely different population totals.

The steep growth in population flattened in 1982. Recent population estimates show a decrease from 489,000 in 1981 to 482,000 in 1983. Wyoming's current population and projections for the future are not easily estimated. Projections published by Wyoming's Division of Research and Statistics are reasonably conservative and probably largely accurate. They show a 1984 population of 487,000. However, the Division is currently revising its population projection model. Final population figures for 1985 could be revised to as low as 470,000. Clearly, Wyoming's population has declined over the past few years.

### Age Structure

The influx of young workers into the state during the 1970s changed the age structure of the population. While the number of people in the 45 and older age group has increased only slightly, the number of those 44 years of age and under has increased dramatically. The 18 to 44 age group grew 65% between 1970 and 1981. The 17 and under age group, which grew only modestly until 1974, grew 17.5% between 1974 and 1981. Wyoming now has a significantly

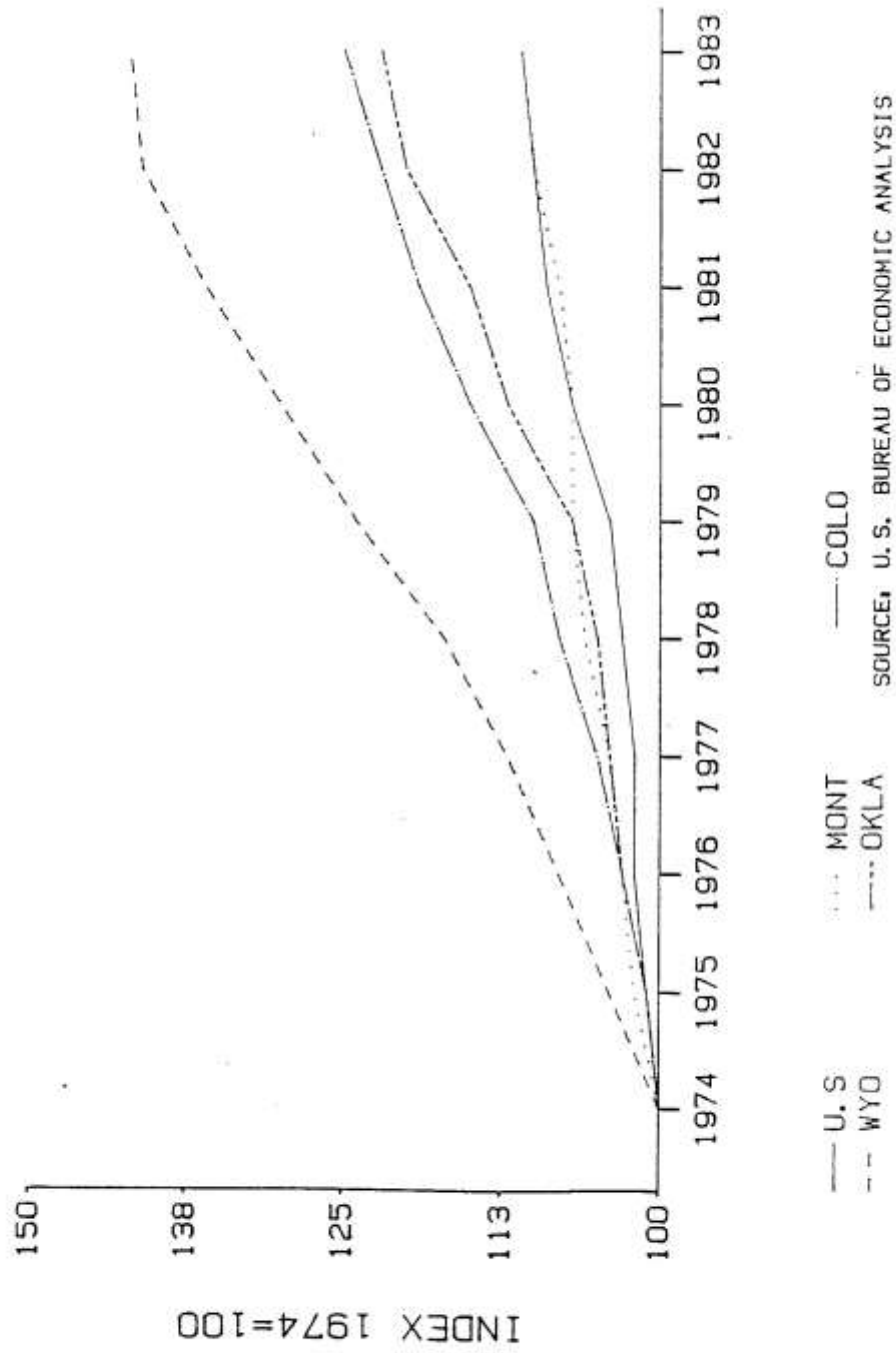


FIGURE II-1 POPULATION COMPARISON: WYOMING, U.S., AND SELECTED STATES

younger population than it did a decade ago. The most recent data show the average age in Wyoming to be 27 years, more than 3 years younger than the U.S. average.

### Employment

Employment, like population, has increased dramatically since 1970. Figure 11-2 shows that Wyoming's rate of employment growth far surpassed that for the United States as a whole and surpassed that of other states having similar economic characteristics.

Since the boom, however, the best available data show that total employment has dropped. According to the latest figures reported by the Wyoming Employment Security Commission, total employment was down about 10% in 1983 from 1981 levels. Interestingly, even though population has declined recently, employment rose 2% between 1983 and 1984. In spite of recent overall downward trends, SRI believes Wyoming's long-term employment picture to be one of general stability. It is unlikely, however, that Wyoming will see rapid employment build-up through the end of this century (unless entirely unanticipated events occur, such as a new mineral find).

Figure 11-3 shows the makeup of Wyoming employment in 1974 and 1983. Mining and oil production have driven Wyoming employment since 1970. (For the sake of efficiency, "mining and drilling" will refer to coal mining, oil and gas extraction, and other mineral mining unless otherwise noted.) Mining and drilling employment grew rapidly until 1981, when recession and a worldwide energy glut caused a sharp downturn. Construction employment linked to mining and drilling projects also fell off quickly in 1981. Trade, transportation, public utilities, and services--all following downturns in mining and drilling--also lost employment, although their losses were not as severe as the losses in mining, drilling, and construction.

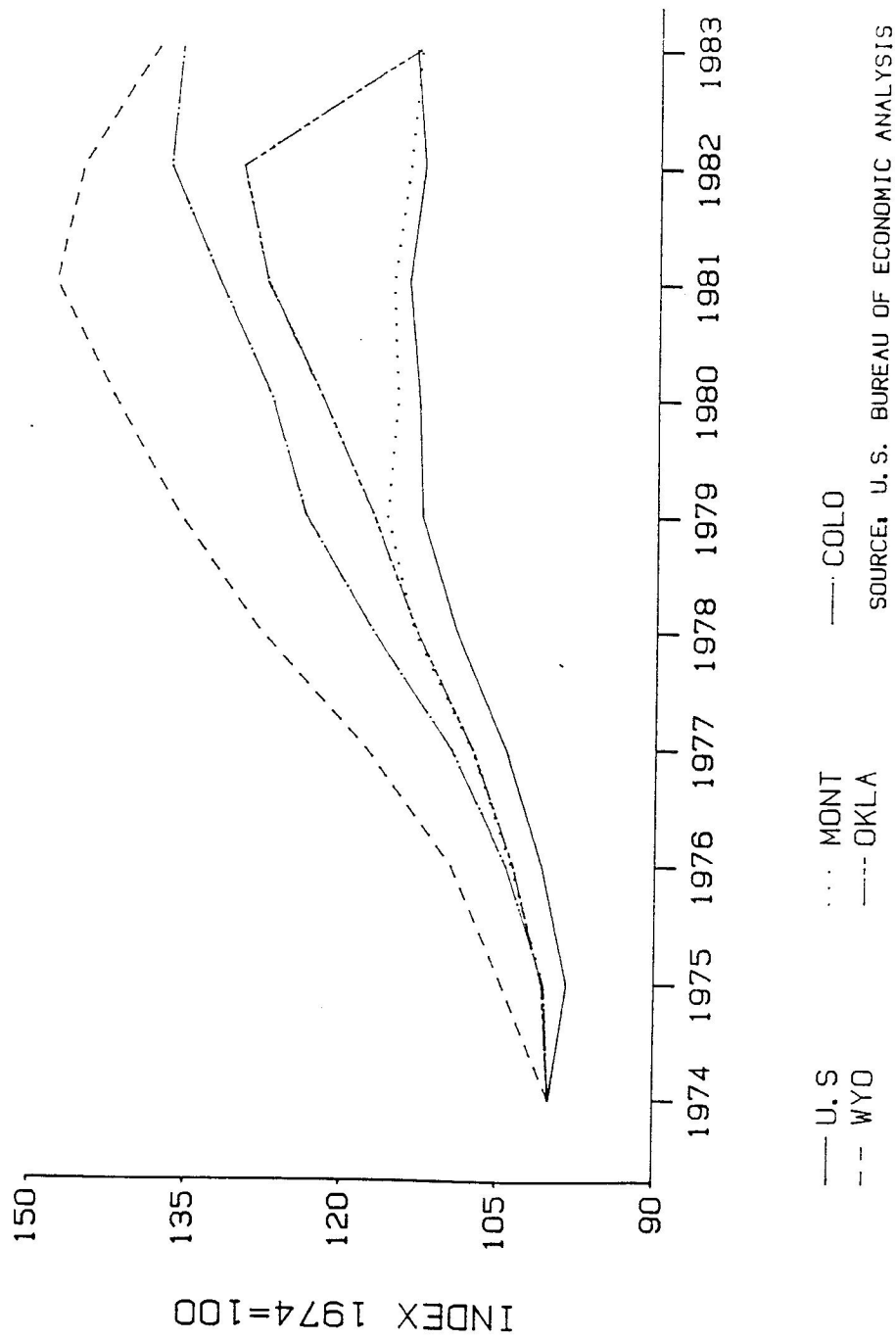
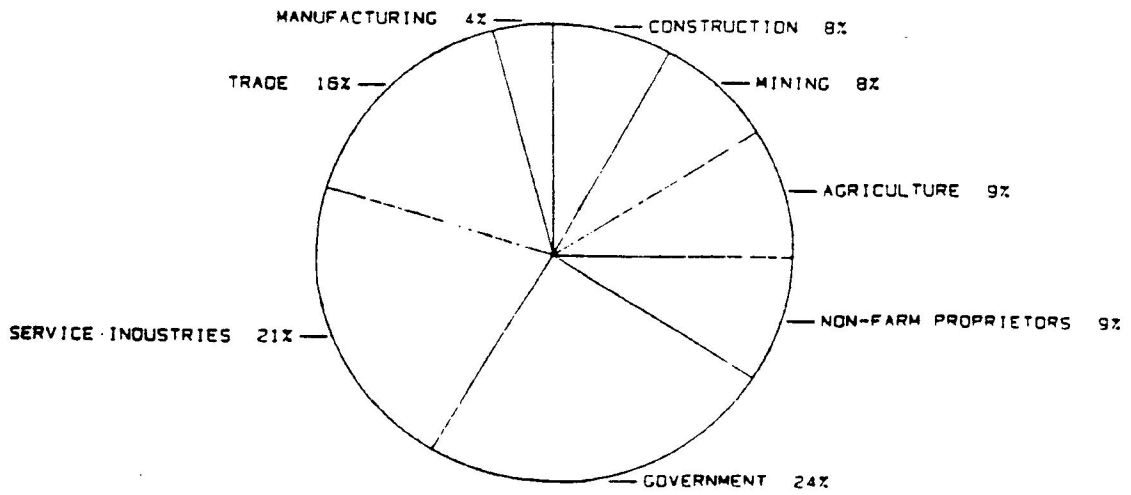
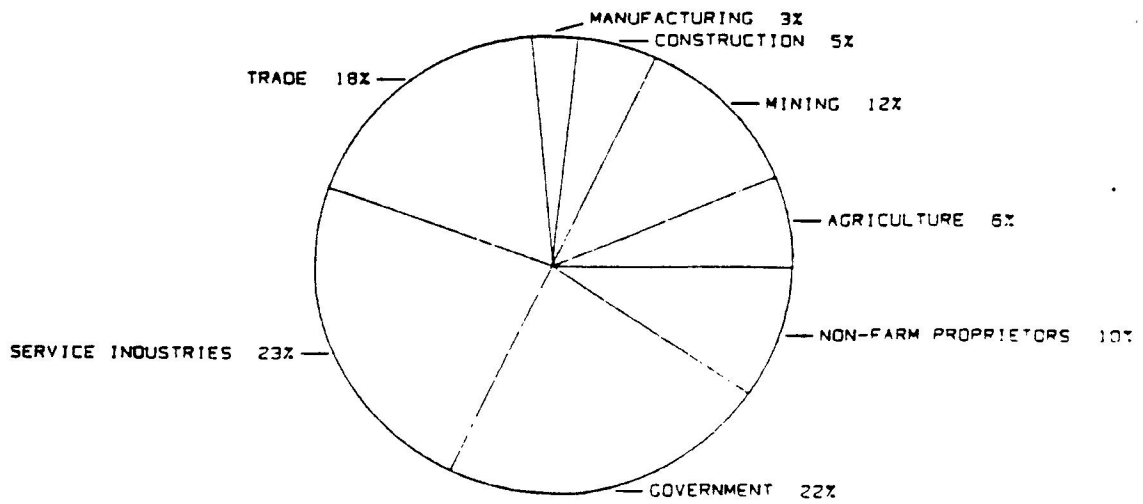


FIGURE II-2 EMPLOYMENT COMPARISON: WYOMING, U.S., AND SELECTED STATES



1974



1983

SOURCE: WYOMING DIVISION OF RESEARCH AND STATISTICS

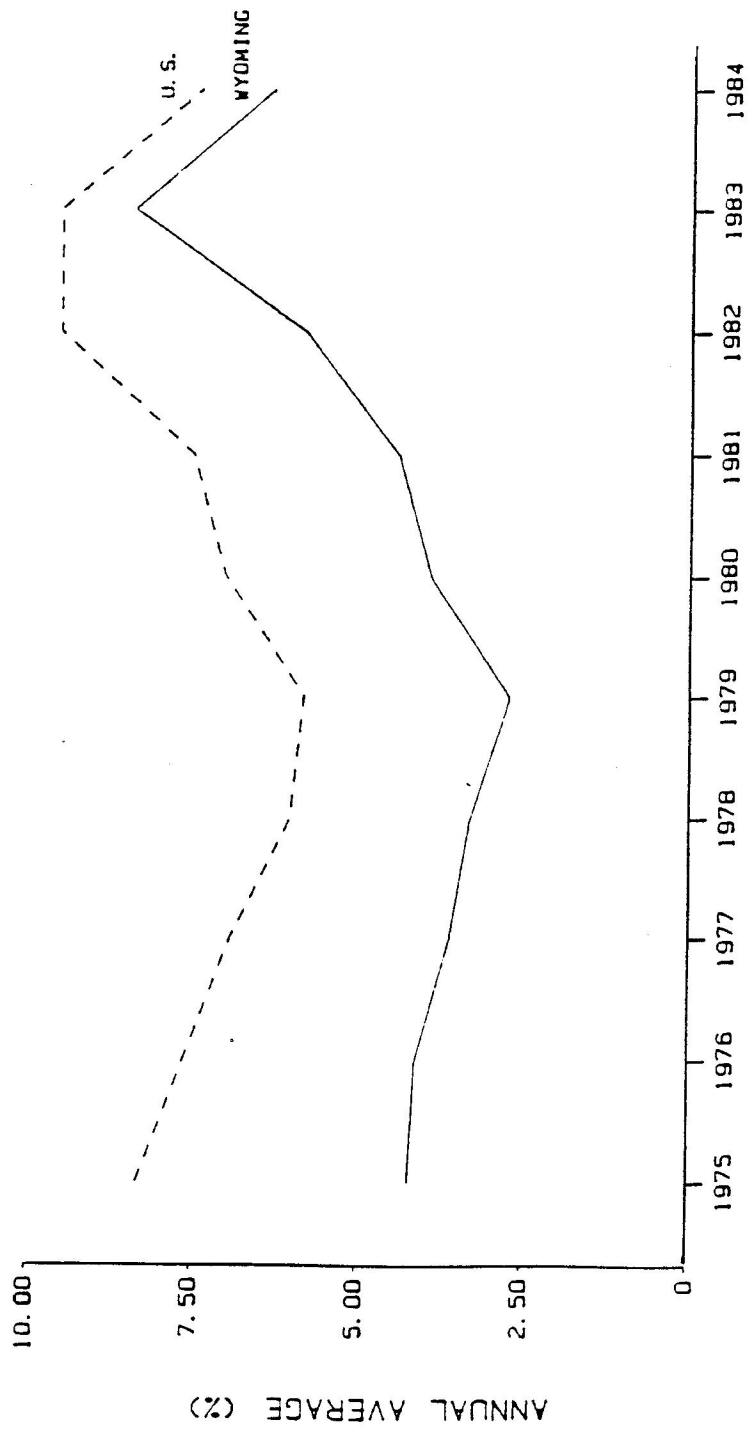
FIGURE II-3 WYOMING EMPLOYMENT

State and local government, the finance, insurance, and real estate sector, and nonfarm (small business) proprietors showed slight growth through 1983. However 1984 figures reveal that every sector except manufacturing--which is very small in Wyoming--experienced a drop in employment from 1983 figures. Services (including lodging places, business and personnel services, health, legal and social services, and entertainment), mining and drilling, construction, and retail trade showed the largest decreases. Agriculture has continued to lose employment throughout 1979-1983 (the latest figures available).

Some areas of employment growth do exist. For example, new mineral and fertilizer production facilities are planned which will improve the short-term employment picture for the southwest corner of the state. At least some of the workers recently laid off by the state's trona mine operators should find jobs at the Exxon and Chevron construction sites in Lincoln and Sweetwater Counties. An estimated 5,000 new workers (14,000 total new residents) are expected there during plant construction. However, only 750 workers will be required to operate Exxon's CO<sub>2</sub> plants once they are in operation; thus, the CO<sub>2</sub> employment impact in this area is not expected to be long lasting.

### Unemployment

During the peak of the boom years (1975-1981) Wyoming's unemployment rate (Figure 11-4) was remarkably low, averaging 3.7% during a period when the U.S. average was 7.1%. After peaking at 8.4% in 1983 when the U.S. average was 9.6%, unemployment has remained below the national figure. The 1984 unemployment rate for Wyoming was 6.3% at a time when the U.S. average was 7.4%. While Wyoming unemployment stayed below the national levels, the data indicate that Wyoming is affected 6 to 18 months later by the economic forces at work on the nation, despite a general perception that Wyoming is mostly immune to national economic changes.



SOURCE: WYOMING DIVISION OF RESEARCH AND STATISTICS

FIGURE II-4 WYOMING UNEMPLOYMENT RATES



## Personal and Per Capita Income

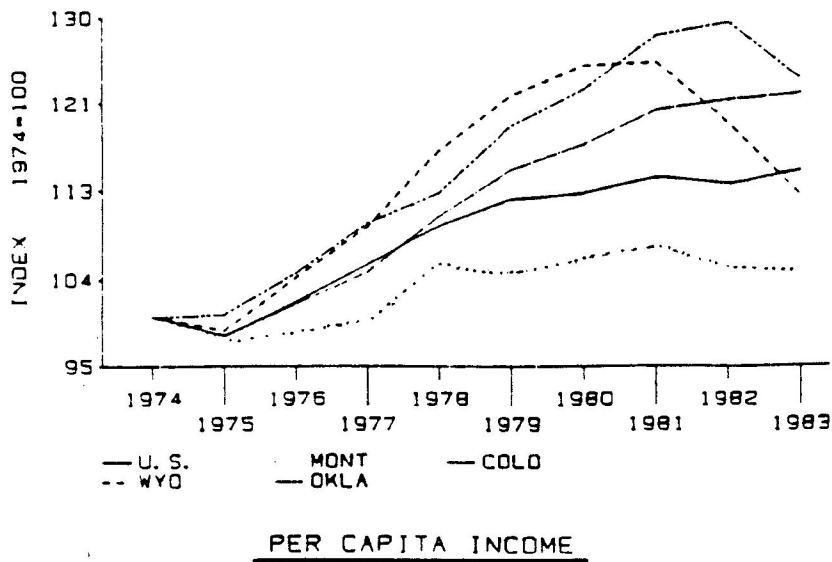
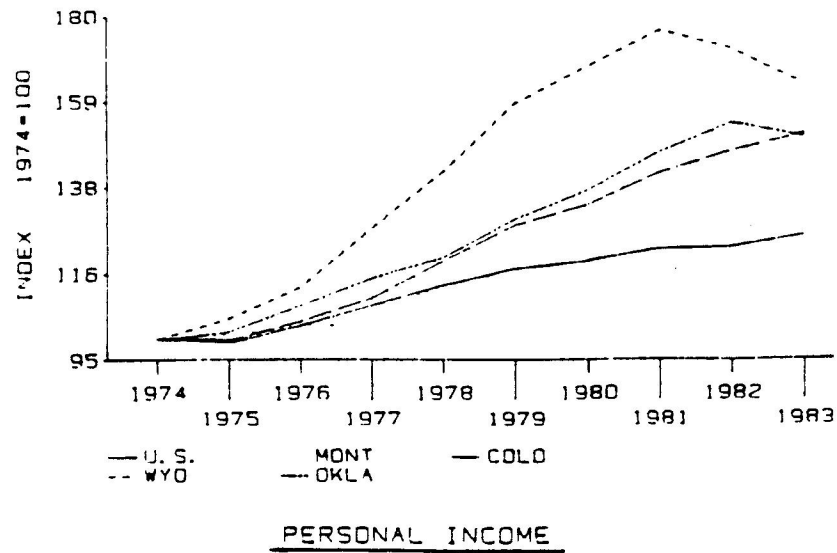
As with population and employment, Wyoming far surpassed the nation in the rate of growth in personal income during the 1970s. Figure 11-5 compares Wyoming with similar states and shows that Wyoming personal income grew at a faster rate until the steady rise in income halted in 1982. From 1982 to 1983 Wyoming had the largest decrease in personal income in the nation, the effect of population and unemployment dynamics across the county.

Figure 11-5 also shows that per capita income rose rapidly through 1980 but began to decline in 1981. This trend is significant, because along with other data such as employment, unemployment, population, and school enrollment, it shows that many young, single wage earners left Wyoming and were replaced by a smaller and presumably more stable family population. Today, Wyoming's personal income base is increasingly being provided by workers who have either brought their families to Wyoming to make a home, or workers who have decided to remain in the state and start a family.

Despite the steep drop in employment since 1981, a continued sharp decline in personal income does not appear likely. As with employment, personal income is likely to grow in the short term with the new development taking place in the southwest corner of the state.

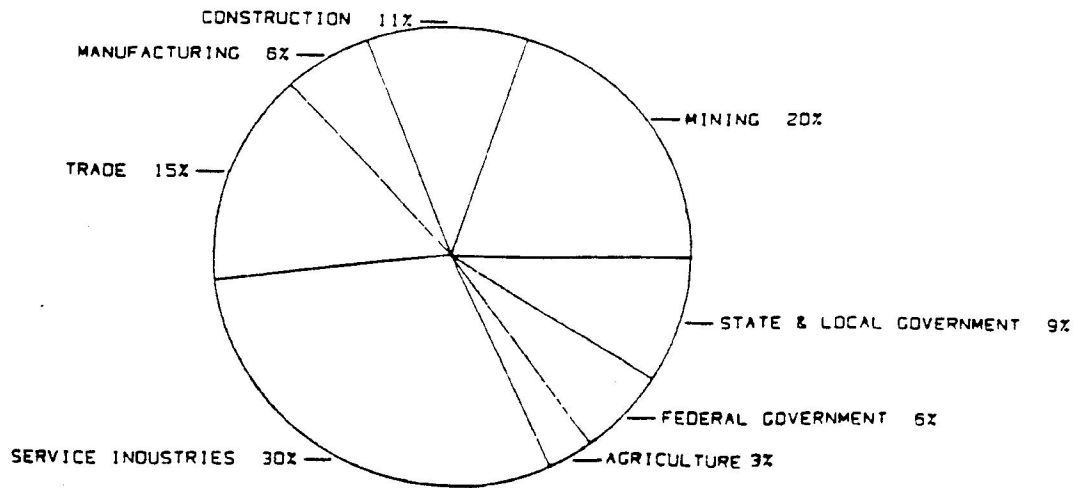
## Gross State Product

Figure 11-6 shows the contributors to overall gross state product (GSP) in 1974 and 1983. As defined by the Wyoming Division of Research and Statistics, GSP is the measure of the final value of all goods and services produced in Wyoming over one year. The Division of Research and Statistics report that GSP peaked in 1981 at approximately \$10 billion and declined over the next 2 years. As Figure 11-6 shows, mining and drilling is the state's largest contributor to GSP. The mining and drilling sector's share of GSP was larger in 1981, but downturns in employment and income caused a sharp drop in the sector's 1982 and 1983 contribution to GSP, to the 37% shown.

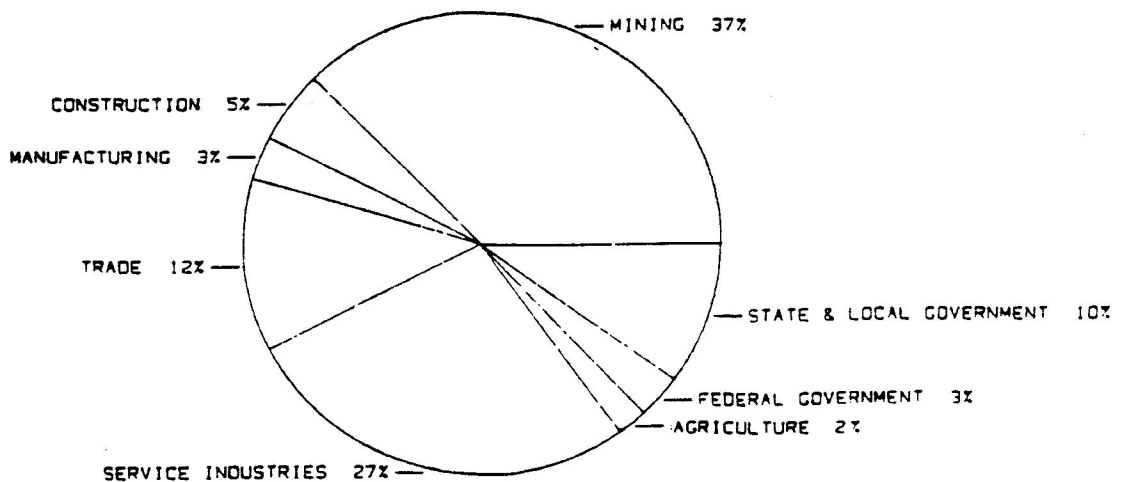


SOURCE: U.S. BUREAU OF ECONOMIC ANALYSIS

FIGURE II-5 PERSONAL INCOME COMPARISON: WYOMING, U.S., AND SELECTED STATES



1974



1983

NOTE: SERVICE INDUSTRIES INCLUDE FINANCE, INSURANCE, REAL ESTATE, TRANSPORTATION, COMMUNICATION, UTILITIES, SERVICE AND OTHER

SOURCE: WYOMING DIVISION OF RESEARCH AND STATISTICS

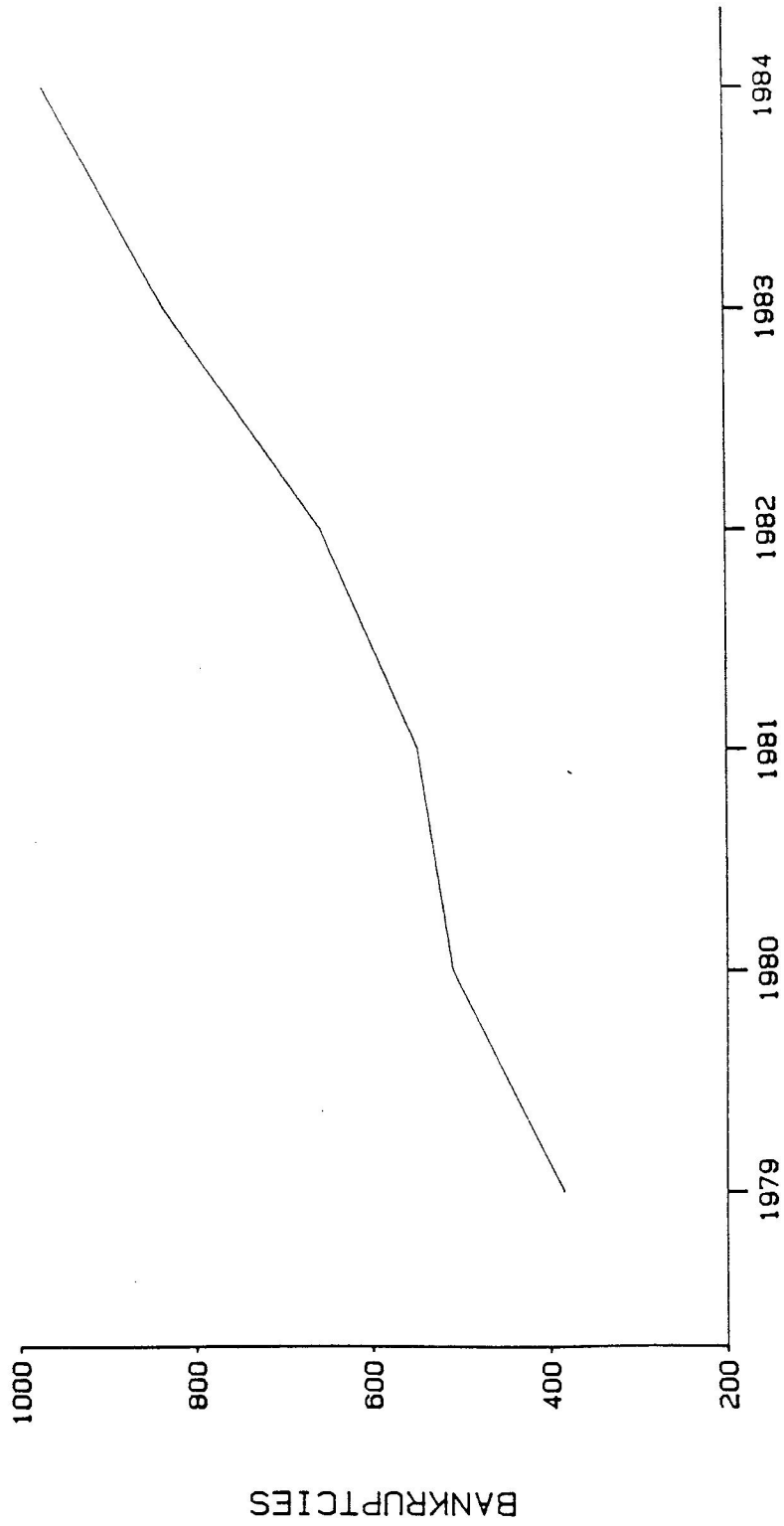
FIGURE II-6 WYOMING GROSS STATE PRODUCT BY SECTOR SHARE

Trade, agriculture, manufacturing, and construction also showed declines in their contribution to GSP in 1982 and 1983. Figures for 1984 are not available, but continued declines were likely for most sectors, if not all.

#### Bankruptcies--Why Action is Needed

Figure 11-7 shows a disturbingly steady upward trend in bankruptcies throughout Wyoming; the number has more than tripled from 1979 to 1984. While much of the country has enjoyed 2-1/2 years of economic growth, Wyoming's employment, income, gross state product, and bankruptcy data show that the state is moving in the opposite direction. Wyoming is in serious economic trouble.

However ill, the state's economic health today does not have to mean that the state will have an unhealthy future. The fact that growth has slowed significantly provides the state with an opportunity to build institutions in forward looking ways rather, than building as a reaction to events. But clearly, something must be done. As later sections of this report will show, by focusing on its problems and areas of opportunity, Wyoming can build toward the future it seeks: a more stable, healthy economy and a higher quality of life.



SOURCE: WYOMING BANKRUPTCY COURT AS PROVIDED BY WY. ECONOMIC SECURITY COMM.

FIGURE II-7 WYOMING BANKRUPTCIES