

primarily the older analog technology, although Mountain Bell is in the process of switching to more advanced digital communications. This move toward more modern telecommunications is important, because digital communication has much broader applications--it can handle both audio and data communications (analog can adequately transmit only sound) and because links between company offices, schools, hospitals, and the like are less costly with digital technology.

Wyoming's state government telecommunications capacity merits special discussion, because it shows particular promise for expansion and improvement. A recent Mountain Bell needs assessment characterized the government's telecommunications infrastructure as improving, but showing definite areas of unused capacity or duplicate but unconnected systems. The areas most often mentioned for expansion were in high speed data processing, teleconferencing, and electronic mail.

In higher education, the possibilities for improved telecommunications services are similarly great. Three major telecommunications systems serve Wyoming's higher education. The Wyoming Higher Education Computer Network (WHECN) links the community colleges to the University Computer Center. As the Mountain Bell report suggests, this system is underutilized, in part because the various systems are not well adapted to existing needs. Central Wyoming Community College's advanced broadcast system is capable of carrying Public Broadcast Service programming. KCWC is Central Wyoming College's limited-service public television channel.

The state's telecommunications infrastructure shows no signs of an immediate crisis. However, it would be a mistake to conclude that improvements in this area should have a low priority. Increased telecommunications capability can play a major role not only in making the state a more attractive place for business, but also in educating, informing, and entertaining those who live in more isolated parts of Wyoming, and increasing the capacity and efficiency of the public sector.

Telecommunications Tomorrow

Wyoming's size and population dispersion argue for developing newer, advanced communications technologies. For example, digital communications technology can support teleconferencing, thereby reducing the need and the expense of business travel by allowing easy communication between parties in different parts of the state. Furthermore, teleconferencing and electronic mail can help business keep going when the roads and airports are closed by snow. The new cellular technology, which does not require the extensive wiring other communications systems do, is another advanced technology potentially well suited to Wyoming's characteristics. Digital and cellular technology are two ways advanced communications capacity can be utilized to better support the needs of Wyoming's institutions and people.

By overcoming the barrier of distance, advanced telecommunication technologies can contribute to improvements in many areas of Wyoming's economy, including small business development, government efficiency and quality of life. To meet this goal, the state will have to make some strategic investments to improve existing telecommunications capacity. Wyoming should examine the potential of an integrated state telecommunications system. The important components of this system would include:

Increased teleconferencing capabilities, which would reduce the barrier of distance, make heavy snow less disabling, and increase access to the state's education systems. Both government, and individuals would benefit.

Expansion of PBS and state supported programming, to include KCWC coverage of PBS programs and local cultural and sporting events. This would enhance both educational services and the state's overall cultural life.

High-speed data transmission capacity, to allow for increased business and government productivity and effectiveness.

The private sector would also benefit from investment in many of the above technologies, such as teleconferencing (again, reducing travel costs and expenses, and improving the quality and speed of decision-making), and

high speed data communications. Many new businesses will require these. The private sector should explore alternatives in these advanced technologies, keeping in mind the number of types of technologies--microwave, fiber optics, and cellular--that may provide fast and cost-effective alternatives to the more standard systems. Investments of this nature can, by minimizing the costs associated with the physical isolation of the state, improve Wyoming's business environment--for both new and existing businesses--without detracting from its natural environment or traditional values. Finally, competition in communications services is intensifying. Mountain Bell is now only one of a number of potential providers of future services. Where new services are required, proposals should be sought from a number of firms.

Social and Cultural Amenities

A rich cultural environment with the opportunity to enjoy all of the arts is societal good in its own right. Recent trends have shown that cultural and social amenities can also play an important role in economic development. For example, entrepreneurs and officials of companies increasingly desire to relocate to sites that have social and cultural events and institutions in place. Cultural and social amenities are important in strengthening the fabric of Wyoming's life.

To date, the development of Wyoming's social and cultural amenities has been shaped, and even constrained by the remoteness and ruggedness of its terrain, and by the notion that culture is what Easterners (or Californians) say it is. Because the state lacks the large population centers necessary to support major sports teams, opera or ballet companies, or world-class museums, cultural and social events are mostly organized on a much smaller scale, such as community theater groups, college productions, public libraries, and local historical attractions.

Social and Cultural Amenities Today

Wyoming's current social and cultural picture shows concentrated but isolated areas of development. At the statewide level, there are a few major players in the arts and humanities area: the Wyoming Council on the Humanities, the Wyoming Council for the Arts, the Wyoming Arts Alliance, and the Ucross Foundation. The Wyoming Council on the Humanities received a \$320,000 grant from the National Endowment for the Humanities to foster a broader understanding of human values, traditions, and cultures. The Wyoming Council on the Arts operates on funds from the National Endowment for the Arts; it gave \$200,000 in awards to the Sheridan Theater Guild, the Sheridan and Powder River Arts Councils, and the Ucross Foundation. The Ucross Foundation, which funds the work of artists and writers through its residency program, is applying private-sector as well as public money in support of cultural programs.

Several Wyoming communities have fairly well-developed cultural and social programs. Laramie benefits from the UW's strong performing arts program, which includes a performing music department, and theater and dance troupes. UW's KUWR public radio broadcasts are a significant source of cultural enrichment in much of the state. Cheyenne and Casper have their own symphonies and civic centers. Cheyenne usually can attract major rock and classical symphonic concerts, as well as occasional road productions of Broadway shows, and is the home of the Wyoming State Historical Museum. Jackson and Cody offer a slightly different type of cultural experience: each is the home of several artist colonies, some of which are nationally acclaimed. These geographic areas account for only about half of the state's population. The other half of Wyoming's people--those who live in the more remote, rural regions--can participate in few activities outside of those sponsored by local community groups or libraries. Climatic and geographic barriers, as well as the isolated nature of the arts centers of Cheyenne and Laramie, mean that for many, more diverse programs are inaccessible. For some, it is possible to fill these gaps by traveling to nearby Denver or Salt Lake City--creating another situation in which Wyoming loses its people and dollars to other states.

Wyoming's Travel Commission promotes many events but it is the Cheyenne Frontier Days activity that is best publicized. In terms of overall promotion, little has been done in the area of cultural events communicating Wyoming's unique heritage. For example, Buffalo Bill's Wild West Show toured two continents and would certainly attract both out-of-state tourists and residents, but because it is pure entertainment and not high culture (like ballet or abstract art), it may be ignored.

Social and Cultural Amenities Tomorrow

Social and cultural amenities are important for the quality of life of Wyoming residents, and they are also important in attracting new businesses and industrial plants. Local entrepreneurs and officials of expanding companies can often choose sites on the basis of their own preferences, and increasingly they prefer to stay in or relocate into areas with a variety of social and cultural events and activities in place.

The challenge for Wyoming's future is to deepen and broaden the cultural and artistic experiences available to its residents in a manner consistent with Wyoming's heritage and style of life, and to extend these cultural experiences to the other half of Wyoming's people. Once again, strategic investments and increased cooperation between the private and public sectors can create an environment that not only meets the needs of current residents--an important benefit in its own right--but has a tangible payoff in terms of a better environment for new businesses and ventures. The following specific actions will be important steps for Wyoming in meeting its challenge:

Building increased private sector support for the arts and humanities is important in terms of raising the funds necessary for these programs. Such efforts should include sponsorship of a new Wyoming Heritage Center, designed to be a focal point for understanding, preserving and promoting the heritage of Wyoming and the west (including the wild west). If located in southern Wyoming, near the sites of the Oregon and Mormon trails, the Center would provide a source of income for the area, as tourists as well as residents stop in on the way across 1-80. UW could be a primary

contributor to this new center. A second private sector initiative could be a Wyoming Reinvestment Foundation for the Arts and Humanities. The foundation would provide a source of revolving loan funding for various cultural and artistic programs and events.

Investments in telecommunications capabilities could pay dividends by transmitting cultural and sporting events to the more remote parts of the state. Public network broadcasts (radio and television) through extension of public and private microwave or satellite and cable telecommunications systems could include local (i.e., state-based) events such as productions of the UW symphony orchestra or dance troupe. Productions like the recent KCWC-sponsored (with Wyoming Council for the Humanities funding) production "That Gold Mine in the Sky" can provide cultural experiences that draw from Wyoming's own heritage.

Developing and promoting the state parks for improved recreational use by Wyoming residents and tourists alike, and working jointly with the National Park Service on expanded cultural programs linked to the national parks, could aid tourism and provide a small number of new jobs.

These and other efforts to broaden Wyoming's social and artistic assets in a manner consistent with its own culture should be tied into its 1990 Centennial celebration. The now-forming Wyoming Centennial Commission can be one of a number of important integrating forces to ensure that new and existing social and cultural programs developed are consistent with Wyoming's unique heritage.

Problem-Solving Capacity

All sectors in Wyoming need to enhance their capacity to move Wyoming into the future. Two areas need special attention: enhancing problem solving capacity in government and organizing the private sector for problem solving. The private sector's role will become increasingly important as fiscal constraints limit what government can do. Public-private partnerships are one way of extending the resources of both sectors. Such cooperative processes will be increasingly important in Wyoming and are discussed in some detail below.

State Government Today

Wyoming's state government is facing new problem-solving needs with capabilities developed to solve past problems. State government in Wyoming has been challenged and put under significant stress by the economic cycles of the past few years. As service needs grew, government grew, and so did the costs of government. Figure IV-4 shows state employment growing steadily, accounting for 6,700 jobs in 1984. (Wyoming employment in all levels of government has also increased steadily, now accounting for more than 55,000 jobs.) The upward trends in the overall cost of state government are also shown in Figure IV-4.

Although state government has increased in size and cost, that does not mean it has improved its overall capacity to meet Wyoming's future needs. Examining all aspects of government activity is beyond the scope of this study. However, many of the key questions revolve around the state's financial resources. Four areas of fiscal analysis can help highlight important future trends and illuminate the state's potential for financing the future. These four areas are:

- Trends in the sources and uses of state funds by major category.
- Trends in the transfer of state-collected revenue to city and county governments.
- Trends in the way state investments are made.
- Trends and projections in revenue from mineral-based taxes.

The following discussion looks at each of these areas and may suggest shifts in state fiscal policy or practice.

Sources and Uses of State and Local Government Revenue--Figure IV-5 shows that the revenue percentages from major sources have changed significantly over the past few years. The increases in severance tax revenues in particular have created sizeable increases in state revenues over the past few years.

These increases reflect both a rapid increase in Wyoming's mineral production (and valuation) and tax rate increases. During the period 1978-1984, coal and crude oil doubled in value while their severance tax rates increased by 0.5% and 2%, respectively. Natural gas increased fivefold in value and the tax rate on gas rose 2%. However, it was the enormous jumps in mineral production and price during this 5-year period that contributed most to the revenue increase. This trend was augmented by the general expansion of the state's economy that led to added revenue in the form of state taxes, fees, licenses and use taxes between 1970 and 1983.

The spending side of Wyoming's fiscal situation is a complicated maze of appropriations to various funds and expenditures for both "bricks and mortar" and for operating government programs. Figure IV-6 shows that the pattern of spending did not change significantly between 1978 and 1984. Although the percentage of total appropriations consumed by the Education, Libraries, and Museums category declined, state appropriations to the University of Wyoming doubled. Spending increases in the Safety and Regulation category were due to a large appropriation to the Liquor Commission in 1981-1982. The enlargement of the Resources and Recreation category stems from a major water development appropriation.

Clearly, the state has become significantly more dependent on the mineral severance tax and local government more dependent on the property tax, both directly linked to the state's mineral resources. Other revenue sources have declined in significance, particularly the share of revenues from the sales tax and from other state taxes like those on gasoline. However, severance tax revenue is not projected to grow in the future as it did in the past. Balancing the budget will require that either state expenditures will have to slow, or taxes will have to be increased, or both.

Transfer Payments to Local Government--Although Wyoming county and city governments collect their own property taxes, they also receive, as transfer payments, state tax revenues from severance taxes on individual minerals, U.S. mineral royalties, and a variety of sales and use taxes. Figure IV-7 shows trends in transfers of severance taxes, U.S. royalties, and sales and

use taxes to local governments. Local government receipts from state-collected severance taxes (which began in 1982) peaked in 1983 at about \$55 million and declined to about \$40 million in 1984. This state-levied severance tax increment is the newest major source of revenue to local government and is obviously significant.

Overall, cities and counties in Wyoming are receiving an increasing amount of the revenue collected by state government, much of it on a fixed percentage basis. While it may be more efficient for the state to collect certain taxes and then distribute receipts to local government, and while it can be argued that transfers can help equalize the widely varying local tax bases, this practice raises two potential problems: First, local government could become dependent on state transfer payments, spending money without the discipline of having to increase local taxes to do so. Second, local governments could fall into the trap of spending state-collected tax revenue on local programs (especially capital investments such as civic auditoriums) without due attention to the on-going operating costs of a capital facility that must be paid out of local revenues. These two problems are not unique to Wyoming; after the earlier, more generous years of the nation's General Revenue Sharing Program, many local governments had to learn the same hard lessons.

Wyoming needs to reexamine its tax and transfer policy. This is a complicated set of issues that must be carefully studied and options generated, particularly regarding how the property tax burden can be equitably distributed between businesses and homeowners.

Trends in State Investment Practices--In 1984, the Office of the State Treasurer invested about \$2 billion in a variety of securities. These included U.S. treasury obligations, day-to-day repurchase agreements, farm loans, and deposits in Wyoming banks. Nearly \$700 million of this total investment was from the fast-growing Permanent Mineral Trust Fund. Figure IV-8 shows how the state's investment strategy changed over the period 1979-1984. The shaded area represents major types of investments

made in securities outside Wyoming (in U.S. government agencies, repurchase agreements, and other instruments). The percentage of the portfolio invested outside the state rose from 73% in 1979 to 81% in 1984. The reasons for this increase probably have much to do with higher rates of return and lower risk outside Wyoming. However, Wyoming needs to review the strategy of investing for low risk and high return in terms of the effect on the state's future economy.

The product from a strategy of out-of-state investment for high yield and low risk is solely interest income--more cash to invest outside the state. Following such a strategy over the long term will make Wyoming cash rich and capital poor. But making the state stronger so that it is in a better position to cope with the future is going to require considerable reinvestment--in human capital as well as physical capital. Wyoming must make well considered internal investments that, at an acceptable risk, will build internal strength in the state. Areas for public investment (one-time investments and perhaps for on-going expenses) include building centers of excellence at UW, enhancing infrastructure (air transportation and advanced telecommunications), improving Wyoming's social and cultural amenities, and building a more diversified economy. Direct investment in business, however, are not allowable under the constitution. Nevertheless, there are many areas of public sector activity that, if strategic investments were made, would serve to strengthen Wyoming's capacity to solve the problems brought on by the new economy.

Trends and Projections--Mineral-Based Taxes--Wyoming treasuries receive more than 60% of total revenue from mineral-based taxes. Thus, the future performance of the mineral-based taxes is critical to the future of the state. Figure IV-9 shows trends and projections in revenue, by type, from the mineral severance tax, based on SRI's projections of future mineral values and volumes of production. These projections are presented in a low case scenario, a base case (most likely), and a high case scenario.

Figure IV-9 also shows that, between 1981 and 1984, revenues from the severance tax on coal and gas leveled out and those from the tax on oil declined. The most-likely-case projections show modest revenue increases from coal, an increase in gas until 1991 (and then a decline), and a modest decline in oil revenues. Trona, the other mineral analyzed, is expected to remain a steady low level revenue producer through 2000. Figure IV-10 shows total revenues expected to accrue from severance tax levies on all minerals (oil, gas, coal, CO₂, and petroleum). The most likely case is that revenues will fluctuate around a level of \$445 million through the year 2000.

Wyoming's share of U.S. mineral royalties represents a major source of revenue for the state. The average royalty rate on oil and natural gas is 12.5% and is not expected to change in the next 15 years. The average royalty rate on coal is currently 2% but is scheduled by law to increase to 12.5% by the early 1990s.

U.S. mineral royalty revenues, shown in Figure IV-11 are expected to follow the same general pattern as severance tax revenues, dropping after 1991. Current royalty revenues stand at about \$180 million and should increase to \$240 million in 1991, then decline to about \$210 million by the year 2000. Because they are based on the same price and production levels, ad valorem taxes collected locally should follow the same leveling trend.

A potential change in federal policy may bring mineral royalty revenues down faster and further. It has been proposed that the administrative costs of the program be taken out of the total revenue pool before it is divided into the federal and state shares rather than coming, as they do now, solely from the federal share. If this proposal is adopted, Wyoming will face further reductions in mineral-based tax income.

State government in Wyoming has developed to date primarily by expanding its size. The large revenues from mineral severance taxes that made expansions possible, however, are not likely to continue to expand at the same rate. Therefore, in order to meet new and existing public needs,

the state must improve the capacity of its existing agencies by looking for new ways to solve problems and operate more efficiently.

State government has also enabled local governments to grow by providing increasingly large transfer payments. This practice has drawbacks as well as benefits for the local governments involved, but in addition, it also is a practice that cannot be continued indefinitely after revenues level out.

Finally, state government has followed an investment practice that maximizes the yield on investments, but that does not result in strengthening the state, or in developing new problem-solving capacity.

The preceding analysis of current trends in Wyoming's revenue, expenditure and investment policy indicates a future in which fiscal austerity is a must. Revenues from mineral severances taxes, on which the state currently relies, will most likely remain constant through the end of the century. This means that state expenditures, which have been growing during recent years, must either be held constant or other sources of revenue found. Furthermore, local governments will have to come to terms with their reliance on state transfers, and find means to compensate for at best a lack of increase in these funds. Furthermore, it is also possible that a downturn in the energy mineral resource industries will result in a need to reduce state expenditures (and therefore, transfers) below current levels. Finally, the state's investment policy cautiously reflects consideration of risk and return, but as most investments are made outside the state, results in a capital drain that does little to strengthen the state's own economy or institutions.

State Government Tomorrow

Wyoming is moving out of a period of economic boom and bust and into a period of little, if any, overall growth. It must take advantage of this period of calm to make strategic investments--in its people (through

education and job training), its infrastructure, its social and cultural amenities, its economy, and its public and private problem-solving capacity. Wyoming must reexamine its spending and revenue situation, and especially reexamine the social cost of sending 81% of its investments outside the state.

The need for fiscal austerity will always result in politically charged debates; however, piecemeal attempts to deal with flattening revenue streams have the additional consequence of leading to an undesirable allocation of state resources. The state must therefore reexamine its current fiscal practices through a comprehensive financial review, undertaken under the auspices of a bipartisan public-private commission on Wyoming's financial future. The commission would be charged with investigating specific issues such as:

Local reliance on transfers of state revenues. Does this reliance create an incentive to overspend on projects because localities do not feel the entire cost? The commission may want to consider the issue of whether large transfers should continue in the face of no longer increasing or even declining state revenues.

- State investment policy should be examined in order to determine how the state can achieve a better balance between risk, rate of return, and public benefit.
- An overall examination of the efficiency of the state fiscal system, geared towards understanding whether administrative reform could improve the effectiveness of state policies.

Furthermore, the commission could also be responsible for gathering data and helping to frame the debate concerning those fiscal issues which will eventually be put to the voters of the legislature; such as:

Priorities for state spending, as it is allocated between expenditure categories. The trend in how revenues are spent shows general government's share of all revenues (capital and operating) growing, as is the share consumed by resources and recreation, and by safety and regulation. At a time when education and training are becoming increasingly important, Wyoming is spending proportionately less on them and on related activities such as libraries. Reduced spending on education is the opposite of what is happening in many states and should be reviewed as Wyoming looks to the future.

- . Proposals for alternative sources of revenue, should these become necessary. For example, should the state institute an income tax or raise sales revenues or severance taxes.

Membership on the commission should include representatives from across Wyoming, including private citizens as well as public officials. The key, of course, is balance. This commission cannot become paralyzed by political partisanship. High level staff support from the University and some consultant support may also be required, to assist the commission with data gathering and other analytic support.

Federal Government Today

Wyoming's relationship with the Federal Government has often been rocky. All states within a federal system find that national policies will have impacts (often negative) that cannot be controlled at the state level. This is especially true in Wyoming because nearly half the land is federally owned, and the state economy is based upon the heavily regulated resource industries. However, federal involvement brings benefits in the form of employment, procurement, and spending in specific program areas. Therefore, Wyoming's strategy for the future should be to minimize the costs associated with absence of local control and with shifting national policies, while seeking to maintain or increase the benefits associated with federal involvement in the state.

Discussions of the Federal Government's treatment of Wyoming often center on the issue of whether Wyoming receives a "fair" share of government expenditures considering the amount residents pay in federal taxes. A recent study by State Policy Research, Inc., concluded that in 1984, the people of Wyoming paid \$626 more per person than they received from the Federal Government. This measure indicates inequity, but doesn't tell the whole story.

Table IV-1 summarizes total federal funds collected and distributed and shows how Wyoming fares in the intergovernmental transfer payment process.

wyoming residents, who represent 0.2% of the U.S. population pay 0.26% of the total tax bill and receive only 0.2% of federal expenditures. The funding inequity therefore results not because residents don't receive their fair share of overall federal expenditures (in terms of combined grants, procurements, payments to individuals, salaries and wages, and other expenditures), but because they shoulder more than their fair share of the federal tax burden. This results primarily for two reasons: wyoming has a higher than average per capita income and wyoming doesn't have a deductible state income tax (which would reduce the amount of federal taxes residents pay).

Table IV-2 examines how wyoming fares in Federal expenditures in key programs. As would be expected, the table shows a mixed pattern of per capita expenditures. For example, wyoming receives almost four times the U.S. average per capita expenditure for the highway trust fund. On the other hand, it receives only 19¢ per person from the Urban Mass Transit Administration, while the national average is \$15.25. This disparity results from wyoming's small urban population. Clearly, the federal fairness issue needs to be examined program by program. Efforts to increase wyoming's share of federal expenditures should be made based on a detailed analysis of how individual program funding formulas operate, and how the state fares in terms of specific federal procurements and project grants.

Recent changes in federal expenditure policies demonstrate the extent to which the outcome of the fairness issue is affected by seemingly unrelated federal policy decisions. For example, the Reagan administration's decision to consolidate many categorical grant programs into block grants benefited those states with relatively low urban and poverty problems; wyoming itself experienced a 74% increase in grant monies and actually receives 0.6% of all federal grants to states and localities, although it represents only 0.2% of the U.S. population. On the other hand, the defense buildup has resulted in a military-related spending imbalance (dubbed the "Pentagon Tilt") which is not in wyoming's favor. wyoming

Table IV-1

SUMMARY OF FEDERAL FUNDS COLLECTED AND DISTRIBUTED,
FISCAL YEAR 1984

	U.S. and Wyoming				Wyoming's Percentage of the Total
	Total (in millions of \$)		Per Capita		
	U.S.	Wyoming	U.S.	Wyoming	
Total expenditures	\$724,749	\$1,472	\$3,022.21	\$2,879.17	.2
Grants to state and local governments	97,209	556*	405.36	428.66	.6
Salaries and wages	108,653	240	453.08	469.99	.2
Direct payments to individuals	325,881	500	1,358.93	978.47	.2
Procurements	176,470	139	735.88	271.90	.1
Other	16,536	36	68.96	69.68	.2
Total taxes collected	\$648,160	\$1,674	\$2,757.00	\$3,185.00	.26
Population (in thousands of persons)	239,807	511			.2

* Includes \$2.76 million in state-shared mineral receipts. The Governor has argued that these are not "grants" but are "compensatory payments" for the extensive federal land and mineral holdings in Wyoming.

Sources: Federal expenditures from U.S. Bureau of the Census, Federal Expenditures by State for Fiscal Year 1984.
Tax estimates from Tax Foundation, "Monthly Tax Features," vol. 28, No. 4, April 1984.

Table IV-2

PER CAPITA FEDERAL EXPENDITURES
FISCAL YEAR 1984,
FOR SELECTED PROGRAMS

	United States	Wyoming
Population (in thousands)	239,807	511
Total per capita expenditures	\$3,022.21	\$2,879.17
Total grants*	405.36	428.66
Department of Agriculture, total	14.75	12.91
EPA wastewater treatment plants	10.95	10.26
Medicaid	83.68	24.81
Social Services block grant	11.68	10.72
Community development grant	15.93	8.25
Job Training Partnership Act	10.67	12.21
Highway Trust Fund (DOT)	40.16	154.93
Urban Mass Transit Administration	15.25	.19
Other	112.17	714.63
Salaries and wages, total	453.08	469.99
Department of Defense, total	137.42	144.43
Department of Defense, Military	97.10	41.65
Department of Defense, Civilian	218.56	283.91
All other, including Postal Service	1,354.93	978.00
Procurement Contract Awards, total	735.88	271.90
Defense procurements	571.06	143.99
All other, including Postal Service	164.82	127.90
Other	68.96	69.68

*Selected programs.

Source: U.S. Department of Commerce Bureau of the Census, "Federal Expenditures by State for FY 1985."

receives only 0.1% of all defense procurement spending (\$143.99 per capita as opposed to the \$571.06 national average).

The Federal Government issue in Wyoming is not just a fiscal issue. Many national regulatory policies have significant economic and land use impacts in Wyoming, and affect the cost of doing business in the state. For example, both the Staggers Act (regulating rail transportation) and pending acid rain regulations (which may require coal-burning power plants to install scrubbers in smokestacks) will affect the demand for Wyoming coal and therefore the vitality of the state's coal industry. Similarly, the outcome of pending decisions concerning the cost of grazing rights on federal lands and visitor limits at national parks will significantly affect the growth of the agriculture and tourist industries. The Federal Government also owns over 30 million acres of Wyoming. As Figure IV-12 illustrates, the primary landholders are the Bureau of Land Management, the U.S. Forest Service and the National Park Service. Because these agencies take an active role in the management of these lands, the Federal Government significantly influences land use within the state. At their best, federal regulatory and land management policies should support the directions in which the people of Wyoming wish to move. However, some conflict of interest is inevitable and Wyoming needs to find ways to ensure its interests are protected.

Federal Government Tomorrow

Federal land ownership and the nature of Wyoming's economy mean that federal fiscal and regulatory policies will always have a strong impact in Wyoming. However, Wyoming could improve its ability to influence national policy by improving the state's lobbying ability in two ways:

Establishing a statewide, bipartisan citizens' committee that would monitor developments, gather and disseminate information, and organize action campaigns concerning federal issues that affect Wyoming.

Starting or joining multistate executive and legislative branch, or citizen's commissions organized around regional, population or economic characteristics. For example, a Rocky Mountain States coalition could provide a more forceful voice on issues such as railroad and land use regulation, in which Wyoming shares a common interest with the other states.

Both types of coalitions could be active in:

- . Lobbying for amendment of the Staggers Act to provide, when necessary, for increased competitor among rail carriers.
- . Pressing for increased procurement spending, to ensure that Wyoming (and perhaps other states in the region) receives a fair share of federal procurement expenditures in this area.

Greater understanding and awareness of individual national policies, combined with concerted action can allow Wyoming to take advantage of the federal benefits while minimizing the negative impacts that federal policies may impose on the state.

The Private Sector Today

In a free enterprise economy, individual firms, by definition, act separately in the marketplace. However, in the case of issues such as changing government policies or social needs that affect their bottom line, joint action between firms is often the best way to ensure positive outcomes. Moreover, governmental fiscal constraints and an increasingly complex social and economic environment are increasingly requiring collaboration between the public and private sectors in solving socioeconomic problems (e.g., health cost containment). While Wyoming's public sector is reasonably well organized with its state, county, and local entities, the private sector lacks such organization, thus limiting the kind and degree of public-private collaborative effort possible.

Wyoming's private sector is especially fragmented. The ten or twelve major employers in the state are all headquartered outside Wyoming. While these large companies may be members of national or even regional trade

associations (such as the American Petroleum Institute), within Wyoming there is no organizational forum for major employers. They have no institutional mechanism by which they can talk to the higher education system as a group, for example, or talk to local governments about child care needs or infrastructure. Wyoming's small businesses are also highly fragmented. While there are 33 local chambers of commerce in Wyoming, they too lack statewide organization.

The Private Sector Tomorrow

Wyoming's private sector must organize for collaborative problem solving. A major employer's task force could bring Wyoming's largest employers together into a forum for ongoing discussion of problems facing the state. Even though many of these employers may be headquartered outside of Wyoming, state policies in areas such as workmen's compensation and education affect their operations within the state. Small businesses in Wyoming would benefit from organizing into statewide trade and industry associations, which could provide on a local level the same type of force that the major employer's group could at the state level; allowing businesses to present a collective voice on local infrastructure, education and service needs. In addition, a small business organization could help develop "import substitution" programs by collecting information about markets in which their members could provide products that are currently bought from out of state suppliers.

A statewide Wyoming Business Roundtable made up of large and small businesses could provide a concerted business voice in areas of government policy that relate to both business and community needs. Specific areas of focus could include, for example, opportunities for linking higher education and industry, and opportunities for private reinvestment in parks and recreation, health and social welfare, and education and training. Such an organization would pull together the strengths of many business leaders to gain the greater effectiveness that comes from joint action. Organizing in this way can result in better public and private policies because solutions

will be based upon the knowledge of the individual firms. Their involvement is essential because it is business--and not the government in itself--that directly confronts these problems.

These organizations need not be costly new institutions, but could be based on a mailing list, periodic meetings and simple newsletters. But it is important that Wyoming's businesses work together to help themselves to a better business environment, rather than letting (or expecting) the government to take the lead.