

### 3.5 ECONOMIC TRENDS

#### INTRODUCTION

There is an intricate connection between economic prosperity and quality of life for residents. Communities benefit from a mix of businesses that provide good-paying jobs, promote economic prosperity and sustainability, and contribute to the overall well being of the residents.

This section provides a general overview of the Big Horn County economy and considers factors related to the county’s economic future.

#### ECONOMIC PROFILE OF THE POPULATION

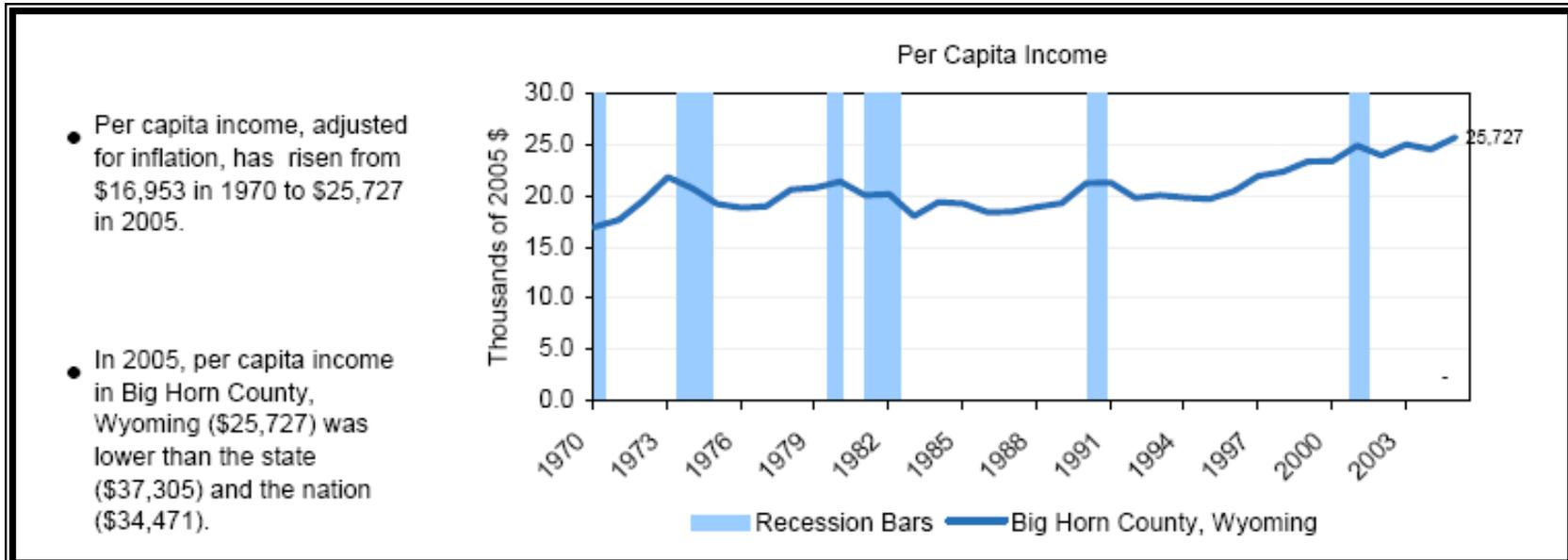
Income for Big Horn County residents is less than for the state or the nation as a whole. In 1999 (when detailed economic data were collected for the 2000 census), Big Horn County median household income was 22% less than the national median household income and 14% less than the Wyoming median household income. Household income is the income from all persons living in a housing unit. Median household income is the dollar amount for the mid-point of all households—half of all households have income less than median household income and half have income more than median household income.

Per capita income is total personal income divided by the total population number. Big Horn County per capita income was 30% less than national per capita income and 21% less than Wyoming per capita income.

Based on fourth quarter 2007 cost of living surveys that examine costs of food, housing, transportation and other basics, it’s less expensive to live in Big Horn County compared to the rest of the state. The state, however, is slightly above the national average cost of living, primarily because of housing and grocery costs. Wyoming surveys show that the fourth quarter 2007 cost of living index in Big Horn County was 90 (compared to the statewide average of 100). Low housing costs are the biggest factor for Big Horn County’s overall low index rating among Wyoming counties.

Per Capita Income: 1970-2005 (Source: Headwaters Economics)

	Median household income	Per Capita Income
	1999	1999
U.S.	\$41,994	\$21,587
Wyoming	\$37,892	\$19,134
Big Horn	\$32,682	15,086
Basin	\$33,519	17,890
Burlington	\$28,281	13,129
Byron	\$34,375	11,931
Cowley	\$38,750	14,964
Deaver	\$31,071	14,134
Frannie	\$33,750	14,542
Greybull	\$29,674	15,383
Lovell	\$30,745	13,772
Manderson	\$22,917	11,144



### Poverty

Poverty rates in Big Horn County are higher than for the state or the nation. U.S. decennial census data show that 14.1% of all individuals in Big Horn County were below poverty level in 1999.

Poverty estimates from 2000 to 2005 (the most recent year for which estimates are available) indicate a downward trend in poverty rates in Big Horn County, compared to relatively static trends in the state, and an upward trend nationally. By 2005, the percentage of individuals in poverty in Big Horn County was estimated at 13.0%, compared to 13.3% for the nation.

### Components of Income

Personal income comes from earnings (either as wages or as business income) or “Non-Labor” income sources. “Non-Labor” income includes:

- Dividends, interest, and rent (e.g., investment income)
- Transfer payments (primarily government payments such as Medicare, Social Security, unemployment compensation, disability insurance payments, and welfare)

In Big Horn County in 2005, income from earnings was 65% of all personal income (compared to 64% for Wyoming and 69% for the nation); dividends, interest and rent were 13%, and transfer payments were 22%. Non-labor income growth has outpaced earnings growth over the past twenty-five years. Non-Labor Income in Big Horn County: 1970-2005 (Source: Headwaters Economics)

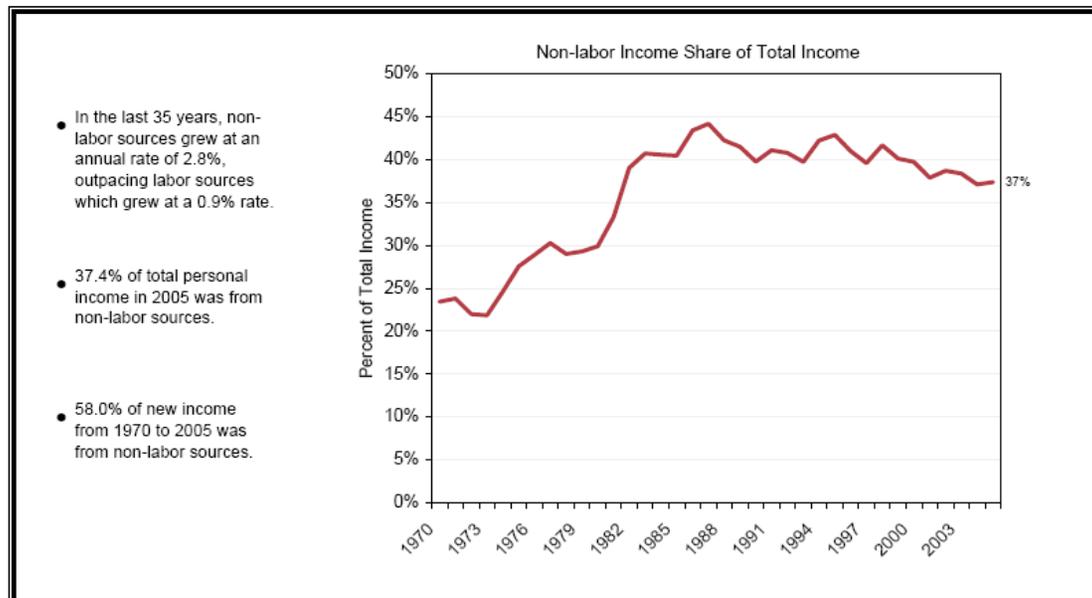
**LABOR FORCE**

In 2000, the civilian labor force in Big Horn County was 5,138 persons. Unemployment rates in Big Horn County have been running higher than overall unemployment rates for Wyoming, but Big Horn County is faring better than the nation. In 2007, the unemployment rate in Big Horn County was 4.3% (tied with Platte County for the highest rate among Wyoming counties); Wyoming unemployment rate was 3.0%; and nationwide it was 4.6%. In September 2008, the national unemployment rate for the month had jumped to 6.1% (up from 4.5% in September of 2007). There was little change in Big Horn County’s unemployment rate (3.5% in September 2008 and 3.3% in September 2007). Big Horn County has lower unemployment rates in the summer and higher unemployment in winter months. (Wyoming Department of Employment, Research & Planning, website and news release 10/21/08). When unemployment rates get very low, such as the 2007 average annual rate of 1.5% in Sublette county, businesses face employee shortages and may be forced to cut business hours or service.

Unemployment Rate 1988-2006: Big Horn County, State of Wyoming, U.S. (Source: Headwaters Economics) In addition to persons who live and work in the county, there are persons who commute to work in Big Horn County but who live elsewhere. Data from the federal Bureau of Economic Analysis (BEA) indicate that Big Horn County is an employment hub—the income of people commuting into the county to work exceeds the income of people commuting out of the county (Headwaters Economics). According to 2000 Census , 406 Park County residents commuted to work in Big Horn County (8.5% of total Big Horn County workers). The remainder of the commuters to Big Horn County (9.5% of

the total workforce) came from a variety of other counties in Wyoming and other states. In 2000, 379 Big Horn County residents commuted to Park County.

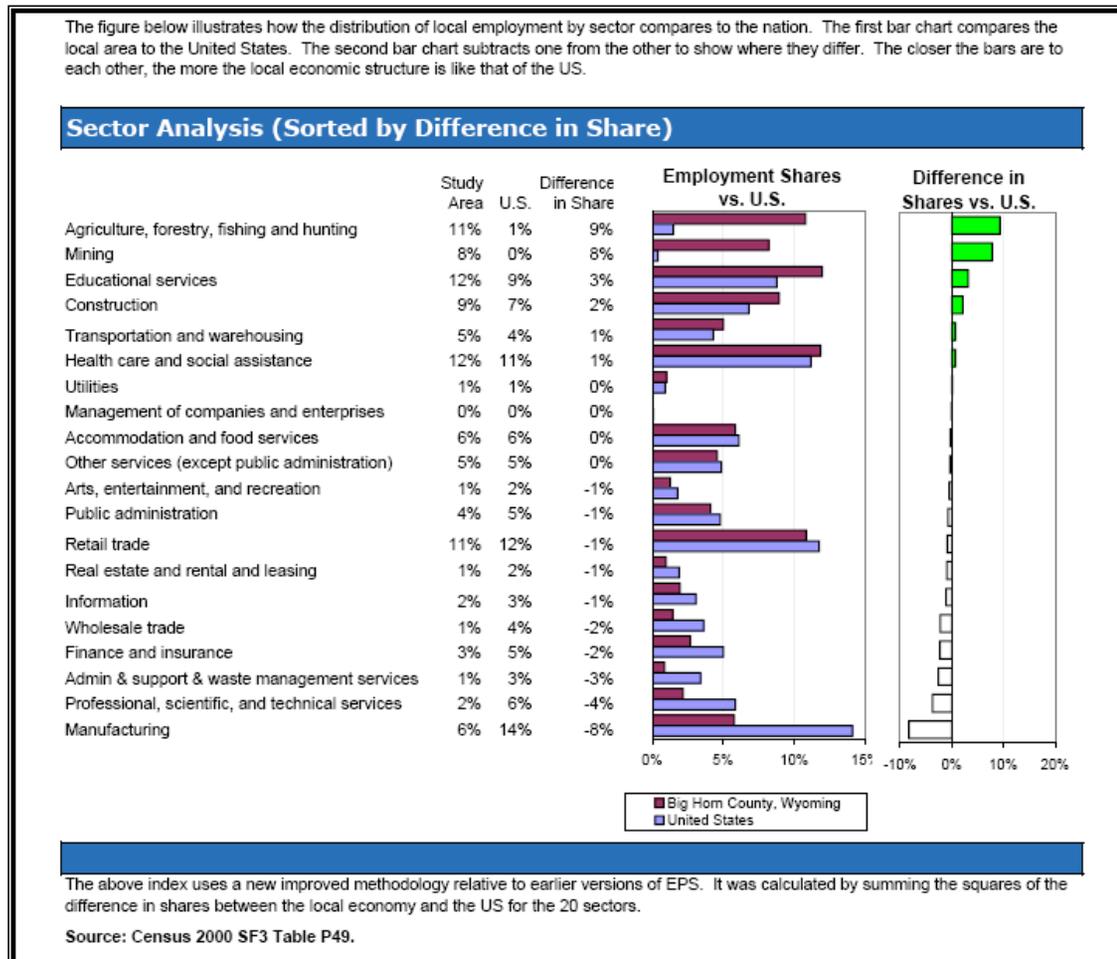
Big Horn County resident workers are better educated than the nation as a whole. According to the 2000 census, 15.9% of residents 25 years or older had a bachelor’s degree or higher, compared to 14.5% in the nation.



**BUSINESS AND INDUSTRY**

Much of Big Horn County’s economy relies on health care, mining, agriculture, educational services, construction, and retail trade. Overall, the economy is less diverse than other places, making it potentially vulnerable to disruptions.

Economic Sector Analysis of Big Horn County (Source: Headwaters Economics)



The sectors that most diverge in Big Horn County from the norm for the U.S. are:

- Over-reliance on Agriculture, forestry, fishing, and hunting
- Under-reliance on Manufacturing
- Over-reliance on Mining
- Under-reliance on Professional, scientific, and technical services

In comparison to the U.S. industrial structure, the state’s economic diversification in 2006 was the lowest among the fifty states, and also was the lowest in Wyoming’s history primarily because so much of the state economy is based on mining and natural resource extraction. In 2006, mining contributed approximately one-third of the state’s total earnings growth and total job growth. (<http://eadiv.state.wy.us/wef/wef.html>)

Wage and salary jobs accounted for 73% of all employment in Big Horn County 2005. Mining in Big Horn County provided 979 jobs (22% of all wage and salary jobs). The mining sector also provides the highest average annual wages (\$47,775). The public sector (local, state, and federal government) had 1,445 workers in 2005 (32% of all wage and salary jobs), with an average annual wage of \$27,579. (Bureau of Labor Statistics, Headwaters Economics)

The county’s largest employers are:

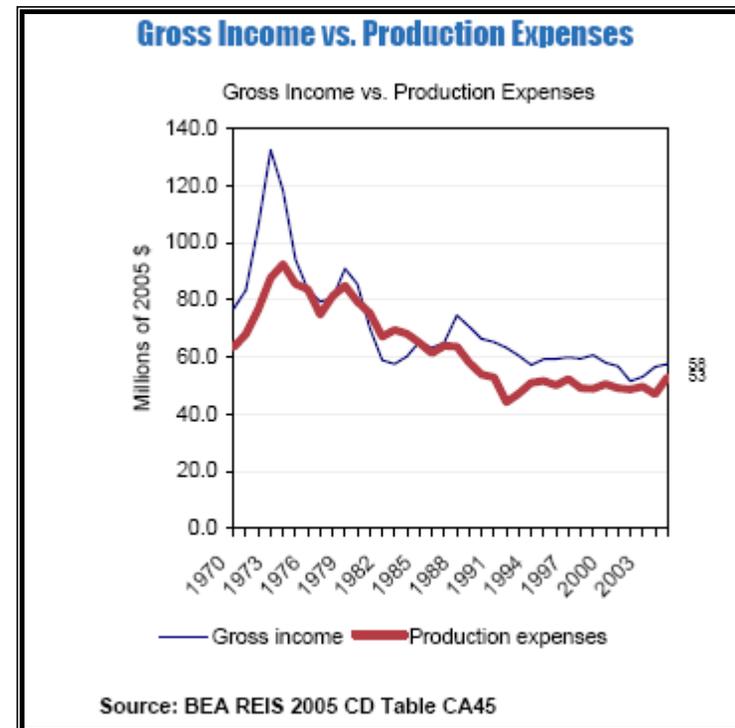
	Company	Employees	Product/Service
1	North Big Horn County Hospital	205	Health Care
2	Western Sugar	200	Sugar Producer
3	MI Drilling	175	Bentonite
4	Big Horn County School District #1	165	Education
5	Big Horn County	138	County Government
6	Big Horn County School District #2	135	Education
7	GK Construction	106	Construction
8	Big Horn County School District #3	102	Education
9	Wyoming Retirement Center	93	Health Care
10	Georgia Pacific	92	Railroad

Average annual earnings in 2005 in Big Horn County were \$30,916, compared to \$37,967 in the state of Wyoming, and \$45,817 in the nation. Annual earnings in Big Horn County could be distorted downward by a higher percentage of part-time workers.

In 2005, there were 1,862 proprietors (business owners and self-employed persons) in Big Horn County (27% of all employment). There were 469 farm proprietors and 1,393 non-farm proprietors. Proprietors have not thrived in Big Horn County over the past 25 years. The total number of proprietors grew by about 3.2%, but their income as a share of total income fell by 66.4% between 1970 and 2005. In 2005, average non-farm proprietors' income was \$11,742. (Headwaters Economics, based on data from various federal sources including Bureau of Economic Analysis, Department of Labor)

Agricultural income declined significantly between 1970 and 2005, but agriculture is still a significant factor in the regional economy. In 2002, Big Horn County ranked second in the state for amount of land in land in barley and sugar beets and fourth for dry beans. It was third in the state for value of "other crops/hay" and poultry and eggs. Big Horn County agriculture is significant in terms of land use, comprising a total of 411,782 acres in 2002. Although land in agricultural production declined by about 7% from 1997, the amount of irrigated crop and pastureland increased. In 1997, there were 358,481 acres in irrigation; in 2002 there were 387,126 acres (8% increase). Overall in the state, irrigated land decreased by 13%. (Census of Agriculture)

Big Horn County: Agricultural Gross Income vs. Production Expenses (Source: Headwaters Economics)



## **OPPORTUNITIES FOR ECONOMIC DEVELOPMENT**

Big Horn County has strong assets for economic development but also faces some challenges.

Assets include:

- Educated work force
- Excellent high speed internet
- Low electric power costs (among lowest in nation)
- Good quality of life; scenic (mountains, open space); and small towns
- Recreational opportunities on public lands throughout county
- Community college presence in area (Northwest College in Powell)
- State of Wyoming business-friendly tax structure
- Strong mining sector – providing over 900 jobs and high salaries

Challenges include:

- Economy is not well diversified; relies heavily on mining and public sector (education, government, health care)
- Distance from markets (issue for shipping products in/out)
- Dispersed and ad hoc economic development efforts throughout the county
- Downtown retail/commercial areas in need of revitalization
- Low unemployment rates (creating some difficulty for businesses to fill positions)
- Higher pay in high demand industries (e.g., coal bed methane) in other parts of Wyoming (which can attract workers out of Big Horn County)

A 2005 target industry assessment for Park County and western Big Horn County recommended the area would be most suited to “mobile entrepreneurs” and “lone eagles.” The study, commissioned by the Wyoming Business Council, indicated potential in “knowledge-based operations,” creative arts, western arts, home furnishings, and outdoor recreational products. Mobile entrepreneurs are willing to relocate to start and develop businesses. “Lone eagles” are self-employed persons who can locate anywhere as long as they are able to communicate with customers and clients via telecommunication and have access to commercial airports. (Cowley Master Plan)

Of the nine incorporated communities in the county, all but three (Basin, Deaver, and Manderson) have recently completed master plans. All of these plans address economic development.

Common economic themes among municipal master plans in Big Horn County:

- Main Street/Downtown emphasis
- Support existing businesses
- Market the town as a place to live and do business
- Expand tourism
- Importance of entry-way appearance and function
- Build/attract new businesses (varies among plans and includes individual entrepreneurs/home-based businesses, small business parks, potential for large industry)
- Importance of local airports
- Role of local government-owned property (e.g., Frannie School, Lovell rodeo grounds) in economic development
- Improve/expand coordinated economic development (e.g., many communities lack active chambers of commerce or any economic development group)

### **PROJECTED TRENDS AND CONCLUSIONS**

Personal income will likely remain lower than state and national levels for many years into the future, based on historic trends. Implications include home affordability, ability to maintain or upgrade existing housing, and issues for new taxes for public infrastructure or other public services.

The economy will continue to rely in large part on public sector employment, mining, agriculture, construction, health care, and retail. World-wide demand for bentonite is likely to remain strong, given its multiple uses, and particularly its use in oil drilling (and assuming record-breaking prices for oil increase demand for new wells). Demand for agricultural products will increase with world demand, but viability of individual local producers will depend on their ability to withstand higher input prices (e.g., fuel and fertilizer) and timing and pricing of crops and livestock. Retail businesses will continue to compete with out-of-county establishments. Health care is likely to remain strong, based on historic trends and local aging population (which will also increase demand for other senior services).

Positive changes for the future economy are likely to be enhanced with a vision for the future and clear action steps. The community master plans are a start in that direction, but the county lacks an overall economic development plan.

Land use and development factors to consider for Big Horn County's future economy:

- Communities will likely need to look beyond local tax revenues to fund major upgrades or replacements for public infrastructure (e.g., water, sewer, streets) or to provide business incentives.
- Basic water, sewer, street infrastructure is a factor in business location.
- Need to maintain and/or improve quality of life factors to attract "mobile entrepreneurs," "lone eagles," and tourists.
- Development just outside of municipal boundaries could potentially conflict with town goals for entryways.
- Development could potentially conflict with nearby or adjacent agricultural practices (e.g., development in areas planned for new/expanded irrigation facilities, or industrial or other uses that affect agricultural production).
- Compatibility of various uses in unzoned areas of the county.
- Efforts of municipalities to encourage new businesses within city limits (or close proximity).