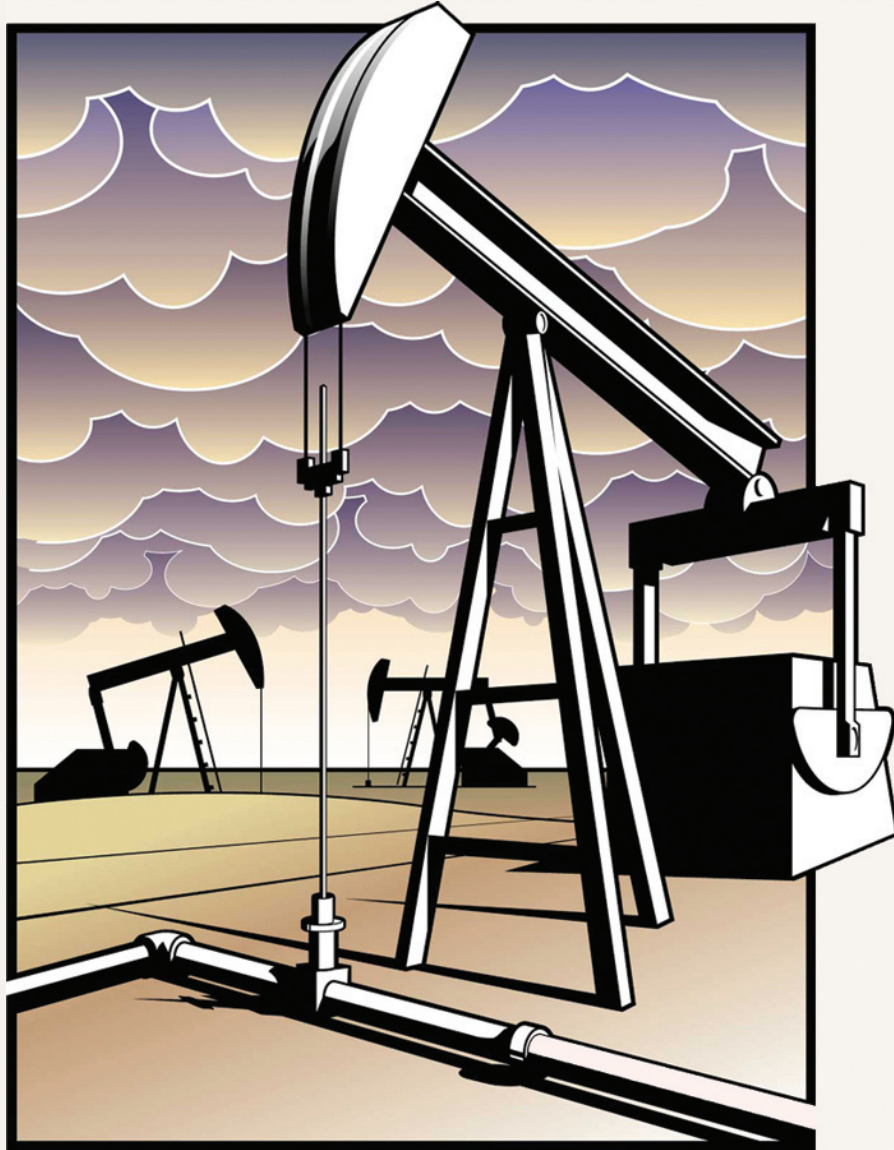


WYOMING WORKFORCE
ANNUAL REPORT
2009



Wyoming Workforce Development Council
Wyoming Department of Workforce Services
Wyoming Department of Employment

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Wyoming Workforce Annual Report 2009

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Submitted for printing April 2009
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Executive Summary

In partnership, the Wyoming Department of Employment, the Wyoming Department of Workforce Services, and the Wyoming Workforce Development Council are pleased to present the *Wyoming Workforce Annual Report 2009*. This report is designed to provide practical, relevant information related to Wyoming's economy, and includes data about employment and wages, benefits, employment projections, workforce characteristics and challenges, and issues related to the state's labor market infrastructure.

Currently the United States is facing a number of economic challenges. The unemployment rate is on the rise due to increased layoffs, employment growth has weakened, and housing prices have fallen. While Wyoming's economy has not been immune to the issues faced by the nation, the economic downturn has not been felt as deeply here. As of December 2008, Wyoming's unemployment rate was 3.2% compared to 7.2% nationally and, whereas the nation's employment growth had dropped to -2.1%, Wyoming's was 2.8%. The counties with the lowest unemployment also had the highest employment growth rates.

This publication also discusses areas of concern for the state's economy and its employees. For example, the cost of employer-sponsored benefits has continued to rise and the proportion of employees who are offered benefits has continued to decline. The gap between men's wages and women's wages has persisted and the state continues to see an out-migration of its youth. The economy also has been affected by a lack of affordable housing.

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Wyoming Employment, Wages, and Unemployment

Wyoming employment has been growing steadily for many years. There is a strong seasonal pattern, with employment peaking each June and hitting its lowest point in January (see Figure 1). The seasonal pattern is largely driven by two sectors, construction and leisure & hospitality, both of which employ their largest number of workers during the summer months.

Figure 2 compares job growth in Wyoming and the U.S. from 2003 to 2008. Wyoming job growth was positive for all but one month (March 2003) and faster than the U.S. for all but two months of that period (September and October 2004). The 2001 recession caused U.S. job losses that lasted until late 2003. U.S. job growth then accelerated to more than 2.0% in early 2006. By December 2008, U.S. job growth had fallen to -2.1%. In contrast, Wyoming job growth, driven mainly by natural resources & mining and construction activity, peaked at 5.6% in 2006. In 2007 and 2008, Wyoming job growth moderated somewhat, decelerating to 2.8% in December 2008.

Wyoming's average weekly wage from 2003 to 2008 is shown in Figure 3. Bonuses cause wages to peak in the fourth quarter of each year. Strong wage growth was evident in 2005 and 2006, while modest growth was seen in 2007 and 2008.

Figure 4 (see page 5) shows the growth in the average weekly wage. From a relatively low level of 2.4% in first quarter 2003, wage growth increased to 11.6% in fourth quarter 2006. Much of the increase in wage growth was related to rapid job growth in the high-paying sectors of mining and construction. Wage growth slowed in 2007 and 2008.

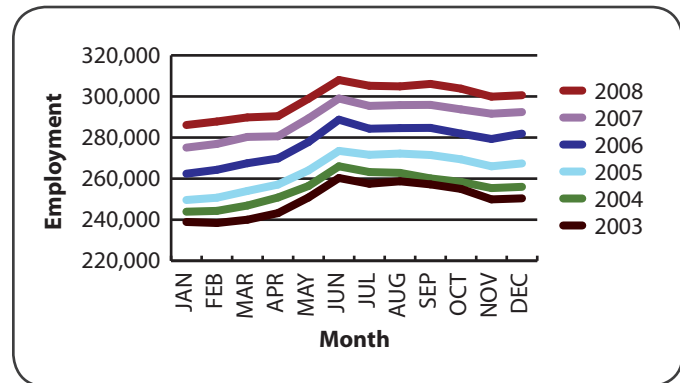


Figure 1: Wyoming Nonagricultural Wage and Salary Employment, January 2003 to December 2008

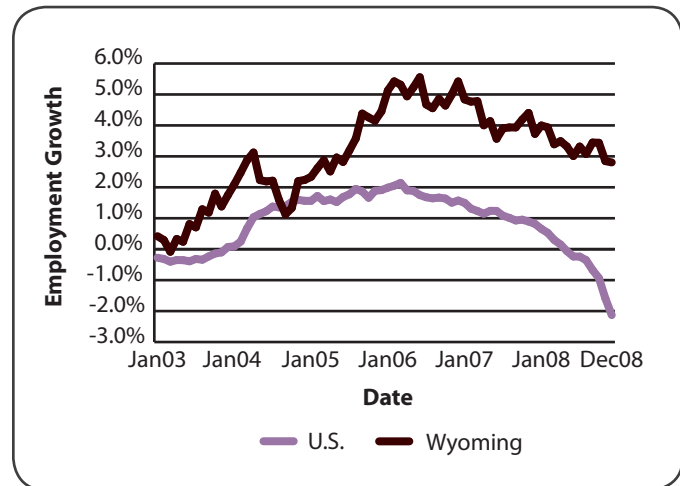


Figure 2: U.S. and Wyoming Nonagricultural Employment Growth (Percentage Change Over Previous Year), January 2003 to December 2008

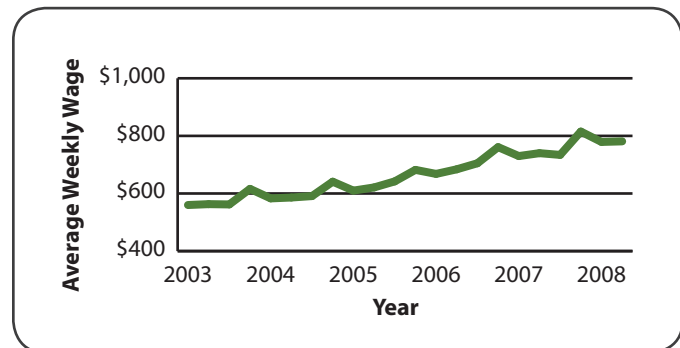


Figure 3: Wyoming Average Weekly Wage, 2003-2008



Unemployment rates for Wyoming and the U.S. are illustrated in Figure 5. Wyoming's unemployment rate remained much lower than the U.S. average from 2003 to 2008. It also trended downward from 2003 to 2007, suggesting a tightening in the state's labor market. The lower unemployment rates in 2006 and 2007 were probably a result of the strong job growth in those years (see Figure 2). In 2008, as a result of job losses, the U.S. unemployment rate increased to 7.2% in December. In contrast, Wyoming's unemployment rate rose only slightly, reaching 3.2% at the end of 2008.

Figure 6 (see page 6) shows employment by industry sector in second quarter 2008.

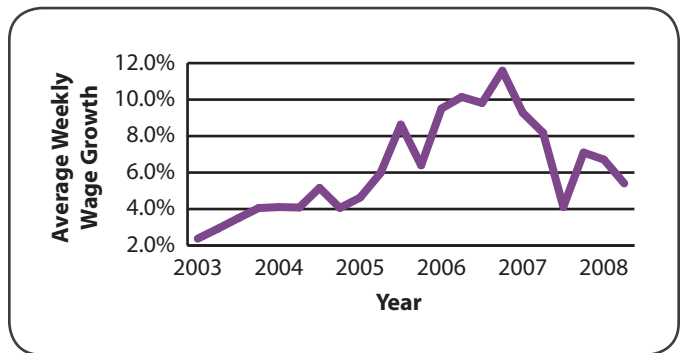


Figure 4: Wyoming Average Weekly Wage Growth (Percentage Change Over Previous Year), 2003-2008

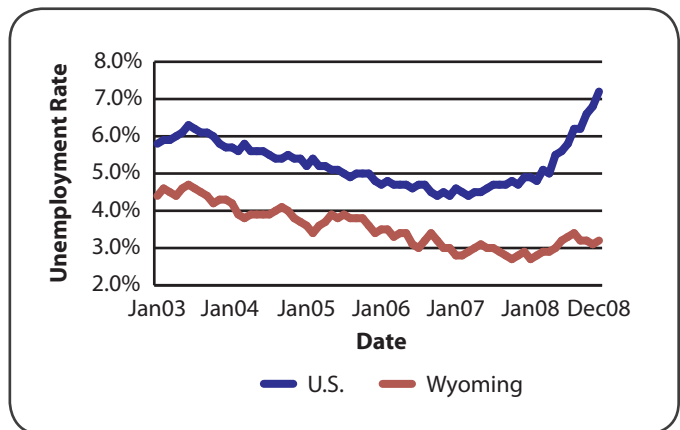


Figure 5: U.S. and Wyoming Seasonally Adjusted Unemployment Rate, January 2003 to December 2008

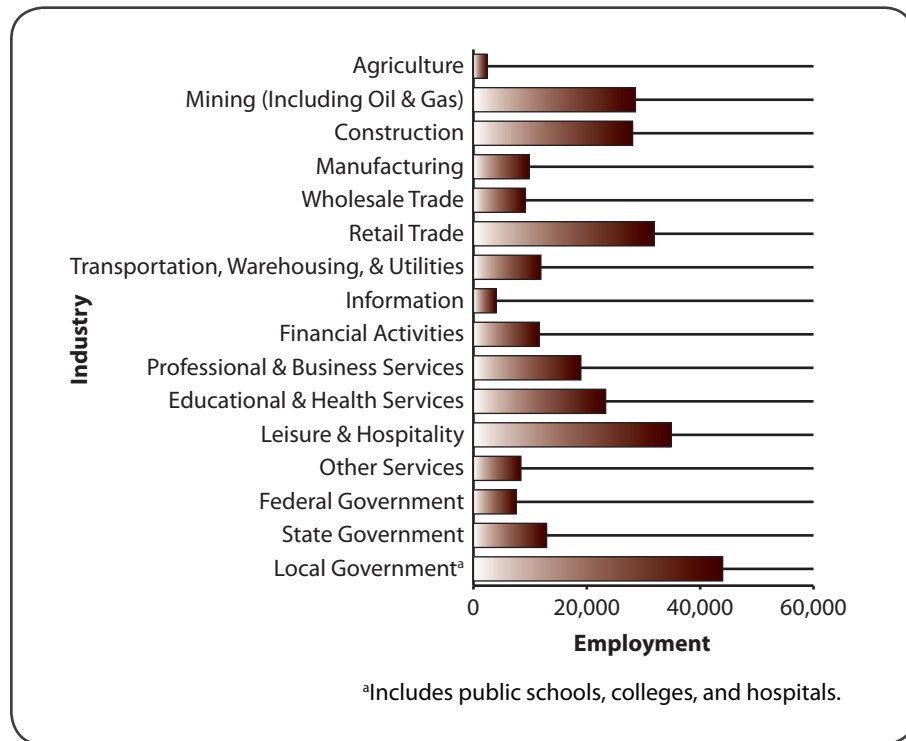


Figure 6: Wyoming Employment by Industry, Second Quarter 2008

Local government, including public schools, colleges, and hospitals, had the largest employment, followed by leisure & hospitality and retail trade.

Figure 7 illustrates the pattern of Wyoming county unemployment rates in January 2009. In general, counties with strong employment growth tend to have low unemployment rates. The lowest unemployment rates were found in Albany, Sublette, and Campbell counties. Unemployment rates ranged from 3.5% to 4.4% in Converse, Goshen, Natrona, and Sweetwater counties. Most of these counties had healthy job growth during 2008. In contrast, some counties with the highest unemployment rates (Lincoln, Carbon, and Platte) had very slow (or negative) job growth in 2008 (Bullard, 2009).

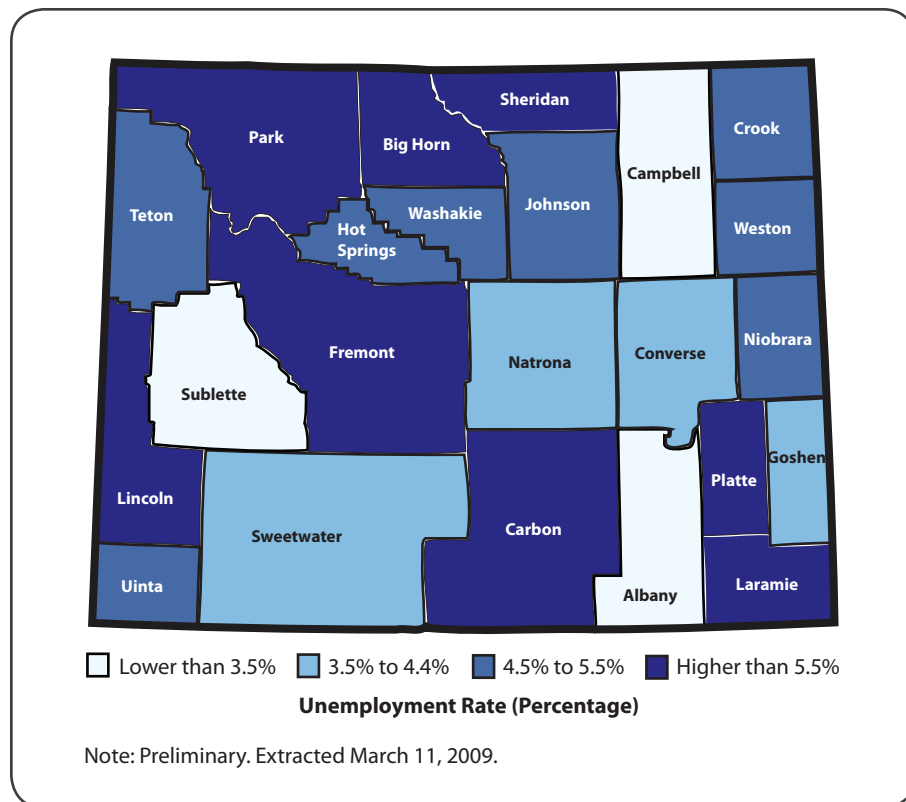


Figure 7: Unemployment Rate by Wyoming County, January 2009

Seasonally adjusted state unemployment rates are shown in Figure 8 (see page 7). Wyoming, Nebraska, North Dakota, and South Dakota had the lowest unemployment rates in January 2009. States with the highest rates were found on the Pacific Coast and in the Midwest and South. Clearly the current national recession is affecting some regions more than others.

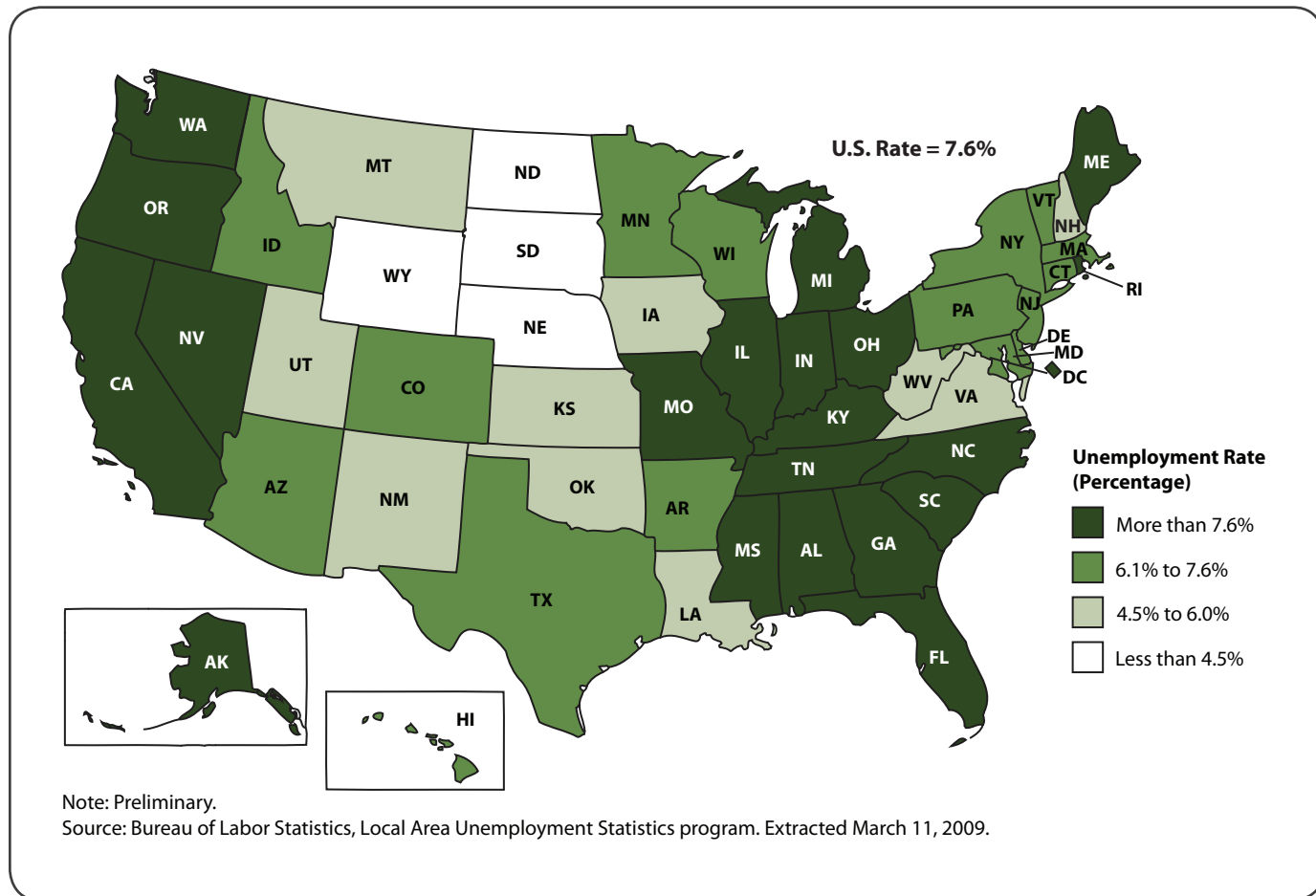


Figure 8: Seasonally Adjusted Unemployment Rates by State, January 2009

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LEARN MORE *Current Employment Statistics*
<http://doe.state.wy.us/LMI/ces.htm>

Wyoming Population and Employment Projections through 2016

Wyoming's population is projected to grow steadily into the middle of the next decade. Demographic changes will influence the demand for goods and services and, subsequently, the industries and occupations necessary to provide them.

Figure 1 shows projected growth in Wyoming by age group. The state's population is projected to rise from 529,630 in 2008 to 563,370 in 2016. Of the 33,740 individuals the state is expected to add, one-third will be in the 65-69 age group.

Counties with substantial energy and mineral extraction activity will experience the greatest population growth. Campbell County, encompassed by the coal-rich Powder River Basin, leads the state in projected population growth (7,100; see

Figure 2, page 12).

In 2016, in part because of the aging population, only the health care & social assistance industry is projected to have higher employment than natural resources & mining (36,800 jobs compared to 35,794; see Figure 3, page 12). Construction is

Text continued on page 10

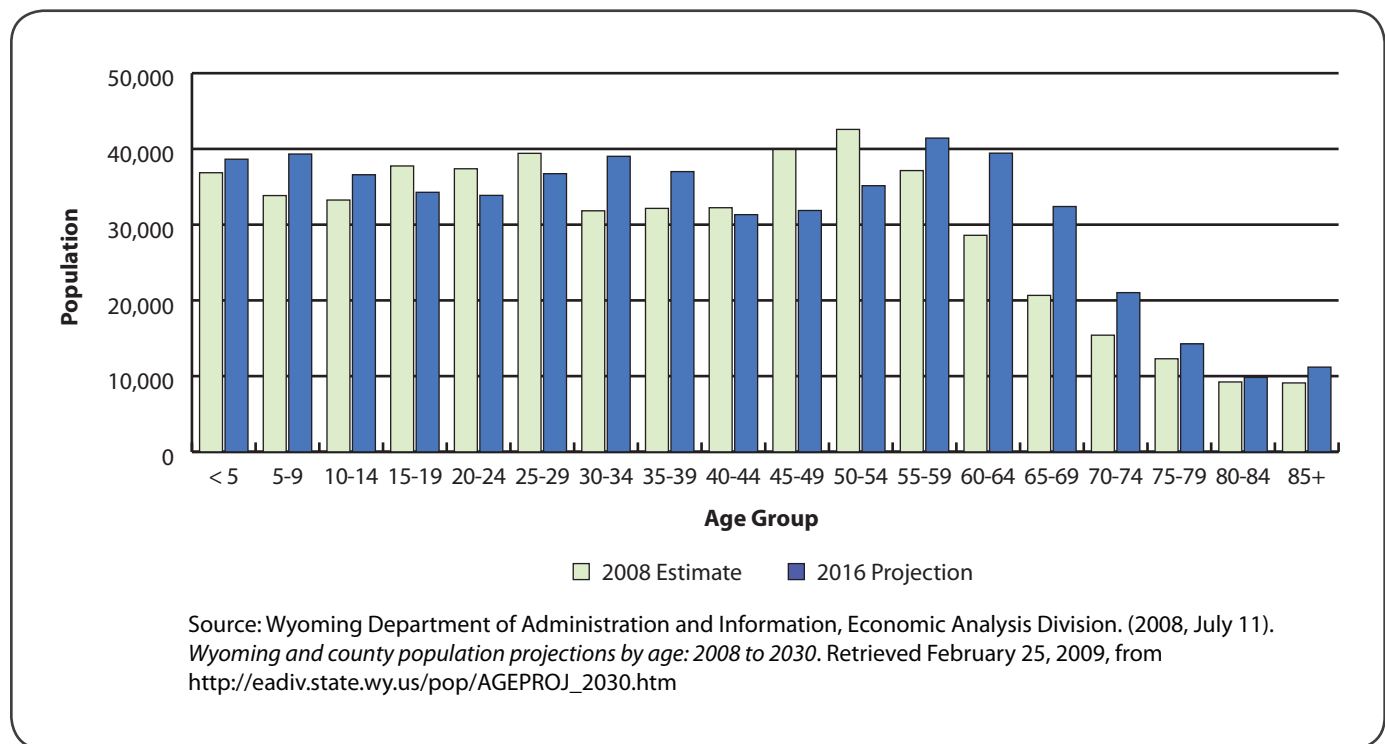


Figure 1: Wyoming Population by Age Group, 2008 Estimate, 2016 Projection, and Net Change

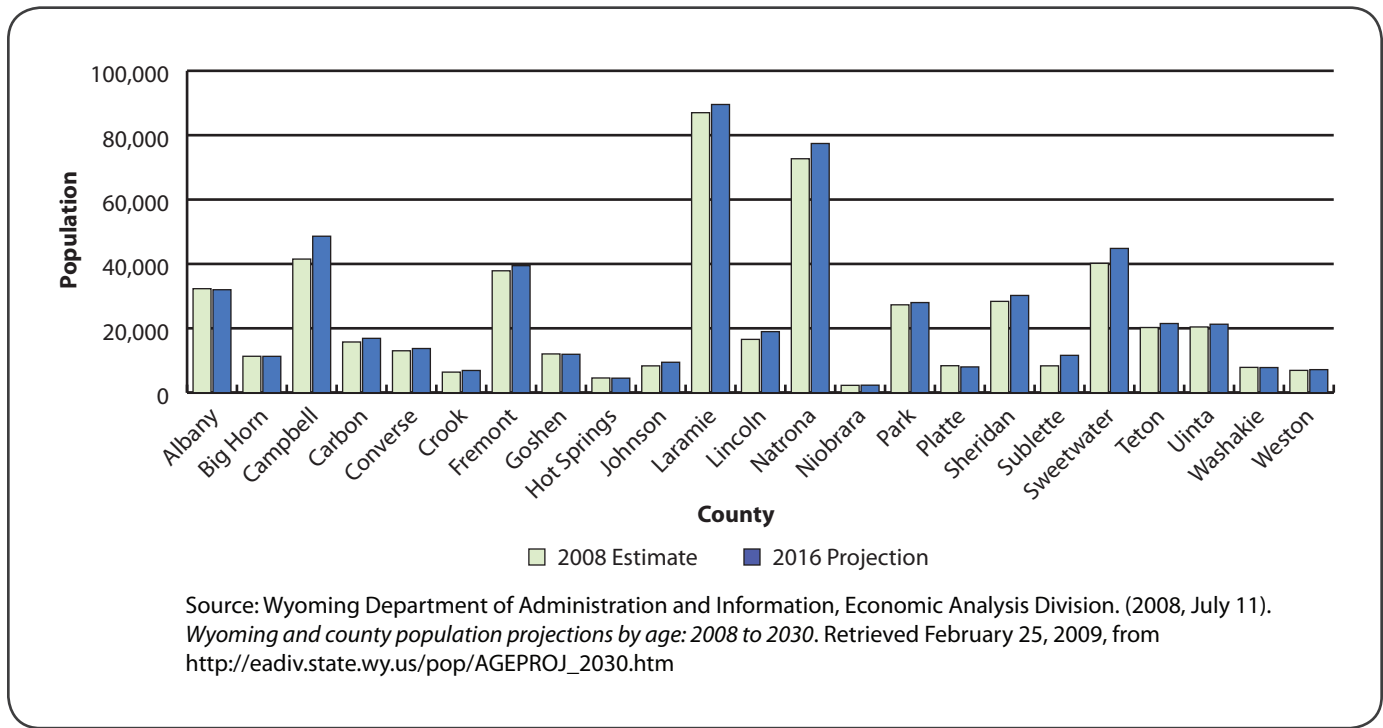


Figure 2: Wyoming Population by County, 2008 Estimate, 2016 Projection, and Net Change

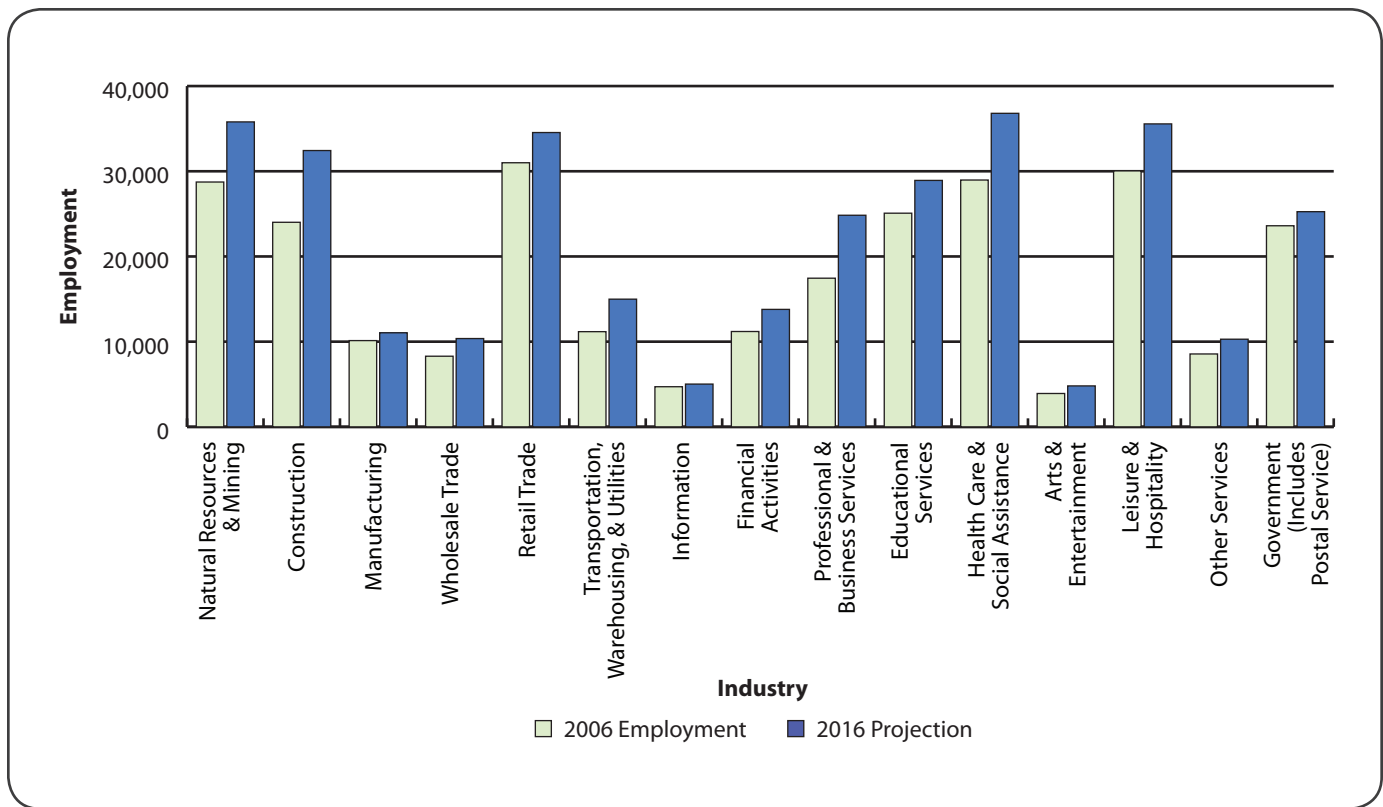


Figure 3: Wyoming Industry 2006 Employment, 2016 Projection, and Net Change

Text continued from page 8

projected to lead net growth (8,422 jobs). Information will have the lowest net growth (310 jobs). Detailed industry projections are available on Research & Planning’s website at <http://doe.state.wy.us/LMI/projections.htm>.

Construction & extraction occupations are projected to lead occupational growth with 9,737 jobs added between 2006 and 2016 (see Figure 4). Office & administrative support occupations are second in projected net growth with 5,776 jobs.

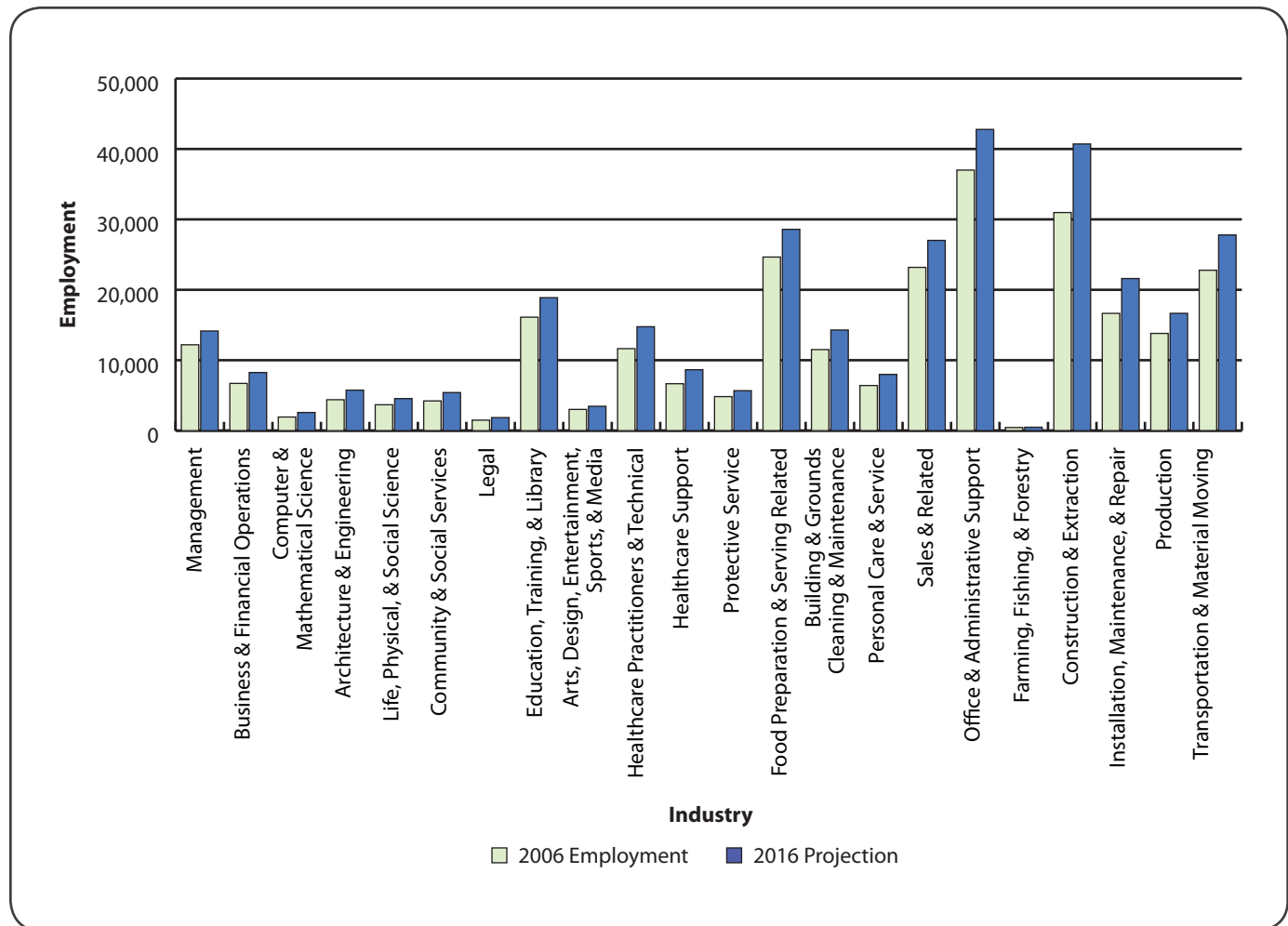


Figure 4: Wyoming Occupational 2006 Employment, 2016 Projection, and Net Change

Employer-Provided Benefits

Benefits such as health insurance and retirement plans are valued by workers and their families, and are used by many employers to recruit and retain employees. The prevalence of these benefits provides a partial understanding of the extent to which workers and their families are protected against economic insecurity.

Research & Planning annually conducts a survey of approximately 2,700 employers in Wyoming to analyze the number and characteristics of employers offering specific benefits and the level of enrollment by employees. These data allow an assessment of the level of benefits offered, including the proportion of employers' compensation costs related to the provision of benefits, employer size in relation to benefits offered, and selected benefits by industry.

In 2007, Wyoming employers' two costliest benefits were contributions to employee insurance premiums and retirement plans. From 2006 to 2007, the proportion of compensation costs related to contributions to employee insurance premiums rose from 6.0% to 9.1% of total

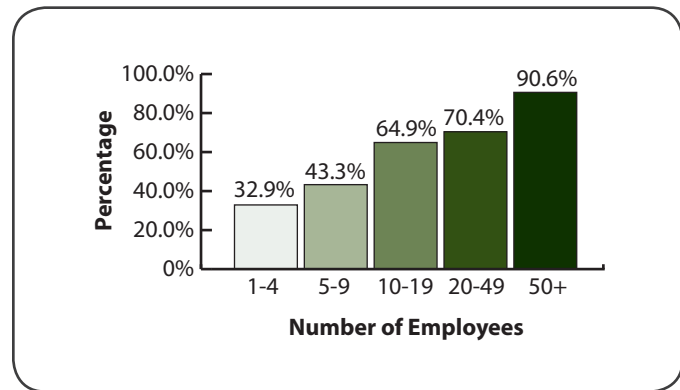


Figure 1: Percentage of Full-Time Employees Offered Health Insurance in Wyoming by Number of Employees Per Firm, 2007

compensation (wages and benefits). The proportion of compensation costs related to contributions to employee retirement plans declined during that period, from 6.1% to 4.6% (Bullard, 2008).

Employees in larger firms were far more likely than those in smaller firms to be offered benefits. As Figure 1 shows, 90.6% of workers in firms with 50 or more employees were offered health insurance, while less than a third of workers in firms with 1 to 4 employees were offered health insurance.

The level of benefits offered also varied by industry. More than 90% of



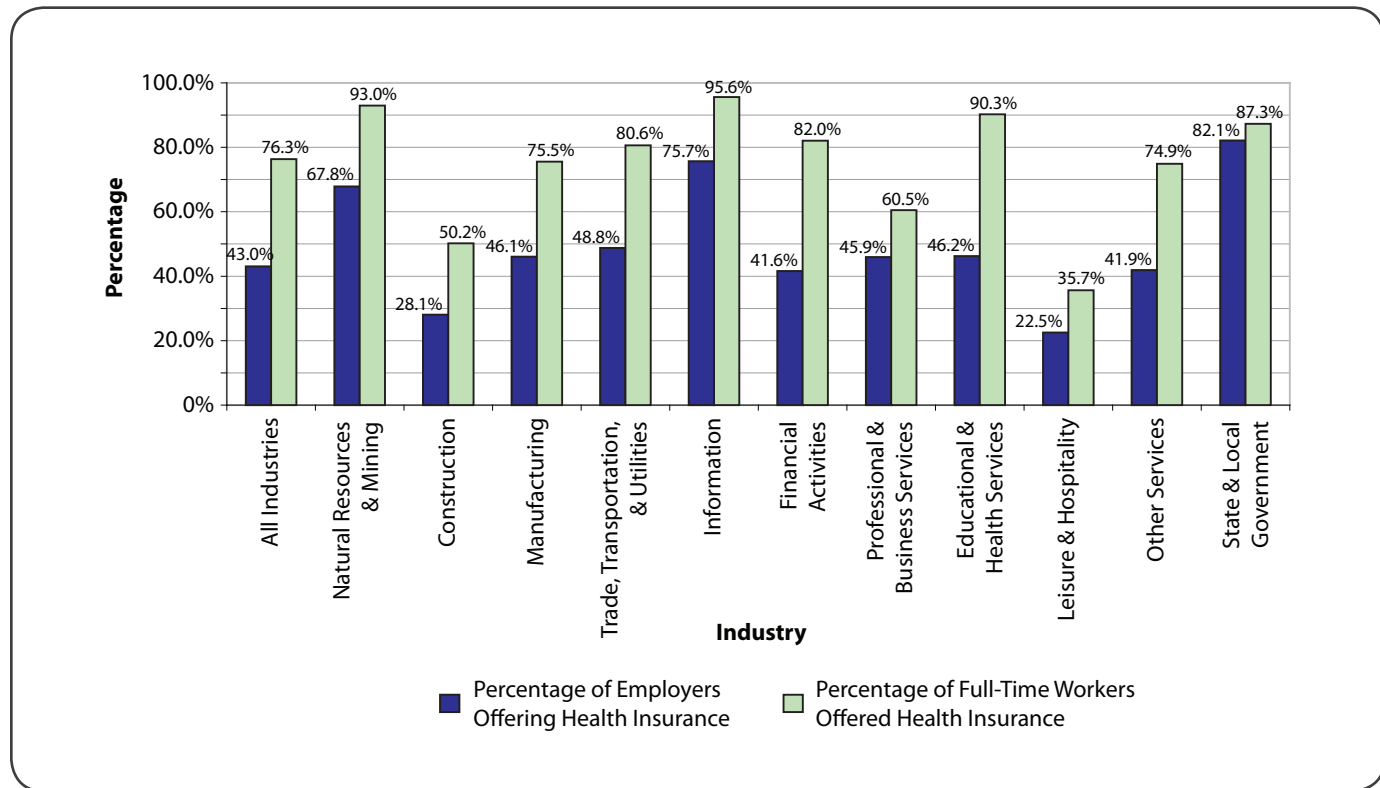


Figure 2: Percentage of Wyoming Employers Offering and Percentage of Full-Time Workers Offered Health Insurance by Industry, 2007

workers in educational & health services, natural resources & mining, and information were offered health insurance (see Figure 2). In comparison, 50.2% of workers in construction and 35.7% of workers in leisure & hospitality were offered health insurance. Previous research by R&P has shown an association between a lower likelihood of benefits offered and certain characteristics typically observed in these industries, including smaller firm size, higher turnover, greater proportions of seasonal and marginal workers, and a higher concentration of nonresident workers

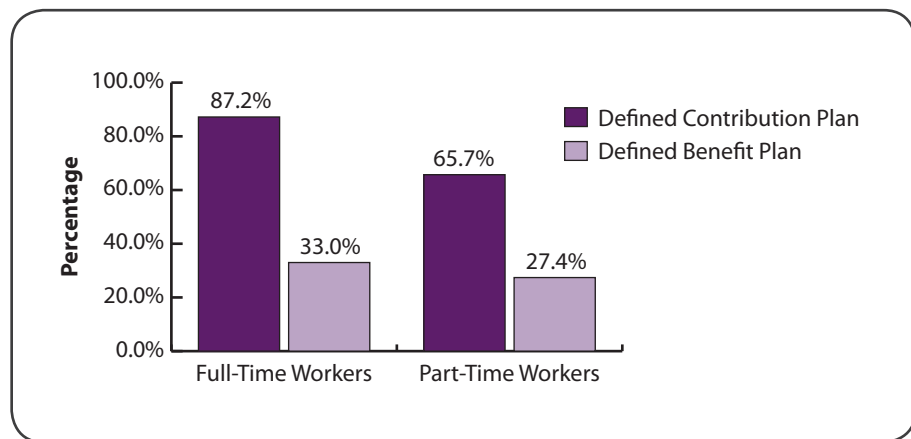


Figure 3: Of Employees Offered a Retirement Plan, Percentage of Employees Offered a Defined Contribution or Defined Benefits Retirement Plan in Wyoming, All Industries, 2007

(Gallagher et al., 2005).

Approximately one-third (33.0%; see Figure 3) of full-time employees who were offered a retirement

plan were offered a defined-benefit plan (a pension, for example, funded by an employer and for which the employee receives a set payment every month

following retirement based on age, tenure, and salary). In comparison, 87.2% were offered a defined-contribution plan (typically funded through monthly withholdings from the employee’s salary and often a contribution from the employer). Defined-benefit plans were more commonly offered to workers in large firms than to workers in small firms.

As Figure 4 shows, the number of full- and part-time employees who were offered health insurance and dependent health policies and who chose to enroll (the take-up rate) declined from 2003 to 2007. Similar declines were observed for other benefit types as well. Lower rates of enrollment leave more workers at risk and less prepared for retirement. The number of people in Wyoming age 65 and older – those most likely to use these benefits – is expected to more than double between 2003 and 2030. Research by R&P suggests this demographic shift will affect health care availability and the types of health care services needed in the state (Saulcy, 2008). An increase in the proportion of uninsured

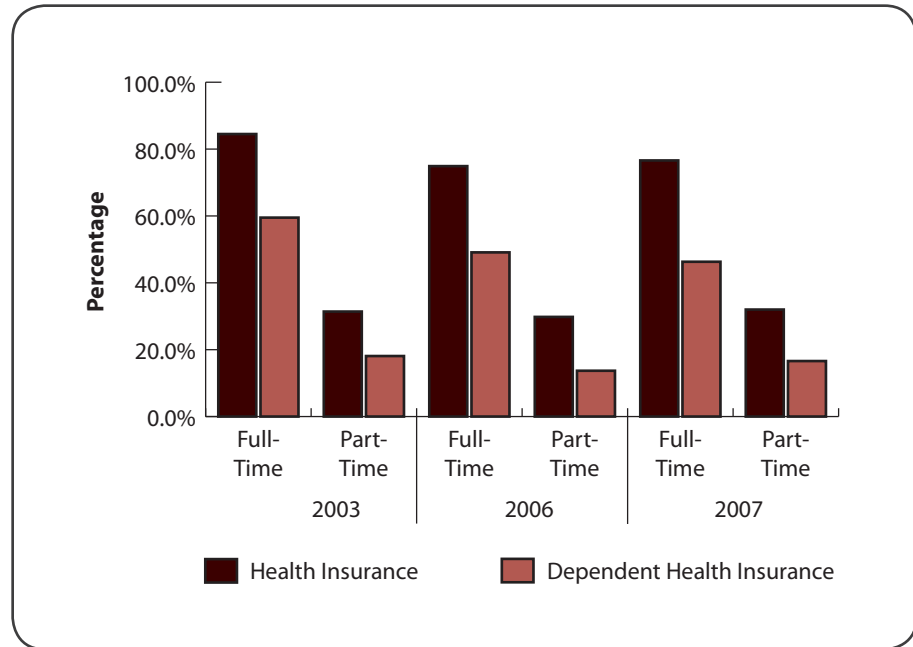


Figure 4: Average Percentage of Wyoming Employees Offered Health Insurance and Dependent Health Insurance Who Chose to Enroll, 2003, 2006, and 2007

residents combined with an increase in the number of older residents could place greater stress on publicly funded health care and social services.

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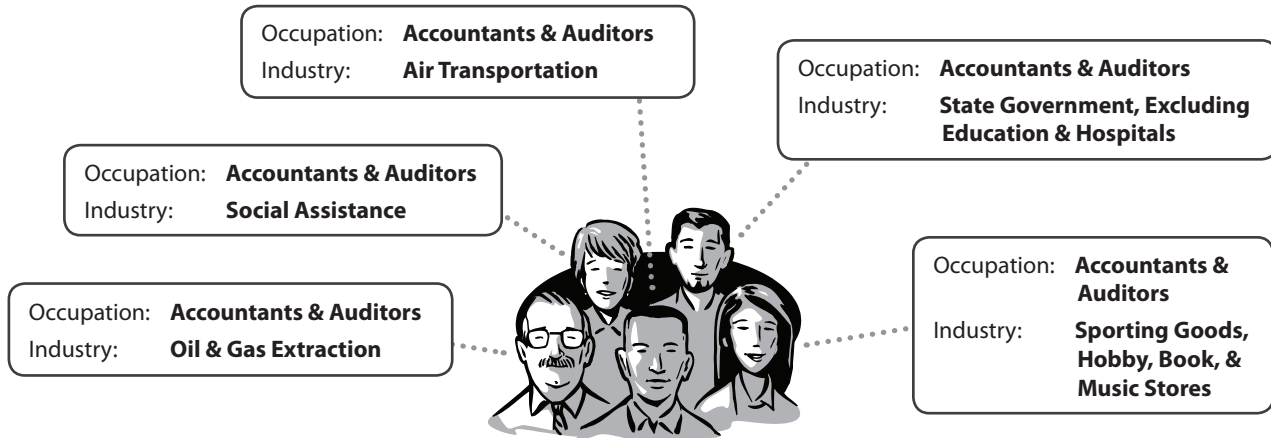
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Wyoming Benefits Survey 2008
http://doe.state.wy.us/LMI/benefits_2008/cover.htm

The Difference Between Occupations and Industries

Occupation: A set of activities or tasks that employees are paid to perform. Employees who perform essentially the same tasks are in the same occupation, whether or not they work in the same industry.

Industry: A group of establishments that produce similar products or provide similar services.



Example 1. An IT specialist who works for a police agency would be counted under police agencies, not IT companies.

Example 2. If a report shows 100,000 workers in the electrical contracting industry, this does not mean that there are 100,000 people who work as electrical contractors. These firms may employ accountants, receptionists, and other workers who would be included in the 100,000 total.

Source: Bureau of Labor Statistics.

Wyoming's economy will be strongly influenced by the aging of its residents. The needs of an older population will lead to changes in health care, housing, transportation, and consumption patterns (Saulcy, 2008), as well as place a strain on the state's health care system. In 2006, health care & social assistance had the highest employment, and 2016 projected employment will follow the same trend. Additionally, Wyoming's economy, particularly in the northeast and southwest

regions, will continue to rely on the mining industry and related occupations.

References

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A Closer Look at Occupational Projections for Wyoming, 2006-2016
http://doe.state.wy.us/LMI/occ_proj_06_16/toc.htm

Wyoming Workforce Characteristics: Nonresident Influences

Wyoming’s workforce is different from most states because it is comprised of a core group of residents and adds or subtracts nonresidents to maintain staffing levels. Because the state has a history of exporting younger workers, the core group of residents is moving closer to traditional retirement age (see <http://doe.state.wy.us/LMI/0595/0595a2.htm> for a description of wage records as the unit of analysis).

Since 1994, workers age 65 and older have been the only group of Wyoming residents to increase as a percentage of the total workforce (2.2% to 3.1%; see Figure 1). Working residents under age 35 decreased significantly as a percentage, from 43.1% in 1994 to 31.4% in 2007. The largest group of workers (age 35-64) decreased as a percentage of the total workforce as well, but on a smaller scale (47.0% to 42.8%). Meanwhile, nonresidents increased their presence in the state dramatically (7.6% to 22.7%).



Resident workers in Wyoming have

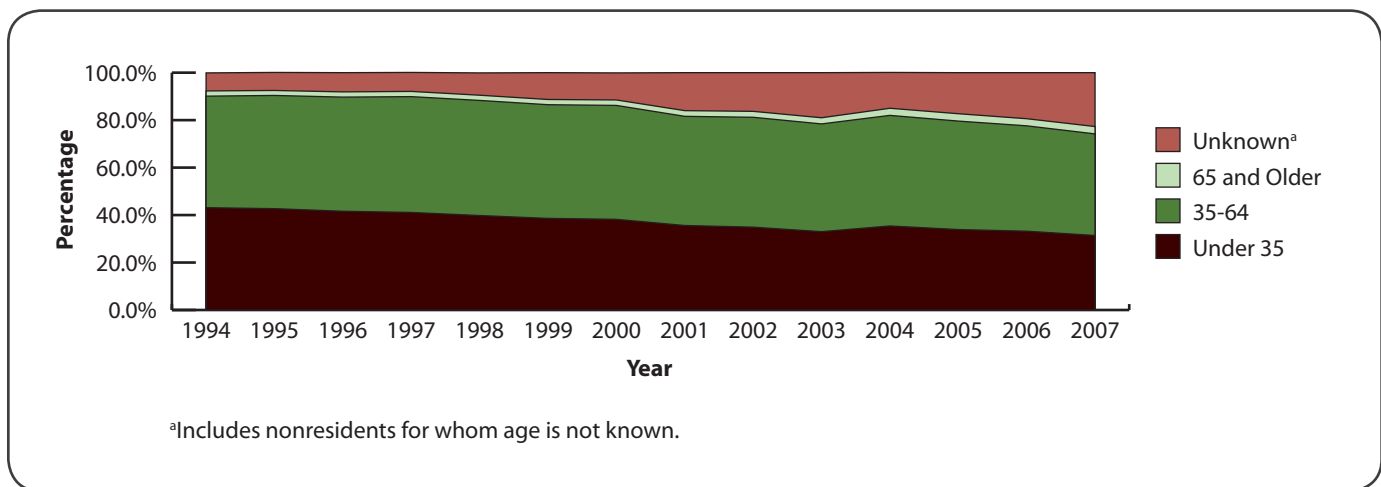


Figure 1: Percentage of Wyoming’s Labor Force by Age Group, 1994-2007

continuously represented a smaller percentage of the state’s workforce as the reliance on nonresident workers grows and exports of young residents continue. In 1994 nonresidents made up 7.6% of the workforce. In 2007 they accounted for 22.7% (see Figure 2). While residents have consequently constituted a smaller percentage of the state’s workforce, the decline has been similar for both men and women.

The industries most affected by the aging workforce are also the industries least reliant on nonresident labor, potentially creating recruitment difficulties when the bulk of workers retire. For example, educational services and government, the industries with the smallest percentage of nonresident workers in 2007 (7.4% and 5.1%, respectively; see Figure 3), were also two of the industries with

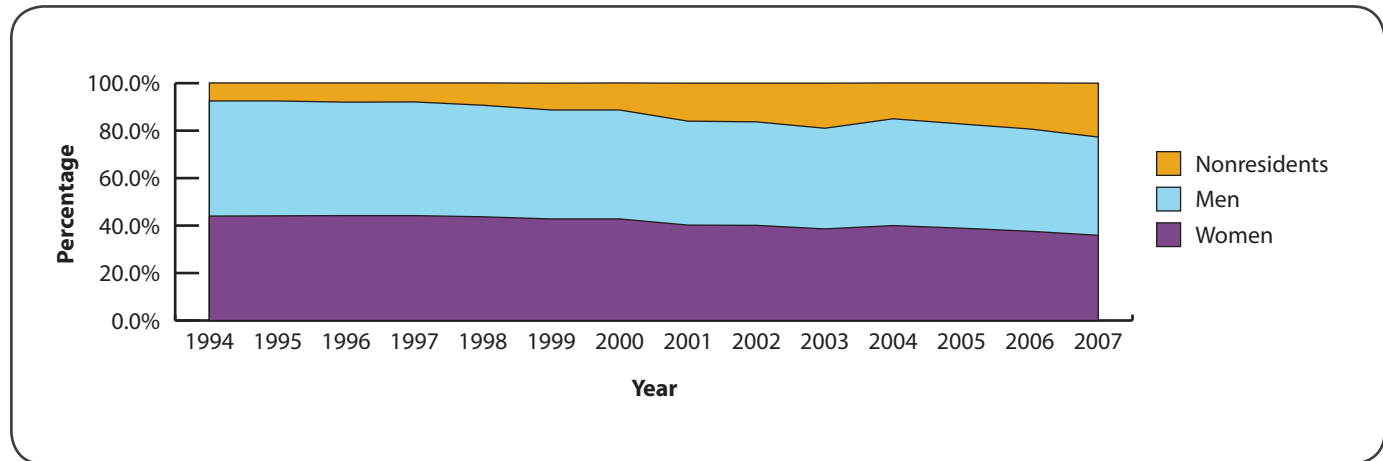


Figure 2: Proportion of Women, Men, and Nonresidents in Wyoming’s Labor Force, 1994-2007

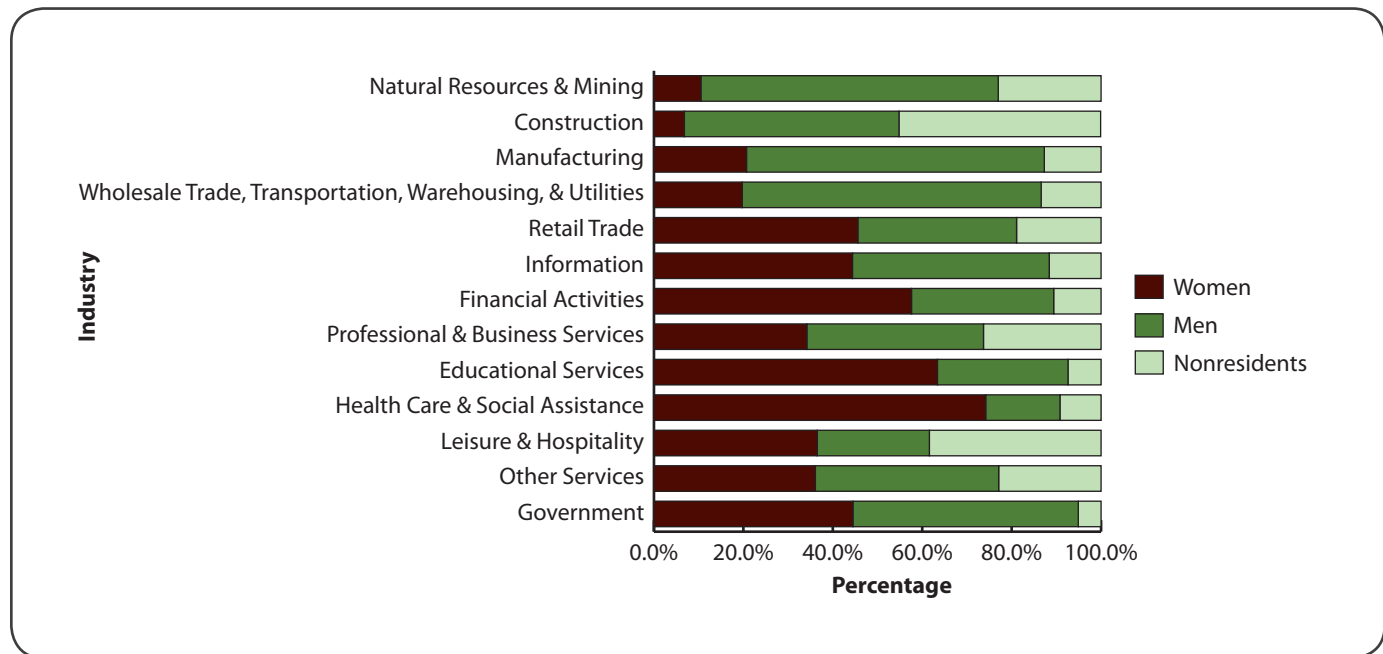


Figure 3: Percentage of Women, Men, and Nonresidents in Wyoming by Industry, 2007

the highest average worker age (45.8 and 42.9, respectively; see Figure 4). In addition, these industries generally require education beyond high school. The state has shown proficiency at recruiting workers for occupations requiring little formal education. Recruiting educated workers may prove to be more difficult, especially because Wyoming tends to offer lower wages than surrounding states (see <http://www.bls.gov/oes/current/oessrcst.htm> for examples). However, teachers, which comprise the majority of workers in educational services, currently receive higher salaries in Wyoming than in any of the surrounding states. This factor could make recruiting teachers to the state easier than expected, especially in light of the current national recession.

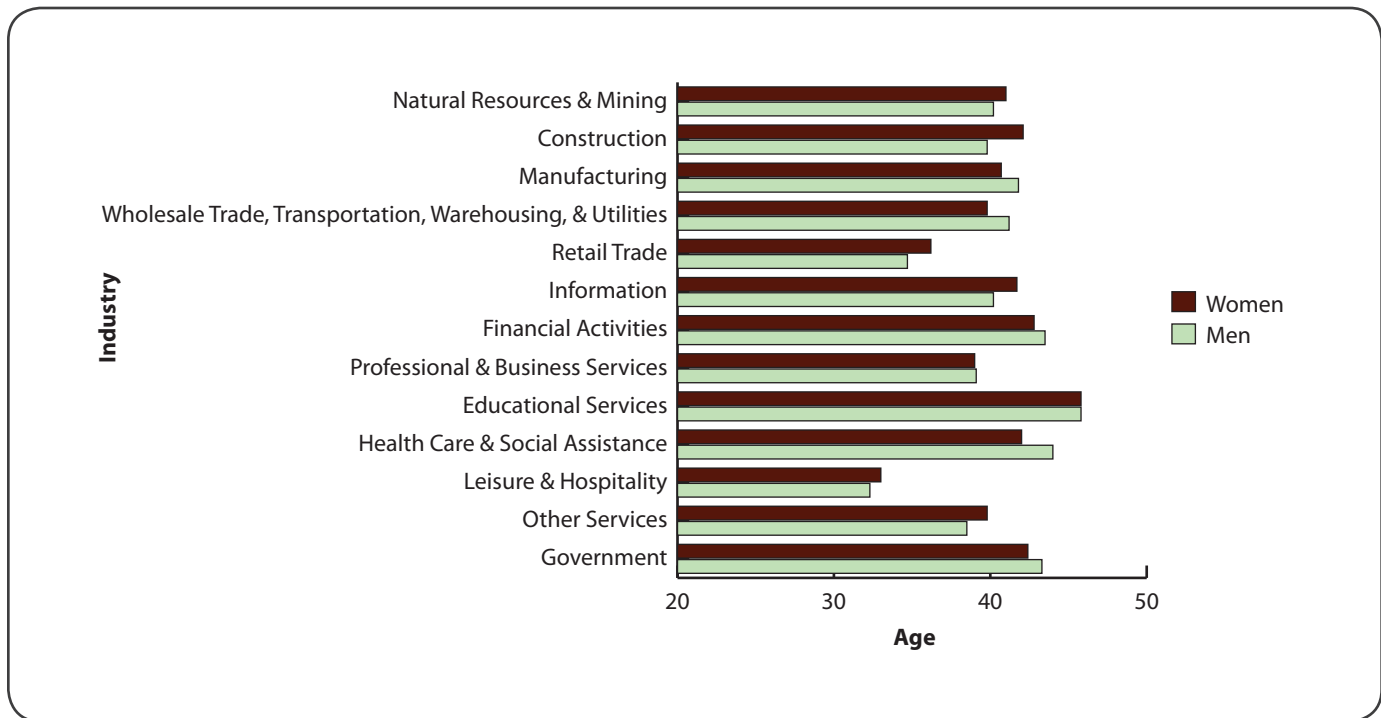


Figure 4: Average Age of Women and Men in Wyoming by Industry, 2007

LEARN MORE *Earnings by Age, Gender and Industry, 1994-2007*
<http://doe.state.wy.us/LMI/wfdemog/toc3.htm>

Workforce Challenges: Gender Wage Gap, Loss of Young Workers, Education Requirements, and Need for Nurses

While every state faces its own workforce challenges, Wyoming's issues focus primarily on the demographic makeup of the labor market. Low wages for women, while not necessarily attributable to illegal discrimination, bring the moniker "The Equality State" into question. The exodus of young residents hinders the viability of the state's long-term workforce, and perhaps even perpetuates the boom-and-bust cycle of the state by limiting economic diversity. While diversity depends on an available workforce, the domestic workforce is unlikely to remain in the state without a diverse economy. Until the catch-22 is resolved, Wyoming will continue to be dominated by occupations requiring low levels of formal education, and the few occupations requiring education, such as nursing, will likely face shortages.

Despite media attention and widespread efforts to address the problem, Wyoming's wage gap is the largest in the nation. According to the American Community Survey, Wyoming women earned 63% of what men earned in the state during 2007. And according to wage records data, the percentage is 56.3% (an average annual wage of \$22,824 for women compared to \$40,573 for men; see Figure 1). Wages were closest for the youngest age group (under 20), in which women's wages were 76.6% of men's. The largest disparity existed between genders in the 65 and older group, in which women earned 51.2% of what men earned.

To track the loss of young workers in the state, R&P has followed the employment history of all workers age 16-34 in 2000 who worked at any time during the year. While the loss slowed considerably after

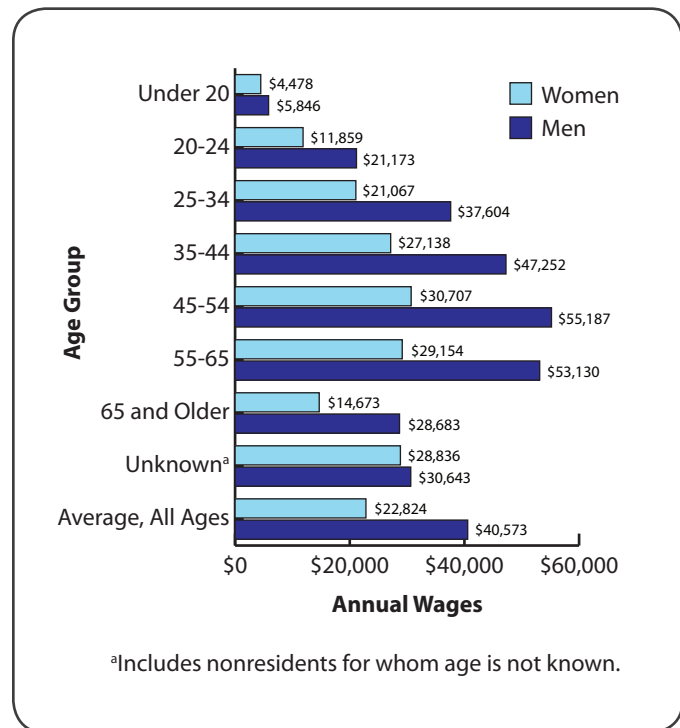


Figure 1: Average Annual Wages for Men and Women in Wyoming by Age Group, 2007



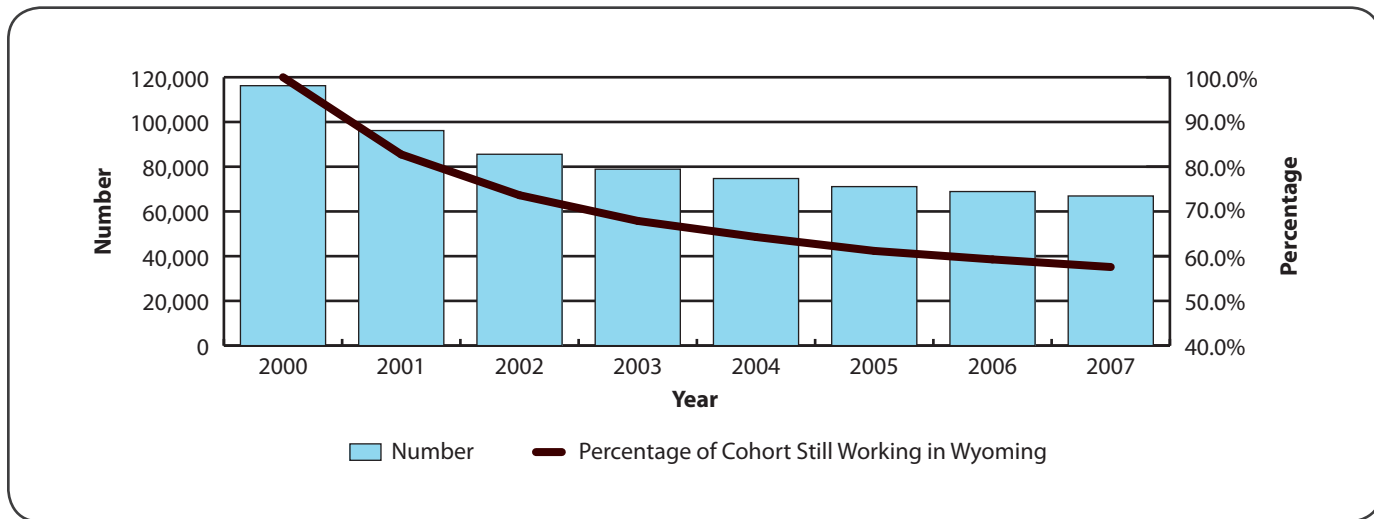


Figure 2: Number and Percentage of 2000 Worker Cohort Age 16-34 Still Working in Wyoming Through 2007

2003, the cohort continues to shrink every year (see Figure 2). Of the 116,229 working in 2000, 66,917 (57.6%) were still working in Wyoming during 2007. Attrition is compounded by the relatively low level of domestic supply. There are fewer young residents entering the job market and those that do enter are likely to exit, especially during the time period of expected education completion. Taken together, the declining number of young residents will likely compound the issues of an aging workforce.

As shown in Figure 3, the majority of expected growth in the state will be in occupations requiring no formal education beyond high school. In 2016, nearly three-fourths (74.0%) of job growth is projected to require only on-the-job training or work experience. As a growing proportion of the workforce is comprised of nonresidents, it seems logical to assume that individuals are moving into the state to fill these jobs. Alternatively, only 16.5% of job growth between 2006 and 2016 will require a bachelor’s degree or higher. However, more than 1,800 students were awarded a Hathaway Scholarship for the 2006-2007 school year to pursue education beyond high school (Miller, 2008).

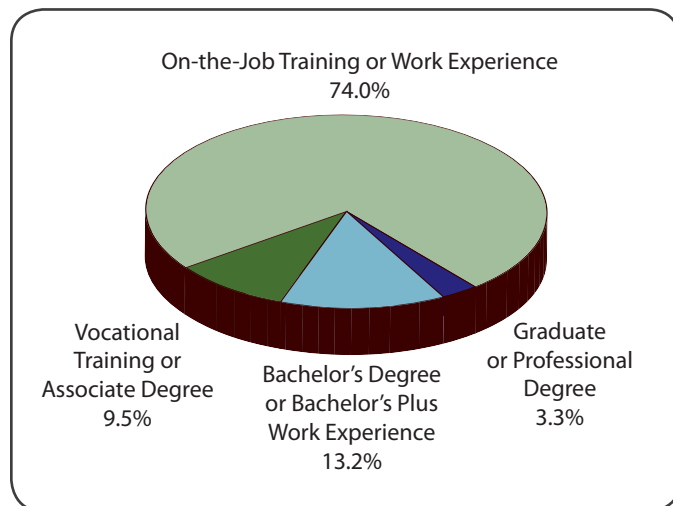


Figure 3: Distribution of Employment Growth by Typical Education/Experience Level for All Industries in Wyoming, 2016 (Projected)



Wyoming is expected to have an older population than many other states as the boom generation matures to traditional retirement age. Accordingly, the demand for medical services is expected to increase. Projections (Leonard, 2008a) indicate that the state's health care industry will need an additional 3,307 nurses by 2014 to fill the projected demand unless current employment policies change (see Table). While the number of nurses has generally been increasing on a quarterly basis (Leonard, 2008b), the current supply of nurses will be inadequate to fill the projected need.

References

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Table: Projections of Wyoming Registered Nurse Demand, 2006-2014

Analysis	Ambulatory Health Care Services	Hospitals	Nursing & Residential Care Facilities	Health Care Only	All Other Industries
RNs 2006 (Estimated)	652	2,200	293	3,145	870
RNs 2014 (Projected)	1,138	2,792	428	4,358	898
Projected Growth Need (Base Case)	486	592	135	1,213	28
Projection 2006 Nurses Remaining by 2014	156	833	62	1,051	870
Proportion of 2006 Nurses Remaining by 2014	23.9%	37.9%	21.2%	33.4%	
Projected Replacement Need ^a	496	1,367	231	2,094	
Projected Total Nursing Demand, 2006-2014	982	1,959	366	3,307	

^aReplacement need was calculated based on the estimated number of nurses working in 2006.

LEARN MORE

Nurse Employment in Wyoming
<http://doe.state.wy.us/LMI/dashboard/toc.htm>

Infrastructure Constraints on Wyoming's Economy

Public officials and businesses have little control over the market forces that shape much of Wyoming's economic fortunes. Crude oil, electricity, natural gas, trona, and coal are traded in national and global markets that are manipulated by cartels such as the Organization of Petroleum Exporting Countries (OPEC). However, other forces also influence the state's economy. Wyoming's ability to deliver commodities using pipelines, railroads, power lines, and highways influences supplier prices, state revenue, employment, wages, and housing demand.

Some of the challenges facing Wyoming are illustrated by Figure 1. Natural gas prices are volatile and not only determine producer revenue but also influence employment associated with changes in drilling rig counts. Between early 2003 and late 2006, drilling rig counts increased substantially, from approximately 40 to more than 100. The rise in operating drilling rigs during that period was largely due to weather events such as Hurricanes Katrina and Rita.

Even though prices for Wyoming-produced natural gas rise and fall along with

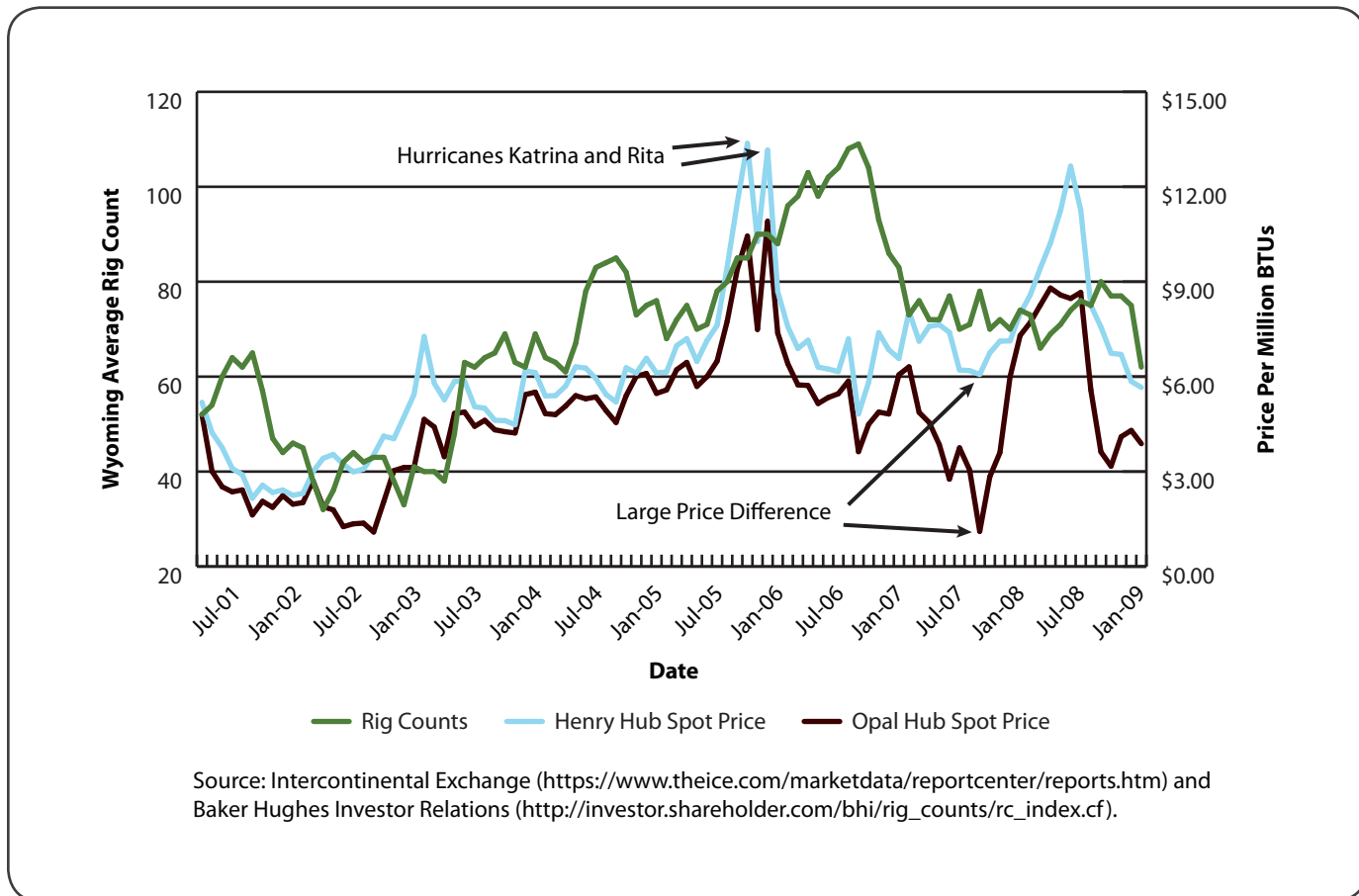


Figure 1: Wyoming Monthly Average Rig Counts and Spot Natural Gas Spot Prices for the Henry and Opal Hubs, 2001-2009

the national benchmark price (Henry Hub), a substantial gap exists between the two. The amount of pipeline available to transport natural gas has an effect on the state's economy. Figure 2 shows that between 2002 and 2009, natural gas production exceeded pipeline capacity, leading to the price difference seen in Figure 1. Although several pipeline projects are in varying stages of completion, the current trend in production suggest these expansions may not keep pace with production, which could result in economic loss for the state.



Housing is one portion of Wyoming's infrastructure that is directly affected by changing commodity prices and pipeline constraints. During the state's recent economic expansion, the number of people requiring some type of rental housing greatly increased. Consequently, rental waiting

lists in some counties were quite large (see Figure 3, page 23). In 2008 most households on rental waiting lists were in five counties (Natrona, Fremont, Campbell, Sheridan, and Sweetwater), with 2,438 in Natrona

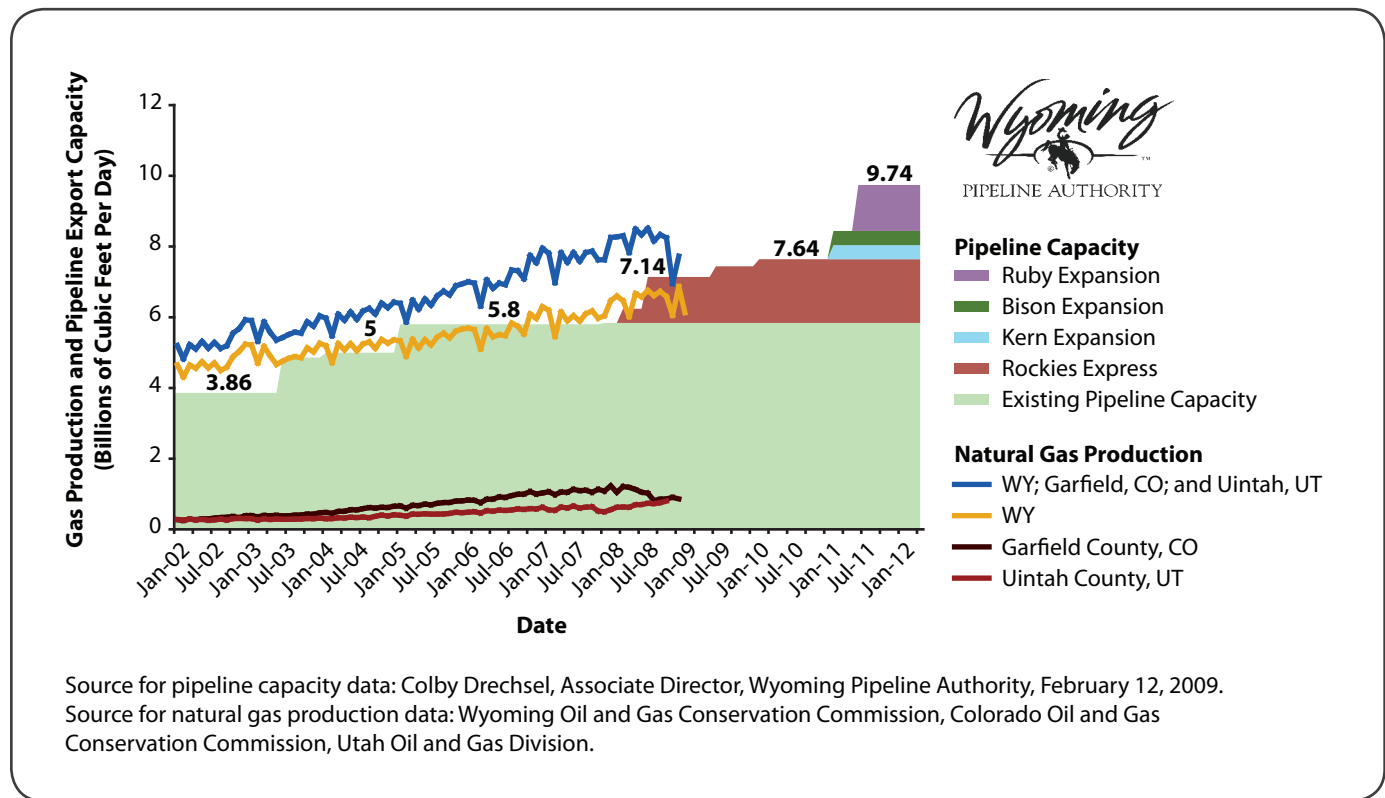


Figure 2: Natural Gas Pipeline Export Capacity Versus Rockies Production (Billions of Cubic Feet Per Day), 2002-2012 (Projected)

County alone. Many of these counties are involved with or adjacent to oil and gas production, leading to an influx in workers seeking housing. If potential workers cannot find housing, statewide economic growth may be restricted.

Limited housing infrastructure during economic expansion also affects home prices. Figure 4 shows that housing prices increased steadily from 1998 to 2006. The rapid increase from 2006 to 2007 indicates a more constrained market for single-family residences than in the past.

External factors are the primary drivers of Wyoming's

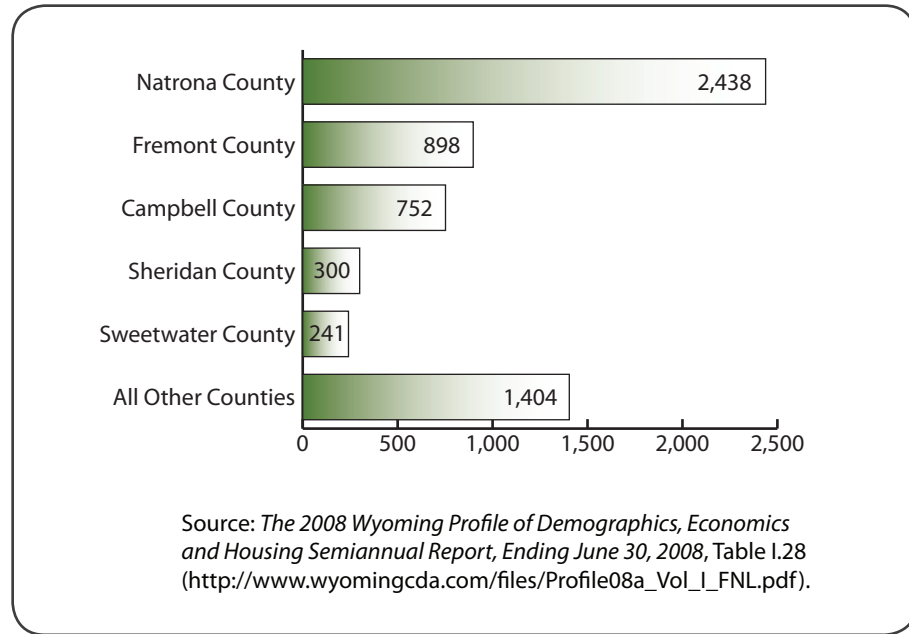


Figure 3: Wyoming Households on Rental Waiting Lists by County, 2008

economy. However, internal constraints such as pipeline export capacity and housing availability can limit

economic expansion. The state's future prosperity may depend upon finding a balance between the two.

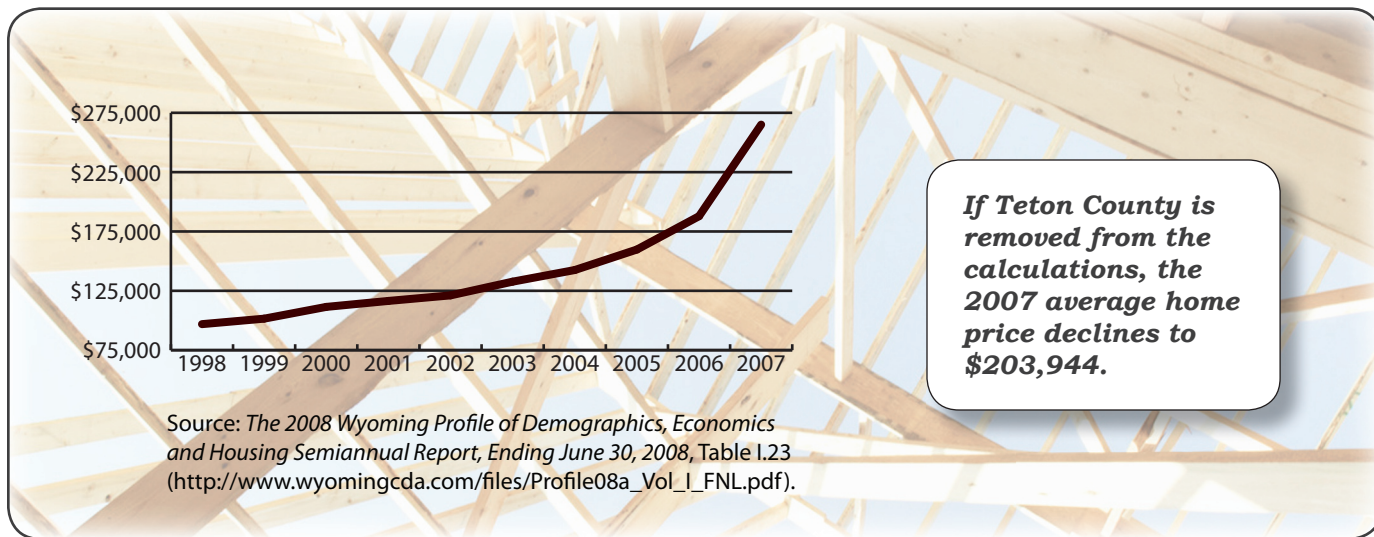


Figure 4: Wyoming Average Housing Prices, 1998-2007

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