

10 Year Outlook

Wyoming Economic and Demographic Forecast 2005 to 2014



**Economic Analysis Division
Department of Administration and Information**

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Figures and Tables

Page

Figure 1. Non-Agr Wage and Salary Employment for Wyoming and U.S.-	-	-	-	-	-	-	2
Figure 2. Full and Part-Time Employment by Industry: 2003	-	-	-	-	-	-	3
Figure 3. State and Local Government Revenue: 2002	-	-	-	-	-	-	4
Figure 4. Non-Agr Wage and Salary Employment by Industry for Wyoming	-	-	-	-	-	-	5
Figure 5. Wyoming Mining Employment	-	-	-	-	-	-	6
Figure 6. Wyoming Natural Gas Production and Prices	-	-	-	-	-	-	6
Figure 7. Wyoming Coal production and Prices	-	-	-	-	-	-	7
Figure 8. Wyoming Oil Production and Prices	-	-	-	-	-	-	8
Figure 9. Wyoming Mineral Severance Taxes	-	-	-	-	-	-	8
Figure 10. Wyoming Residential Building Permits and Valuation-	-	-	-	-	-	-	9
Figure 11. Single Family House Price Index	-	-	-	-	-	-	10
Figure 12. Wyoming Auto and Non-Auto Taxable Retail Sales	-	-	-	-	-	-	11
Figure 13. Wyoming Various Services Employment	-	-	-	-	-	-	12
Figure 14. Yellowstone and Grand Teton National Park Visitation	-	-	-	-	-	-	13
Figure 15. Government Employment in Wyoming	-	-	-	-	-	-	14
Figure 16. Wyoming Population and Net Migration	-	-	-	-	-	-	15
Figure 17. Number of Births and Deaths in Wyoming	-	-	-	-	-	-	15
Figure 18. Population Distribution by Age for Wyoming and U.S.-	-	-	-	-	-	-	16
Figure 19. Population Change by Age for Wyoming and U.S.-	-	-	-	-	-	-	16
Figure 20. Net Migration by Age	-	-	-	-	-	-	17
Figure 21. Median Age for Wyoming and U.S.	-	-	-	-	-	-	18
Figure 22. Percent of Young Movers to Specified Destination for U.S.	-	-	-	-	-	-	18
Figure 23. Wyoming Population Trend by Age: 1970 to 2010	-	-	-	-	-	-	19
Figure 24. Per Capita Income for Wyoming and U.S.: 1977 to 2014	-	-	-	-	-	-	20
Figure 25. Average Wage by Industry for Wyoming and U.S.: 2003	-	-	-	-	-	-	21
Table 1. National Economic Forecast	-	-	-	-	-	-	22
Table 2. Non-Agricultural Wage and Salary Employment by Industry	-	-	-	-	-	-	23
Table 3. Population and Demographics	-	-	-	-	-	-	24
Table 4. Labor Force and Unemployment	-	-	-	-	-	-	24
Table 5. Personal Income and Earnings	-	-	-	-	-	-	25

Executive Summary

Before Hurricane Katrina, the U.S. economy had been accelerating. The sources of growth were broad-based – sturdy consumer spending, solid export gains, strong business investment, and a surging housing market. Job growth continued to improve as manufacturing job diminished. The unemployment rate has fallen below 5 percent. The quality of job growth is also improving - higher paying jobs were seen in distribution and transportation, professional and financial services industries. However, the labor force participation rate is still low though it has stabilized. Wage growth continued to be weak partly due to fast rising health and pension costs, as employees trade benefits for wages. Inflation rate will rise to around 3 percent by 2006.

The immense human tragedy, Hurricane Katrina, caused the most damage in U.S. history – a loss of 400,000 jobs, property damage of \$100 billion, disruption of economic activity of \$25 billion, and economic cost of \$50 billion as a result of high energy prices. It not only severely damaged the regional economy, but also will have broad and significant macroeconomic consequences. The immediate economic impacts are the large population affected, the disruption to the region's seaports, and damage to the Gulf's large energy infrastructure. The total losses will reduce national GDP by one-half percentage point. Overall, the storm can only weaken the near-term U.S. economic growth, but it will not derail the current economic expansion. However, the risk for a faltering economy could be a persistent and substantial drop in consumer confidence with even higher energy prices.

Largely driven by natural resources, Wyoming's economy is continuing to surge in 2005. The mining industry contributed approximately one third of both the state's total earnings growth and job growth. In addition, the multiplier effect associated with the acceleration in mining industry is resulting in upward movement in many other industries such as wholesale trade, transportation, and professional and business services. Particularly in areas where the methane activities are intensive such as southwest Wyoming and the Powder River Basin, and with heightened demand of mining related workers, construction, retail trade, and lodging services are booming to accommodate the need.

The mining industry is very high paying, and as such, its strong presence in Wyoming means that income growth in the state is always closely associated with mining activity. As a result, the overall income and employment expansions in Wyoming in 2005 are one of the strongest in the nation. However, as energy prices are expected to reach their peak in the near future, the state's payroll and employment growths will decelerate starting in 2006.

Housing permits in Wyoming have outpaced the West and the U.S. since 2003. Much like the nation, developers continue to bet on large demand for new homes in 2005, and permitting activities continue to surge. As the housing market becomes increasingly oversupplied, residential construction is expected to slow down, particularly if long-term interest rates move upward. Housing in the state, however, is still very affordable compared to the national average.

Due to the large proportion of baby-boomers, a white dominant racial structure, and no big metro presence in the state, Wyoming's population is aging fast. In 2000, the median age of 36.2 in the state passed the national average of 35.3. It will be particularly intensified in about ten years as the baby-boom cohort reaches retirement, which will put an enormous pressure on the state because of a possible labor shortage and increased provisions for healthcare and social services. By 2010, the expected median age of 39.3 for Wyoming will be 2.3 years older than the U.S. level, and the size of older population (age 65 and over) will reach over 81,000 by 2014, compared to today's 61,000.

National Economic Review and Forecast*

Global economic growth is sturdy, but is moderating. The overall global Real Gross Domestic Product (GDP) growth has decelerated from over 4 percent last year to closer to 3 percent recently. The slowdown in global manufacturing is the most evident. The surge in energy prices earlier this year certainly put a heavy burden on manufacturing and the global economy. Oil price went from \$40 per barrel at the end of last year up to around \$65 recently, weakening consumer spending and damaging manufacturers who were, therefore, forced to take measures to reduce buildup of unwanted inventories.

Accompanied with a strong euro, continental Europe is struggling the most in both manufacturing falloff and global trade growth. Somewhat tighter monetary policies in many countries are also taking the edge off the global economic growth. However, the slowdown is not expected to delve into something more serious. The current high energy prices are expected to recede after this year and further production cuts in manufacturing will become modest. The most important reason for optimism over the global outlook is the ongoing strength of both the U.S. and Chinese economies. As long as the economic expansion continues for those two countries, the entire global expansion will probably remain intact.

The astonishing performance of the U.S. economy in the 1990s was probably the best and the longest expansion decade in history. After a brief economic recession in 2001, the U.S. economy recovered well. Real GDP grew 4.4 percent in 2004, the highest since 1999, and employment increased 1.1 percent which was the first job expansion since 2000. The revised real GDP increased 3.8 percent in the first quarter of 2005. The economy is adjusting to higher energy prices and fading fiscal stimulus. Inflation worries have ebbed somewhat as a pass-through of certain higher commodity and import prices into core inflation was limited. Wage pressures also remain at a tamed level, as the job market is near capacity at the recent rate of growth. The growth of real GDP has been slowed, but it is still expected to grow 3.4 percent in 2005 supported by sturdy consumer spending, business investment, exports, and defense outlays, while the number of jobs will increase faster than last year's level. There remains an unused capacity in manufacturing and in the job market, but this is being steadily absorbed. With long-term interest rates continuing to be close to historical low levels, the demand for residential construction will be strong again this year, and the housing starts in 2005 could very well set a 30-year record.

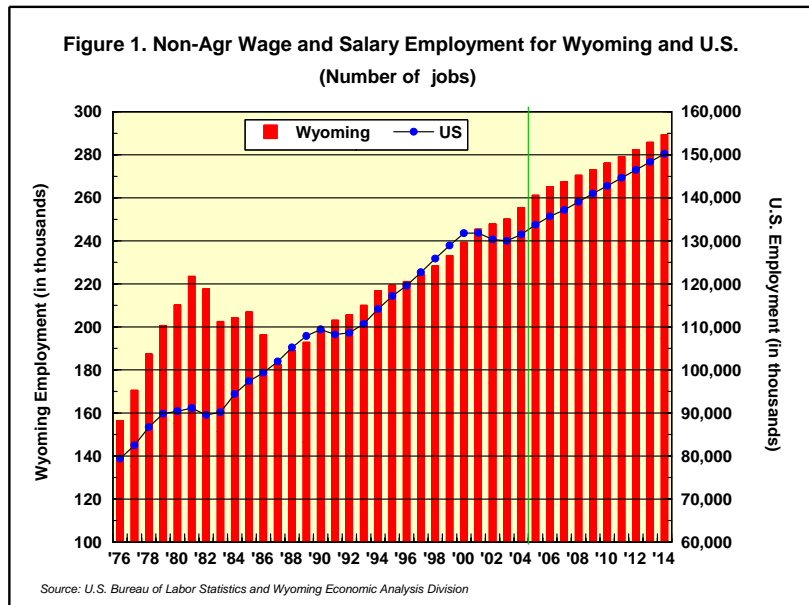
The near term outlook for overall consumer industries remains solid. Health related industries will continue to be the strongest, due to rising healthcare usage per capita and high pricing power. Consumer industries will benefit this year from stronger employment and wage growth. As a result, such industries as hotels, gaming and recreation will be particular beneficiaries. Lodging demand and related expenditures continue to trend upward. Interest rates have not yet risen high enough to dampen demand for big ticket items. Buying plans for home and major appliances have remained fairly steady in recent years. Retailers still can afford to finance durable goods and consumers do not have to face the increase of carrying cost of debt. Though the affordability is somewhat dampened by extraordinarily strong housing price gains, the current record pace of homebuilding will maintain the demand for home furnishing manufacturers and retailers well after the housing boom begins to wane. Though inflation in 2004 was the highest in the past 3 years, the annual change in the consumer price index was still below 3 percent and is expected to stay within 3 percent in the near future.

However, the strong economy is threatened by the recent revival in energy prices. Oil prices of around \$60 per barrel, and natural gas prices of over \$12 per million BTU have sapped some of the strength in consumer spending. Vehicle sales have been most affected. Though auto makers have added up more discounts to compensate for record gasoline prices, buyers are obviously switching from larger, less gas-efficient SUVs to cars. Consumer confidence and core retail sales have also moderated. Lower income

* National Economic Review and Forecast was prepared with reference to Economy.Com (<http://www.economy.com>).

households suffered the most because a large share of their budget has to be spent on energy needs. Energy-intensive manufacturers and transportation companies are also hit hard by higher energy prices. When energy prices were steadily falling in the 1980s and 1990s, businesses invested more in equipment and software that raised labor productivity and thus workers' wages. However, they will be forced to adjust and spend more on energy-saving investment if heightened prices are convinced to stay. Therefore, labor productivity and labor income will eventually suffer.

If the heightened prices do not moderate soon, the economy will weaken. The rule of thumb is that a \$10 per barrel sustained increase in oil prices will reduce subsequent annual GDP growth by as much as three-quarters of a percentage point. Sustained oil prices of over \$70 per barrel would probably result in a recession. The economic fallout from higher energy prices will also be more substantial if they infect broader inflation expectations. Historical experience shows that every recession since World War II, except 1960, was preceded by a sizable jump in global oil prices. The recession in 2001 began after oil prices spiked. The positive factor is that the U.S. is less energy dependent in today's economy due to a large service and information oriented business sector. For instance, total energy expenditures in the U.S. today are about 7 percent of GDP, while they were 14 percent in 1981. Slower global energy demand growth, increased energy supplies, and a fading energy risk premium are expected to push prices lower.



Regionally, the West region continues to lead in economic growth and will widen its lead over the South, which is being negatively influenced from industry trends and international competition. Florida always has the strongest economy in the South. The Northeast will trail, but still lead the Midwest where job losses continue as a result of productivity gains. Recent improved state fiscal conditions provide some support for states' government hiring, so stronger growth is being seen in state capital areas in many regions. For the first time since 2001 national recession, no state is in recession.

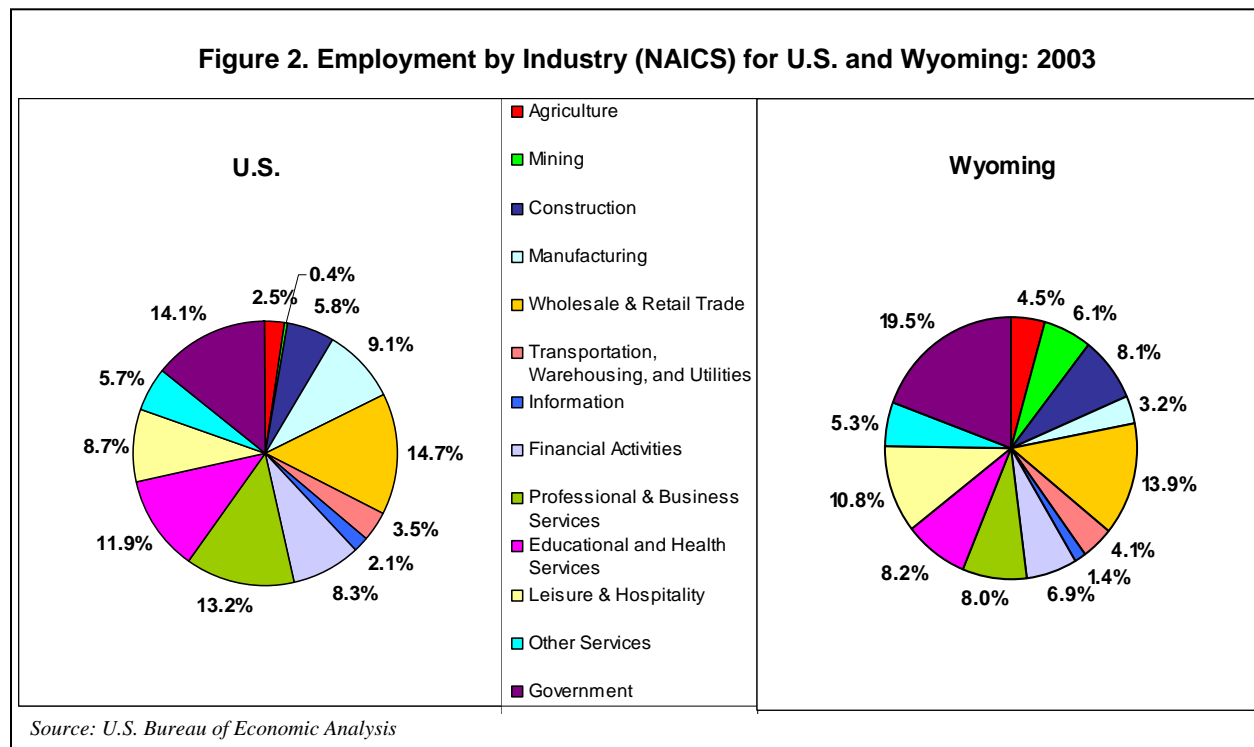
Defense procurement as a share of gross product has been rising rapidly since the beginning of this decade. It has provided some economic benefit to all regions in the country. The Midwest has the least exposure to defense procurement spending. Closures and cutbacks recently recommended by the Defense Department will generate a greater amount of pain in the Midwest and Northeast. Areas that will gain from base consolidations are primarily located in the South and some large Army bases will also expand their military personnel from overseas bases.

In the short term, the Midwest economy will be weak due to the continued shrinkage of domestic auto manufacturing employment. Auto makers in the region have been striving for productivity boost as they fiercely compete with foreign models. In particular, the Great Lakes region will continue to be one of the slowest growing economies in the nation in coming years. Another factor to compound the economic weakness in the Midwest is the risk from higher oil prices, which tend to hurt energy intensive

manufacturing industries the most. The West's economy is getting a solid boost from both aerospace manufacturing and tech-producing industries and remains the leading region in the near future.

Characteristics of Wyoming's Economy

For most economic indicators, Wyoming's economy does not mirror that of the nation. As a matter of fact, Wyoming is one of the least diversified states in the nation. According to Economy.Com, only 26 percent of employment volatility in the state is due to U.S. fluctuation. Given the fact that Wyoming's economy relies on commodity to a great scale, the conclusion above is not surprising. Under the North American Industry Classification System (NAICS), employment in Wyoming's mining industry consisted of 6.1 percent of total employment in 2003, the highest in the nation, compared to a mere 0.4 percent for the national average. The proportion of manufacturing jobs in the state is only 3.2 percent (the second lowest in U.S.), mostly concentrating on wood product, petroleum refineries, and chemical manufacturing.



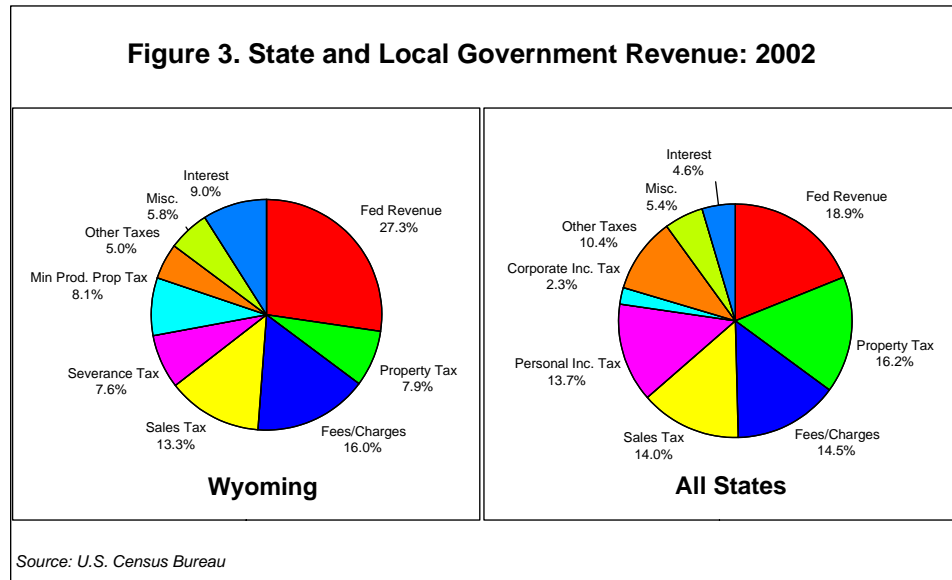
Nearly 20 percent of payroll employment in the state is with Federal, state, and local government, and the proportion was the third highest in the country. The main reason is the small and sparsely distributed population. After all, Wyoming is the only state with population just over half a million. Its density of 5 persons per square mile is the second lowest in U.S., only higher than Alaska. Governments need to provide many public services such as roads and schools throughout the state, and so the economy of scale is rather low.

The employment by industry component alone does not show the whole picture about Wyoming's reliance on mining. In terms of Gross State Product (GSP), which measures the total value of goods and services produced in the state, mining (by NAICS) contributed 24.1 percent in 2003. Nationwide, the mining industry's contribution to the gross state product was only 1.2 percent during the same year.

Until public finance is reviewed, there is still a lack of complete understanding on the magnitude of Wyoming's dependence on mining industry. Of the \$745 million state general fund in fiscal year 2004,

24.8 percent is from mineral severance taxes; 13.2 percent is investment income from the Permanent Wyoming Mineral Trust Fund; and 5.4 percent is from mining industry’s sales and use tax collections. In 2003, all state and locally assessed property valuation totaled \$13.7 billion, of which the mineral production accounted for over 62 percent.

Wyoming does not impose an individual or corporate income tax. Both residential property and gasoline tax rates are among the lowest in the nation. Overall, the major tax burdens for an average Wyoming household are lower than in any other states. How can Wyoming afford the nation’s highest per capita state and local government expenditures? The



The mineral industry, instead, fills up the revenue pie. According to U.S. Census Bureau’s data, Wyoming relies more heavily on federal revenue than do other states. Over \$1 billion (including \$349 million from mineral royalty and lease bonus payments) made up 27 percent of FY 2002 state and local revenue in the state compared to 19 percent nationwide. Wyoming public entities obtained over \$391 million in interest in FY 2002, or nearly 9 percent of all revenue. Average interest income is only 4.6 percent of revenue for all states. Property taxes are the most important tax in the country, primarily imposed at the local level to fund local functions such as public schools. Different from most other states, the major portion of Wyoming’s property tax is a gross products tax levied on mineral production, and this proportion amounted to 8.1 percent of total revenue. Wyoming also imposes a severance tax on mineral production. The nearly \$300 million in FY 2002 severance taxes made up 7.6 percent of total state and local revenue.

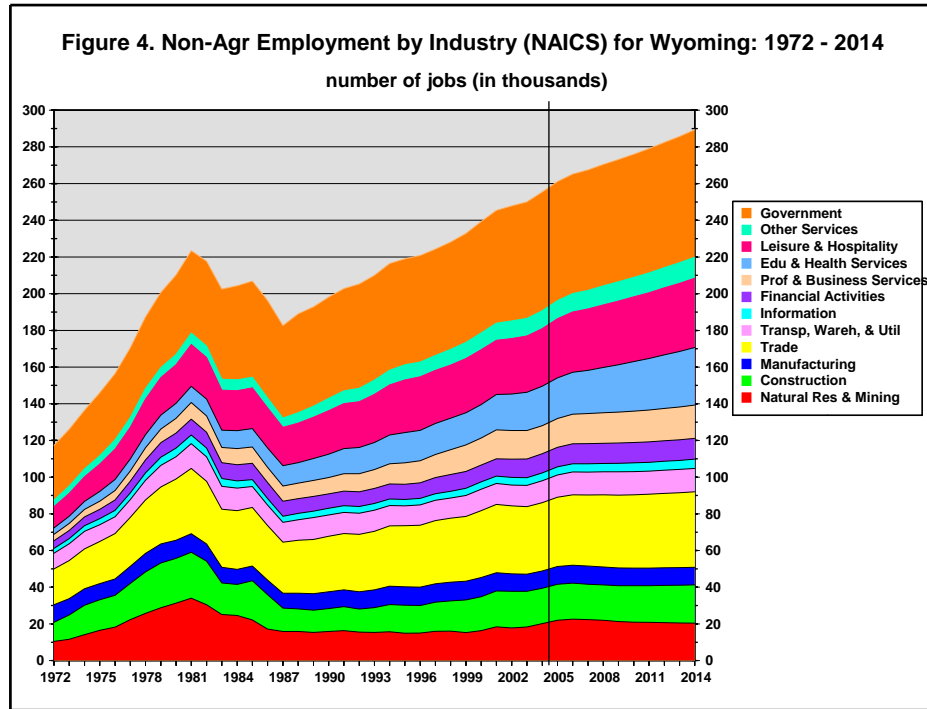
Despite the seemingly small impact the national economy has on Wyoming’s economy, many economic activities are occurring concurrently throughout the country, and are commonly affected by economic variables such as interest rates, financial markets, and prices. For example, the long-term low interest rates in recent years equally promoted Wyoming’s housing, while the high gasoline prices have dampened motor sales. On the other hand, the performance of the national economy has had a direct impact on our state’s economy in some ways. During the national recession of the early 1990s, many people migrated out of California and eastern states into Wyoming, which boosted the states’ population and employment considerably. However, in the second half of 1990s, that trend was reversed – more people moved out of Wyoming because diverse and higher paying jobs could be easily found in other parts of the nation due to the national economic recovery.

Wyoming’s Employment Trend

Despite the decline in U. S. employment, Wyoming is one of a few states to post positive gains in payroll jobs in both 2002 and 2003, and the labor markets have remained well-insulated from the weak national economy. Wyoming’s economy was not overly exposed to the industries that are shedding the most jobs nationwide such as information and communications industries. The state’s small proportion of

manufacturing also made it less vulnerable to the national manufacturing cycles during the period of national recession. As a matter of fact, Wyoming has not experienced an employment decline since the energy bust of the 1980s. However, the roughly 1 percent job growth for those years was much slower than the over 2 percent increases experienced from 1999 to 2001.

Mainly driven by high energy prices, Wyoming's employment rose 2.1 percent in 2004, a net increase of 5,320 jobs. With only 8 percent of the state's labor force, the mining industry alone contributed over 37 percent of new jobs in 2004. Except for construction and professional & business services, all other industries experienced job expansions. Educational & health services, leisure & hospitality, and the government sectors, together, created 2,400 new jobs over the year.



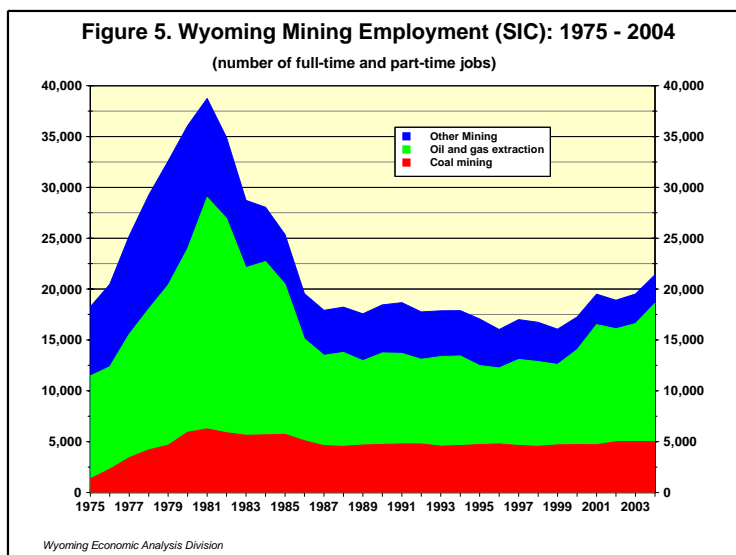
For 2005, Wyoming's economy is growing strongly again and continues to outperform U.S. and many other states in the western region in terms of job growth. The payroll count is at an all-time high, and most industries are expanding in earnest. A booming energy sector underpins current strength. Few negatives exist outside of flat government employment. Leading indicators are positive and layoff activities are abating. Starting in 2007, the U.S. job market will subsequently rebound briskly as commodity prices drop and consumer confidence rises, and consequently, Wyoming's job growth will be slower than the national average.

Since experiencing the exceptionally low sub-4 percent in both 2000 and 2001, the unemployment rate in the state gradually increased to 4.4 percent in 2003. But it again dropped lower than 4 percent in 2004, which was well below the national average of 5.5 percent. It is expected to continue to be below 4 percent during the forecast period for Wyoming.

Wyoming's long-term outlook is for average growth supported by increased natural gas mining. Although mining jobs are expected to slow to more sustainable levels, the increased demand for the state's natural resources from national markets will help provide a steady source of mining jobs and revenues for the state. Outside of the mining industry, however, the state's future prospects will be somewhat limited by a job market that fails to attract high-growth job opportunities. Although migration has recently reversed to a positive trend, many younger workers will be tempted to move to other states with more versatile job opportunities as soon as those economies recover.

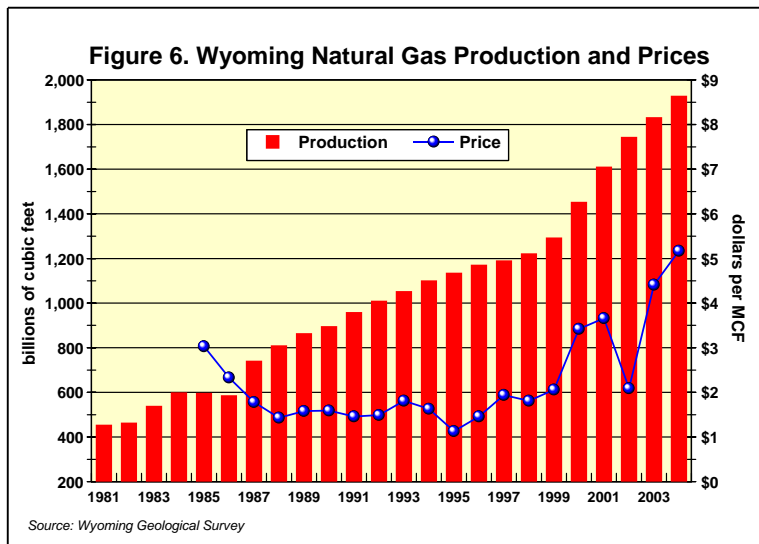
Mining Industry

The mining sector has been a significant economic player and a major revenue player in Wyoming's recent history. After it experienced a boom in the late 1970s, the following bust in mid 1980s, and a slow and steady decline in the 1990s, the mining sector has demonstrated strong growth since 2000. The 38,500 mining jobs in 1981 were the highest level on record, and tallied over 17 percent of total Wyoming employment. However, by 1999, the number shrank to only 15,900. Again, the employment increased a mighty 7 percent in 2000, 13 percent in 2001, and held up well in 2003 as mining prices rebound. The energy driven growth continues, as low industrial diversity ties the state's fortunes to mining extraction, which is dominated by natural gas production recently. The number of mining jobs went up again over 10 percent annually in 2004 and year to date as prices continue to climb. This sector is responsible for 40 percent of net payroll gains recently. Multiplier effects are also creating jobs in transportation, distribution, construction, and consumer related industries, and the state is benefiting from a surge in mineral revenue.



The outlook for future revenue and jobs from the state's mining industry looks strong, but may be less sanguine, as the opportunity for production increases and hiring going forward is limited. Nationwide production of natural gas should be sufficient to bring storage close to record highs in the near future, limiting further price boosts. In addition, federal permitting issues, land-use policies and environmental evaluation will restrain new exploration in the state in near term. The upcoming Energy Bill is intended to boost production, lower prices, encourage alternative energy uses, and reduce dependence on foreign sources. The net effect to Wyoming's mining industry from this new legislation remains to be seen.

Though the current price of around \$9 per MCF will be somewhat lower, it is not expected to drop below \$4 in the long-term. The potential hit to production, and ultimately growth, from lower prices is limited. First, pipeline and take-away capacity improvements effectively raise production almost at any given price level. Second, competing production in other areas of the nation has declined while production in Wyoming has been continuing to rise. Finally, demand for natural gas is expected to increase as rising oil prices may cause more companies to look for cheaper sources of energy.



So, the share of natural gas in the fuel mix is expected to rise, keeping prices at a heightened level. Since

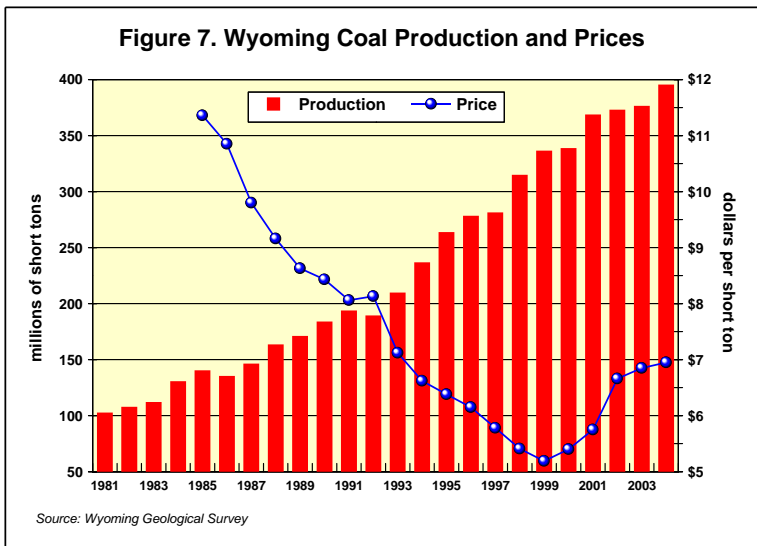
the coalbed methane boom that began in the mid-1990s, Rocky Mountain energy producers have been a victim of their own success due to over production but low capability of transportation. As a result, a bottleneck effectively trapped much of the gas in the region, thus keeping prices down locally. Pipelines could not carry enough gas to more lucrative markets in the eastern and western United States, costing the state millions of dollars in lost revenues, taxes, and royalties.

In anticipation of increased demand of natural gas and low-sulfur coal, federal regulators approved a \$1.5 billion rail line into the Powder River Basin in 2002, making for easier transportation of Wyoming natural resources to Midwest utilities. The opening of the Kern River pipeline expansion consequently relieved a constraint and helped to raise the value of Wyoming natural gas by 30 percent. Presently several pipelines, including the Kern River, transport about 2 billion cubic feet of natural gas a day out of Wyoming, mainly to California. The price difference between Nymex's Henry Hub and Wyoming's Opal Hub has been consistently below \$1.00 per MCF since Mid 2003. With a \$1 billion bond issuing authority, the Wyoming Natural Gas Pipeline Authority is actively engaged in promoting the development of pipeline infrastructure necessary to enhance natural gas development in the state and encourage more export out of the state and Rocky Mountain region. Their goals are to reduce the price differential to levels of \$0.50 or less, and to promote an increase in the export volume to 6 billion cubic feet per day in a couple of years.

Driven by demand and a boost of prices, Wyoming produced over 1.9 trillion cubic feet of natural gas in 2004, an increase of 49 percent from 1999. Production from the world class Jonah Field and Pinedale Anti-cline wells in Sublette County, and coal bed methane (CBM) from the Powder River Basin field, together, accounted for nearly 40 percent of total production in the state. Experts estimated the 160 trillion of total resource can last more than 50 years even at the production rate of 3 trillion cubic feet per year.

The Bureau of Land Management recently approved several projects that will allow increased natural gas development in a number of different areas in Wyoming. Besides the notable areas mentioned above, other mineral rich locations are mostly in the Great Divide Basin and Wind River Basin, and some in Big Horn Basin and Greater Green River Basin. For instance, the Desolation Flats Project area has the potential to produce 1,000 million cubic feet over a 40-year production period in southeast Sweetwater County and southwest Carbon County.

After setting a record pace in 2003, the 396 million tons produced by Wyoming's coal mines in 2004 was the highest production number ever. Coal in the Powder River Basin, the principal coal producing area in Wyoming, is easily accessible and has low sulfur content. Responding to the demand for electric power generation throughout the U.S., the cleaner coal production in the state accounted for over a third of total coal supply in the country. It has replaced much of the high-sulfur coal mined from the traditional coal producing areas in Pennsylvania and West Virginia. Today, Wyoming's coal and power plants provide much of the electric power for the Pacific Northwest. Long-term growth in the state's coal

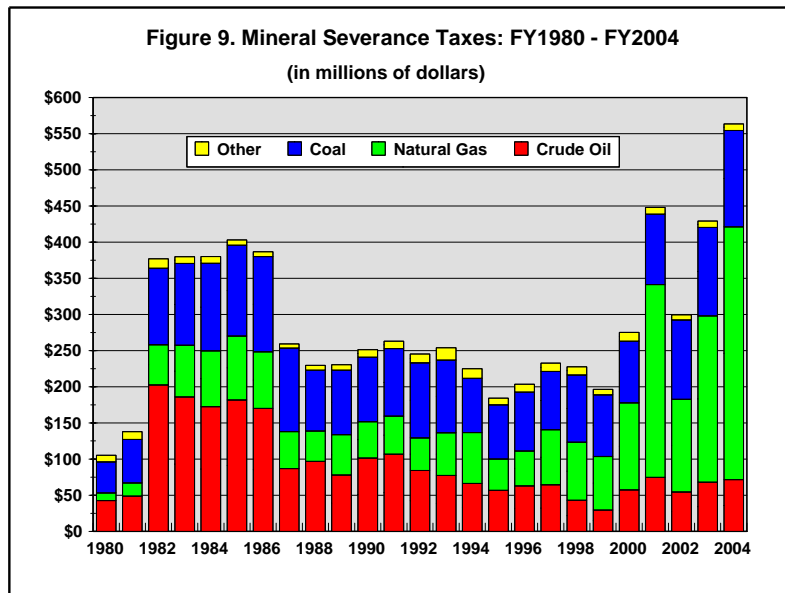
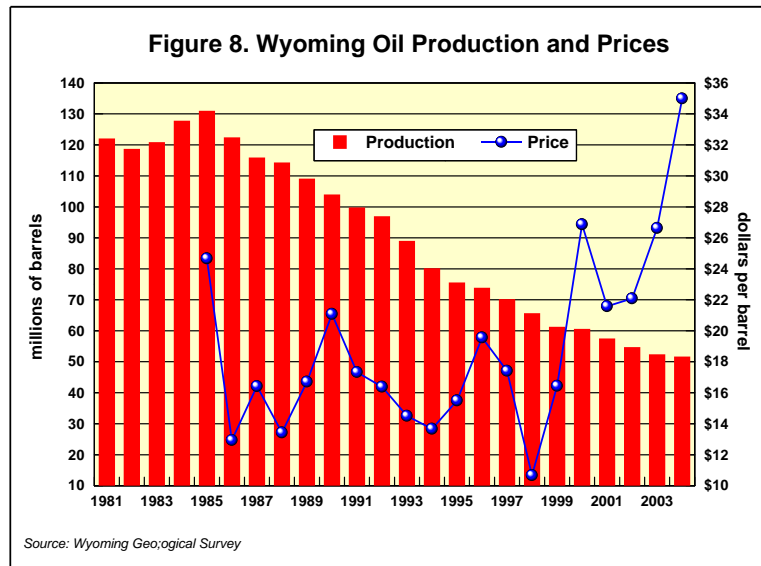


production will probably depend on converting raw coal to environmentally clean, alternate fuel forms for electrical generation, transportation, and industrial usage. Due to the mismatch between increasing demand and a short supply of natural gas since the early 1990s, the price has been steadily climbing over the past 10 years. Today's high level of fuel prices makes coal gasification and liquefaction technology competitive. In the future, Wyoming could become the leader in coal gasification and liquefaction plants in the nation with its ample coal resources and with incentives from the energy bill.

Much of the fluctuation in mining jobs was in oil and gas extraction due to the boom and bust of oil and natural gas extractions. Despite the gradual coal price declines and tremendous production boost in 1980s and 1990s, the employment directly associated with coal mining was very stable, consistently around 4,700 jobs since late 1980s. For the forecast years, the mining jobs will remain flat because the productivity is expected to continue to rise. Any job gains in the mining industry will have to be from the oil and gas sub-sector.

Oil production in the state has been suffering a steady decline since 1985, due to lower prices and aging oil fields. The cost of drilling in Wyoming is too high for oil companies to make profit. Despite the price recovery of near and above \$20 per barrel in 1990, 1996, and again since 2000, oil production failed to increase or even stabilize. Instead, it continued the downward trend. The 2004 production of 52 million barrels was only a fraction of over 130 million produced in 1985. The only contributor to employment change in the mining sector in recent years is the natural gas industry. With applications of carbon dioxide injection on line in a few years, the yearly oil production declines are expected to end. It is even possible to see increasing production through this enhanced oil recovery method. Tax collections from oil dominated the revenue stream in the 1980s, but natural gas has been the winner so far in this century. Oil industries paid over \$200 million severance taxes in fiscal year 1982, which was 54 percent of total mineral severance taxes collected in the state.

However, the collection from natural gas production was 62 percent of \$563.6 million total mineral severance tax collections in fiscal year 2004. With natural gas prices projected to remain high, and thus



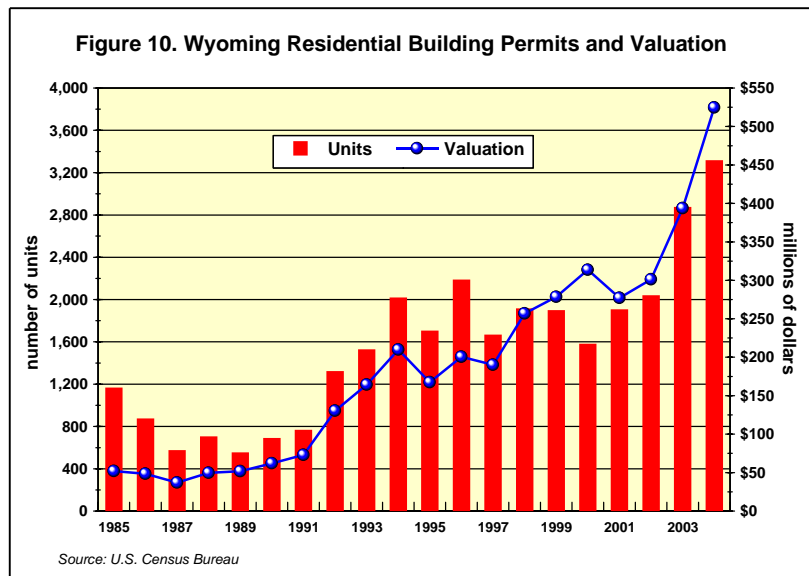
continually increasing production, the overall mining employment will hold to over 20,000 in the near future.

The state benefits from increased mining activity in many ways. First, increased demand for oil, natural gas, and coal means increased mineral production revenue and sales and use tax collections for both state and local governments. In addition, because mining job salaries are over twice as much as the average for all industries, increased demand for mining employment trickles down into the economy through increased per capita income and therefore increased levels of consumer spending. On the other hand, the state's economy and revenue also fluctuate violently along with the rise and fall of mining prices.

Construction

Nationally, strong real estate and housing industries have been constant throughout the economy's ebbs and flows in recent years. Housing activity has pushed steadily higher and is probably now as strong as it has ever been. Single-family homebuilding, home sales, and real house price gains continue to shatter previous records. The housing boom's economic contribution has been enormous, accounting for approximately one-fourth of real GDP growth over the past 5 years. The direct effects from housing are through construction activity, real estate transactions, and mortgage finance. The multiplier benefits are substantial, such as demand in numerous supplying industries, and the income earned from construction related industries drive spending elsewhere in the economy. Another important link has been massive mortgage equity withdrawal through cash-out refinancing and capital gains realization. The extra cash was used for home improvement, other investment, and consumer goods and services.

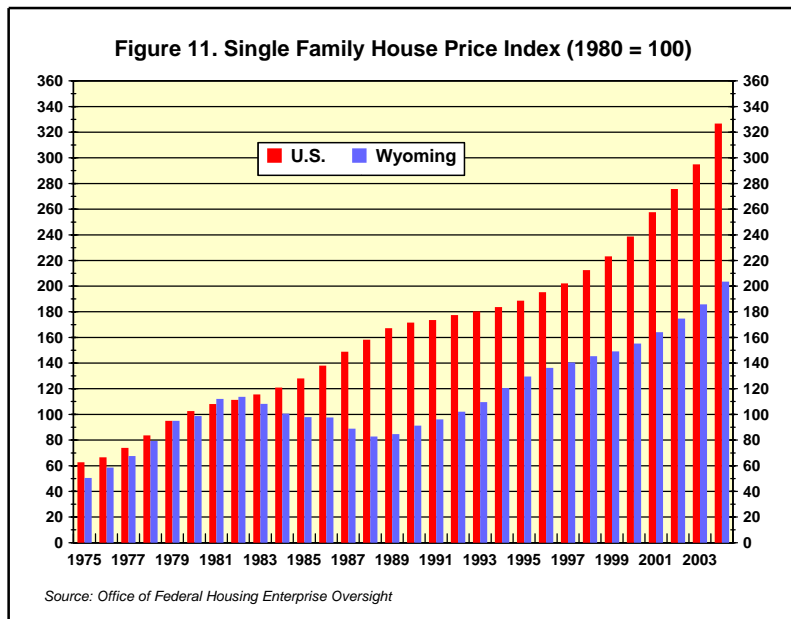
The continued boom in the housing market is making more people feel uncomfortable, and there are proliferating signs that it is looking a bit frothy. After increasing over 10 percent (the highest in the past 25 years), the national average home price was up at a faster rate of 12.5 percent in the first quarter of 2005 than a year earlier level, with over 20 percent appreciation in Arizona, California, Nevada, Washington D.C., and Maryland. While housing demand has been driven by long-term mortgage rates and a rising immigrant population, it is increasingly driven by speculation now. Not only does the mortgage industry keep coming up with new ways to lend such as interest only



and/or zero down payment to risky buyers, but more people are buying second or even third homes, expecting that prices will continue to rise. With rising shares of home purchases, investors are buying them at a record pace recently, adding fuel to an already heated housing market. With ARM rates rising due to increased short-term interest rates, pressure on homebuyers will build, but housing will remain resilient until fixed mortgage rates rise. Even a small rise in long term rates will have a substantial impact on housing activity and thus on broader economic growth. Because households have so much wealth tied up in their homes, a bust in the housing market could create a negative wealth effect, a decline in asset values that cuts into spending.

As the fastest growing sector in the 1990s, the construction industry in Wyoming added 7,100 jobs in that decade, a staggering annual average of 5.2 percent. Again for 2002, the construction remained the strongest industry in the state, expanding by 1.9 percent due to historically low interest rates. The substantial job growth in the general building and specialty trades sub-sectors is directly caused by the residential construction boom. From 1992 to 2002, total residential home permits averaged nearly 1,800 units per year, compared to just an annual range of 500 to 800 units during the period of 1987-1991. However, the number of permits expanded dramatically to 2,877 in 2003 and 3,318 in 2004. The single-family permits nearly doubled from 1,485 houses in 2001 to 2,815 in 2004, and 2,328 permits issued in 2003 broke the record set in 1980. Housing units authorized for the first 6 months of 2005 showed another 14 percent increase over the same period last year. While the large amount of new housing construction in the early 1980s was driven by an oil industry boom accompanied by inflow of immigrants, the current housing market in the state is being mostly driven by price appreciations, a lot like the national trend. The annual net in-migration (in-migration less out-migration) to Wyoming was over 10,000 in late 1970s and early 1980s, but only a couple of thousand in recent years. There are a few local markets in the state which were trying to meet additional worker demand due to the booming mining exploration such as in Rock Springs, Pinedale, and Casper. On the other hand, in certain areas, rental markets are getting really soft caused by additional new housing, as many residents took advantage of low mortgage rate and moved to new houses and left their old homes for sale or rent. In Laramie County, for instance, the number of residential units for sale in the first quarter of 2005 was more than twice as many as two years ago, and the number of vacant units for rent almost tripled during the same period. Consequently, rental rates were forced to be slack.

Wyoming's home prices are getting strong again after a slow pace in the second half of the 1990s. The 6.5 percent of annual home price appreciation between 2001 and 2003 was just slightly lower than the national average of 7.0 percent. The prices went up 9.5 percent in 2004, the second highest since 1981, and it continued to climb in 2005. The annual appreciation rate for the first quarter of this year reached over 11 percent, higher than that of any other neighbor states. As a matter of fact, the statewide home price increased 123 percent since 1990, compared to U.S. average of 90 percent.



Positive net migration trends and record low interest rates in recent years have contributed the demand for housing and prompted homebuilders to boost the stock of housing in response. Despite the healthy home price appreciation, housing in the state remains one of the region's most affordable, which has also helped both attract and keep Wyoming residents. However, the lack of pent-up demand for housing combined with the low in-migration is expected to weaken the demand for housing in the coming year and slow the rate of housing price increases. The current extremely low mortgage rate will likely be raised sooner than later. In addition, due to the tremendous amount of new homes put into place during the past 10 years, demand will dampen, and new permits for the forecasting period will fall to an average of 1,700 per year due to the slow increase in the number of households.

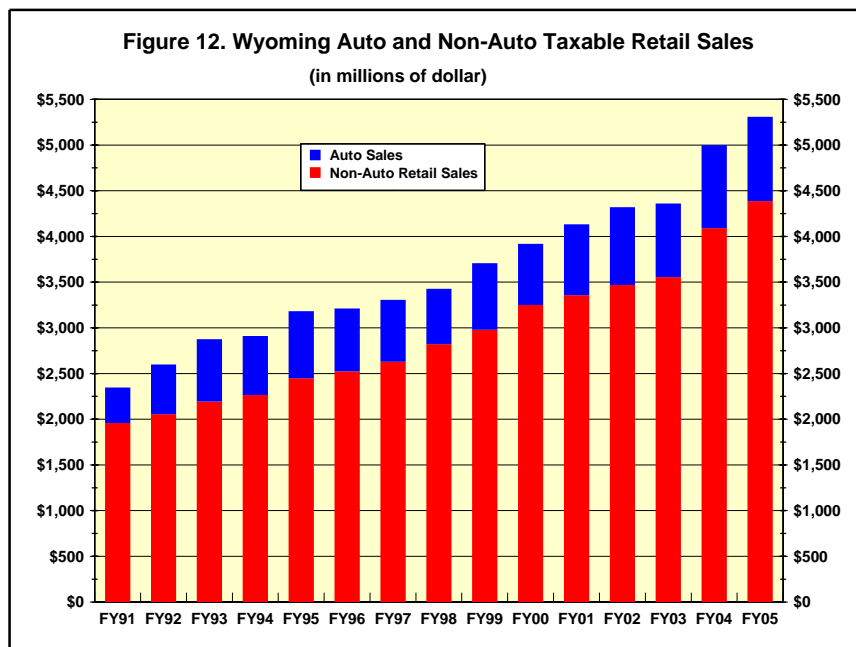
Despite the general malaise of the commercial construction industry, there are a few plans for large scale construction projects. Besides the potential railroad line and natural gas pipeline construction, over \$1 billion will be spent on a new prison in Torrington and statewide school capital construction in the next few years, thanks to the revenue boost for state government. Other projects include a soon to begin large new regional Wal-Mart distribution center in west Cheyenne, possible remodeling or relocations of both the Wyoming Medical Center in Casper and United Medical Center in Cheyenne, and possible new power plants.

Overall, job growth in the construction industry is expected to increase in 2005 after it declined 3.4 percent in the past 2 years, albeit at a slower rate of well below 2 percent annually. Total employment in construction will surpass the mining industry again by the end of forecasting period, and 1,700 new jobs are expected be created during this time span.

Retail Sales

Nationally, general merchandise retailers continue to post strong sales though growth varies across segments of retail industry. Warehouse clubs and super centers dominate with double-digit sales growth, while discount and department stores are suffering the weakness as high energy prices take a toll on their customers. Luxury retailers continue to outperform other retailers because their high income customers are not only less sensitive to rising energy prices, but also benefit especially from rising asset prices and low interest rates. Higher income households are also supporting catalog and online sales, and electronic & appliance retailers. Despite the record oil prices of over \$60 per barrel, warm weather and rising consumer confidence created a surge in U.S. retail sales in June, marking the industry's best monthly performance in more than a year.

As the third largest sector in Wyoming's economy, the retail trade industry (NAICS) experienced fast job growth in the first half of 1990s, averaging over nearly 2 percent each year. However, it has slowed down to only about 1 percent annually since then, largely due to out migration from the state. After experiencing a 3.3 percent boost in 2000, the industry lost over 400 jobs during past three years. In the near future, employment in this sector is expected to expand at a modest rate of less than 1 percent a year.



This decline in consumer expectations is reflected in the retail sales data. While the average increase rate for the fiscal year 1991 to 2000 period was 7.3 percent, the annual non-auto taxable retail sales were up only 3.1 percent from fiscal year 2001 to fiscal year 2003. However, mostly driven by strong natural gas exploration, expanding housing market, and net migration, the retail sales went robust again. For fiscal year 2004, both the taxable non-auto and auto retail sales recorded tremendous expansions, at 15.1 and 12.9 percent, respectively. The non-auto retail sales continued the strong pace in fiscal year 2005 and increased

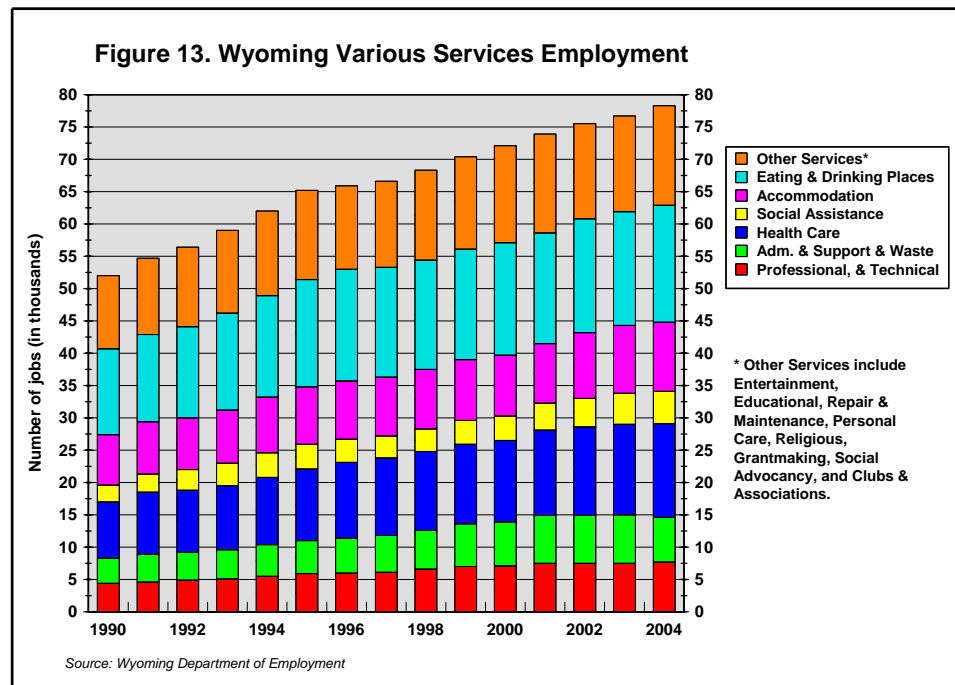
another 7.2 percent from previous year level. But, seemingly dragged down by the high gasoline prices, the automobile sales in the state almost came to a virtual stall, and only edged up a mere 1.4 percent during the past fiscal year. Much like the nation, the real concern for many retailers in the state is how to continue competing with remote sellers who do not have to charge sales tax.

Services

The economy has been and is continuing its long-term trend of shifting more toward a service-oriented than goods-oriented one. Much like the Nation, the service industries grew continually in the state, even during the 1980s recession. The upward pace accelerated in the 1990s, at an annual rate of 3.3 percent. Despite the slow down of the economy, the total employment for various service industries still increased 2.5 and 2.2 percent in 2001 and 2002, respectively. Mainly caused by the slowdown in food services and administrative services, the overall employment increased only 1.6 in 2003 and 2.1 percent in 2004.

Social assistance services grew fastest, and the number of jobs in 2004 nearly doubled the 1990 level. The main factor behind this boom was an increased demand for child services, elderly and disabled services. Business and administrative services also increased significantly, both over 75 percent since 1990. The rise of information technology, including computer programming, systems design, data processing, and other computer related services in 1990s were main causes. The fast increase in services such as consumer credit reporting agencies, and adjustment and collection agencies also contributed to the expansion of business services. However, those two service industries slowed down considerably during the past 3 years. The

health care industry, with 14,500 jobs in 2004, is the only large service sector with a consistent fast pace, and it grew nearly 67 percent over the years. The strong growth is expected to continue in the foreseeable future at an average rate of 3.9 percent annually, the highest among all industries. This industry is largely unaffected by a downturn in the larger economy and an aging population will almost ensure continued demand for



healthcare services. Both social assistance and health care service industries may continue to face increasing shortages of professional staff along with demands of an aging population. Wyoming's population is expected to age more rapidly than the U.S. as a whole. Governments need to be prepared financially for the coming years because healthcare needs for the elderly population is less profitable than for relatively healthy younger persons.

The services sectors are forecasted to be the fastest growing industry, both in terms of growth rate and total number of new jobs. Business, social assistance, and health services will be as the main drivers. Despite the structural difference between the Wyoming and national economies, the growing pace in

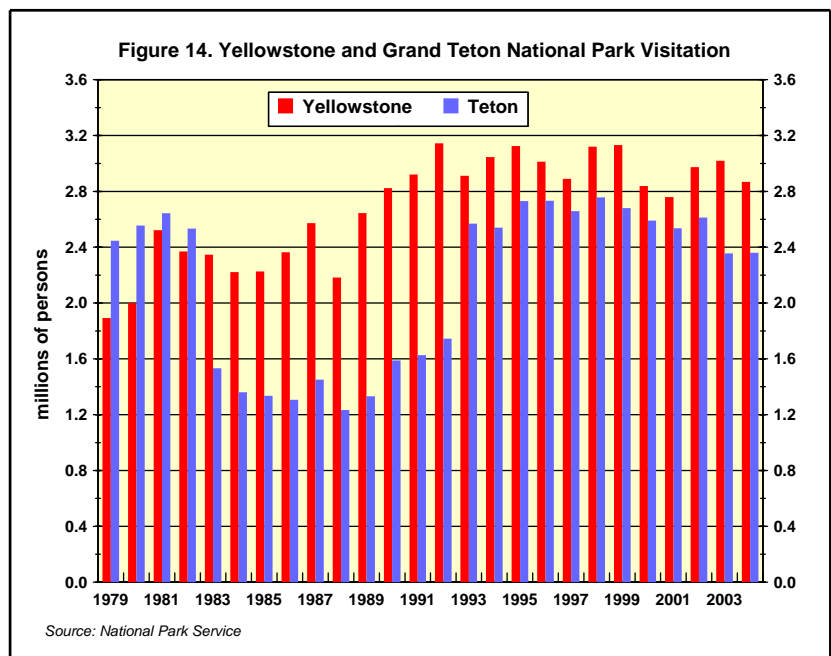
services is similar for both. The service industry was and will be the fastest growing sector in the national economy as it continues to undergo a structural shift from goods producing to service producing economy. Wyoming's various services sectors are expected to add 20,330 jobs in next 10 years.

Tourism

With over \$1 billion in direct expenditures and 28,000 jobs, Wyoming's travel and tourism industry is an important part of the overall economy, particularly for the Northwest Region of the state. The primary attractions for tourists are the world's oldest national park, Yellowstone National Park, and the scenic Grand Teton National Park. Each year, millions of people from all over the world visit them. However, tourism itself is not classified as an independent or separate economic sector, but mainly included in accommodation and food services sector. Its economic effect crosses many retail trade and services related sectors such as gasoline stations, general merchandise stores, arts, entertainment, & recreation services. Unfortunately, most jobs directly connected with tourism are mostly lower skilled and lower paying by nature.

For FY 2005, over two thirds of the \$809 million taxable sales transactions occurring inside Teton County were related to out-of-county residents, i.e. travelers. The lodging sales alone in Teton County totaled \$96 million in FY 2004.

Looking at the trend for the past 25 years, the total number of visitations to Yellowstone Park has been quite stagnant, steadily hovering around 3 million for the past decade. There were some exceptions with a few years of solid increases immediately before and after the big forest fire in 1988. In contrast, the total national population grew rather fast at an annual rate of 1.1 percent during the same 10 year period. Note: the lower shift of visitation in Grand Teton Park from 1983 to 1992 was purely caused by the change of statistical gathering procedures.



Given the fact that most visitors to Wyoming's national parks are not by air transportation, the effect from 9/11 attack was much less compared to other states. The lodging tax collections in Park County still managed a 0.4 percent increase between July 2001 and July 2002, and has recovered well as evidenced by the nearly 10 percent increase during the period of July 2002-July 2003 compared to the previous period. The number of Yellowstone Park visitors also increased from 2.8 million in 2001 to approximately 3 million in 2002 and it edged up again in 2003. However, as gasoline prices (regular grade) shot from \$1.50 to around \$2.00 per gallon between summer of 2003 and 2004, the number of visitors to Yellowstone National Park dropped below 2.9 million, but the visitations to Grand Teton National Park held steady. With gasoline prices hovering around \$2.40 this past summer, it is not expected that Wyoming's tourism industry will have a banner year. As a result, the sales tax collections on lodging for Teton County increased only 2.4 percent, and lodging tax collections in Park County were up 2.1 percent

from FY 2003 to FY 2004. For fiscal year 2005, the \$1.1 million of lodging tax collected in Park County was just 1.8 percent more than year ago level.

Looking into the future, travel and tourism for Wyoming may not deviate a lot from the past trend, that of an extremely slow increase. However, there are at least a few factors which could work to the advantage of the state's tourism industry. First, the weakened American currency may attract more international tourists. Second, the baby-boom generation (born between 1946 and 1964) is starting to retire or will retire in the next few years, assuming the elderly population is more interested in natural amenities than the younger generation. Third, the state's rising revenue and budget surplus are creating an opportunity to protect the state's attractiveness and enhance area attractions. Lastly, if residents in Teton County could elect to pass a lodging tax imposition again, the local government would be able to have the financial flexibility for extra travel promotions and tourism related facility maintenances to compete for potential travelers. However, the jobs created in tourism industry are mostly seasonal, and typically low-paying, offering little in the way of long-term growth for the state.

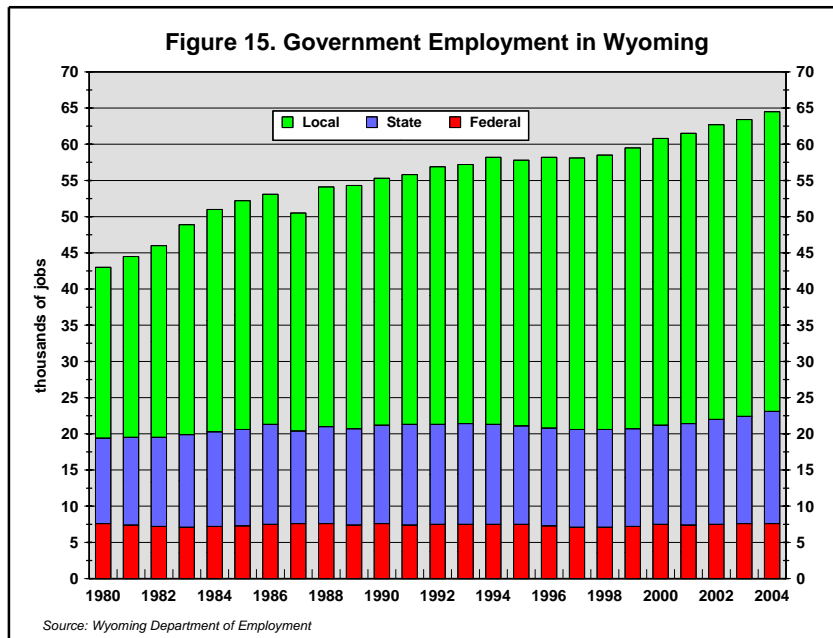
Government

As the largest employment sector for Wyoming, the government jobs is, no doubt, one of the main stays in the state's economy, particularly in the Southeast region. It also serves as a big stabilizer to the overall economy. During Wyoming's economic bust period of the 1980s, government employment only experienced a one year decline in 1986, while the state's total employment suffered 18 percent contraction from 1981 to 1987.

Because of the nature of a sparsely distributed population, state and local governments have to hire a relatively large number of employees to serve the residents, from public schools, fire districts, to road maintenance. It is not surprising to see the proportion of Wyoming's state and local government full-time employees was the highest in the country in 2003,

at 869 per 10,000 population, while the national average was 542 employees. Other states with higher state/local government employee rates were also states with big land areas and low population such as Alaska, New Mexico, and Nebraska. The lower proportions of government employment are states with high population density such as Pennsylvania and Florida. Wyoming also ranked the third highest in terms of per capita state and local government expenditures in 2002.

The government sector contributed 64,590 jobs, or one fourth of total, in 2004 to Wyoming's economy. However, it was one of the slowest growing industries in the 1990s, but performed well so far in this century. It will remain to be a consistent and steady source for new jobs in the future. From 1990 to 2000, government in Wyoming created 5,500 jobs for an annual growth rate of 1 percent, compared with the overall growth rate of 1.9 percent for the state as a whole. Nearly all of the new jobs added were in



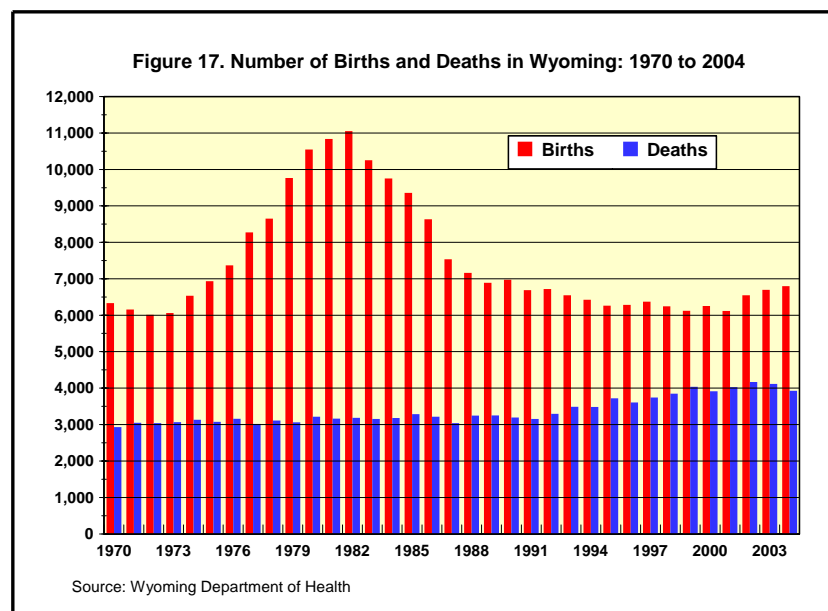
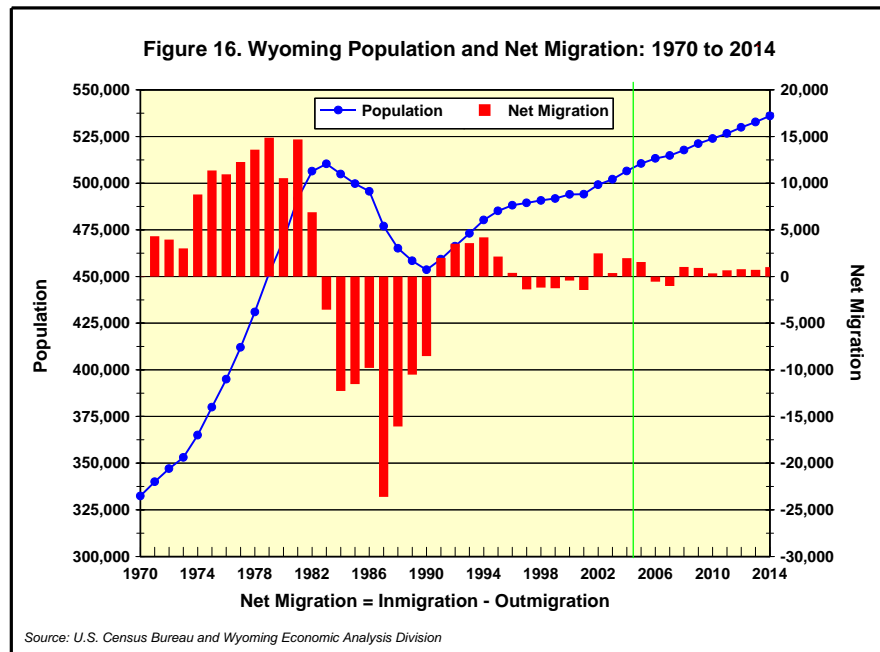
local government, which includes K-12 education and hospitals. State government experienced only a slight increase while Federal government recorded a minor decline during the same period. Since 2000, state government jobs increased 3.1 percent annually due to the skyrocketing revenues from mineral production. Indeed, lawmakers enjoyed a budget surplus heading into each year's legislative session from 2001 to 2005, and the annual surplus reached as high as around \$1 billion in the past two years, respectively. Consequently, the \$2.2 billion of appropriations from general fund and other reserve accounts nearly doubled between biennial fiscal year 1999-2000 and 2005-2006.

Over the forecast period, the government sector is expected to add 4,870 new jobs, for a total of 69,460 jobs in 2014. Most of the growth is projected to occur in local government, with slower growth for state government and contraction for Federal government.

Population and Migration

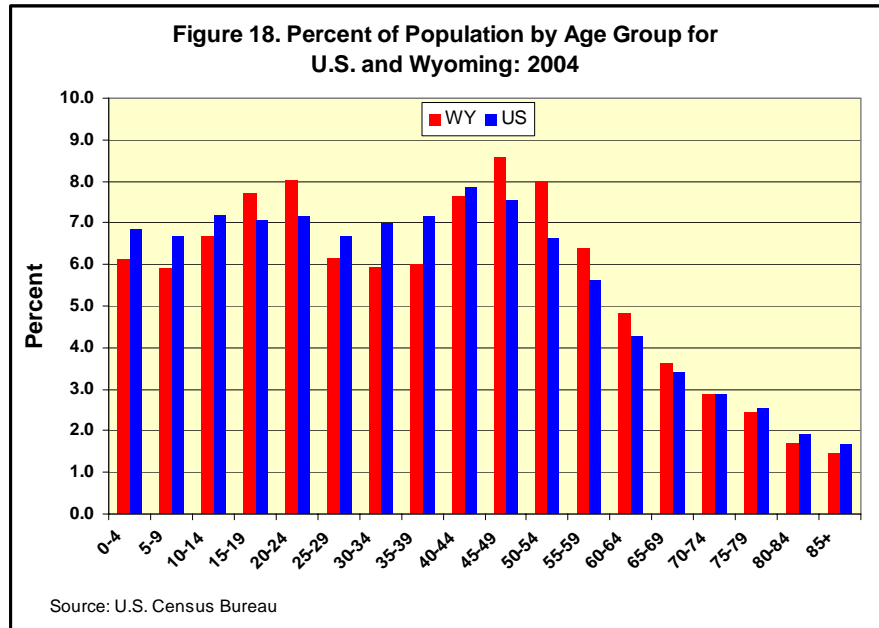
Population change is a function of three processes referred to as the demographic processes. These are births, deaths, and migration – involving births into a population, deaths from a population, and migration either into or out of a population. It is of vital importance to understand the sources of population change because the determinants of the processes of natural increase (combined effects of births and deaths) and migration are quite different. Both births and deaths are physiological and biological processes. Migration is a behavior involving people moving from one area to another often as a result employment, income, and other socioeconomic changes.

Although births and deaths impact a population by increasing or decreasing its size, their effects on other non-demographic and socioeconomic factors are usually long-term. Migration, on the other hand, has a more immediate impact on an area because it is more likely to

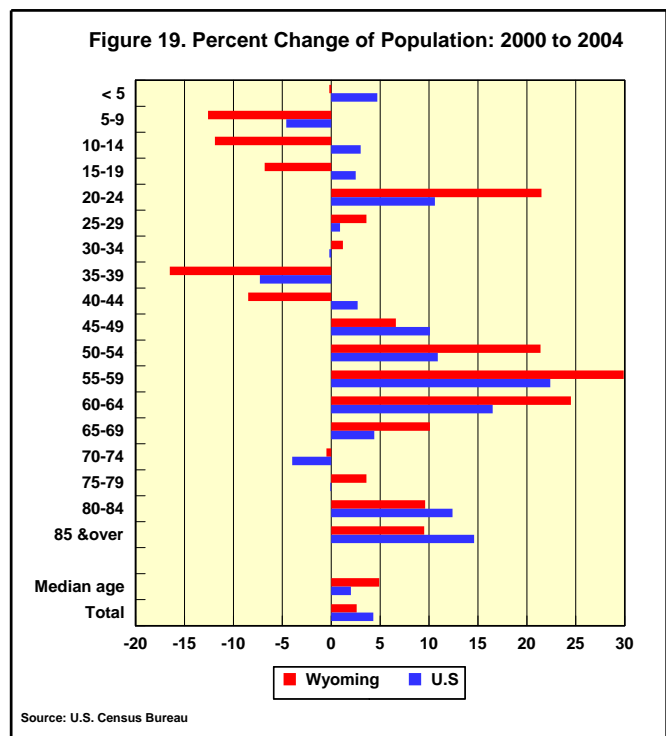


involve young adults in their family formation ages, thus reducing demands for products and services in areas with net outmigration and creating instant demands for goods and services necessary to establish a residence in areas with patterns of net immigration.

From 2000 to 2004, Wyoming's total population increased 2.6 percent compared to the national increase of 4.3 percent. Slow and steady population growth is expected throughout the 10 year forecast period. Total population in Wyoming is projected to increase nearly 4,000 persons this year, and around 2,500 per year with an annual growth rate of approximately 0.5 percent thereafter. The number of residents in the state surpassed half a million again in 2004, and is expected to break the record of 510,361 set in 1983.



The number of births in Wyoming steadily declined throughout the 1990s, from 6,974 in 1990 to 6,254 in 2000. However, death numbers climbed during that 10 year period. The lowest number of death was recorded in 1991, at 3,152, and the highest level totaled 4,038 in 1999. This was the first time that the death occurrences in Wyoming passed 4,000. As a result, the net gain of population from this natural change declined to around 2,000 in 2001 from the level of 3,780 in 1990. Births increased gradually in the last three years to 6,800 in 2004, while deaths maintained a level of around 4,000 during the period. Due to the larger proportion of baby boom population in the state, their children in recent years are in the young adult stage. Therefore, Wyoming may experience a few more years of higher birth numbers if this group stays in the state in the near future. The number of deaths, however, will gradually increase to nearly 4,600 by 2014.

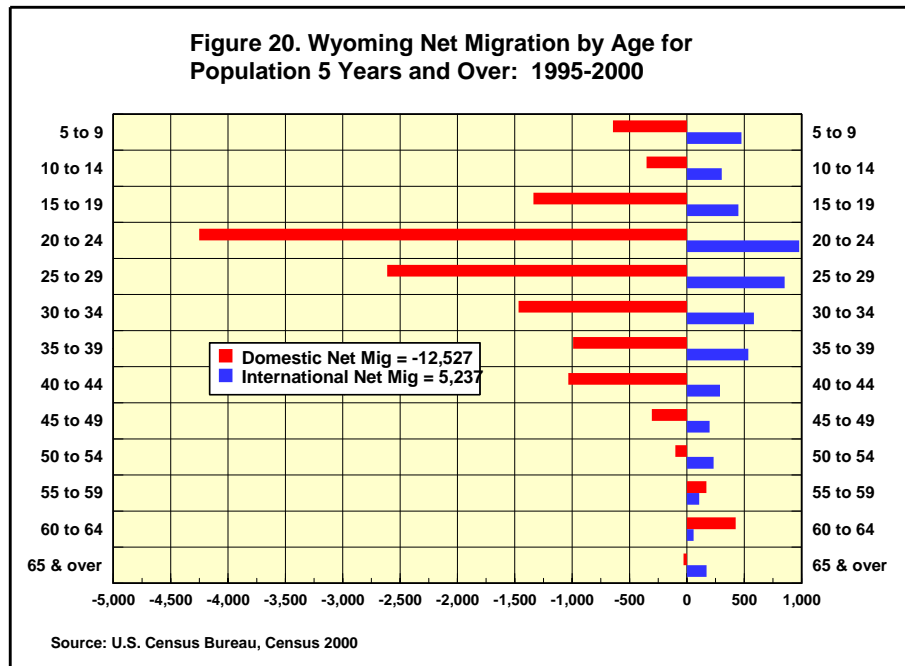


Both in-migration and out-migration numbers were around 25,000 annually for the state in recent years. In the early 1990s, the national economy was performing poorly, as was the economy in California, due partially to the cut backs in the defense industry. Thus, many Californians relocated to neighboring states and in the Rocky Mountain region. As a result, the

population in Wyoming grew more than 1 percent each year from 1991 to 1995, as the annual net immigration exceeded 4,000 persons during these years. However, as the overall economy for the Nation, and the economy particularly in California, became stronger, the Californian out-migrants diminished. Net in-migration (in-migration minus out-migration) to Wyoming from California amounted to only 111 persons during the period of 1996-97, and it has not passed 500 since then, compared to the 1993-94 level of 1,820. The Cowboy State has been experiencing net out-migration from 1995 to the first year of this century, reaching to over 2,000 in 2001. These out-migrants mainly moved to other western states (Colorado, Utah, Idaho, Arizona, and Texas) whose economies were growing faster than Wyoming's. Consequently, the growth of total population in the state from 1995 to 2000 averaged less than 0.25 percent annually, which was entirely due to natural increases. As Wyoming's economy has been growing faster in recent years than in the late 1990s, and both the national and regional economies have been growing slowly, the net migration to Wyoming has reversed to positive again since 2002, and has maintained that direction for the past two years. However, many younger residents will migrate out of the state again as the national and regional economies recover and expand strongly. Annual average net migration is forecasted to be just higher than 500 in the long-term, which means that the number of people moving into the state is slightly higher than the number of people moving out of the state. The annual net immigration level will be below 1,000 in most forecast years.

Population Aging

The age composition of a population affects many other characteristics, from fertility rates to the nature of the goods and services demanded. Age is often measured by the use of simple percentage distributions and the median years of age. During the period from 1990 to 2000, the median age in Wyoming increased so rapidly that the value of 36.2 in 2000 was nearly one year older than the U.S. median age of 35.3. The gap continued to expand in recent years, the median age of 38.0 in the state was two years greater than that of U.S. in 2004. Wyoming's median age was only 26.7 compared with national level of 30.0 in 1980. Indeed, Wyoming was one of the youngest states 25 years ago, but will be one of the oldest ones in the country in the near future.

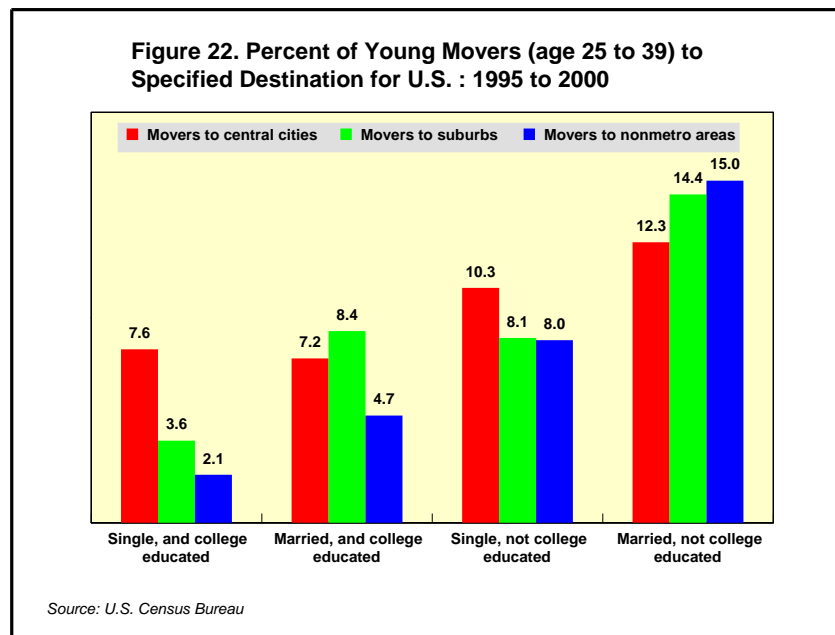
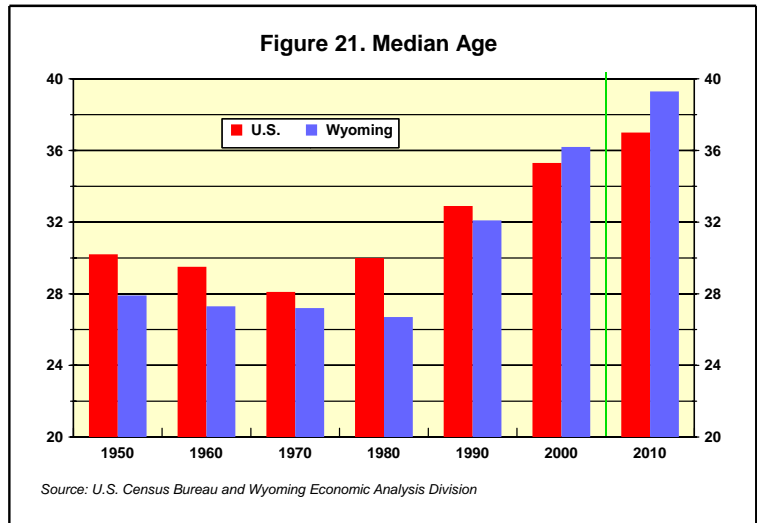


There are a few factors contributing to the state's rapid aging. First, Wyoming has one of the highest proportions of early baby boom population in the nation. During oil boom time in the late 1970s and early 1980s, tens thousands of young workers migrated into the state. Though some were moved out when the bust happened in mid 1980s, many of them still stayed. So their ages are between 45 and 59 years old in 2004. On the other hand, the percentage of population age 27 to 42 (so called generation X) in Wyoming is very low because a significant number of them left the state in late 1980s and 1990s when

they were young adults. For instance, over half of 12,500 domestic net outmigration (outflow greater than inflow) occurred among people aging 20 to 29 years old during the period of 1995-2000. As a result, K-12 enrollment continuously declined over the past 10 years, and the number of students in 2004 was 16 percent less than in 1994. Unlike Florida, the overall net immigration to Wyoming has been minimum for the retirement population. Only a few places such as Cody, Sheridan, and Buffalo consistently attract retired individuals. With the lowest cost of living in the nation, that may change for the upcoming baby boom generation.

A second reason for Wyoming's fast aging population is that the proportion of immigrants and minority population (total less non-Hispanic white) is among one of the smallest in the U.S. Most immigrants (largely Latinos and Asians) entered this country originally as workers or students. Many of them stayed and may have formed their own families, but left their parents and grand parents back in their home countries. So, the percentage of youth is a lot larger, while the percentage of older population is considerably smaller for the minorities than whites. The median age for both Latinos and American Indians in 2000 was over 10 years smaller than white in the state.

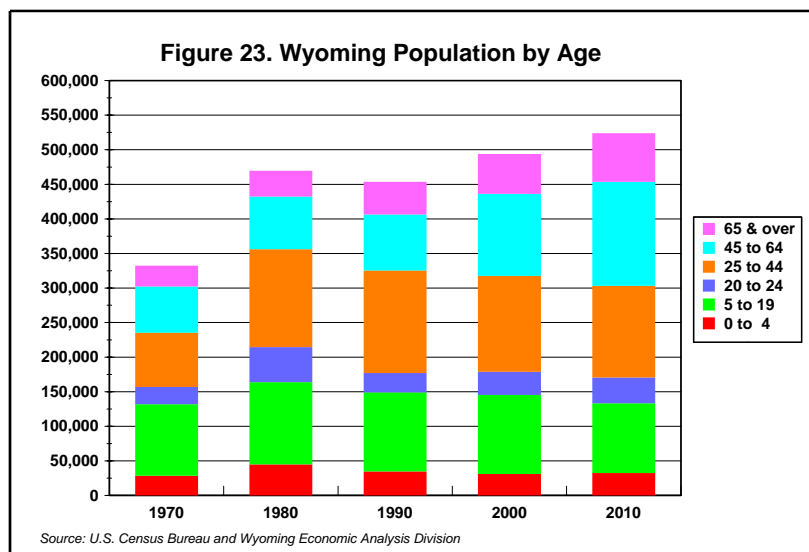
Third, Wyoming is the smallest state in terms of population size, and the entire state's population is still not as large as the City of Colorado Springs. Only two cities, Cheyenne and Casper, barely qualify as Metropolitan Statistical Areas (MSA). Young adults (age 25 to 39) constitute a large share of migrants because they are risk takers and adventurous. Their migration choices may be largely influenced by employment opportunities, or simply preferences for particular local amenities. Nationally, over one-third of all movers between 1995 and 2000 belonged to this age group. Within this particular age group, for work-related reasons, single and college-educated individuals represent a much larger share of immigration into central cities than into suburbs (portions of metropolitan areas outside central cities) or nonmetropolitan territory. In contrast, married and not college educated young adults made up a higher proportion of migration to nonmetropolitan area than to central cities or suburbs. Married individuals are more motivated to move for quality of life reasons, such as housing, crime, schools.



As a matter of fact, the whole globe is undergoing a major demographic transformation. Over the next several decades, the combined effects of increased life expectancy and lower fertility rates will lead to slower population growth and significant population aging across the world. Many developed countries, such as Japan and some European countries, are already far along in this transition. They will experience more rapid population aging than the U.S. The percentage of population 65 years and over is approaching 20 percent in those countries, while it may take 30 more years to get there for U.S. The main factor is the international immigration resulting from evolving economic conditions in the country because immigrants are much younger than the native population. The fertility rate in United States increased dramatically after World War II and maintained a high level between 1946 and 1964. The cohort born during that period is commonly referred as baby boom generation. The fertility rate fell quickly right after that and into the early 1970s.

Change in the overall size of population and its age structure can affect the economy in a number of ways. The most important channel is through changes in the supply of labor. Elderly dependency--the ratio of older adults to younger adults--will certainly rise more rapidly as the baby boomers reach retirement age and are replaced by fewer new workers. The labor force will increase slowly, or even decline may happen over the next 20 years unless these effects are offset by increased immigration. But the employed older population will certainly be affected by changes in the economic returns to working and improvements in health. Americans are not only living longer but also generally living healthier. Rates of disability for older people have been declining. In addition, work is becoming less physically strenuous but more intellectually demanding. Despite the improving feasibility of work at older ages, Americans have been retiring at younger ages. But the rising pressures on retirement income, continuously climbing health costs, and a growing scarcity of experienced labor could eventually reverse that trend.

Throughout the forecast period, the pre-school population for Wyoming (age 0-4) is expected to grow at 0.6 percent annually, though the rate of increase will be fading. The 5-19 year age group has declined since 1996, resulting in the continuous drop of K-12 school enrollments in the state, from the 1996 level of 98,777 to 83,772 in 2004. This decline in school age population is projected to continue through 2007, stabilizing at 101,370 by 2014. The young adults (age 20-24) will gradually decline to 37,000,



while the main labor force participating cohort (age 25-44) is expected to grow by approximately 8,500 persons by the end of the forecasting period. The older age working group (age 45-64) is projected to continue to grow, but in a decreasing pace until 2011, and then decline after that. Because the early boomers are progressing into this cohort in just a few years, the retired group (age 65 and over) will continue to increase rapidly at an annual rate of 2.7 percent. By 2014, the proportion of persons age 65 and over will reach 15.2 percent, compared to 11.7 percent level in 2000. The examination of the forecast data suggests that growth rates in the labor force will slow substantially in the coming years with rates of growth among middle-aged workers exceeding those for younger workers if significant net immigration to the state does not occur.

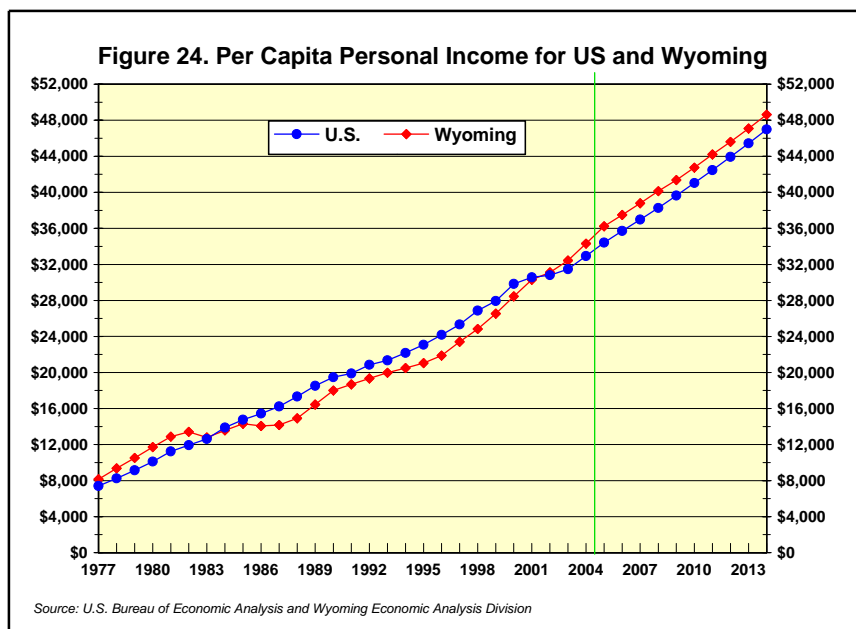
Again, the continued aging of both the state and national population is evident, though it will be more severe for the state because the proportion of the baby boomer population (age 40-58) was larger in Wyoming (29.5%) than the nation (26.7%) in 2004. For near-term market and service analyses, it is important to recognize that, between now and 2010, the population of Wyoming might be best characterized as middle-aged rather than “old”. After 2010, the beginning edge of the baby boom generation will reach retirement age. As this generation enters retirement, the population as a result will age rapidly. The aging of the population is thus a long-term process. Both the increasingly middle-aged workers of the next decade and the increase in the elderly population thereafter may have substantial impacts on goods and services. The middle-aged householders are likely to be in their peak earning years. The older population will require increased health related products and social services, and will generally demand different forms and types of services than a middle-aged population. Those in the public sector will need to be alert to such shifts in order to effectively serve these clientele, and those in the private sector will likely need to focus their products and services toward those being purchased and monitored by public service entities as the baby boom generation ages. Other factors such as further reductions in the levels of mortality, particularly at older ages, continued low rates of fertility, a continuation of relatively high rates of international immigration, and a continuing diversity of household types will certainly impact life dimensions of residents as well, and thus will need to be recognized by policy makers.

The aging of population in the United States will significantly affect the fiscal situation. Not only Social Security is expected to be in a chronic deficit over the long haul, but also the shortfalls in the Medicare program will be much larger. Medicare faces financial pressure from both the population aging and continually increased demand for medical services. The resources to fund future retirement benefits will depend on the growth rate of real income of workers, number of working-age population, labor force participation rates, and productivity of labor.

Income and Wages

Total Personal income (TPI) measures all of the income received by the residents of an area, including wage and salaries, dividends, interest, rent (DIR), and transfer payments such as social security income. TPI is a good indicator of purchasing power for an area because it includes all sources of income, while consumer consumption makes up approximately two-thirds of total economy.

From 1990 to 2004, TPI increased by 81.7 percent in current dollars, from \$8.2 billion to \$17.4 billion. The average annual growth rate for Wyoming’s TPI was 5.5 percent compared with the average inflation rate of 2.7 percent. Personal income has grown faster since 1996, registering 6.3 percent per year in comparison to the national average of 5.1

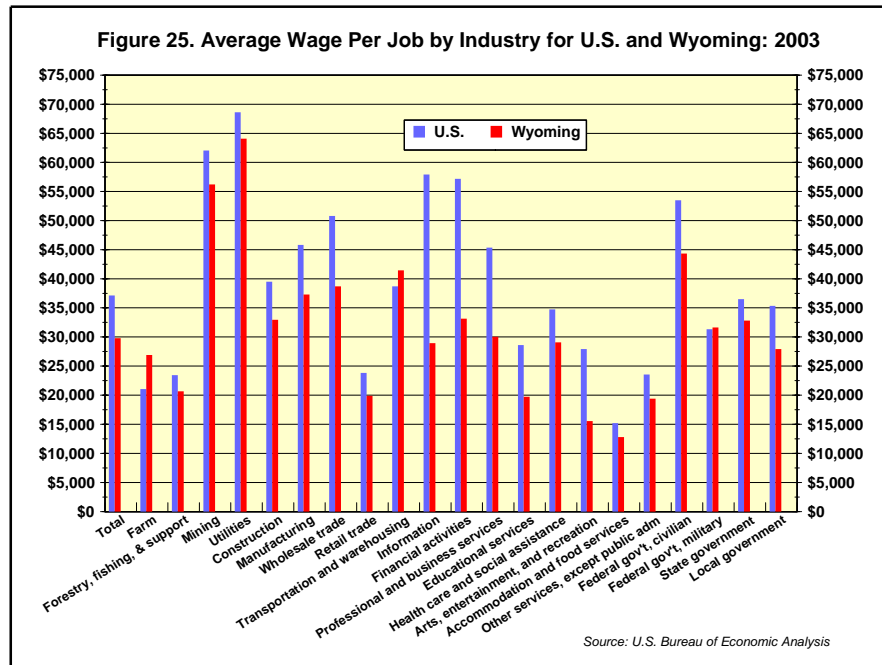


percent, thanks to the natural gas development in the state. Driven by natural gas and coal mining activities, Wyoming's Per Capita Income (PCI) particularly showed relatively strong increases since 2000, 4.8 percent annually (the third highest in the nation), while U.S. PCI grew just 2.6 annually during the period. In fact, Wyoming's PCI in 2002 surpassed the U.S. level again for the first time since 1983. The \$34,306 of PCI in 2004 earned Wyoming a rank of 15th in the nation, compared to only 35th in 1996.

The largest component of TPI is earnings by place of work, at \$12.5 billion in 2004, which includes wage and salary, and proprietor income. However, earnings were the slowest growing component before 2000, but the DIR increased slowly over the past 4 years.

Total personal income is projected to increase by 3.9 percent annually to \$25.6 billion by the end of the forecasting period. The earnings by place of work increase somewhat faster than DRI and transfer payments due to the expected slow financial market and low inflation. Real dollar personal income increases by 1.9 percent annually to reach \$19.4 billion. Inflation as measured by the U.S. Bureau of Labor Statistics Consumer Price Index (CPI-U) is forecasted to increase at an annual average rate of 2.3 percent.

While Wyoming's wage rate has also been increasing fast in recent years, the \$29,793 average wage per job in 2003 was still only the 8th lowest in the nation. This was because the



increase of proprietor income outpaced that of wage and salary in the state. The wage rate in Wyoming was about 80 percent of U.S. level in 2003. Most industries in the state paid lower than those in the U.S. except farm and transportation & warehousing. Probably more full-time workers are employed on ranches compared to the highly seasonal jobs associated with lots of part-time workers on crop oriented farms. The presence of the Union Pacific railroad in the state certainly contributes to the pay rate difference with the U.S. level for the transportation sector. However, the largest wage gap between Wyoming and the U.S. is with information industry where the former paid only half as much as latter did. The difference in financial activities and arts, entertainment, & recreation were also quite alarming. The wage difference among industries is also striking. The highest paid jobs in both Wyoming and U.S. were in the utilities and mining sectors, almost 5 times higher than that in accommodation and food services and triple the wage in the retail trade industry. Again, since the measurement is average wage per job, instead of wage per employee, some of the wage differences among various industries may be explained by full-time vs. part-time jobs in addition to education, skills, and experiences.

Table 1. National Economic Forecast

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gross Domestic Product (\$ billions)	9,817.0	10,128.0	10,487.0	11,004.1	11,731.3	12,438.6	13,199.9	13,915.3	14,683.3	15,468.1	16,240.5	17,032.4	17,853.3	18,697.2	19,568.1
% change	5.9	3.2	3.5	4.9	6.6	6.0	6.1	5.4	5.5	5.3	5.0	4.9	4.8	4.7	4.7
Gross Domestic Product (2000 dollars, billions)	9,816.9	9,890.6	10,074.8	10,381.3	10,843.2	11,211.1	11,609.4	11,988.6	12,407.7	12,814.0	13,182.3	13,556.0	13,954.4	14,347.2	14,754.8
% change	3.7	0.8	1.9	3.0	4.4	3.4	3.6	3.3	3.5	3.3	2.9	2.8	2.9	2.8	2.8
Total Personal Income (\$ billions)	8,422.1	8,718.2	8,868.3	9,148.7	9,683.9	10,208.1	10,690.2	11,168.7	11,659.8	12,184.7	12,722.8	13,278.2	13,857.8	14,453.0	15,069.2
% change	8.0	3.5	1.7	3.2	5.8	5.4	4.7	4.5	4.4	4.5	4.4	4.4	4.4	4.3	4.3
Per Capita Income (\$)	\$29,808	\$30,541	\$30,757	\$31,423	\$32,956	\$34,422	\$35,721	\$36,986	\$38,272	\$39,646	\$41,040	\$42,465	\$43,941	\$45,440	\$46,987
% change	6.8	2.5	0.7	2.2	4.9	4.4	3.8	3.5	3.5	3.6	3.5	3.5	3.5	3.4	3.4
Median Household Income (\$)	41,990	42,228	42,409	43,318	44,656	45,889	47,151	48,669	50,176	51,671	53,131	54,632	56,109	57,590	59,091
% change	3.2	0.6	0.4	2.1	3.1	2.8	2.8	3.2	3.1	3.0	2.8	2.8	2.7	2.6	2.6
Population (millions)	282.54	285.45	288.33	291.15	293.84	296.55	299.27	301.97	304.66	307.34	310.01	312.68	315.37	318.07	320.71
% change	1.1	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8
Non-Agr. Employment (millions)	131.79	131.84	130.34	130.00	131.48	133.77	135.69	137.17	139.08	141.02	142.75	144.64	146.49	148.38	150.23
% change	2.2	0.0	-1.1	-0.3	1.1	1.7	1.4	1.1	1.4	1.4	1.2	1.3	1.3	1.3	1.2
Unemployment Rate (%)	3.97	4.76	5.78	5.99	5.54	5.36	5.35	5.17	4.93	4.82	4.72	4.66	4.64	4.63	4.66
% change	-5.7	19.7	21.4	3.8	-7.6	-3.3	-0.1	-3.4	-4.6	-2.2	-2.1	-1.2	-0.4	-0.4	0.6
Consumer Price Index (1982-84=100)	172.2	177.0	179.9	184.0	188.8	194.1	199.3	203.8	208.8	213.3	218.2	222.9	227.6	232.3	237.1
% change	3.4	2.8	1.6	2.3	2.7	2.8	2.7	2.3	2.4	2.2	2.3	2.2	2.1	2.1	2.1
Retail Sales and Food Services (\$ billions)	3,372.4	3,475.9	3,564.4	3,754.8	4,029.5	4,166.6	4,343.1	4,567.1	4,808.5	5,024.9	5,225.0	5,430.4	5,637.9	5,849.3	6,069.5
% change	6.6	3.1	2.5	5.3	7.3	3.4	4.2	5.2	5.3	4.5	4.0	3.9	3.8	3.7	3.8
Personal Bankruptcies	1,218,789	1,452,154	1,539,273	1,625,107	1,563,233	1,437,156	1,409,764	1,443,037	1,433,544	1,485,714	1,558,106	1,584,664	1,600,134	1,615,606	1,633,645
% change	-4.9	19.1	6.0	5.6	-3.8	-8.1	-1.9	2.4	-0.7	3.6	4.9	1.7	1.0	1.0	1.1
Mortgage Originations (billions)	1,047.4	2,060.0	2,610.5	3,367.3	2,094.5	1,425.9	1,408.2	1,481.7	1,590.4	1,583.8	1,610.6	1,684.4	1,745.4	1,795.2	\$1,846.5
% change	-12.8	96.7	26.7	29.0	-37.8	-31.9	-1.2	5.2	7.3	-0.4	1.7	4.6	3.6	2.9	2.9
Housing Starts (millions)	1.57	1.60	1.71	1.85	1.94	1.96	1.82	1.56	1.58	1.65	1.64	1.65	1.70	1.75	1.76
% change	-4.5	1.8	6.8	8.3	4.7	1.0	-7.4	-14.2	1.6	4.2	-0.5	0.7	3.1	2.6	0.8
Median Price of Single-Family Homes (\$)	\$138,404	\$146,421	\$157,447	\$168,998	\$182,658	\$196,739	\$200,520	\$208,500	\$215,997	\$222,758	\$229,532	\$236,705	\$243,784	\$250,802	\$258,471
% change	4.1	5.8	7.5	7.3	8.1	7.7	1.9	4.0	3.6	3.1	3.0	3.1	3.0	2.9	3.1

Table 2: Wyoming Nonagricultural Wage & Salary Employment by Industry (NAICS)

(in thousands)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total	239.34	245.41	247.88	250.09	255.41	261.15	265.23	267.53	270.47	273.12	276.05	279.06	282.43	285.84	289.36
% change	2.8	2.5	1.0	0.9	2.1	2.2	1.6	0.9	1.1	1.0	1.1	1.1	1.2	1.2	1.2
Natural Resources & Mining	16.32	18.39	17.87	18.30	20.19	21.98	22.63	22.36	21.98	21.27	20.97	20.81	20.66	20.54	20.40
% change	7.0	12.7	-2.8	2.4	10.3	8.9	3.0	-1.2	-1.7	-3.2	-1.4	-0.7	-0.8	-0.6	-0.7
Construction	18.53	19.53	19.90	19.51	19.22	19.67	19.65	19.30	19.32	19.53	19.83	20.04	20.38	20.70	20.92
% change	4.2	5.4	1.9	-2.0	-1.5	2.3	-0.1	-1.8	0.1	1.1	1.5	1.1	1.7	1.5	1.1
Manufacturing	10.43	10.02	9.47	9.31	9.48	9.66	9.71	9.84	9.76	9.67	9.62	9.59	9.59	9.55	9.53
% change	1.7	-3.9	-5.5	-1.7	1.8	1.9	0.5	1.3	-0.8	-0.9	-0.6	-0.3	0.0	-0.4	-0.2
Wholesale Trade	6.37	6.87	7.02	6.95	7.36	7.61	7.78	7.96	8.10	8.23	8.45	8.59	8.69	8.79	8.89
% change	3.2	8.0	2.2	-1.0	5.9	3.3	2.3	2.2	1.8	1.6	2.6	1.8	1.2	1.2	1.1
Retail Trade	30.10	30.31	30.10	29.84	29.87	30.11	30.60	30.83	31.19	31.47	31.52	31.71	31.84	32.04	32.24
% change	3.3	0.7	-0.7	-0.9	0.1	0.8	1.6	0.7	1.2	0.9	0.2	0.6	0.4	0.6	0.6
Transp, Warehous., & Utilities	11.64	11.39	11.32	11.61	11.86	12.18	12.45	12.46	12.55	12.71	12.66	12.54	12.62	12.71	12.82
% change	2.4	-2.2	-0.6	2.6	2.2	2.6	2.2	0.1	0.8	1.3	-0.4	-0.9	0.6	0.8	0.9
Information	3.99	4.06	4.14	4.17	4.30	4.38	4.46	4.51	4.58	4.64	4.69	4.78	4.84	4.92	5.01
% change	1.1	1.8	1.9	0.7	3.3	1.8	1.9	1.1	1.4	1.5	0.9	2.1	1.2	1.5	1.8
Financial Activities	9.18	9.45	9.99	10.21	10.48	10.68	10.88	10.95	10.99	11.05	11.10	11.15	11.22	11.27	11.31
% change	0.2	3.0	5.7	2.1	2.6	2.0	1.8	0.7	0.4	0.5	0.5	0.4	0.6	0.5	0.4
Prof. & Business Services	14.71	15.69	15.57	15.50	15.27	15.69	16.16	16.42	16.68	16.89	17.13	17.35	17.61	17.84	18.13
% change	1.7	6.7	-0.7	-0.5	-1.5	2.8	3.0	1.6	1.6	1.2	1.4	1.3	1.5	1.3	1.6
Educ. & Health Services	18.23	19.27	19.88	20.81	21.55	22.16	22.86	23.57	24.62	25.80	27.02	28.13	29.22	30.33	31.48
% change	3.7	5.7	3.2	4.7	3.5	2.8	3.2	3.1	4.5	4.8	4.7	4.1	3.9	3.8	3.8
Leisure & Hospitality	29.96	29.68	30.28	30.76	31.44	32.25	32.89	33.50	34.16	34.75	35.30	35.85	36.53	37.08	37.75
% change	1.2	-0.9	2.0	1.6	2.2	2.6	2.0	1.9	2.0	1.7	1.6	1.6	1.9	1.5	1.8
Other Services	9.14	9.27	9.64	9.63	9.78	9.88	10.01	10.11	10.36	10.50	10.63	10.81	11.01	11.23	11.41
% change	4.5	1.4	4.0	-0.2	1.6	1.0	1.3	1.0	2.4	1.3	1.3	1.7	1.8	2.1	1.6
Government	60.75	61.48	62.67	63.49	64.59	64.90	65.16	65.73	66.17	66.61	67.13	67.70	68.23	68.83	69.46
% change	2.2	1.2	1.9	1.3	1.7	0.5	0.4	0.9	0.7	0.7	0.8	0.8	0.8	0.9	0.9
Federal	7.47	7.35	7.52	7.61	7.58	7.54	7.50	7.49	7.48	7.45	7.43	7.41	7.40	7.39	7.37
% change	4.2	-1.6	2.3	1.2	-0.4	-0.5	-0.4	-0.2	-0.2	-0.3	-0.3	-0.3	-0.1	-0.2	-0.2
State	13.68	14.03	14.49	14.80	15.46	15.51	15.54	15.66	15.73	15.88	16.00	16.12	16.29	16.42	16.54
% change	1.3	2.5	3.3	2.1	4.5	0.3	0.2	0.7	0.5	1.0	0.7	0.8	1.0	0.8	0.8
Local	39.60	40.11	40.66	41.09	41.55	41.86	42.11	42.58	42.96	43.27	43.71	44.17	44.53	45.03	45.55
% change	2.1	1.3	1.4	1.1	1.1	0.7	0.6	1.1	0.9	0.7	1.0	1.1	0.8	1.1	1.1

Table 3. Wyoming Population and Demographics

(in thousands)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Population	494.00	494.12	499.19	502.11	506.53	510.52	513.27	514.79	517.74	521.17	523.92	526.66	529.93	532.81	536.07
% change	0.4	0.0	1.0	0.6	0.9	0.8	0.5	0.3	0.6	0.7	0.5	0.5	0.6	0.5	0.6
Population: 00-04	30.95	30.38	30.83	30.83	30.87	31.21	31.92	32.04	32.23	32.32	32.44	32.53	32.68	32.75	32.76
% change	1.0	-1.8	1.5	0.0	0.1	1.1	2.3	0.4	0.6	0.3	0.4	0.3	0.5	0.2	0.0
Population: 05-19	114.46	110.58	109.23	105.96	102.66	101.51	100.56	100.32	100.38	100.64	100.82	100.95	101.12	101.27	101.37
% change	-1.5	-3.4	-1.2	-3.0	-3.1	-1.1	-0.9	-0.2	0.1	0.3	0.2	0.1	0.2	0.1	0.1
Population: 20-24	33.47	35.90	37.74	39.38	40.63	39.76	38.85	38.18	37.70	37.58	37.23	37.11	37.05	36.95	37.00
% change	0.3	7.3	5.1	4.3	3.2	-2.1	-2.3	-1.7	-1.3	-0.3	-0.9	-0.3	-0.1	-0.3	0.1
Population: 25-44	138.68	134.51	132.37	130.81	130.45	131.35	131.99	131.49	131.56	132.26	132.80	133.26	133.85	134.48	134.98
% change	-0.2	-3.0	-1.6	-1.2	-0.3	0.7	0.5	-0.4	0.1	0.5	0.4	0.3	0.4	0.5	0.4
Population: 45-64	118.72	124.20	129.85	134.98	140.80	144.09	146.08	147.73	149.01	149.77	150.36	150.84	149.95	149.20	148.50
% change	2.3	4.6	4.6	3.9	4.3	2.3	1.4	1.1	0.9	0.5	0.4	0.3	-0.6	-0.5	-0.5
Population: 65 & over	57.72	58.55	59.17	60.15	61.11	62.60	63.86	65.03	66.87	68.60	70.26	71.98	75.28	78.17	81.47
% change	1.4	1.4	1.1	1.6	1.6	2.4	2.0	1.8	2.8	2.6	2.4	2.4	4.6	3.8	4.2
Net Migration	-0.43	-1.44	2.49	0.37	1.98	1.55	-0.55	-1.01	1.03	0.93	0.34	0.67	0.79	0.71	1.01
% change	-77.0	233.7	273.0	-85.0	431.0	-21.6	-135.1	-85.2	202.0	-9.8	-63.3	96.3	17.4	-9.3	42.1
Households	193.64	193.94	196.81	198.74	201.04	202.99	204.23	205.36	207.55	209.35	211.15	213.49	215.54	217.23	219.33
% change	0.5	0.2	1.5	1.0	1.2	1.0	0.6	0.6	1.1	0.9	0.9	1.1	1.0	0.8	1.0

Table 4. Wyoming Labor Force and Unemployment

(Thousands)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Civilian Labor Force	266.86	270.21	272.52	277.40	281.85	285.53	287.26	288.89	291.44	294.33	297.04	299.48	301.93	303.94	305.81
% change	0.8	1.3	0.9	1.8	1.6	1.3	0.6	0.6	0.9	1.0	0.9	0.8	0.8	0.7	0.6
Number Employed	256.62	259.75	261.36	265.20	270.81	275.33	277.10	278.43	281.00	283.71	286.19	288.84	291.49	293.21	295.21
% change	1.9	1.2	0.6	1.5	2.1	1.7	0.6	0.5	0.9	1.0	0.9	0.9	0.9	0.6	0.7
Number Unemployed	10.25	10.46	11.16	12.20	11.04	10.20	10.15	10.46	10.44	10.62	10.85	10.64	10.44	10.74	10.61
% change	-20.3	2.1	6.7	9.3	-9.5	-7.6	-0.4	3.0	-0.2	1.7	2.2	-1.9	-1.9	2.8	-1.2
Unemployment Rate (%)	3.8	3.9	4.1	4.4	3.9	3.6	3.5	3.6	3.6	3.6	3.7	3.6	3.5	3.5	3.5

Table 5. Wyoming Personal Income and Earnings

(Millions of Dollars unless noted.)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Personal Income	14,063.06	14,972.09	15,535.93	16,284.85	17,379.25	18,501.78	19,244.55	19,974.03	20,780.63	21,556.79	22,396.25	23,281.34	24,166.24	25,089.85	26,064.03
% change	7.8	6.5	3.8	4.8	6.7	6.5	4.0	3.8	4.0	3.7	3.9	4.0	3.8	3.8	3.9
Real Personal Income (2000 Dollars)	14,062.80	14,650.81	14,982.41	15,403.39	16,061.04	16,695.89	16,980.74	17,283.08	17,653.20	17,970.77	18,311.51	18,659.95	18,990.68	19,374.84	19,736.73
% change	5.1	4.2	2.3	2.8	4.3	4.0	1.7	1.8	2.1	1.8	1.9	1.9	1.8	2.0	1.9
Population (Thousands)	494.00	494.12	499.19	502.11	506.53	510.52	513.27	514.79	517.74	521.17	523.92	526.66	529.93	532.81	536.07
% change	0.4	0.0	1.0	0.6	0.9	0.8	0.5	0.3	0.6	0.7	0.5	0.5	0.6	0.5	0.6
Per Capita Personal Income (Dollars)	28,468	30,301	31,122	32,433	34,310	36,241	37,494	38,800	40,137	41,362	42,748	44,205	45,603	47,089	48,620
% change	7.4	6.4	2.7	4.2	5.8	5.6	3.5	3.5	3.4	3.1	3.3	3.4	3.2	3.3	3.3
Real Per Capita Pers Income (2000 Dollars)	28,467	29,650	30,013	30,677	31,708	32,704	33,083	33,573	34,096	34,481	34,951	35,431	35,836	36,363	36,817
% change	4.8	4.2	1.2	2.2	3.4	3.1	1.2	1.5	1.6	1.1	1.4	1.4	1.1	1.5	1.2
Median Household Income (Dollars)	39,329	39,719	41,563	43,255	44,790	46,182	47,512	48,952	50,356	51,756	53,186	54,722	56,217	57,816	59,442
% change	4.3	1.0	4.6	4.1	3.5	3.1	2.9	3.0	2.9	2.8	2.8	2.9	2.7	2.8	2.8

Derivation of Total Pers Income:	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Earnings by Place of Work	9,691.67	10,519.58	10,942.99	11,664.95	12,521.25	13,498.63	14,124.66	14,674.41	15,306.98	15,894.33	16,507.46	17,197.93	17,898.02	18,614.26	19,381.35
% change	7.4	8.5	4.0	6.6	7.3	7.8	4.6	3.9	4.3	3.8	3.9	4.2	4.1	4.0	4.1
less: Contributions for Social Insurance	1,050.84	1,131.62	1,178.49	1,230.24	1,328.25	1,420.55	1,480.20	1,540.57	1,606.04	1,670.48	1,739.06	1,808.20	1,878.71	1,952.86	2,027.33
% change	5.3	7.7	4.1	4.4	8.0	6.9	4.2	4.1	4.3	4.0	4.1	4.0	3.9	3.9	3.8
plus: Residence Adjustment	12.58	5.72	4.27	3.22	2.00	3.94	7.32	9.71	10.13	10.53	10.92	11.33	11.75	12.17	12.62
% change	142.9	-54.5	-25.4	-24.5	-37.9	97.2	85.6	32.6	4.3	4.0	3.7	3.7	3.7	3.6	3.7
equals: Net Earnings by Place of Residence	8,653.41	9,393.69	9,768.77	10,437.92	11,195.00	12,082.02	12,651.78	13,143.55	13,711.06	14,234.39	14,779.32	15,401.06	16,031.06	16,673.57	17,366.63
% change	7.8	8.6	4.0	6.8	7.3	7.9	4.7	3.9	4.3	3.8	3.8	4.2	4.1	4.0	4.2
plus: Dividends, Interest & Rents	3,706.11	3,732.63	3,779.61	3,732.71	3,945.50	4,008.17	4,061.00	4,181.90	4,295.45	4,426.85	4,560.75	4,690.62	4,820.07	4,950.51	5,085.51
% change	7.8	0.7	1.3	-1.2	5.7	1.6	1.3	3.0	2.7	3.1	3.0	2.8	2.8	2.7	2.7
plus: Transfer Payments*	1,703.54	1,845.77	1,987.55	2,114.22	2,238.75	2,411.59	2,531.78	2,648.58	2,774.13	2,895.55	3,056.17	3,189.67	3,315.11	3,465.78	3,611.89
% change	7.6	8.3	7.7	6.4	5.9	7.7	5.0	4.6	4.7	4.4	5.5	4.4	3.9	4.5	4.2

Components of Earnings:	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Wages & Salaries	6,763.30	7,225.72	7,547.83	7,880.55	8,418.25	9,017.69	9,442.04	9,827.38	10,296.93	10,709.39	11,151.47	11,645.89	12,135.56	12,632.90	13,160.77
% change	6.8	6.8	4.5	4.4	6.8	7.1	4.7	4.1	4.8	4.0	4.1	4.4	4.2	4.1	4.2
Supplements to Wages and Salaries**	1,422.30	1,537.95	1,692.64	1,853.96	2,057.50	2,237.05	2,327.21	2,390.55	2,440.39	2,503.37	2,569.56	2,658.01	2,758.21	2,858.55	2,972.08
% change	7.8	8.1	10.1	9.5	11.0	8.7	4.0	2.7	2.1	2.6	2.6	3.4	3.8	3.6	4.0
Proprietors Income	1,506.07	1,755.91	1,702.52	1,930.44	2,045.50	2,243.89	2,355.41	2,456.49	2,569.66	2,681.58	2,786.44	2,894.03	3,004.26	3,122.82	3,248.50
% change	10.0	16.6	-3.0	13.4	6.0	9.7	5.0	4.3	4.6	4.4	3.9	3.9	3.8	3.9	4.0

* Transfer Payments mainly include social security, disability, medicare and medicaid, and other income maintenance payments.

**Supplements to Wages and Salaries includes employer contributions for employee pension and insurance funds, and for government social insurance.