



**Spears School
OF BUSINESS**

2013 Payne County Economic Outlook

by Dan Rickman

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Electric Services Chair in Regional Economic Analysis

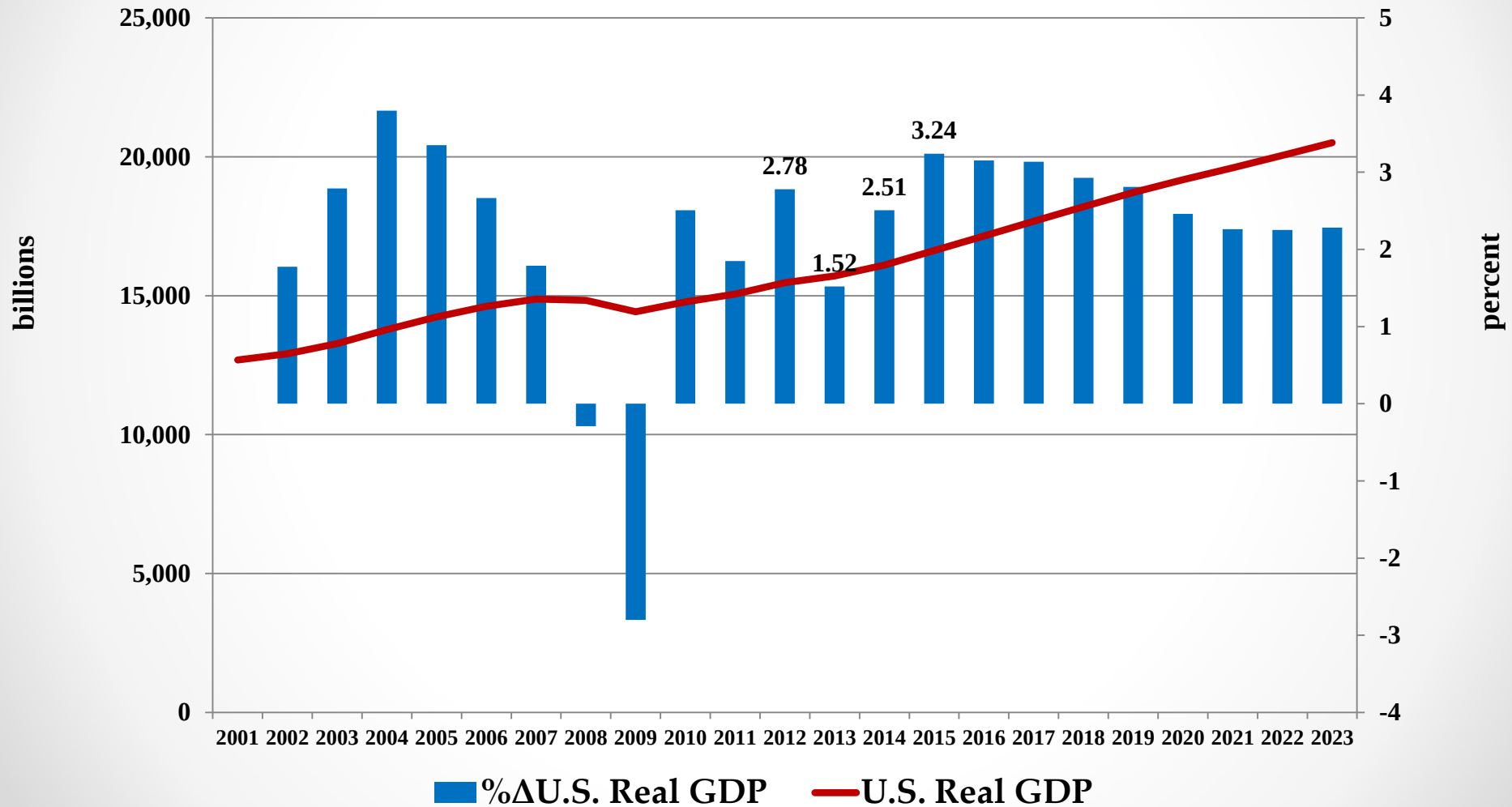


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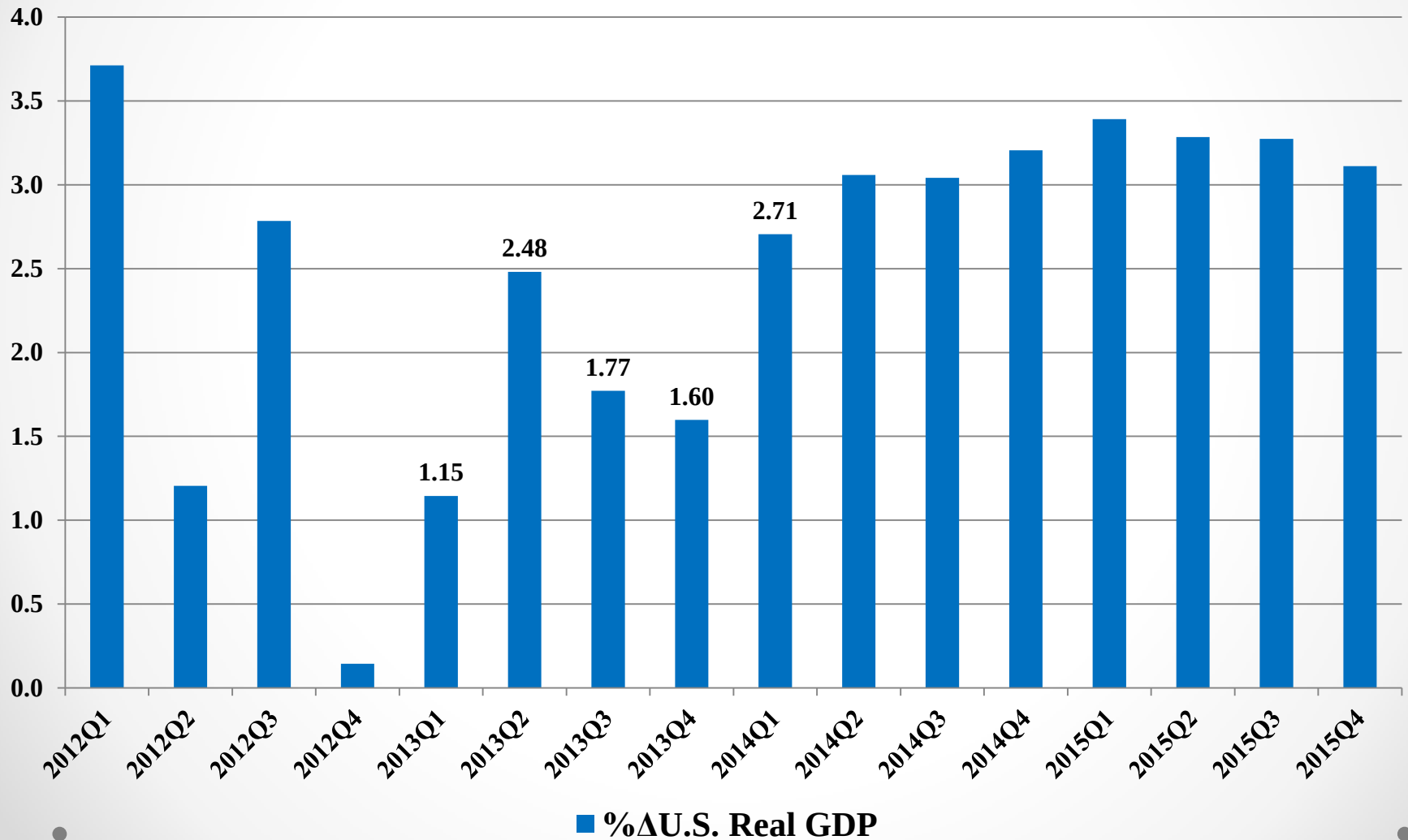
**Center for Applied
Economic Research**

<http://economy.okstate.edu/>

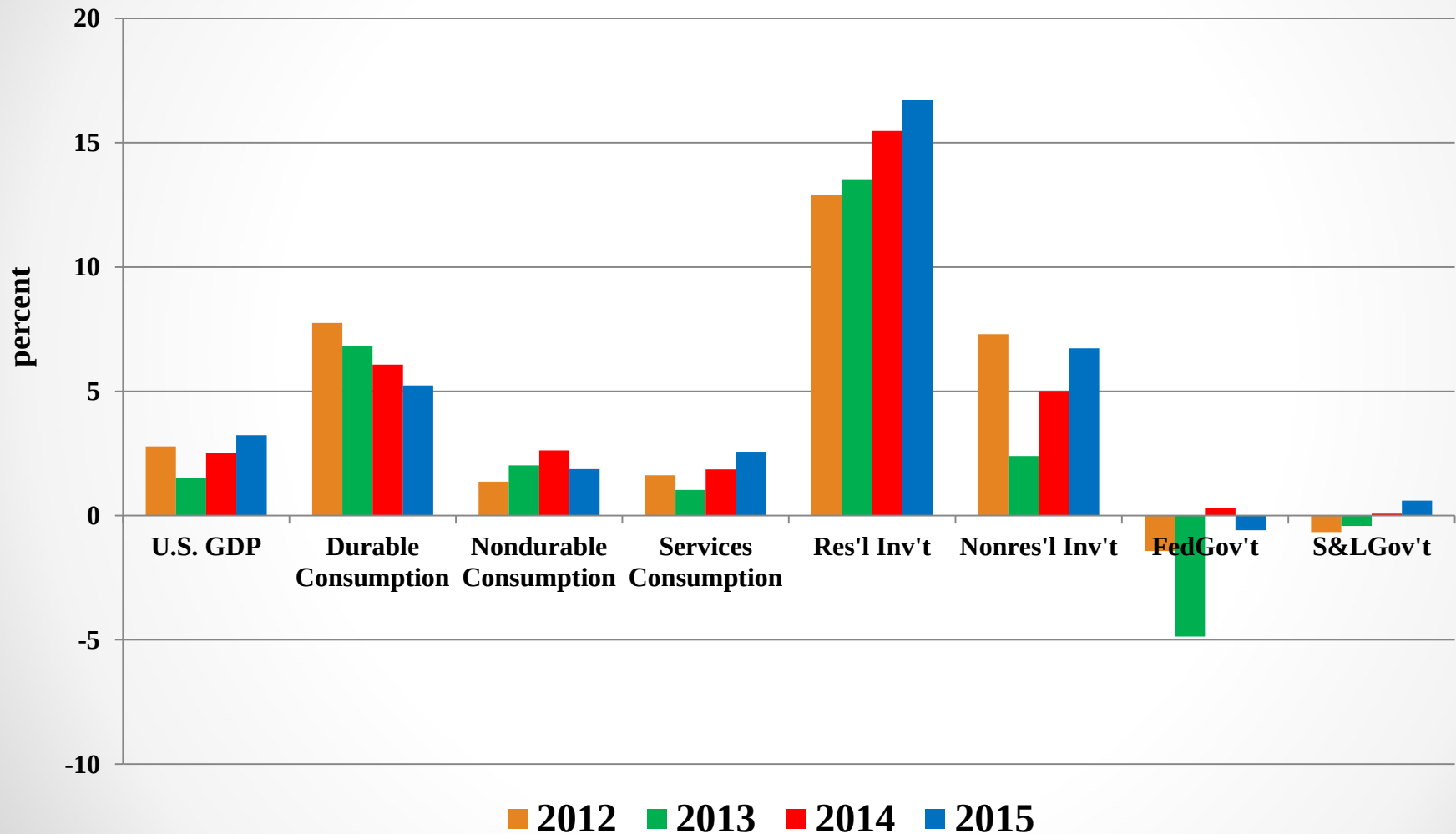
U.S. Real Gross Domestic Product (\$2005): IHS Global Insight Forecast



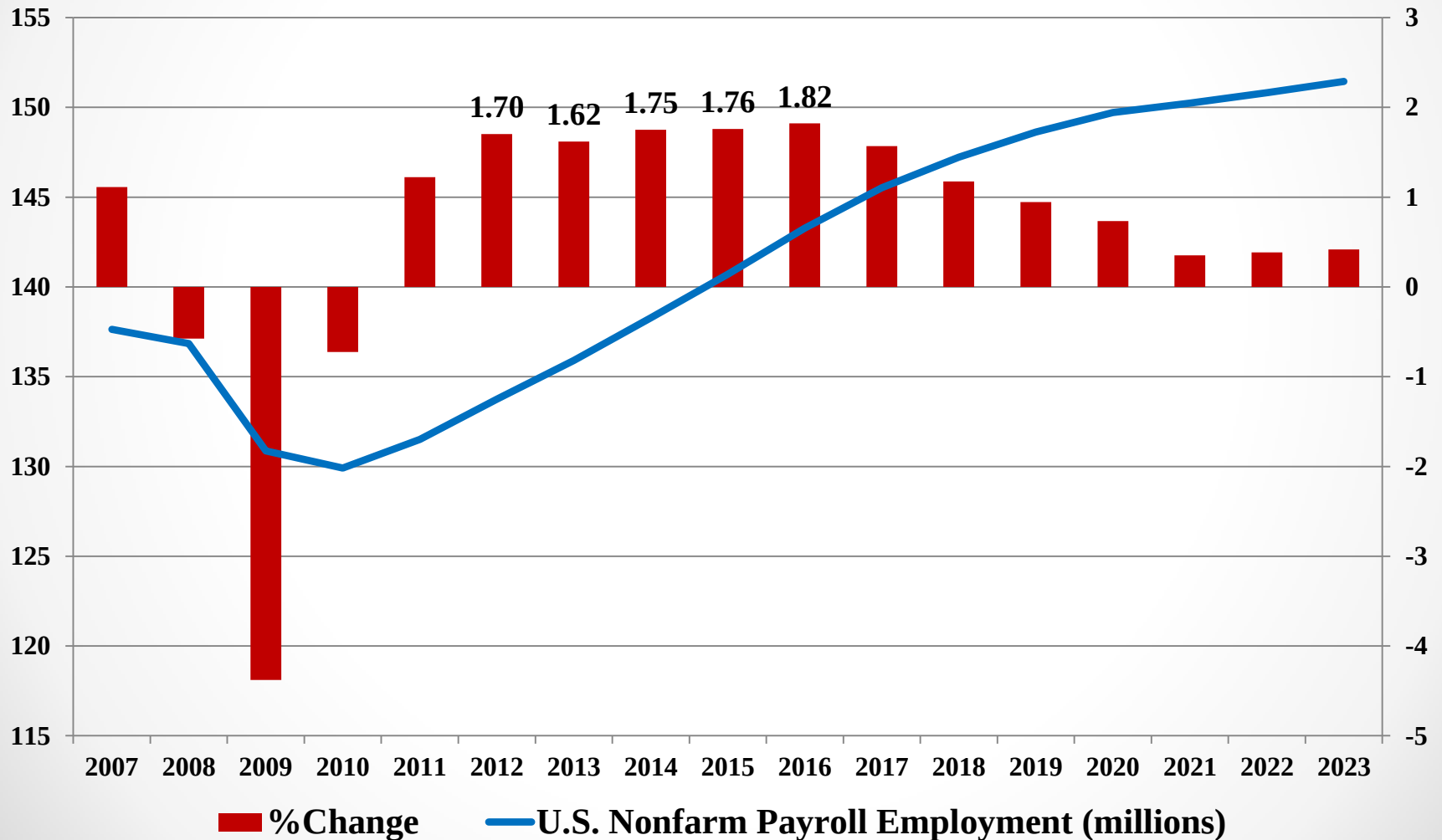
Quarterly U.S. Real GDP Growth (% Annualized Growth Rates)



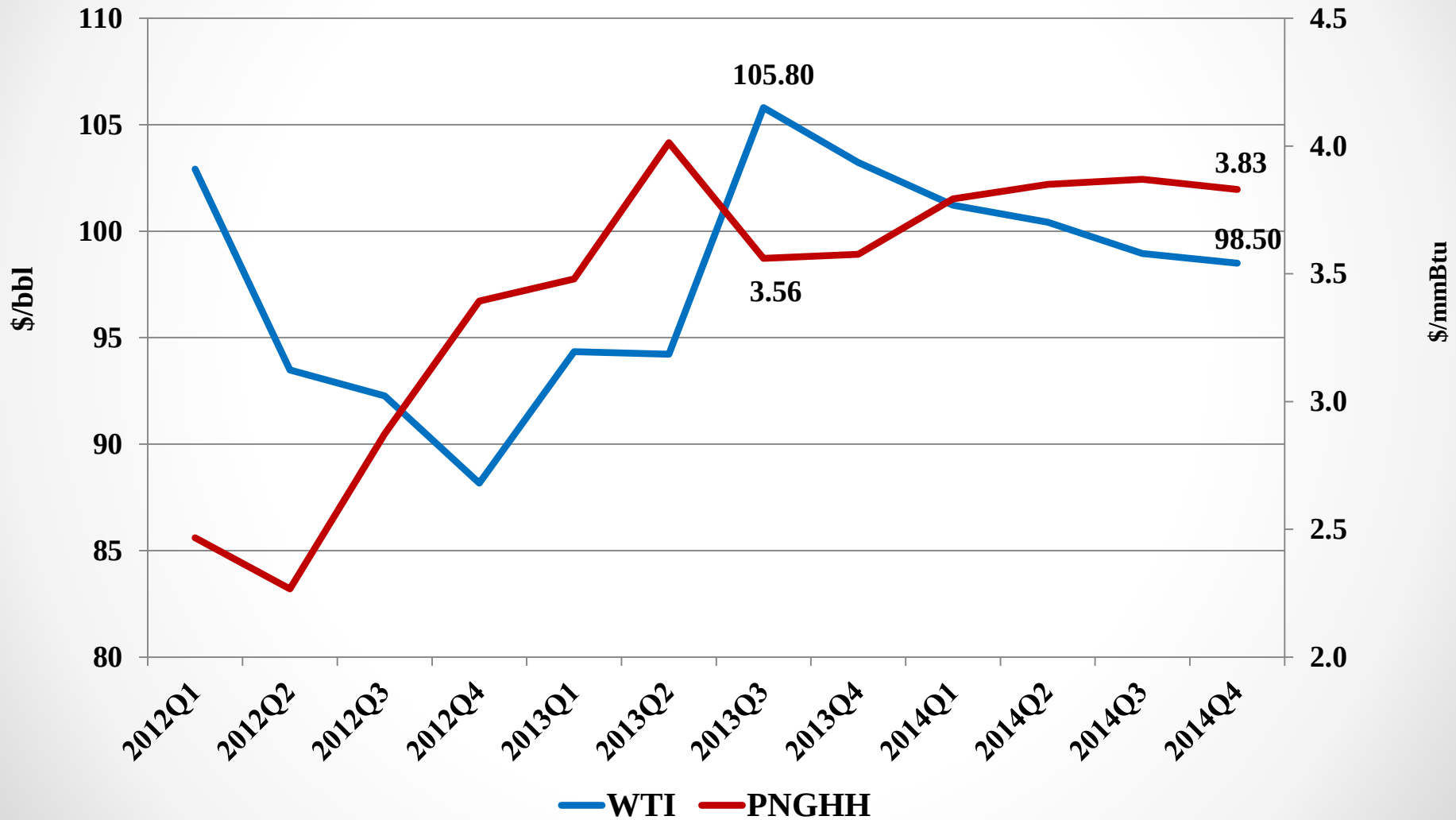
Annual U.S. Real GDP Component Growth



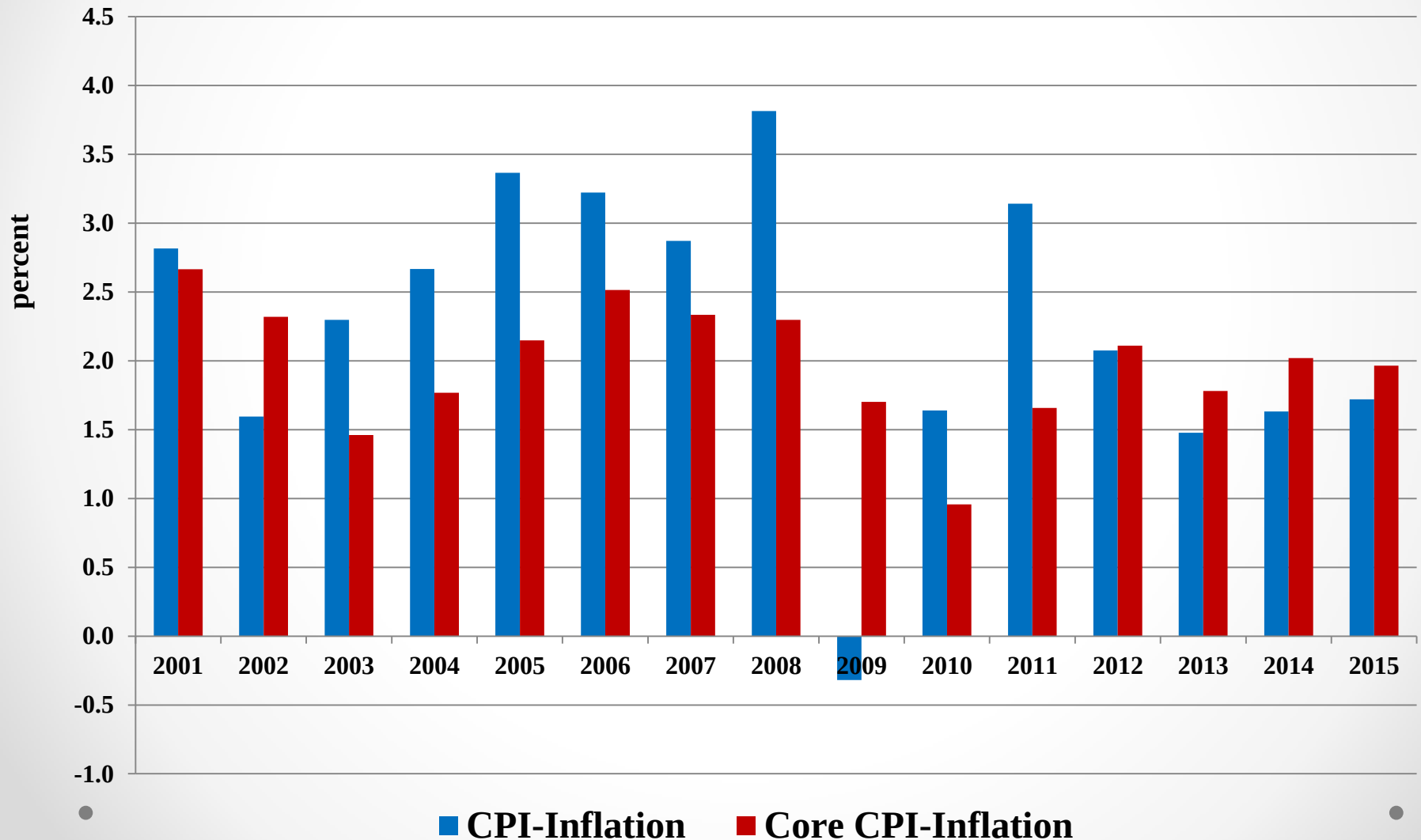
U.S. Employment Growth (IHS Global Insight, Inc.)



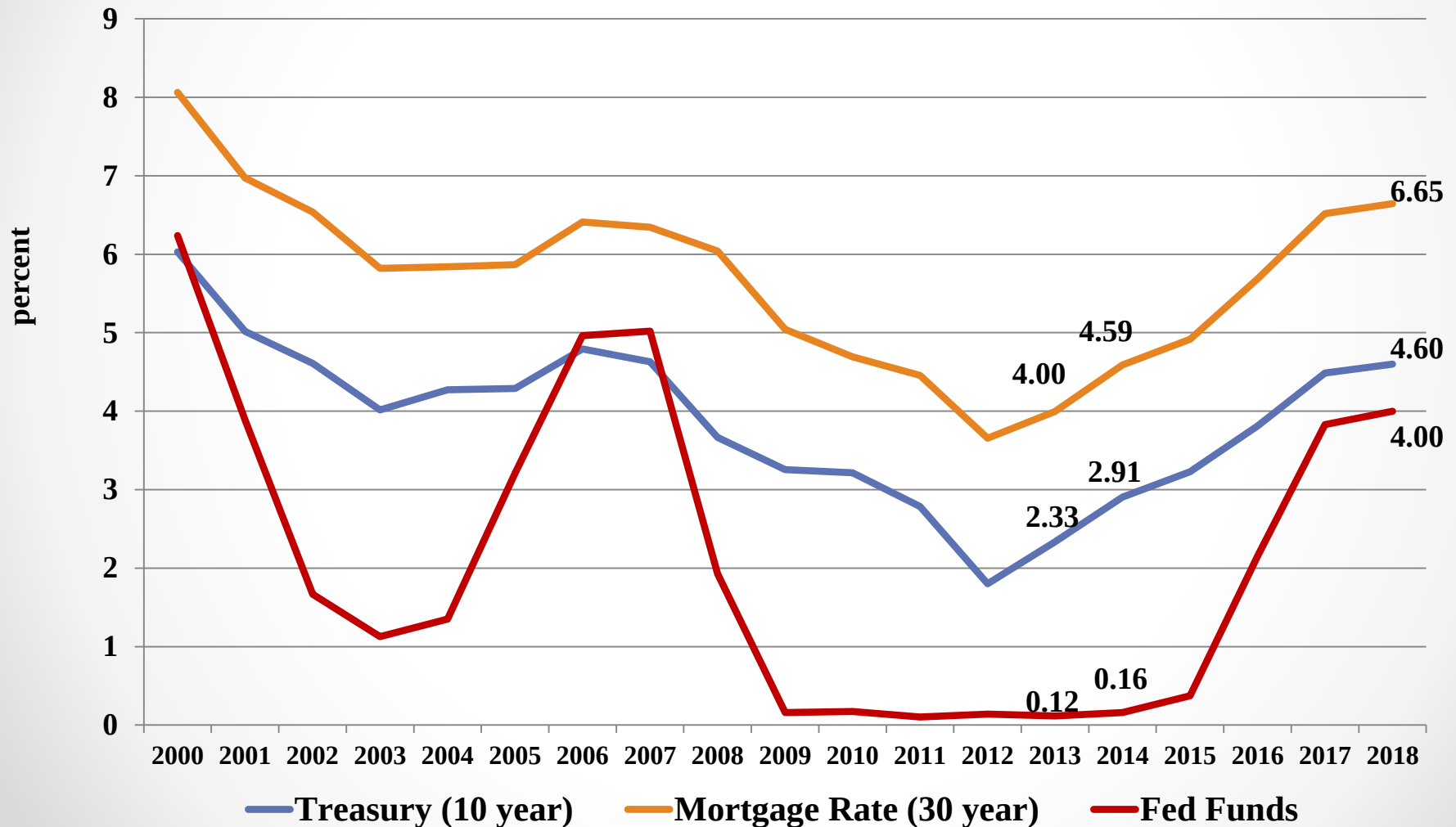
Energy Prices (IHS Global Insight, Inc.): West Texas Intermediate Oil and Henry Hub Natural Gas



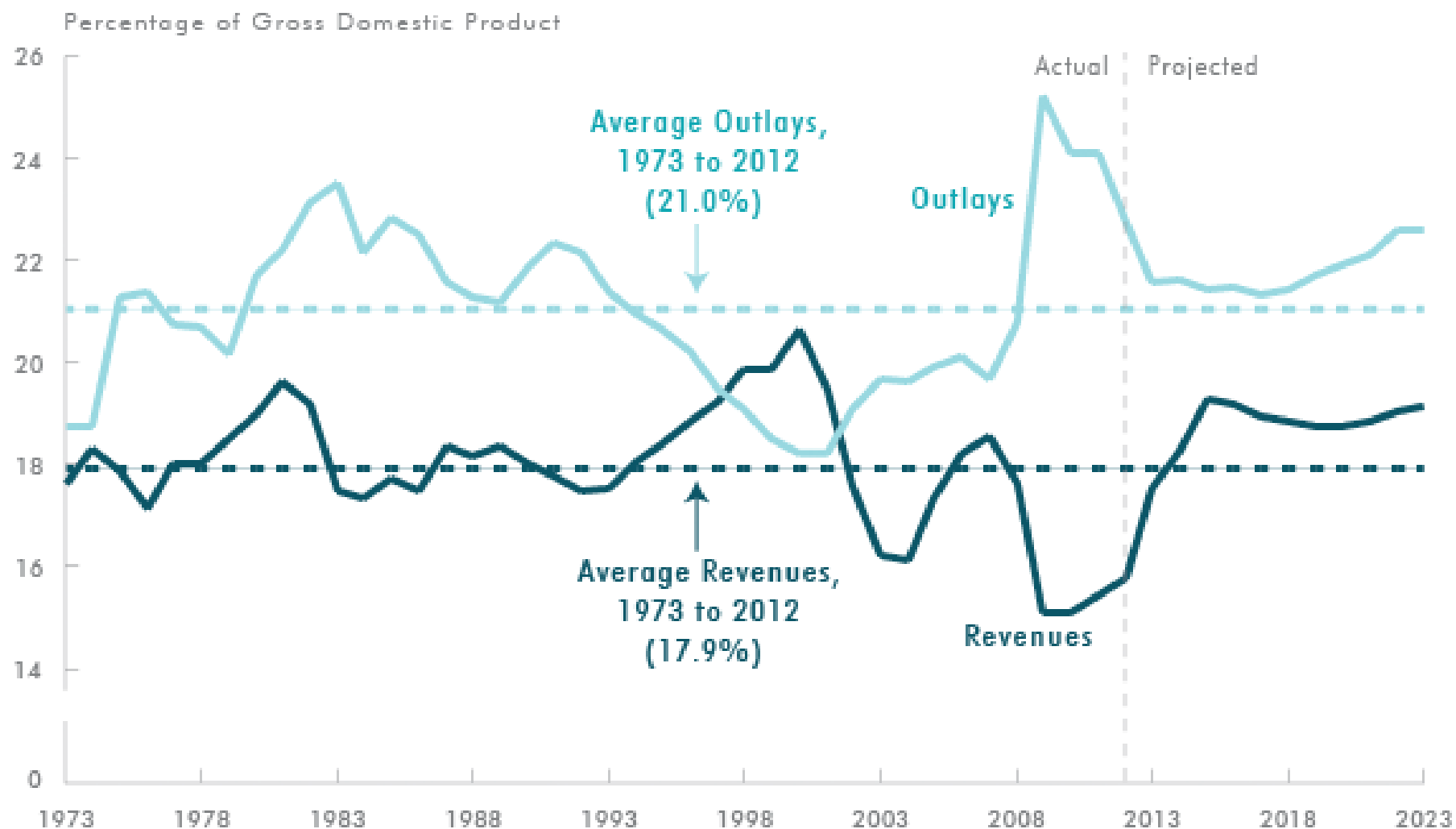
U.S. Price Inflation (Consumer Price Index)



Interest Rates (IHS Global Insight, Inc.)



Total Revenues and Outlays

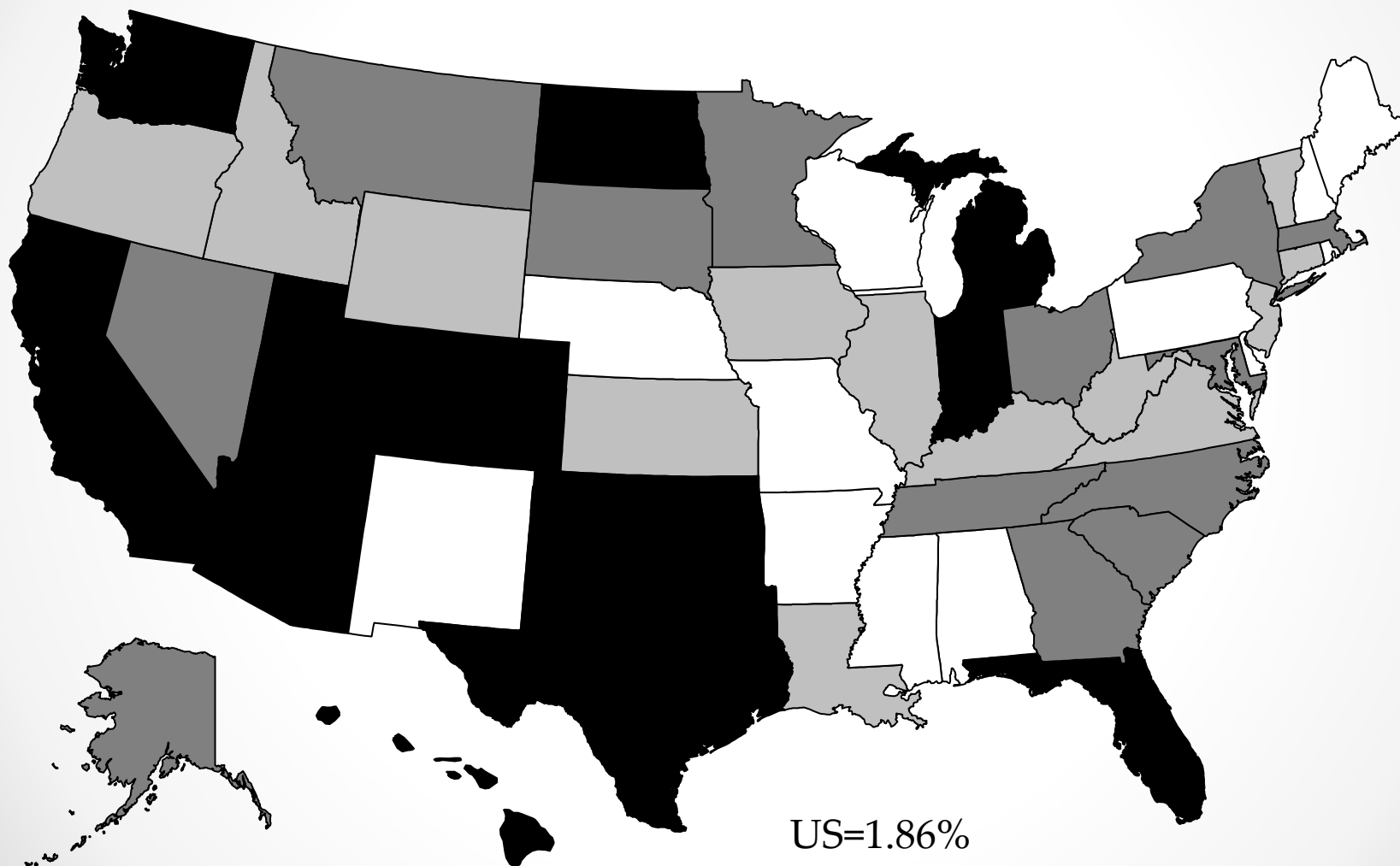


Forecast Risks (IHS Global Insight, Inc.)

- Uncertainty over federal fiscal policy, leading to depressed confidence and spending by consumers and businesses
 - we have a long-term debt problem with entitlement spending and permanence of most Bush tax cuts, not a short-term problem
- Risk of further slowing of growth in developing countries: Brazil, China and India
- Additional financial problems in the Eurozone, Greece exiting
- The risks combined, contribute to a 20 percent probability of the recovery stalling

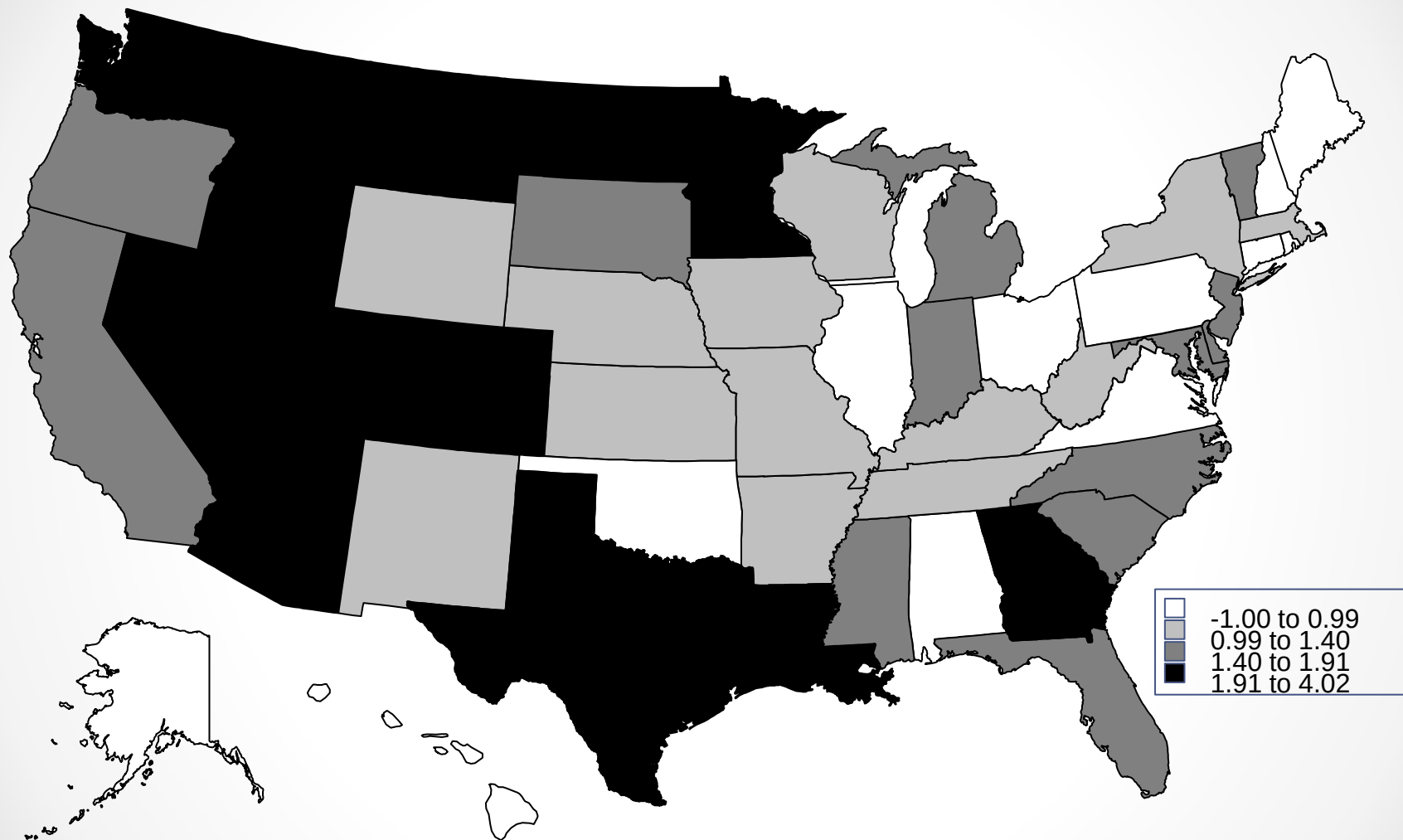
State Total Employment Growth 2011-2012

(U.S. Bureau of Economic Analysis)



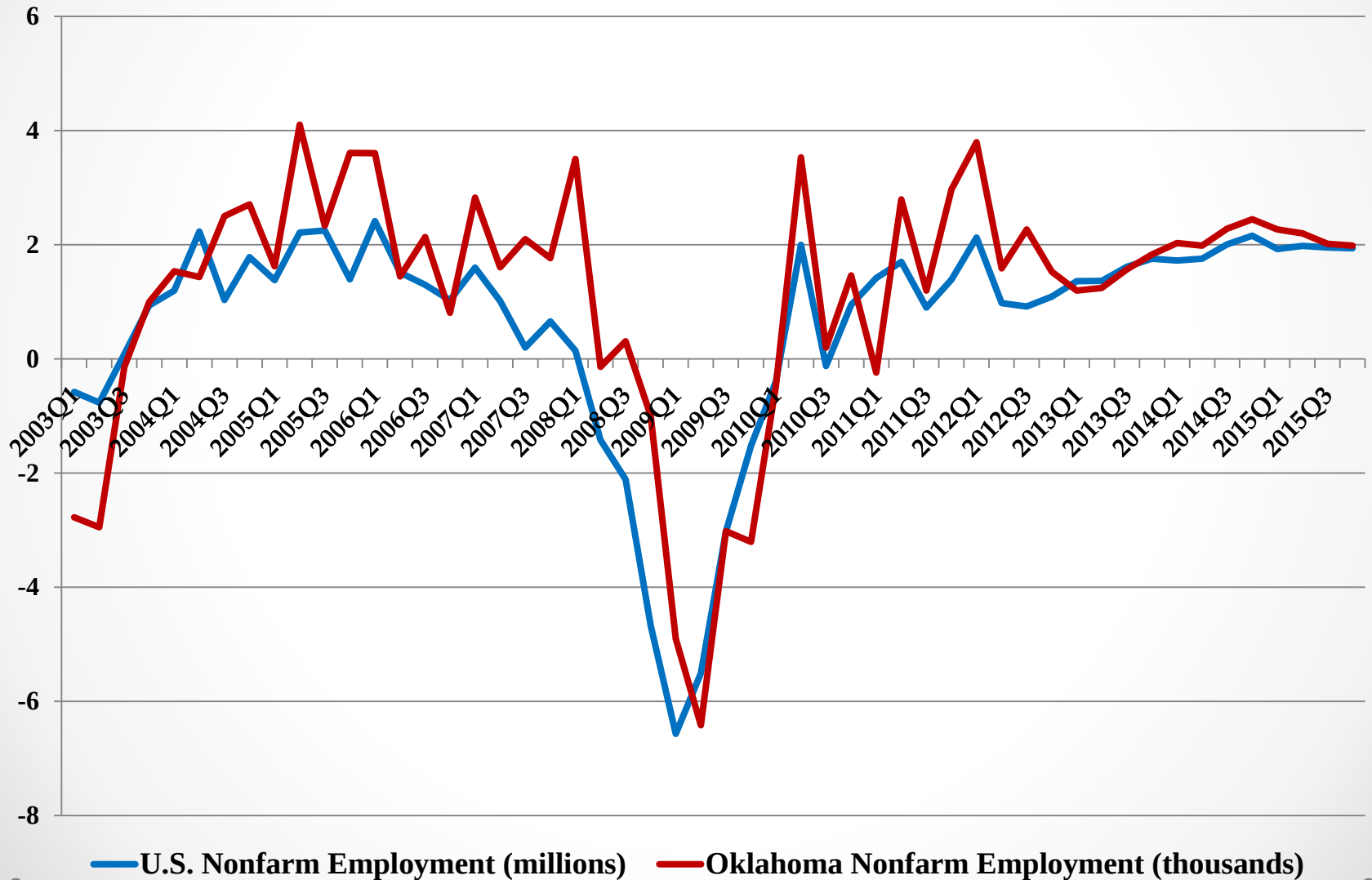
US=1.86%
OK=2.2%

State Total Nonfarm Employment Growth August 2012-2013 (U.S. Bureau of Labor Statistics)

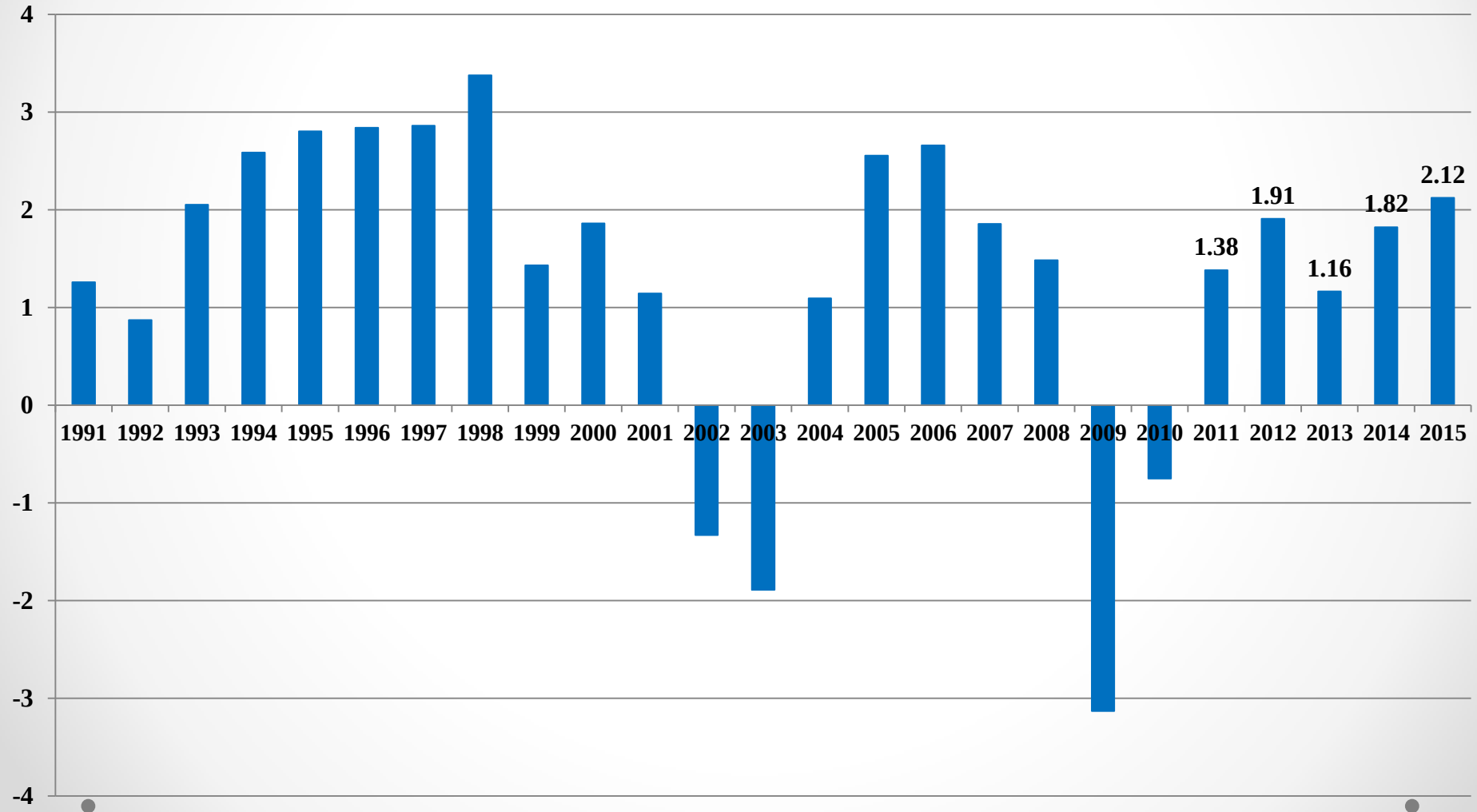


US=1.65%
OK=0.61%

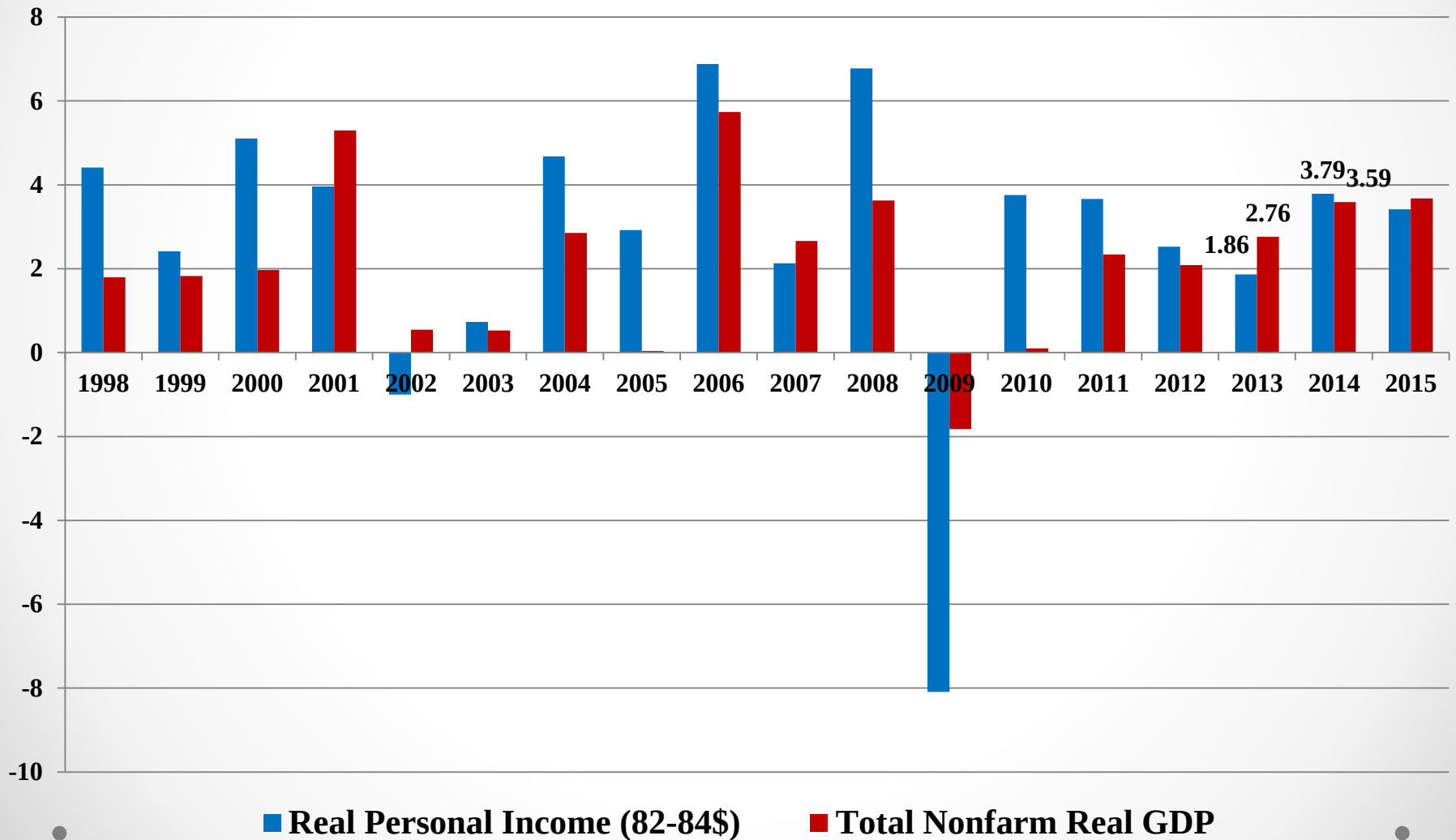
Quarterly U.S. and Oklahoma Nonfarm Employment Growth: (Seasonally-Adjusted Annualized Percent Change)



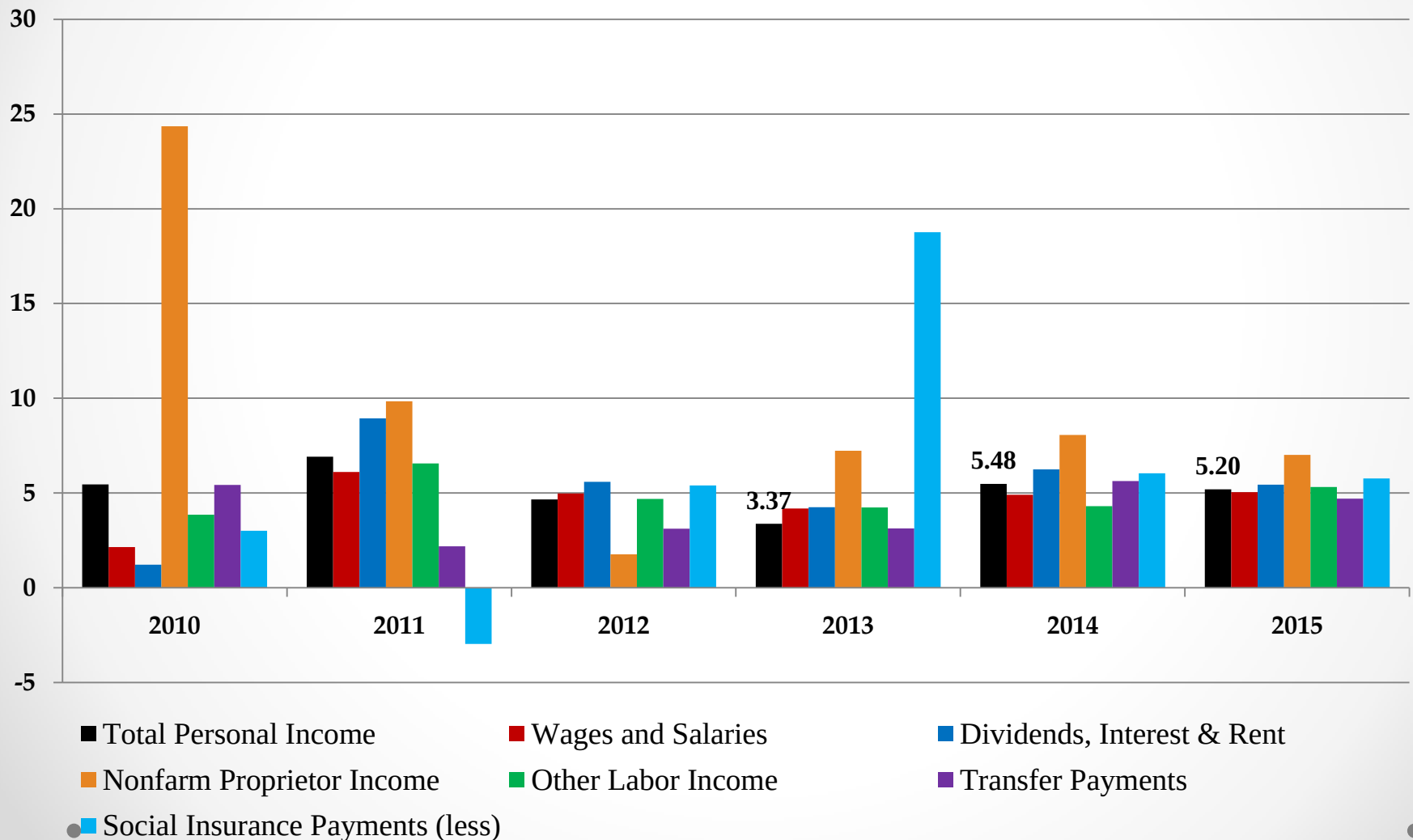
Oklahoma Annual Nonfarm Employment Growth (%)



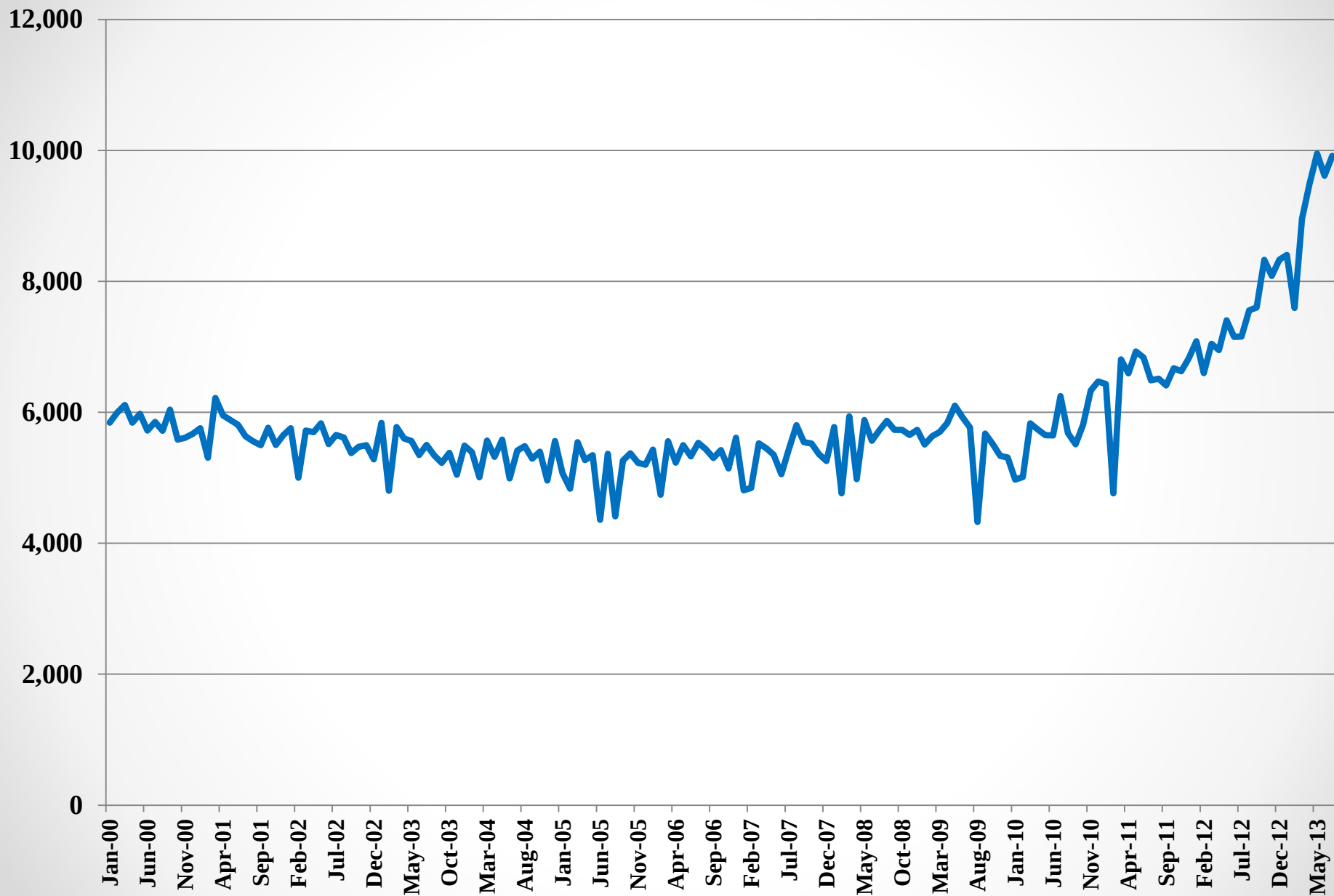
Oklahoma Annual Real Personal Income and GDP Growth (%)



Oklahoma Annual Real Personal Income Component Growth (%)

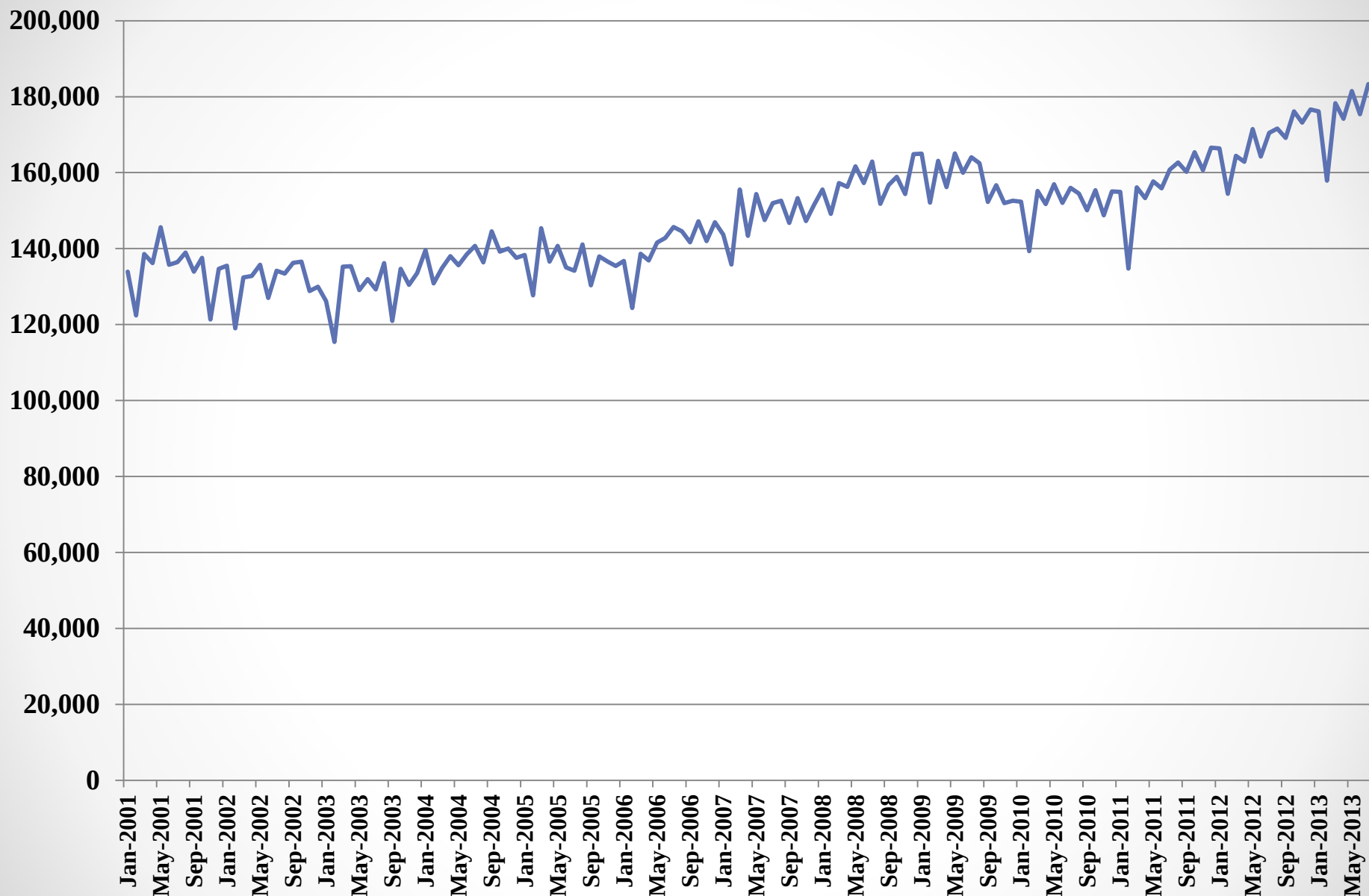


Oklahoma Crude Oil Production (thousands of barrels)



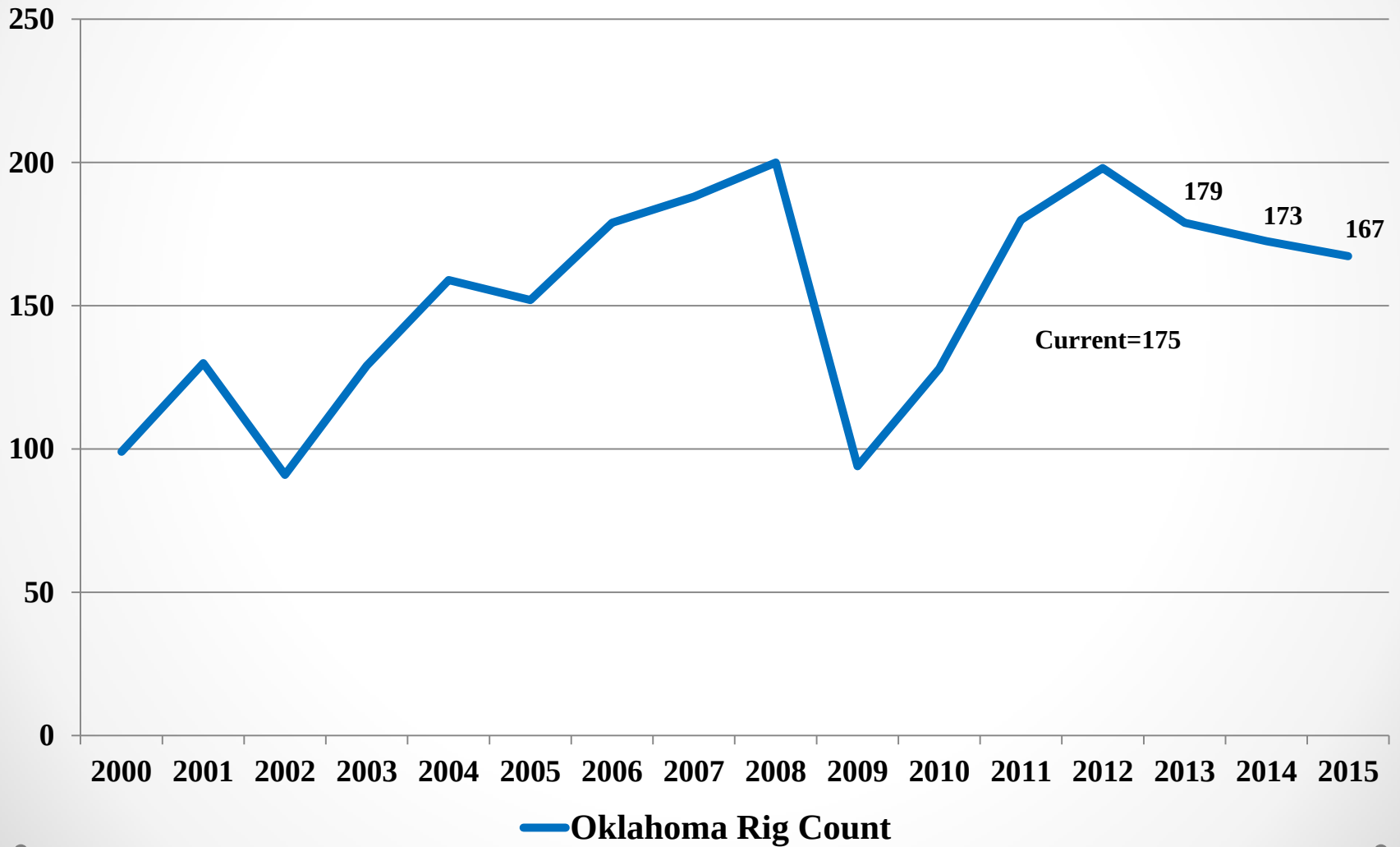
— Oklahoma Crude Oil Production (thousands of barrels)

Oklahoma Natural Gas Gross Withdrawals (MMcf)

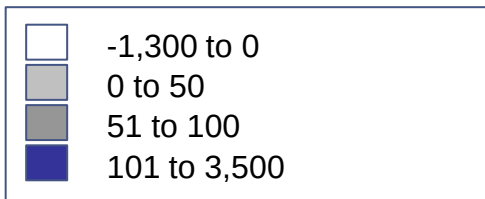
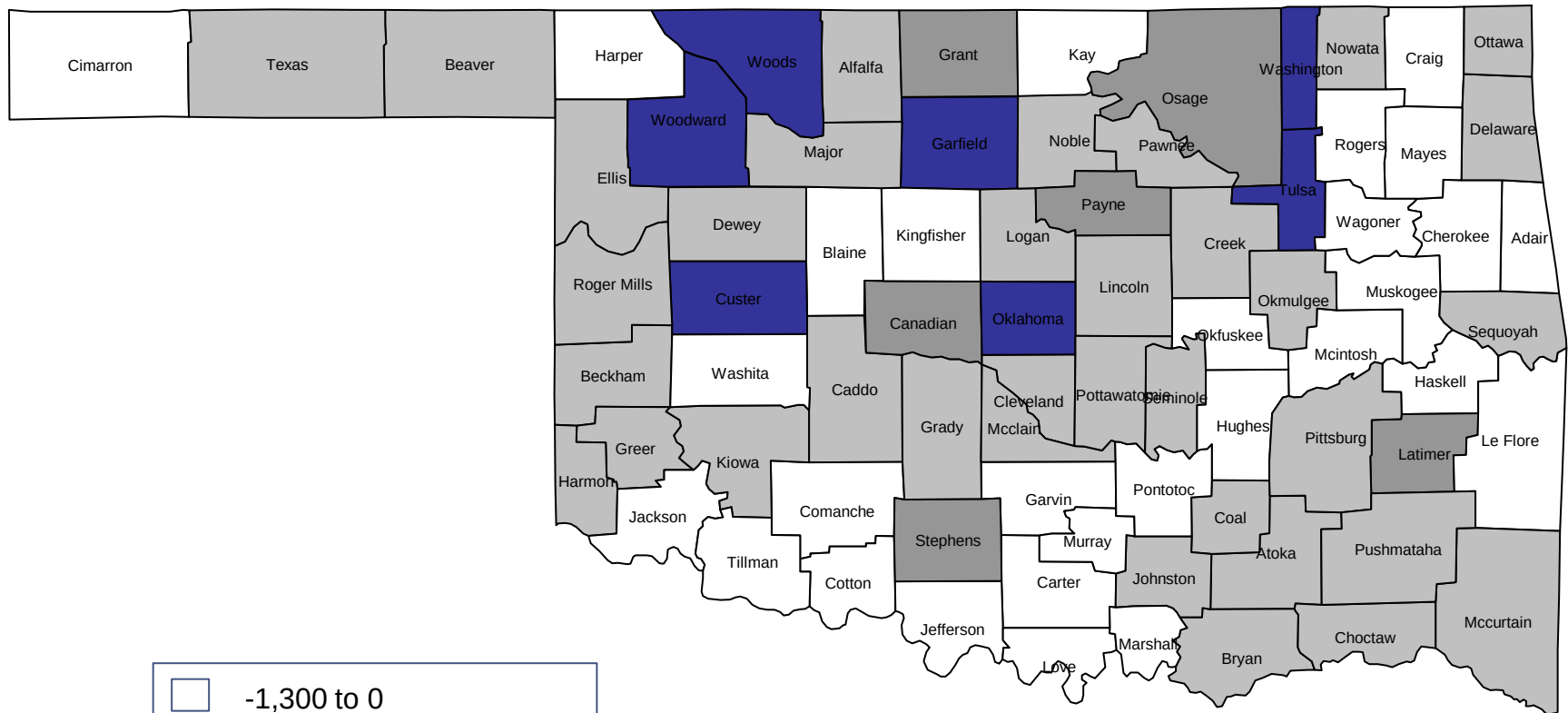


— Oklahoma Natural Gas Gross Withdrawals (MMcf)

Oklahoma Baker Hughes Rig Count

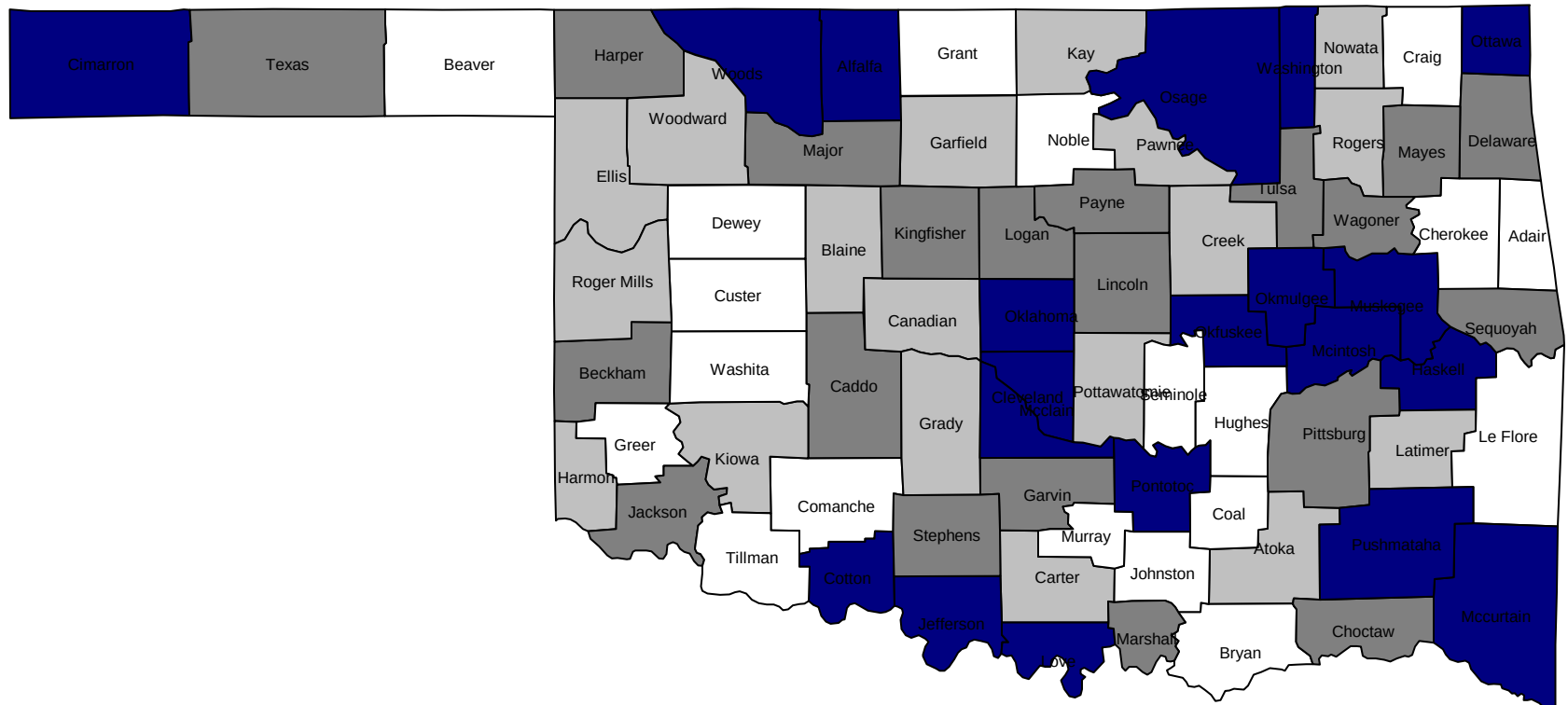


Change in Oil and Gas Jobs: ave(2010:2011)-ave(2001:2009)

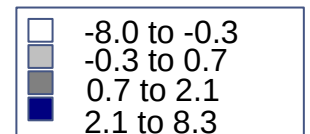


**Data Source: Economic Modeling Specialists
International (EMSI)**

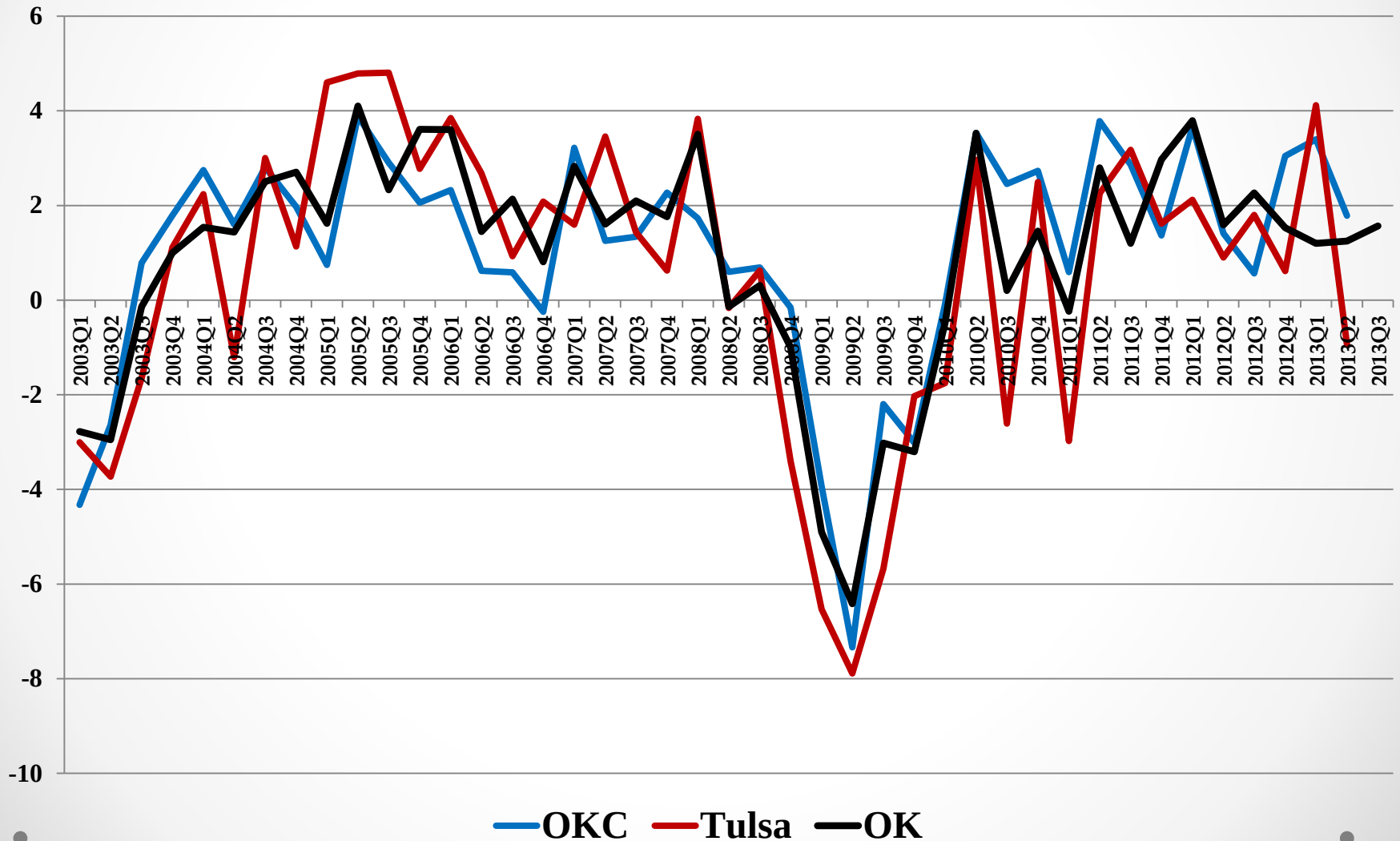
Change in Poverty Rate: 2007-2011



Payne=1.6%; OK=1.5%; US=2.9%



Oklahoma City and Tulsa Quarterly Employment Growth (Deseasonalized, Annualized Percent Growth)



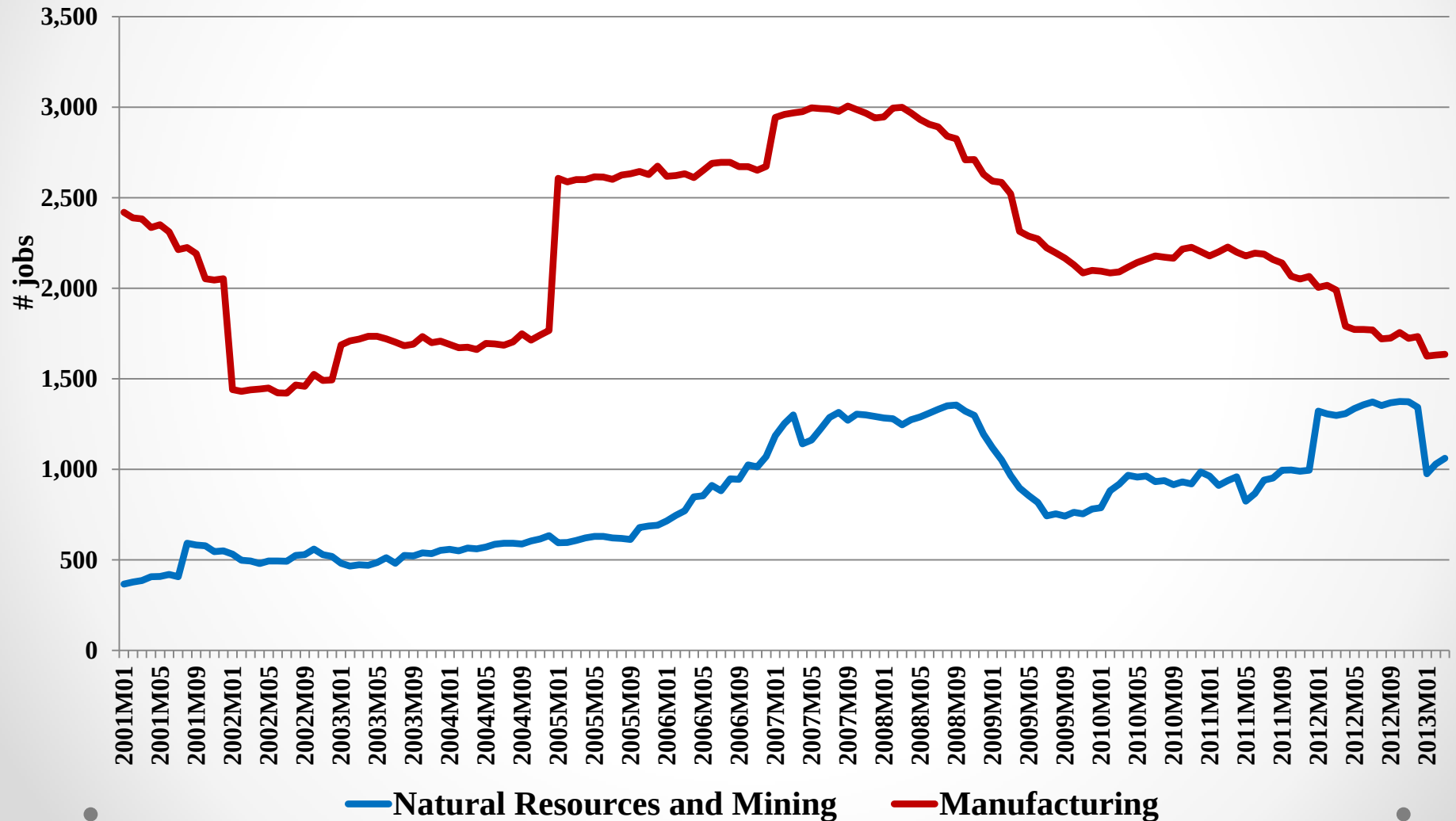
Micropolitan Area 2010-2011 BEA Per Capita Income Growth

Micropolitan Area	2010-2011
1 Williston, ND	48.20
2 Huron, SD	18.86
3 Aberdeen, SD	17.83
4 Dickinson, ND	16.29
5 Woodward, OK	15.88
15 Elk City, OK	11.42
Weatherford, OK	11.23
Duncan, OK	9.16
Guymon, OK	8.44
Bartlesville, OK	6.48
Enid, OK	6.37
Ada, OK	6.33
Ardmore, OK	5.38
Ponca City, OK	5.27
McAlester, OK	4.37
Muskogee, OK	4.35
417 Stillwater, OK	3.77
Shawnee, OK	3.74
Miami, OK	3.34
Durant, OK	2.87
562 Tahlequah, OK	1.49
572 Gallup, NM	0.48
573 Altus, OK	0.44
574 Plainview, TX	-1.03
575 Fort Payne, AL	-2.86
576 Lamesa, TX	-12.93

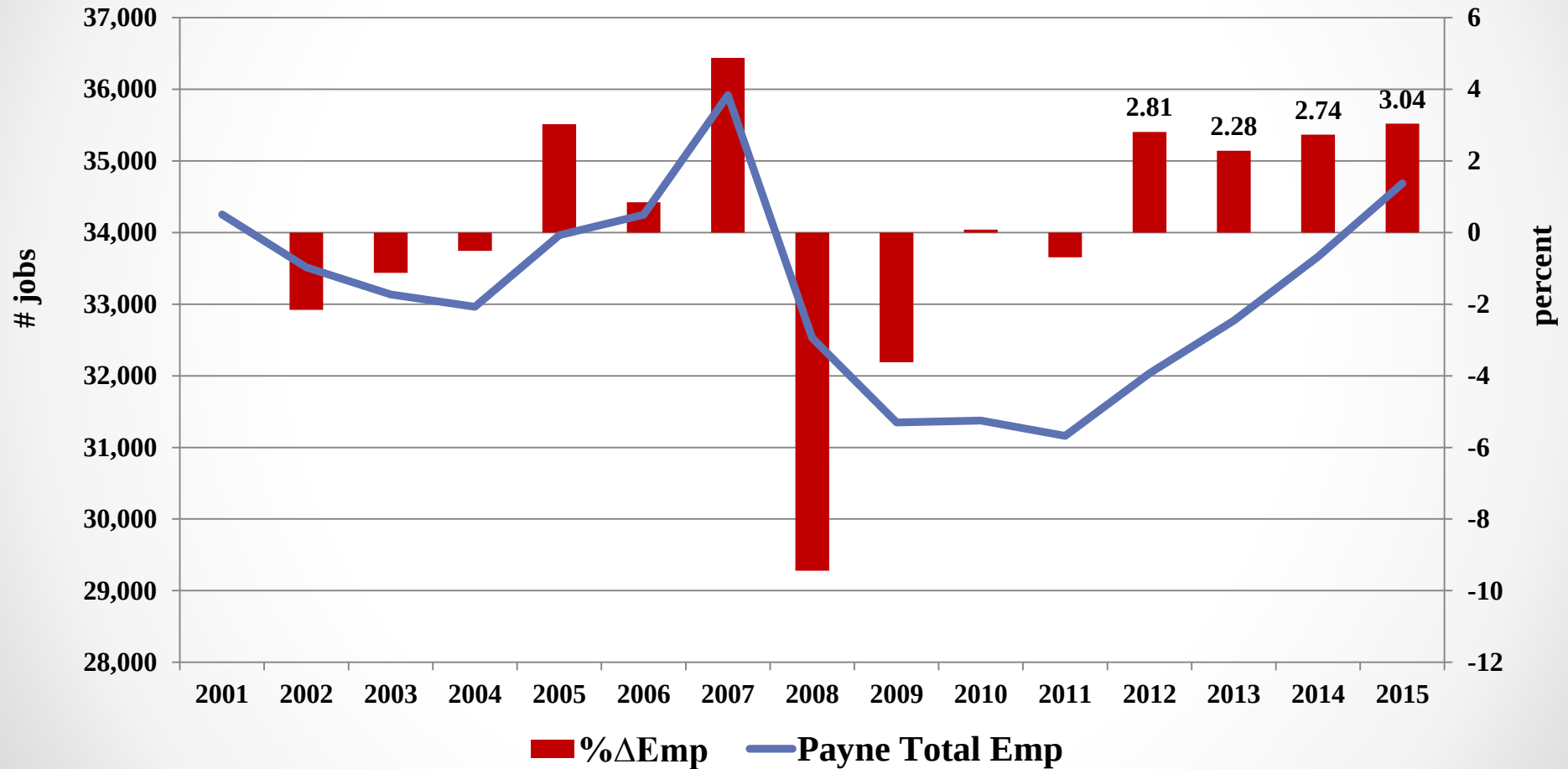
Micropolitan Area 2010-2011 BEA Population Growth

Micropolitan Area	2010-2011
1 Williston, ND	8.0
2 Andrews, TX	4.1
3 The Villages, FL	3.6
4 Dickinson, ND	3.5
5 Statesboro, GA	3.1
Tahlequah, OK	1.4
Durant, OK	1.2
Elk City, OK	1.2
Shawnee, OK	0.9
Weatherford, OK	0.9
Bartlesville, OK	0.8
Ardmore, OK	0.7
113 Stillwater, OK	0.7
Ada, OK	0.6
Woodward, OK	0.4
Duncan, OK	0.2
Miami, OK	0.0
Enid, OK	-0.1
Altus, OK	-0.1
Muskogee, OK	-0.2
McAlester, OK	-0.4
Ponca City, OK	-0.6
572 Greenwood, MS	-1.5
573 Brownsville, TN	-1.6
574 Tuskegee, AL	-1.6
575 Susanville, CA	-1.8
576 Mountain Home, ID	-2.7

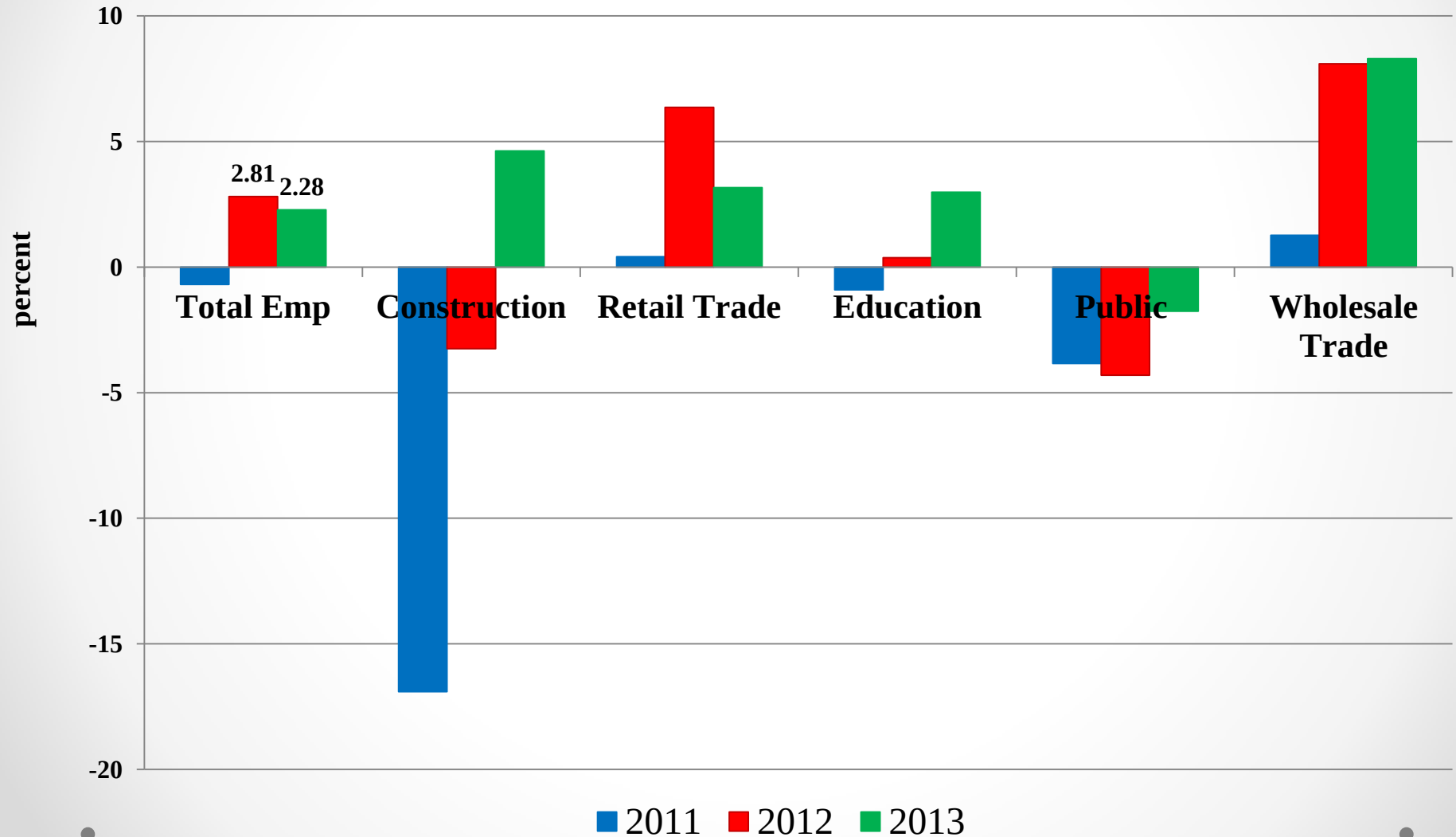
Payne County Manufacturing and Natural Resources & Mining



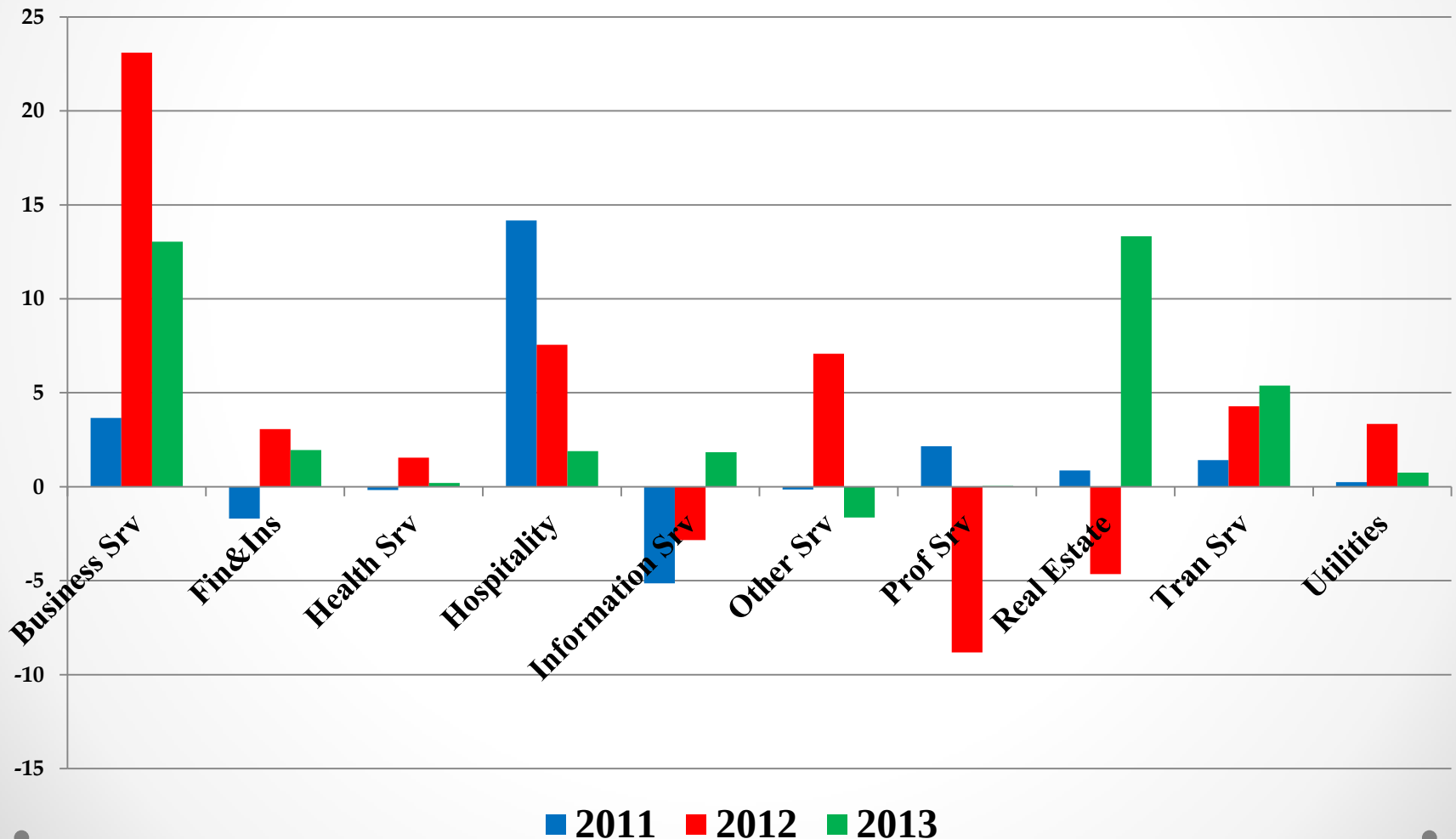
Payne County QCEW Employment Growth



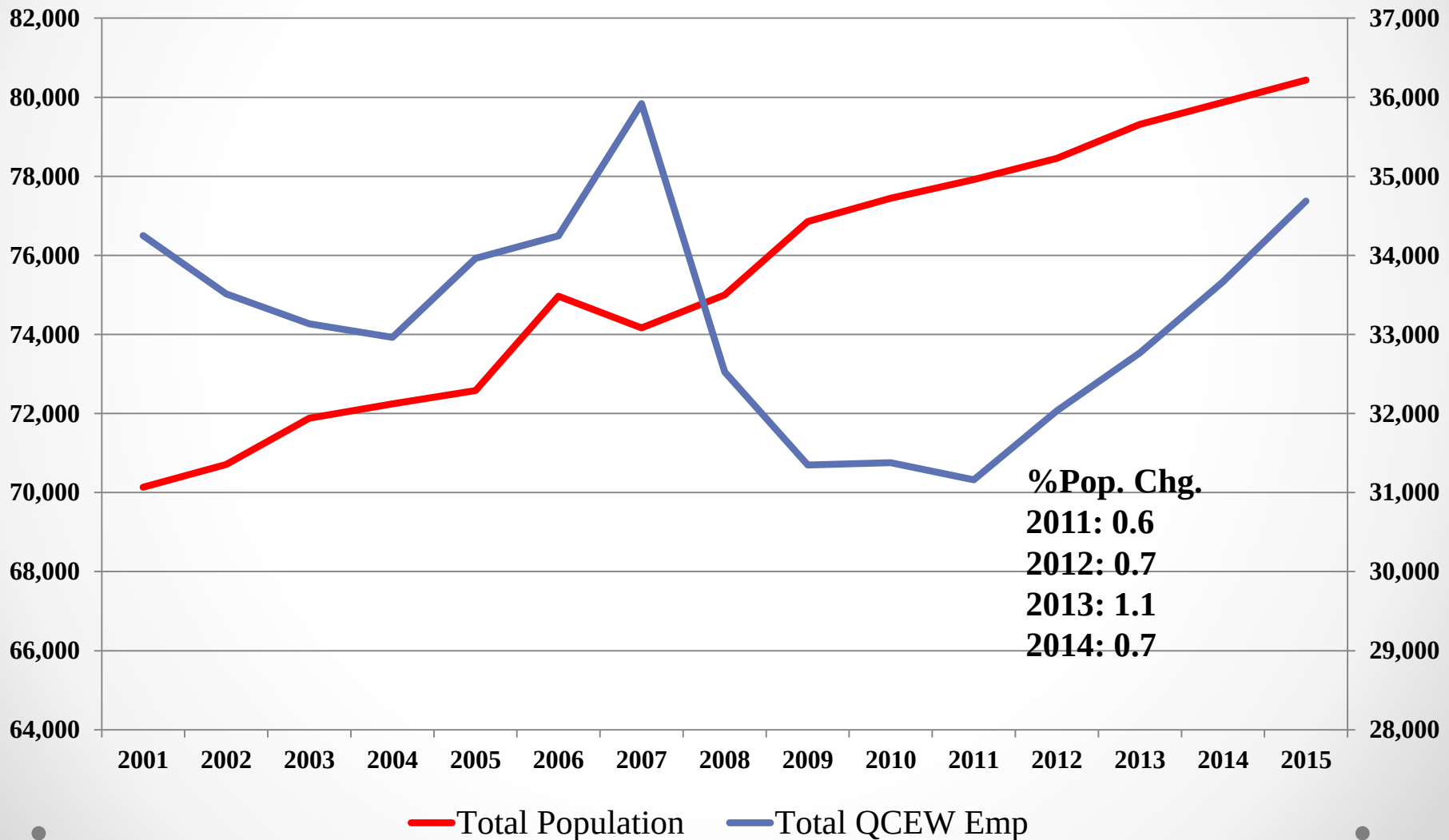
Payne County QCEW Employment Growth



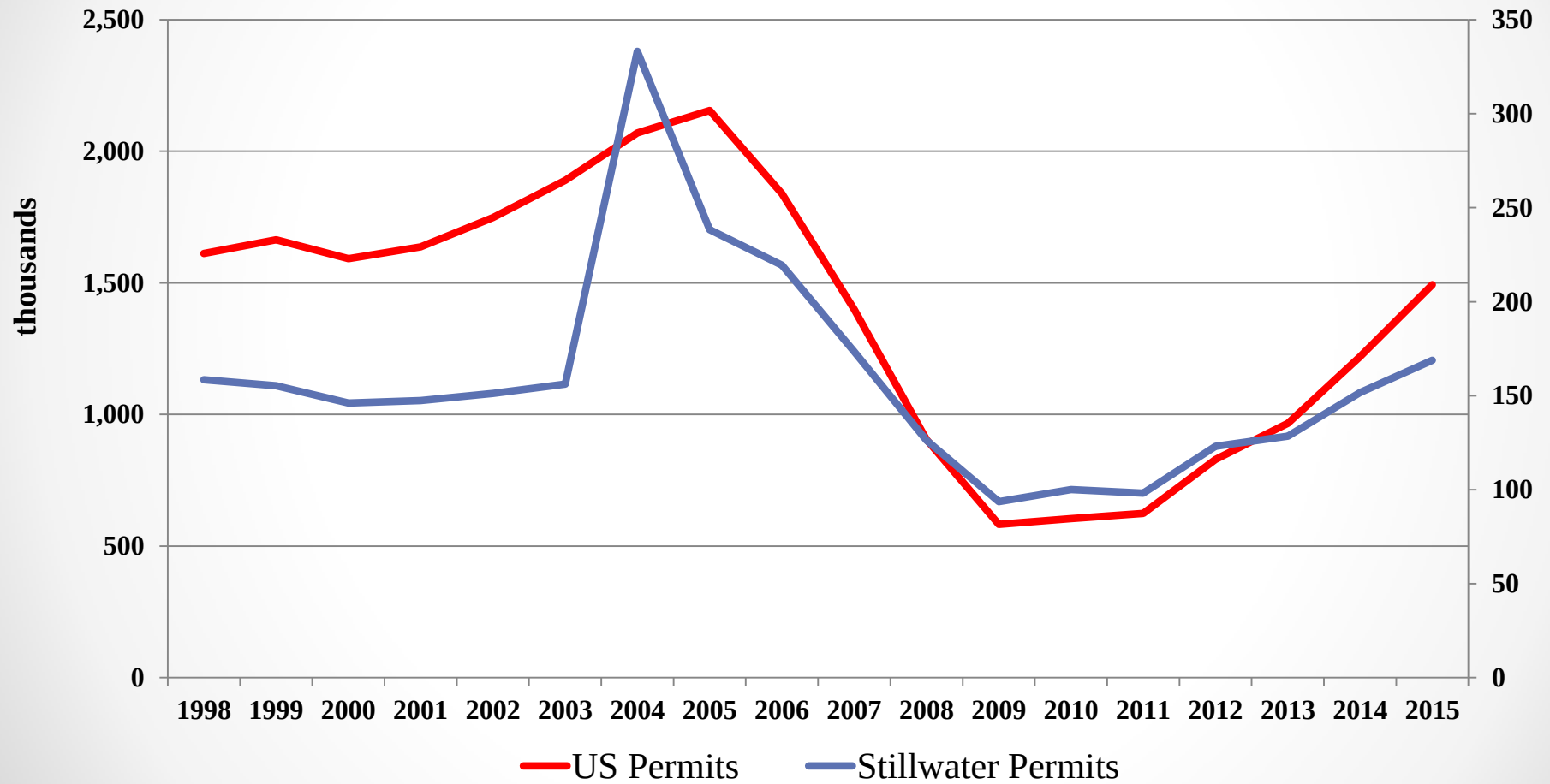
Payne County QCEW Employment Growth



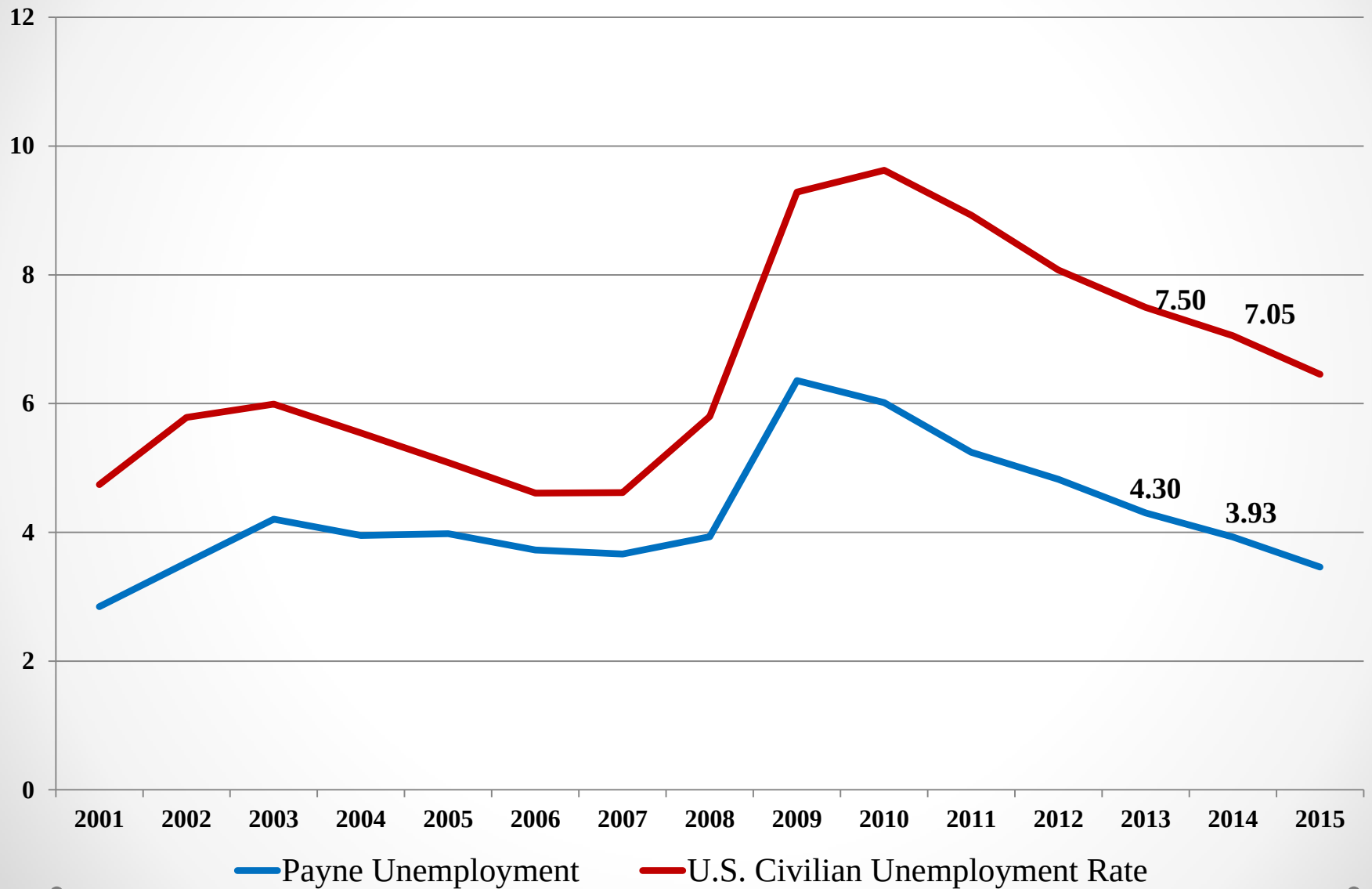
Payne County Population



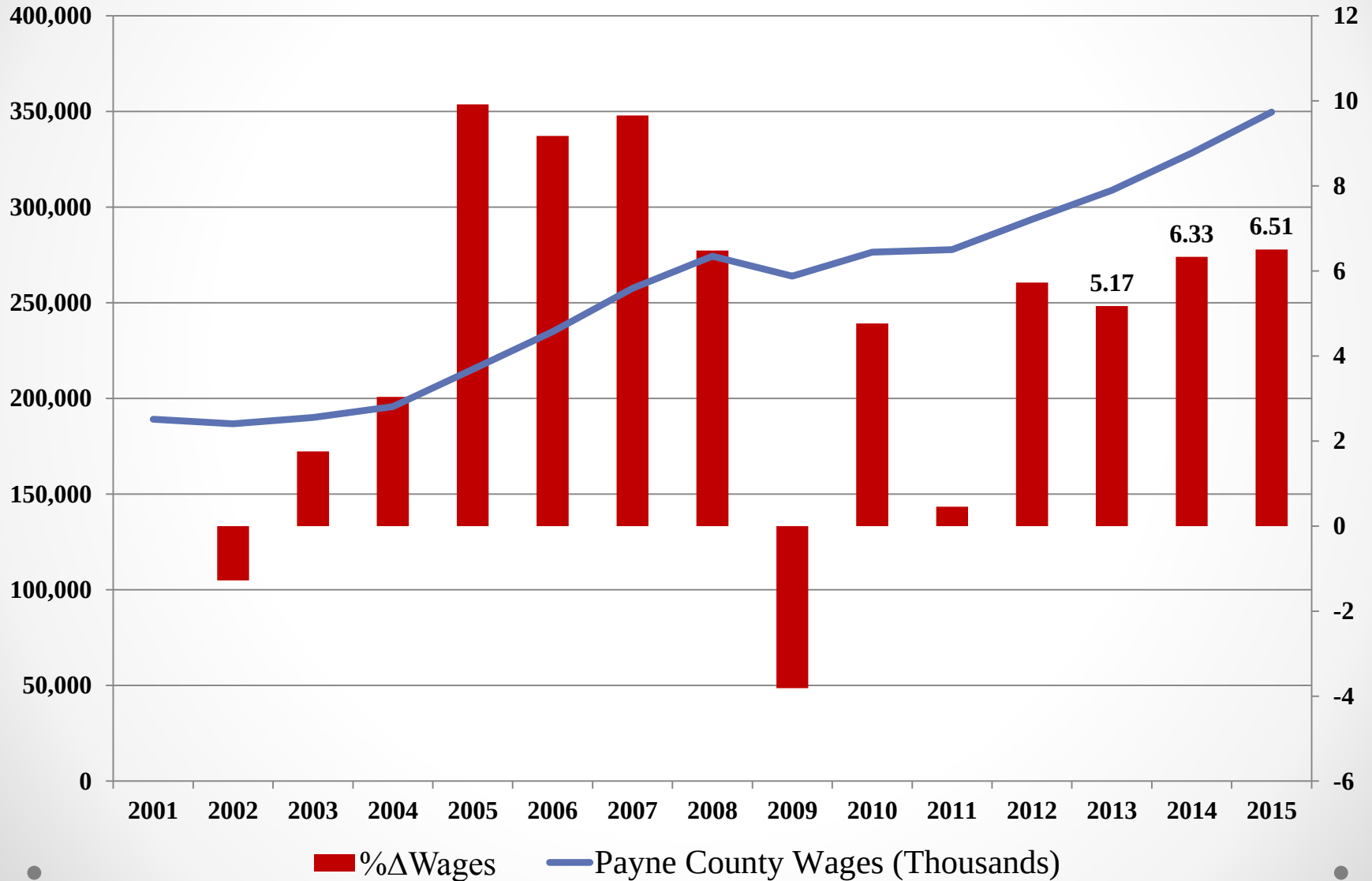
Stillwater City Census Residential Building Permits (Buildings)



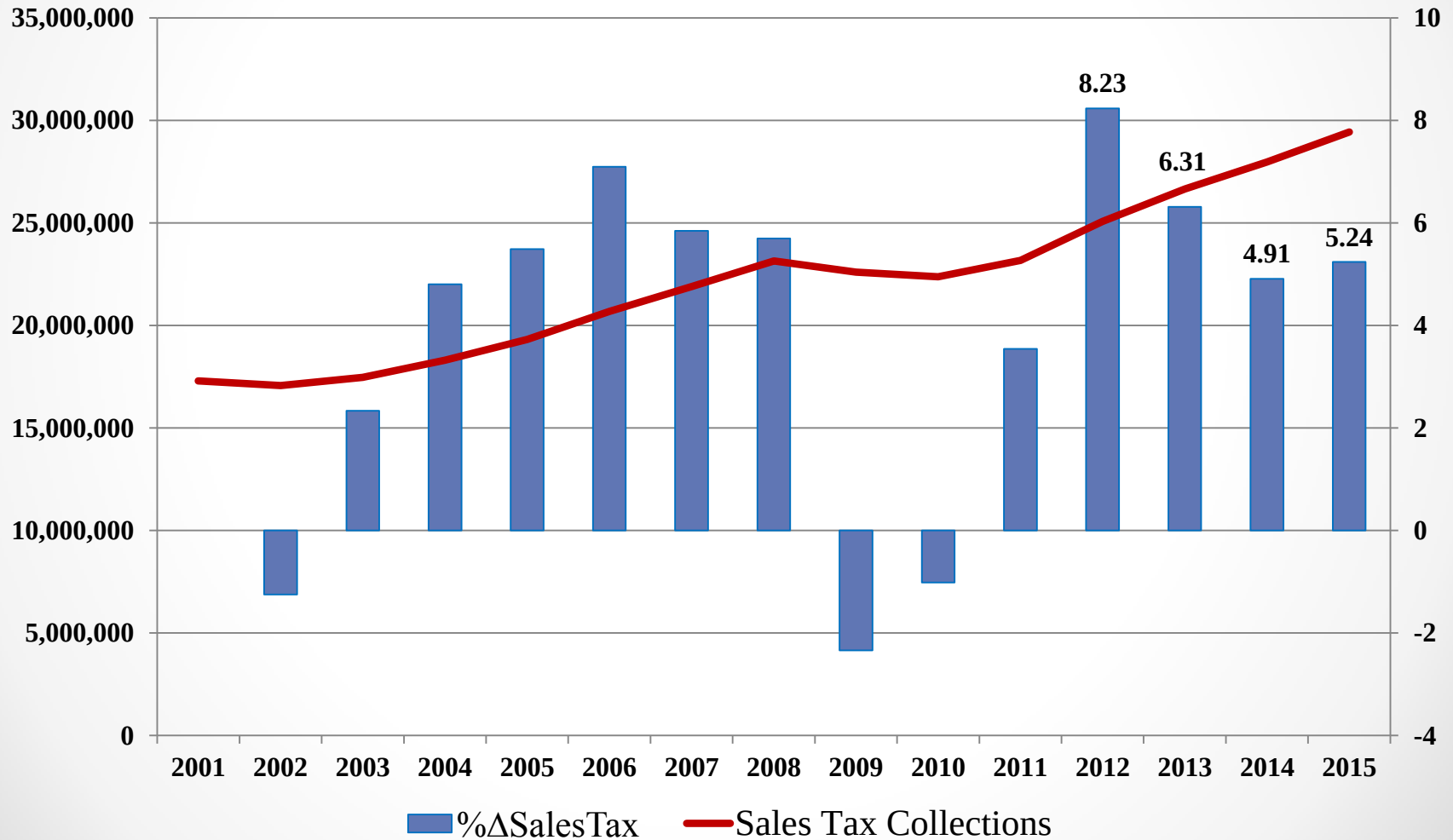
Annual Average Unemployment Rates (Percent)



Payne County Total Wages



Stillwater City Sales Tax Collections



- Economic Development
 - Should be about increasing “**general social well-being**”
 - **NO FREE LUNCH**, there is an opportunity cost to all expenditures; there is a cost to higher taxes (e.g., on retirees) or lower expenditures elsewhere
 - “**Lake Wobegon Effect**” in Incentives: not all business sectors can be “above average in importance” warranting a subsidy
 - Limit incentives to business that bring new jobs, not those that shift jobs from other existing businesses (e.g., retail)
 - Focus on high-paying jobs, and those that leverage strengths of the community
 - Avoid “**Field of Dreams**”, building it does not guarantee “they will come”
 - Be wary of claims by special interests about benefits to all from what they wish (**Pet Projects**)
 - Think about investment in the community long-term; improving education (not through sports facilities); improve the conditions of the streets; ensure public safety; be cost efficient in delivery of all services
 - Should be evidence-based; boring competence is just fine
 - **LONG-TERM ECONOMIC PROSPERITY WILL FOLLOW**

Thank you for your attention