

# Economic Prosperity

Do we have it? Do we want it?

**Dr. Joe Schaffer, President**  
Laramie County Community College  
Presented at the Governor's Business Forum  
Tuesday, November 14<sup>th</sup>, 2023



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# My Disclaimers

#1 – Not an economist.

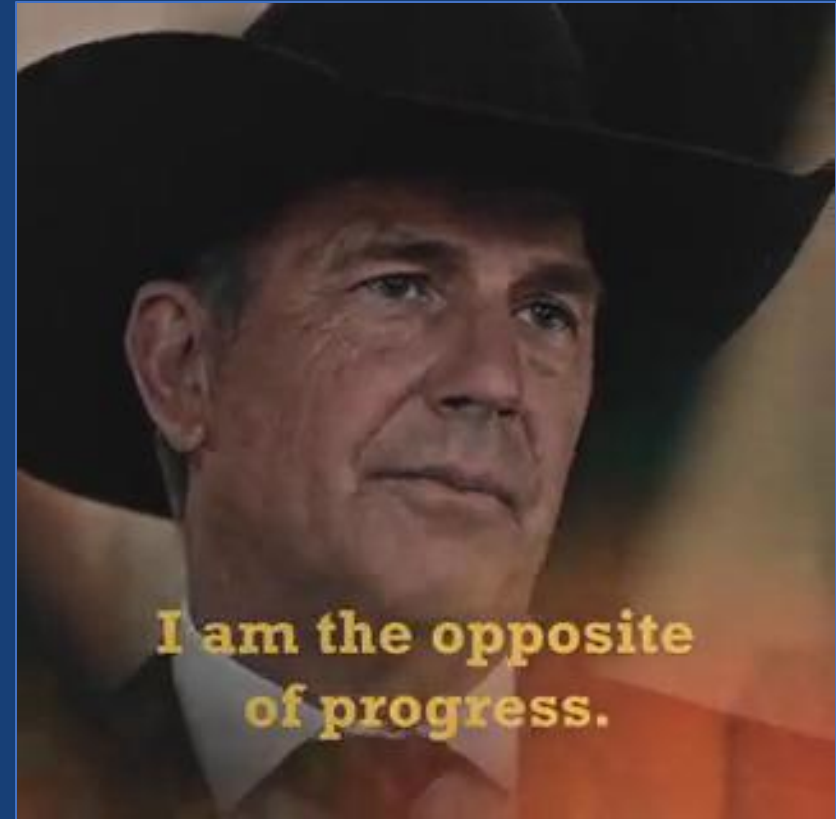
#2 – Not a tax expert.

My job is to prepare people for successful careers and as engaged citizens to build a stronger community-state-region.



# Tale of Two Wyoming's

1. Those that want “progress”
2. Those that don't



# What's Our Common Ground?

## A QUALITY LIFE

- Personal Prosperity - Our ability to acquire both the essential and desired goods and services that give us a quality life.

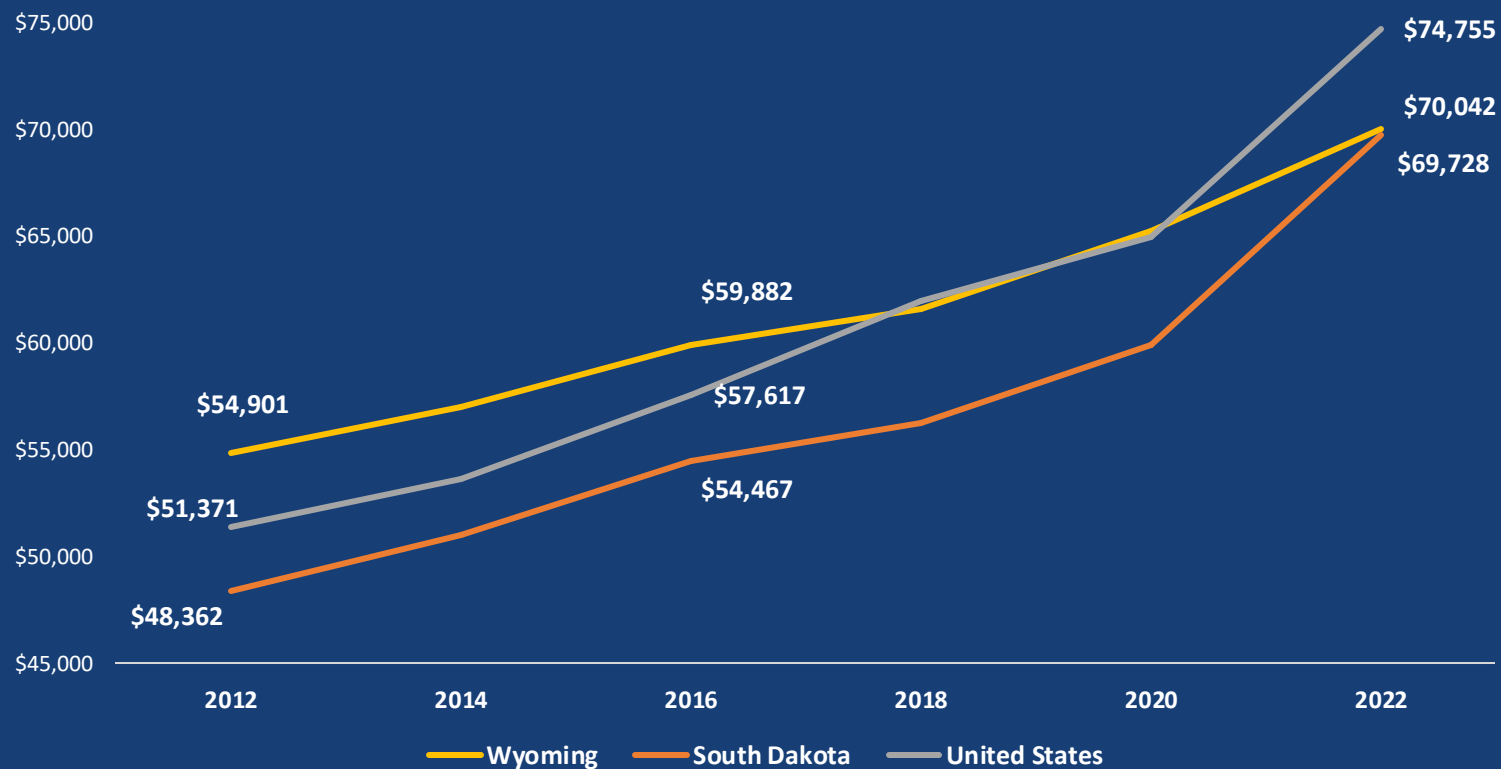
***The goal of progress? Wyomingites will have increased and sustained power to acquire these goods and services.***



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# Personal Prosperity

Median Household Income  
Inflation Adjusted Dollars



Source: U.S. Census Bureau. "SELECTED ECONOMIC CHARACTERISTICS." American Community Survey, ACS 1-Year Estimates Data Profiles, Table DP03

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# Economic Prosperity

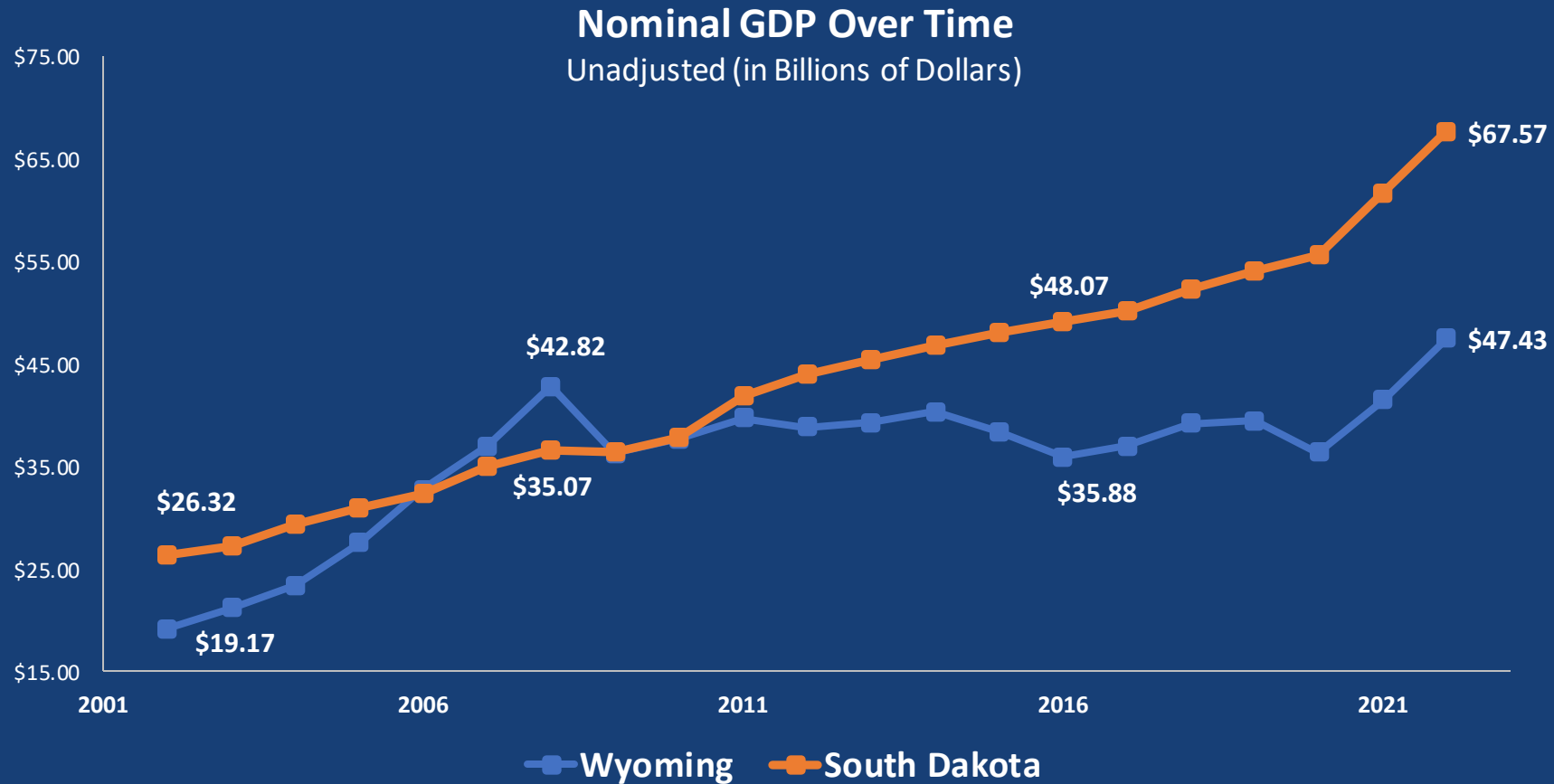
For most of us, the path to Personal Prosperity is through a region's Economic Prosperity.

## A combination of two things:

- **Economic Growth** – an increase in the value (quantity and quality) of the goods and services that a region produces.
- **Economic Stability** – the consistency of access a region's population has to the goods and services necessary for a quality life.



# Economic Growth



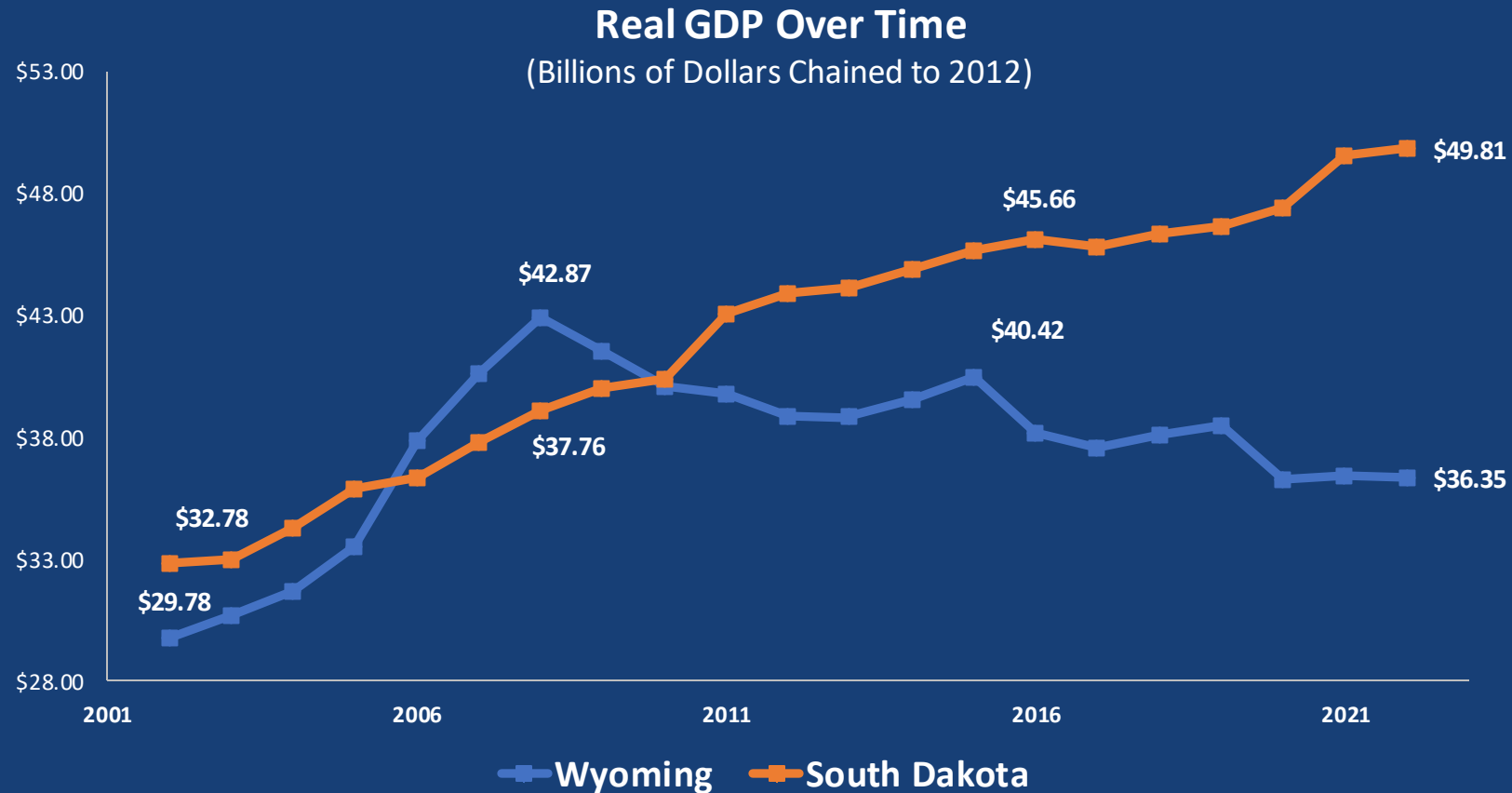
Source: US Bureau of Economic Analysis, Regional Economic Accounts.

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# Economic Growth



Source: US Bureau of Economic Analysis, Regional Economic Accounts.

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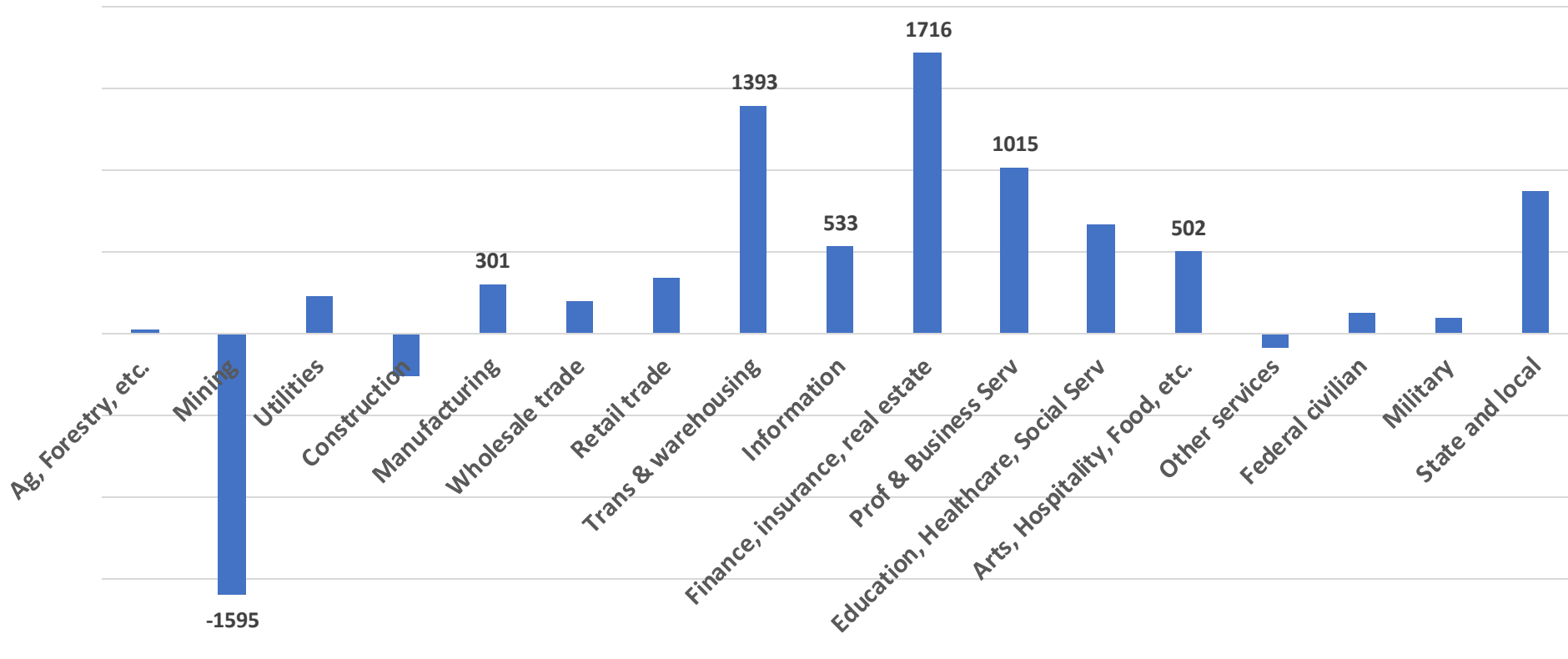




# Economic Diversification

## Increase/Decrease in Real GDP

2001-2021, Millions of Dollars

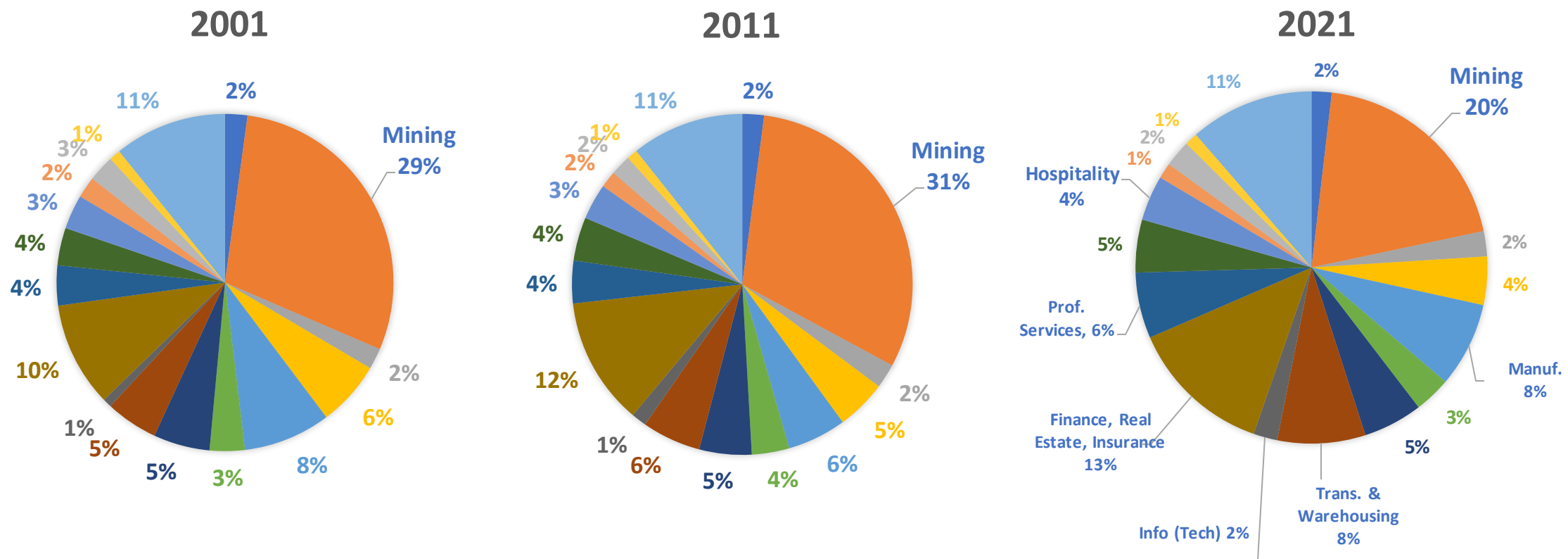


Source: US Bureau of Economic Analysis, Regional Economic Accounts.

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# Real GDP by Industry



Source: US Bureau of Economic Analysis, Regional Economic Accounts.

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# Economic Stability

## Remember When?

**2020** - \$1.5 Billion Estimated Revenue Shortfall, Budget Cuts

**TO**

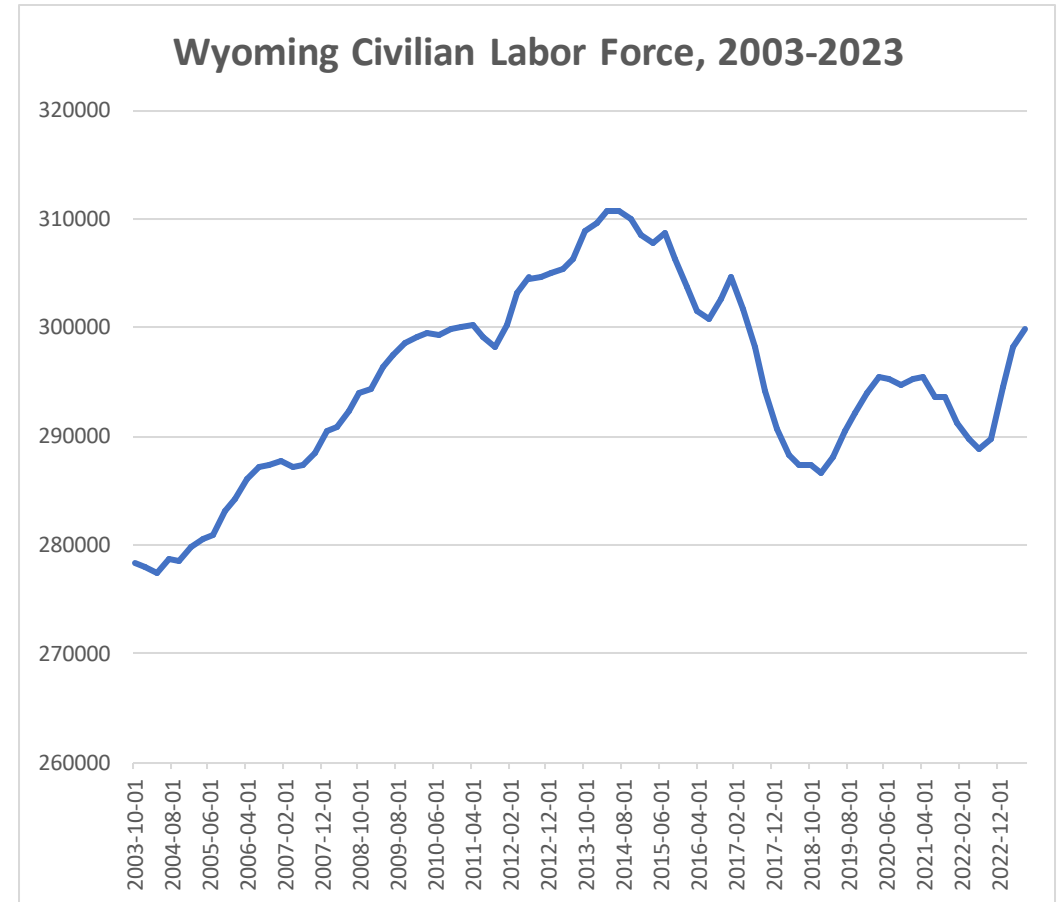
**2023** - \$1 Billion Estimated Surplus, \$1.4 Billion Saved (LSRA)



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# Bust Years

- Focus is often primarily on government revenues and cuts.
- Busts have a far greater impact on Wyoming.
  - Many Industries, tied to the energy sector, contract during busts.
  - Energy attracts transient worker populations resulting in workforce in- and out-migration swings.



Source: Federal Reserve Economic Data, Civilian Labor Force for Wyoming, Percent, Monthly, Seasonally Adjusted



# Taxes, Gov't Funding & Economic Growth

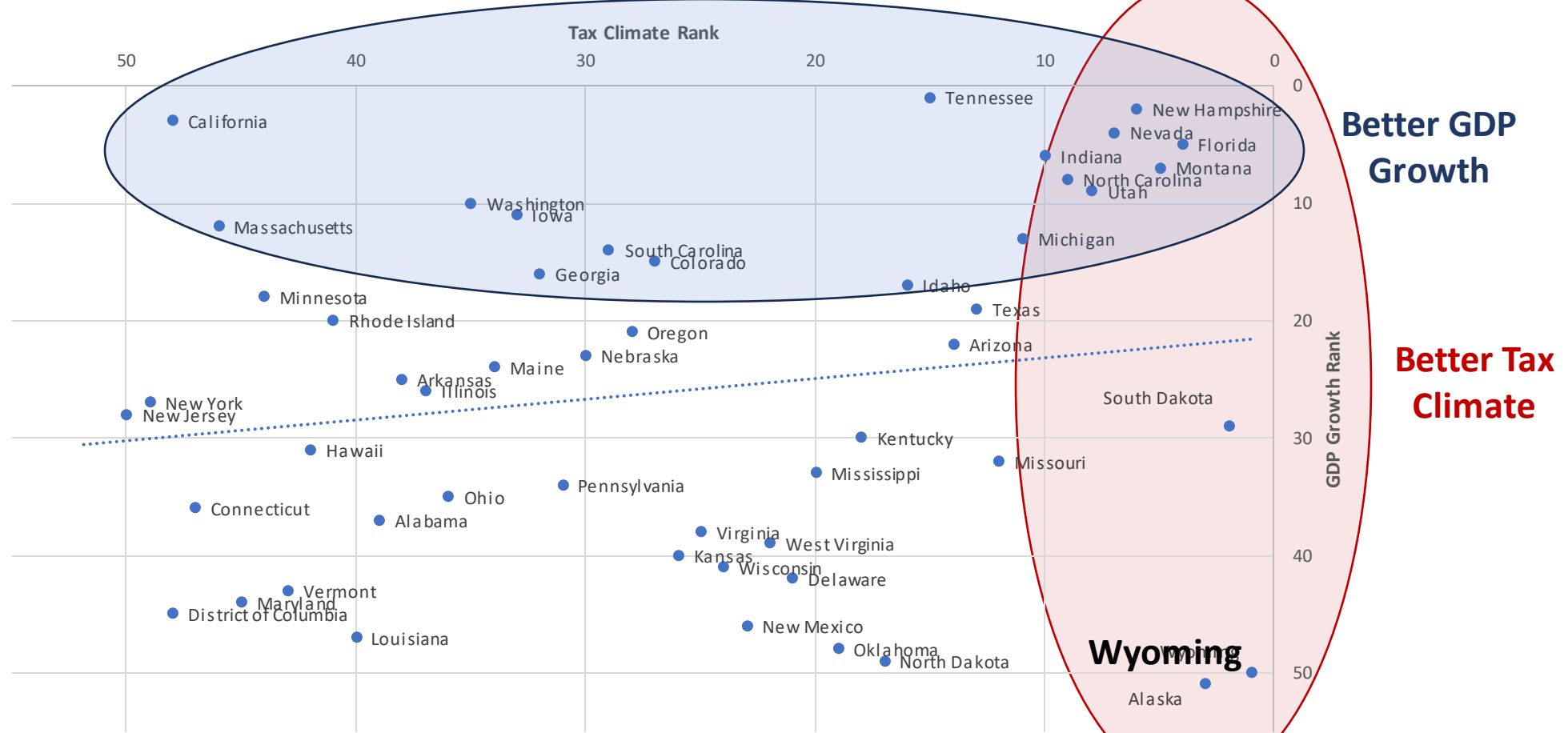
*“Government doesn’t create jobs; the private sector does.”*

- Well, sort of...
- Government CAN create an environment where economic growth and stability occurs.



# Tax Environment & Economic Growth

Relationship Between Tax Climate and Economic Growth



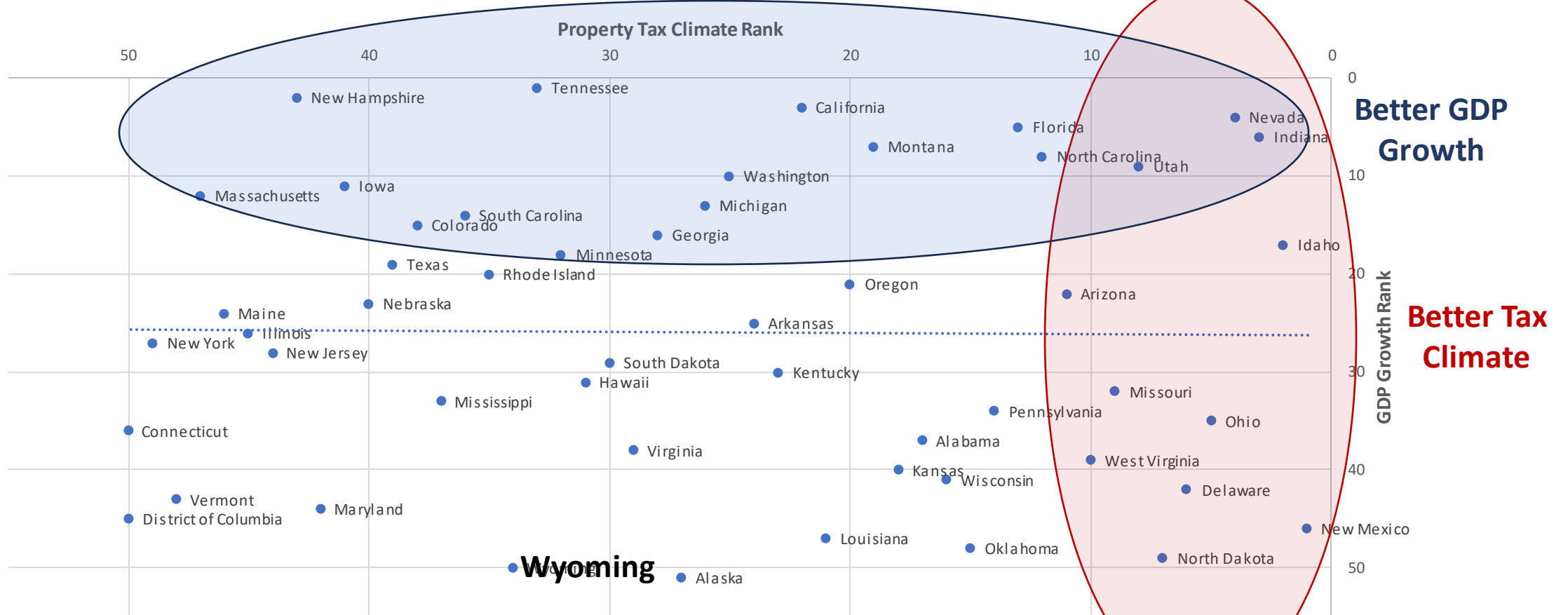
Source: US Bureau of Economic Analysis; Tax Foundation's 2024 State Business Tax Climate Index available at: <https://taxfoundation.org/research/all/state/2024-state-business-tax-climate-index/>

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# Tax Climate & Economic Growth

## Property Taxes and Economic Growth



Source: US Bureau of Economic Analysis; Tax Foundation's 2024 State Business Tax Climate Index available at: <https://taxfoundation.org/research/all/state/2024-state-business-tax-climate-index/>

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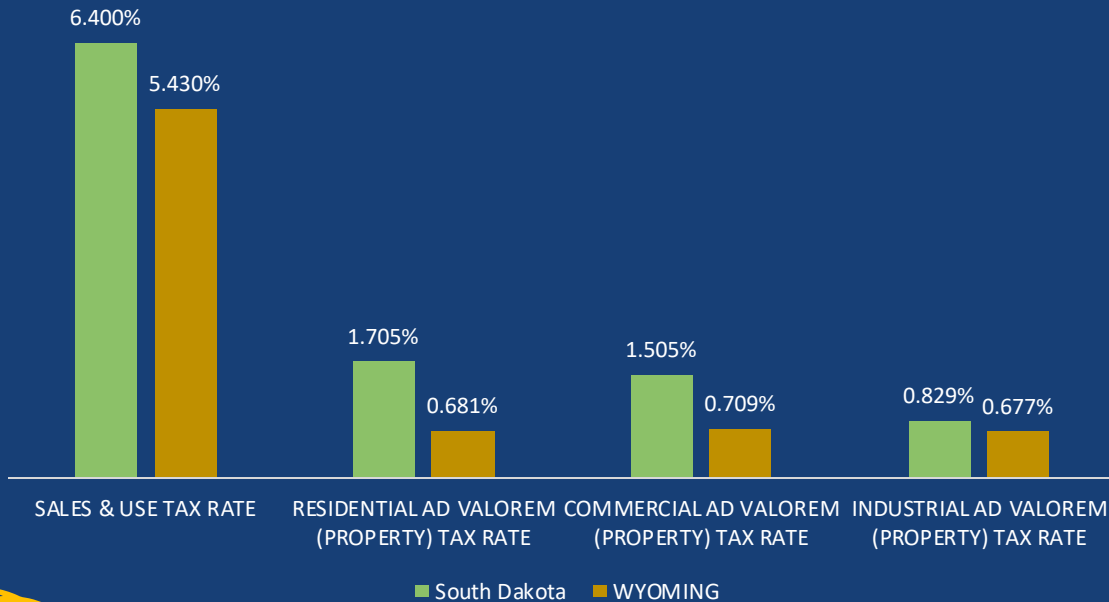




# Taxes: Not an Economic Growth Strategy

Taxation is a revenue generating strategy.

Median Tax Rates in Wyoming and South Dakota  
(2020 Rates)



STATE	SALES TAX RATE	RESIDENTIAL PROPERTY TAX RATE	COMMERCIAL PROPERTY TAX RATE	INDUSTRIAL PROPERTY TAX RATE	FUEL TAX RATE
SD	6.40%	1.71%	1.51%	0.83%	\$0.30
WY	5.43%	0.68%	0.71%	0.68%	\$0.24
Diff	0.97%	1.02%	0.80%	0.15%	\$0.06
Additional Revenue from Increase to Median					
FY23	\$166,392,308	\$670,494,118	\$148,605,755	\$50,351,555	\$42,290,323
FY24	\$173,650,350	\$683,670,588	\$151,612,230	\$51,410,039	\$42,580,645
<b>Total</b>	<b>\$340,042,657</b>	<b>\$1,354,164,706</b>	<b>\$300,217,986</b>	<b>\$101,761,594</b>	<b>\$84,870,968</b>

**\$2,181,057,910**

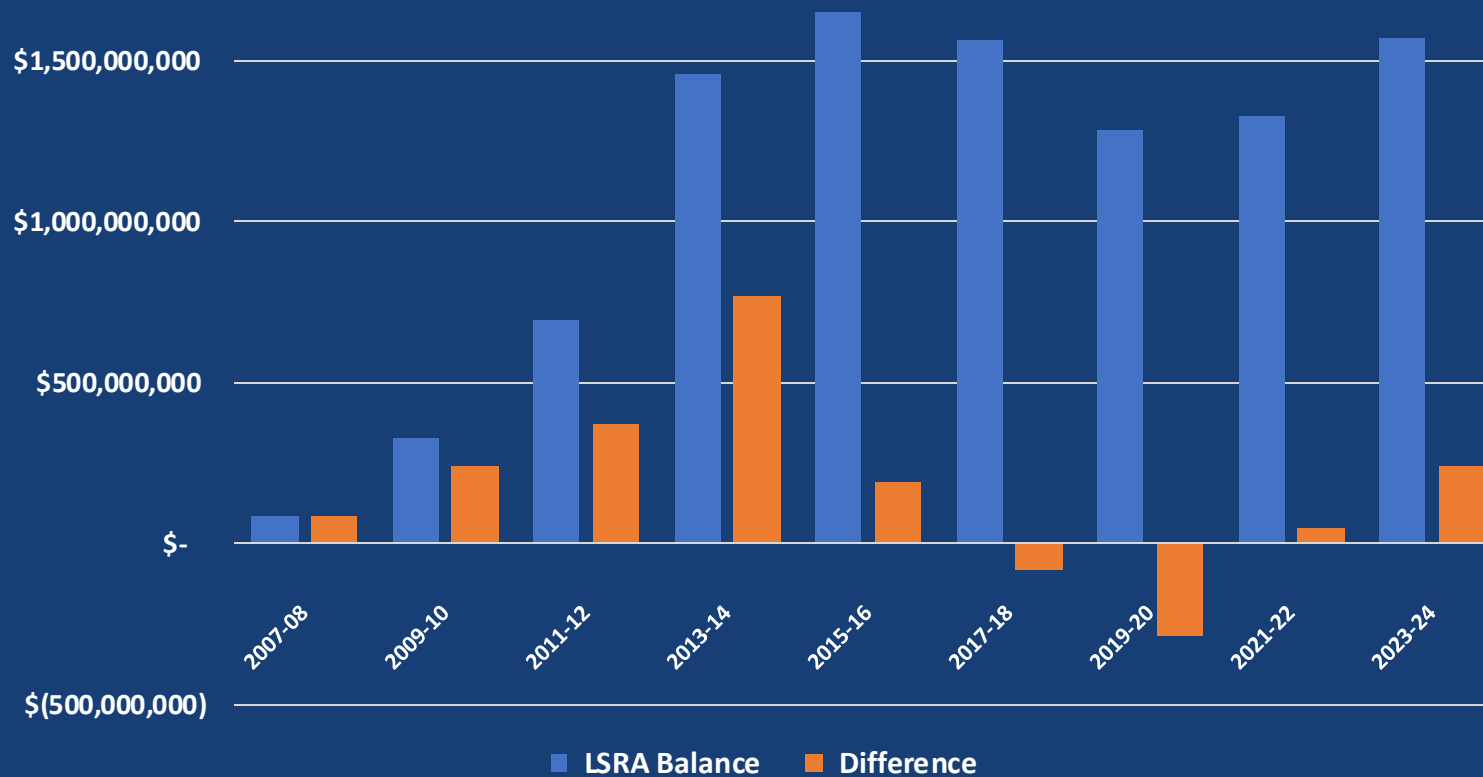
Source: Wyoming Center for Business and Economic Analysis at LCCC, analysis of state tax rates, 2020.

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# Saving with a Purpose?

LSRA Balance & Difference from Previous Biennium



Source: Wyoming state budgets available at <https://sbd.wyo.gov/home/wyoming-state-budget>

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# Where to Invest?



**ChatGPT**

What do states with the strongest economies have in common?

1. Business-friendly environment
2. Diversified industries
3. Skilled workforce
4. Innovation and technology
5. Infrastructure investment
6. Natural resources and tourism
7. Proximity to major markets

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# SURVEY SAYS?

## Corporate Site Selection Top Issues (2022)

1. Labor Costs
2. Quality of Life
3. Availability of Skilled Labor
4. Energy Availability
5. Construction Costs
6. ICT/Broadband

COMBINED RATINGS*		
CORPORATE SURVEY		
Site Selection Factors	2022	2021
<b>Ranking</b>		
1. Labor costs	89.1	96.4 (1)**
2. Quality-of-life	87.1	82.1 (11T)
3. Availability of skilled labor	85.8	94.9 (2)
4. Energy availability	82.3	94.7 (3)
5. Construction costs	81.2	82.1 (11T)
6. ICT/broadband	80.7	36.8 (26)
7. Corporate tax rate	79.7	87.7 (7)
8. Energy costs	79.4	N/A
9. Environmental regulations	79.0	82.5 (9)
10. Available land	78.1	62.5 (19)
11. Highway accessibility	77.8	93.1 (5)
12. Proximity to major markets	74.6	77.2 (14)
13T. State and local incentives	73.0	84.5 (8)
13T. Tax exemptions	73.0	82.4 (10)
15. Available buildings	71.9	70.2 (15)
16. Expedited or "fast-track" permitting	70.3	57.9 (22)
17. Technical schools	67.2	N/A
18. Right-to-work state	66.7	81.0 (13)
19. Low union profile	66.2	66.0 (18)
20. Proximity to suppliers	64.5	69.6 (16)
21. Training programs	63.4	66.1 (17)
22. Raw materials availability	61.3	87.8 (6)
23. Shovel-ready sites	55.7	N/A
24. Weather hazards	54.8	N/A
25. Accessibility to major airport	54.0	47.3 (24)
26. Availability of unskilled labor	53.1	61.8 (21)
27. Water availability	49.2	52.7 (23)
28. DEI Initiatives	45.9	N/A
29. ESG Initiatives	42.0	N/A
30. Waterway or oceanport accessibility	27.0	25.8 (28)
31. Railroad service	23.8	31.6 (27)

\* All figures are percentages and are the total of the "very important" and "important" ratings of the Area Development Corporate Survey and are rounded to the nearest tenth of a percent.

\*\* 2021 ranking

Source: Area Development's 37<sup>th</sup> Annual Survey of Corporate Executives, results available at <https://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2023/37th-annual-corporate-survey-decision-makers-feel-economic-p pressures.shtml>

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# SURVEY SAYS?

## Corporate Site Selection Top Issues (2022)

- Only two “tax” elements identified
  - Corporate Tax Rate (#7)
  - Tax Exemptions (#13)
- Interesting
  - Available Land (#10)
  - Available Buildings (#15)
  - Shovel-Ready Sites (#23)
  - Availability of Unskilled Labor (#26)

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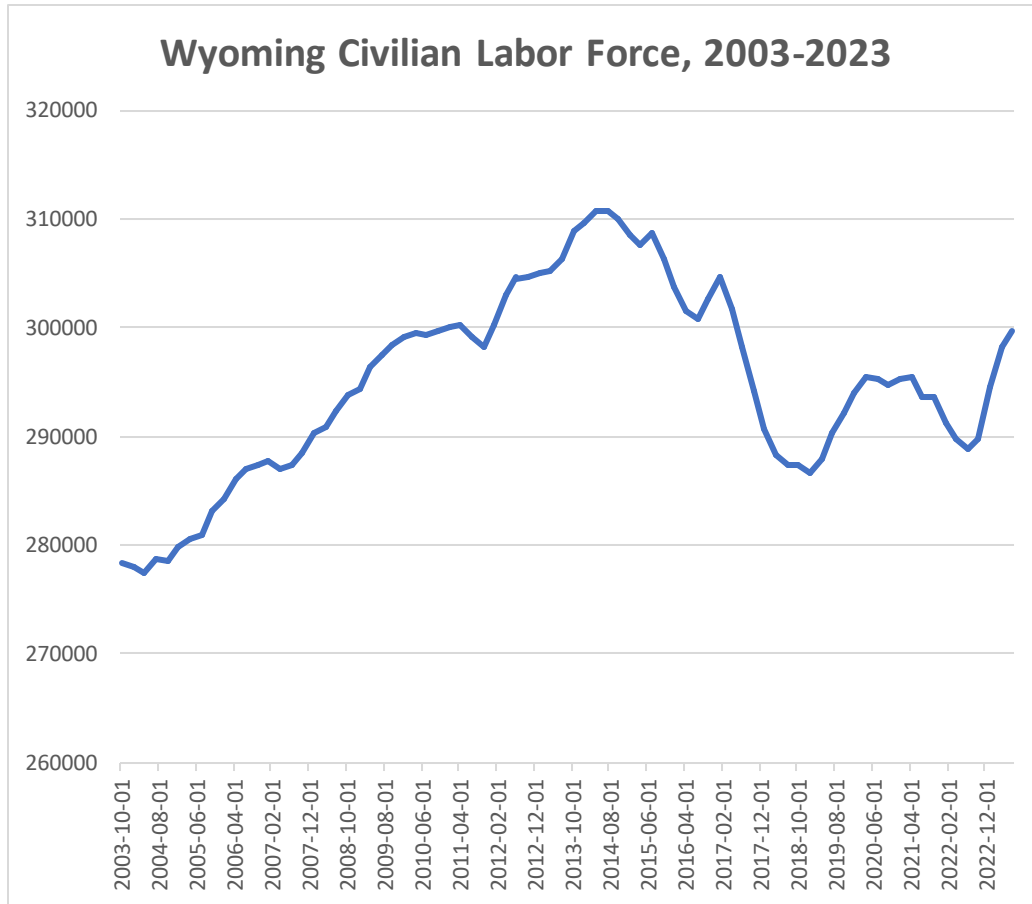
Source: Area Development’s 37<sup>th</sup> Annual Survey of Corporate Executives, results available at <https://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2023/37th-annual-corporate-survey-decision-makers-feel-economic-pressures.shtml>

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# **TALENT WAR**

# Are We Winning?



Source: Federal Reserve Economic Data, Labor Force Participation Rate for Wyoming, Percent, Monthly, Seasonally Adjusted

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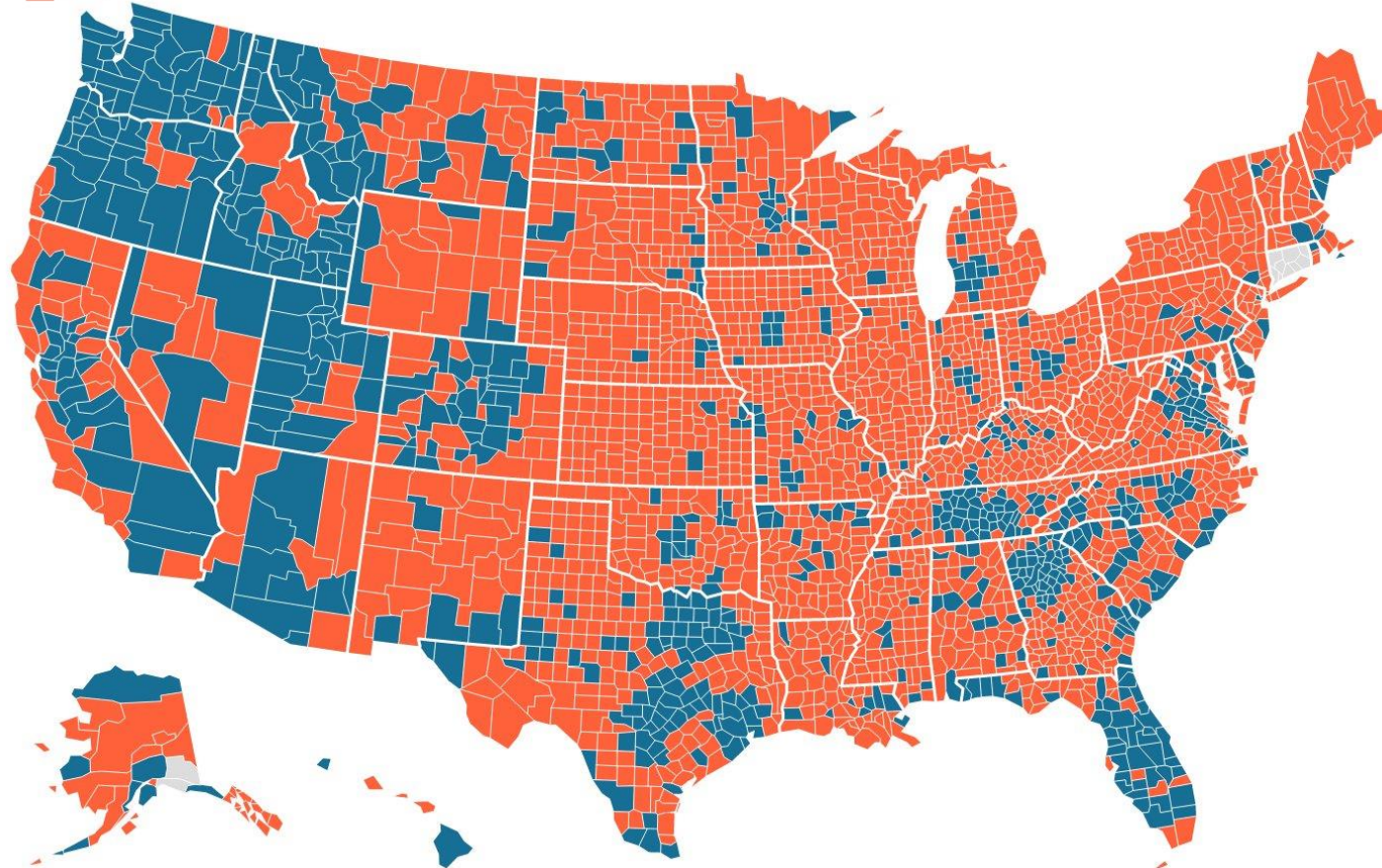




## Prime-age (25-54) population change, 2012-2022

Nearly three-quarters of U.S. counties saw their prime-age populations shrink over the last decade.

■ Grew ■ Shrank



Source: EIG analysis of U.S. Census Bureau data

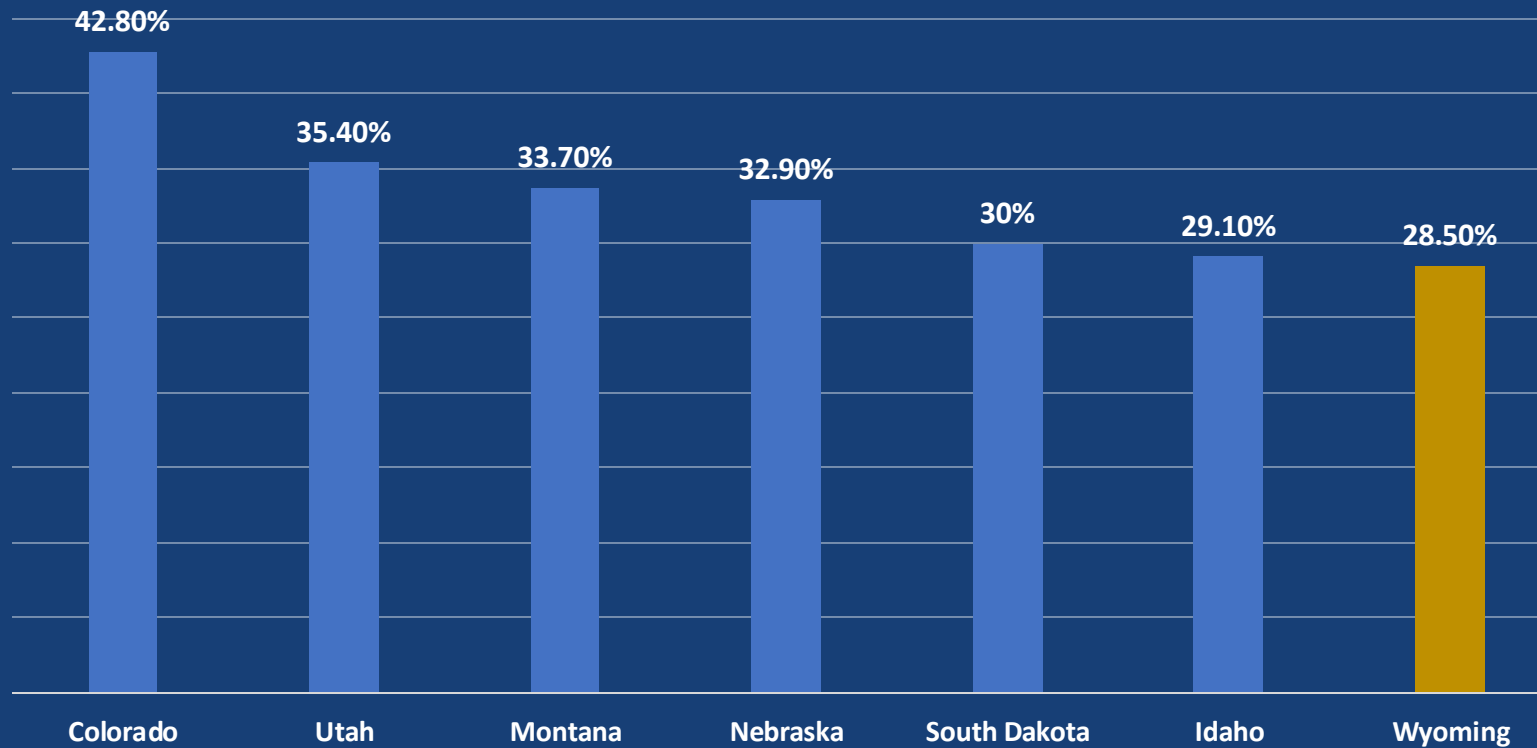
 ECONOMIC  
INNOVATION  
GROUP

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# Neighbor's Out Competing Us?

Percent of Population 25 and Older w/Bachelor's Degree or Higher



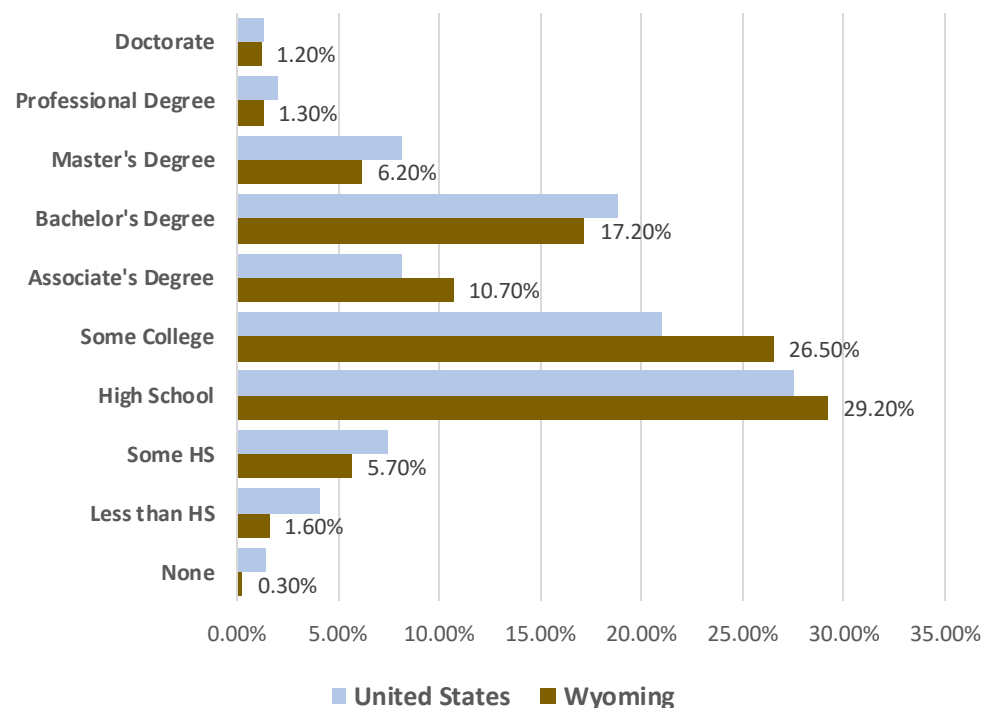
Source: U.S. Census Bureau, American Community Survey, ACS 5-Year Estimates Data Profiles 2017-2021.

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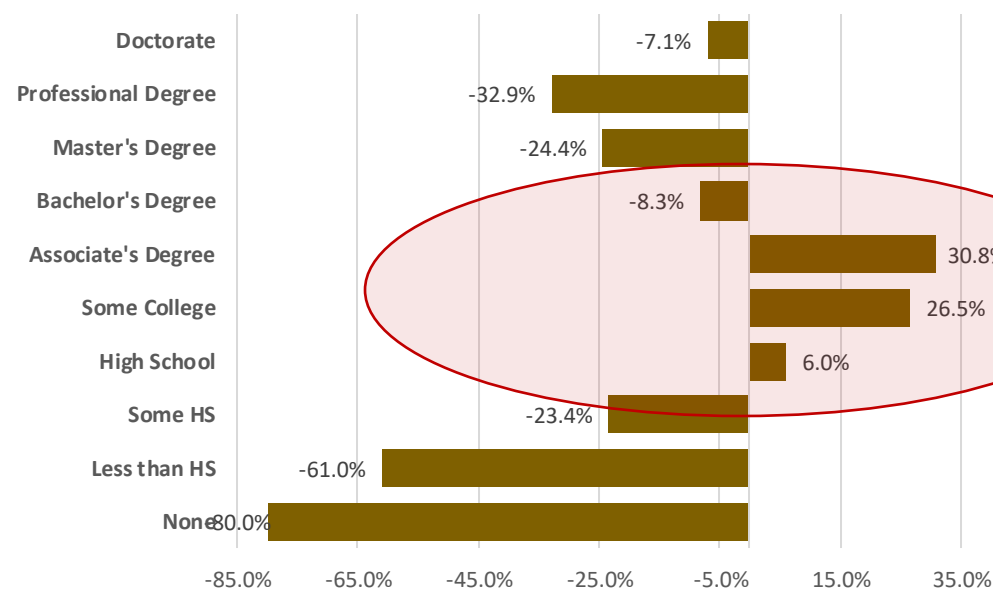


# Educational Attainment in Wyoming

Highest level of education, aged 25 years and older



Highest level of education among people 25 and older, as a percent of United States population



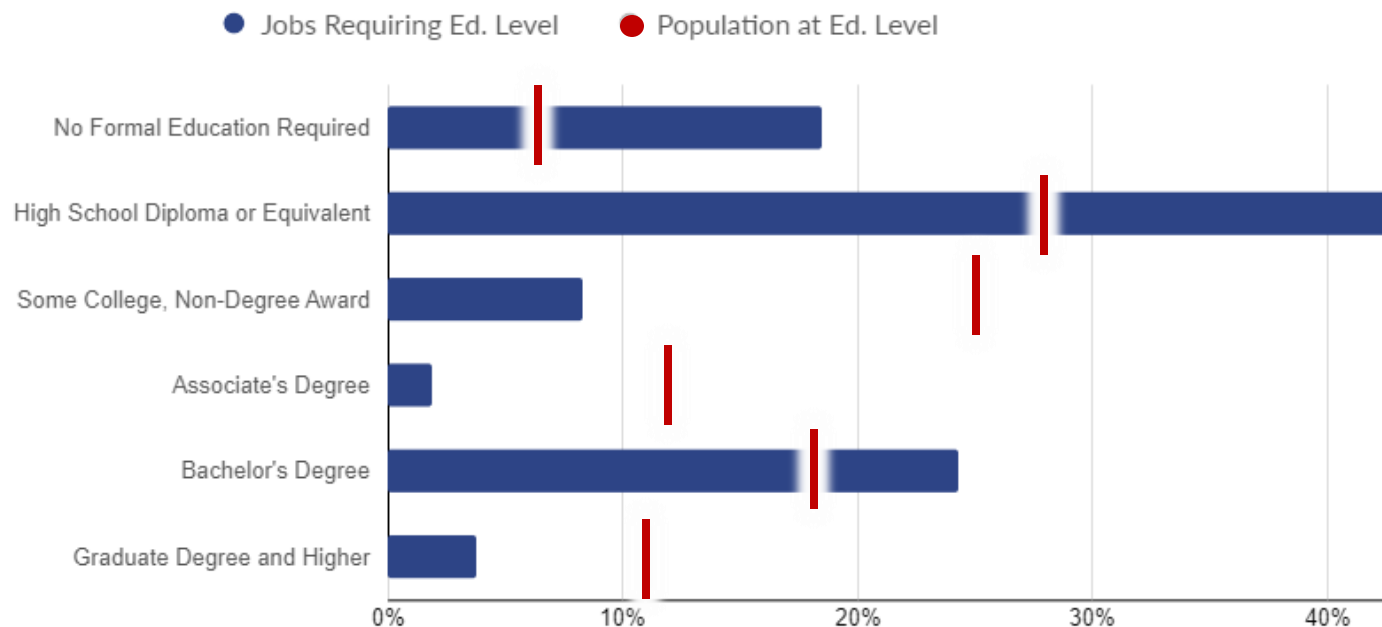
Source: U.S. Census Bureau, American Community Survey, ACS 5-Year Estimates Data Profiles 2017-2021.

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# Job and Education Mismatch

## Wyoming Jobs compared to Percent of Population with Required Education Level



- \$2.4 Million more in lifetime earnings for Bachelor's Degree graduates compared to a High School graduate\* (25% more for an associate's degree, 75% more for bachelor's)

**Source:** Georgetown University Center on Education and the Workforce (2021), "The College Payoff: More Education Doesn't Always Mean More Earnings." LighthCast analysis of US Census Bureau, US Bureau of Economic Analysis, and US Bureau of Labor Statistics data.

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# Thank You

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