

Cheyenne may lose 700 jobs

Experts say it's just more proof that the city is indeed feeling the recession

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CHEYENNE -- Some 700 jobs will be lost in the Capital City this year, say the economists at IHS Global Insight of Massachusetts.

The Jan. 17 report, prepared for the U.S. Conference of Mayors, shows that out of 393 metropolitan areas studied, only five will not see losses this year; one will see job growth.

The U.S. economy is in a "deep recession" that is expected to last 18 to 24 months, the report says.

By year's end, it adds, the national unemployment rate could exceed 9 percent.

"A return to solid growth is at least a year away," the report says.

One local economist agrees that a job loss of 700 for Cheyenne is a realistic forecast. He adds that signs of the recession are beginning to show here.

According to an analysis by local economist Dick O'Gara, Cheyenne will lose 595 jobs in 2009.

O'Gara is president of the Wyoming Center for Business and Economic Analysis.

"The thing that's surprising me is we're starting to see some impacts (from the recession) a lot quicker than I anticipated," O'Gara said. "That 700 figure may easily be within the ballpark. And to be perfectly blunt about it, I would not be surprised if it's higher."

Dr. Wenlin Liu is senior economist for the Wyoming Department of Administration and Information. He says historically Global Insight is conservative when it comes to its analysis of Wyoming.

If that carries through in 2009, the loss would be less than 700 jobs.

O'Gara and Liu say they are seeing the first signs that Wyoming is feeling the recession.

"We're insulated but not immune," O'Gara said. "We are going to see negative impacts. This idea that we're not (going to feel it) is happy talk. It doesn't stop at the border."

One sign is falling sales tax revenues.

According to the state Department of Revenue, Cheyenne's share of state sales tax revenues is down 6 percent, or \$198,000, for the last quarter of 2008 compared to the same period in 2007.

Spending is down because consumers in all parts of the nation are "just getting conservative," Liu said. That includes Wyoming.

Deep losses to portfolios and falling housing prices make people feel less wealthy, even if their wages haven't changed, Liu said. Therefore, they spend less. This is the "negative wealth effect."

Laramie County actually has seen job growth.

From November 2007 to November 2008, government jobs rose by 2.2 percent, and hiring increased by 1.3 percent in the private sector.

Still, symptoms of recession showed up in some sectors.

Construction jobs plummeted by 6 percent during that same period. Retail saw a decline of 1.7 percent -- and that doesn't reflect the losses recently announced at Sierra Trading Post and Circuit City.

With a one-third of Cheyenne's jobs belonging to government, unemployment in the Capitol City is somewhat insulated from falling energy prices unlike mineral-producing counties such as Sweetwater County, Liu said.

Global Insight says that Cheyenne's unemployment rate in the fourth quarter of 2008 was 5.2 percent.

But the government's numbers are different.

In October, Cheyenne's unemployment rate was 3.4 percent, and in November, 3.7 percent, according to the Bureau of Labor Statistics.

December's figures will be available next week.

The state's unemployment rate was 3.2 percent in November -- but in December the number of unemployment claims was up 56 percent from December 2007.