

Stimulus seen as mixed bag for Wyoming

Economist says it won't provide as many jobs as White House predicts

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CASPER - If the federal stimulus package creates jobs as the White House projects, it could help reduce the effects of the recession in Wyoming, a private economist said Wednesday.

Meanwhile, a Wyoming Business Council official said that "the jury is still out on the benefits" of the \$787 billion American Recovery and Reinvestment Act. And the Casper city manager said funding from Natrona County's optional 1 percent sales tax and the Wyoming Legislature will play a much more significant role for city government than federal stimulus dollars.

The three spoke at the Wyoming Business Alliance's Outlook 2009 economic forum in Casper, sponsored by the Casper Star-Tribune, Hilltop National Bank, the Casper Area Chamber of Commerce and the Casper Area Economic Development Alliance.

Wyoming stands to receive \$340 million to \$500 million from the federal stimulus package approved by Congress and signed by President Barack Obama shortly after he took office. The White House has said that will mean an estimated 8,000 jobs created or saved in Wyoming.

Dick O'Gara, director of the private Wyoming Center for Business and Economic Analysis in Cheyenne, said the actual number of jobs created or saved will likely be less than that - perhaps more in the order of 3,000 to 4,600 jobs. Still, if Wyoming loses 8,000 jobs this year due to the recession, as economist Ernie Goss predicts, the federal stimulus funding could "help offset a good number of these losses for the next two or three years," O'Gara said.

O'Gara noted that unlike the vast majority of the country, Wyoming has yet to see a year-to-year loss in jobs. But while the state may be "somewhat insulated" from the recession, it is not immune to its effects, and history shows the national economic downturn will eventually be felt here.

"We're just now starting to see a little bit of weakness" in Wyoming job data, O'Gara said. He predicts the effects of the recession will hit later here, and Wyoming "isn't going to get hit nearly as bad" as the rest of the country.

When it comes to job creation, Wyoming will get the "biggest bang for the buck" with federal stimulus spending for highway improvement, water and sewer projects, and work at the Wyoming National Guard's Camp Guernsey, O'Gara said. It's possible those projects will create close to 4,000 jobs.

The Wyoming Department of Transportation has already announced plans to use \$157.6 million in stimulus funding for road projects throughout the state this year, which will mean work for numerous highway contractors.

Other federal funding coming to the state for unemployment benefits and health care and nutrition assistance for the poor won't do much in the way of job creation, O'Gara said. The intent of the increase in spending for those programs was to address problems caused by the recession.

O'Gara also explored the effects of the stimulus package and Obama's proposed budgets over the next decade, pointing out that the Congressional Budget Office predicts massive federal deficits that most economists see as "unsustainable." The only ways to address those deficits will be to raise taxes or cut spending, or employ some combination of both, he said.

Opportunities and burdens

The federal stimulus package has created some opportunities for Wyoming, but it also has placed a burden on state agencies, said Shawn Reese, a member of the Wyoming Business Council staff and also part of the team picked by Gov. Dave Freudenthal to oversee the state's share of the stimulus dollars. In fact, Reese said he's reluctant to call the federal act a stimulus package, because "the jury is still out on

the benefits" of the spending.

The Obama administration initially solicited lists of "shovel-ready" projects from state and local governments, creating "a sense of anticipation" that those governments would see money for a variety of public-works projects, Reese said. But the legislation approved by Congress "was nothing like we anticipated" and provides just \$15 million over which the governor has any discretion.

Most of the stimulus money is flowing through existing federal programs, and there remains "an incredible amount of uncertainty" about how much the state will actually receive and what it may be used for, Reese said.

The governor has said he won't use stimulus dollars to create government jobs or programs that the state might later be expected to continue on its own, Reese said. At the same time, accepting the federal money brings with it burdensome reporting requirements that "will tax state agencies."

"Transparency and accountability are great, but the reporting requirements are incredible," Reese said. "It's going to be a challenge."

Still, "despite all its difficulties, it could produce the best of what government has to offer," he said of the federal spending. "It also could magnify government's weaknesses."