

## ECONOMY

### INTRODUCTION

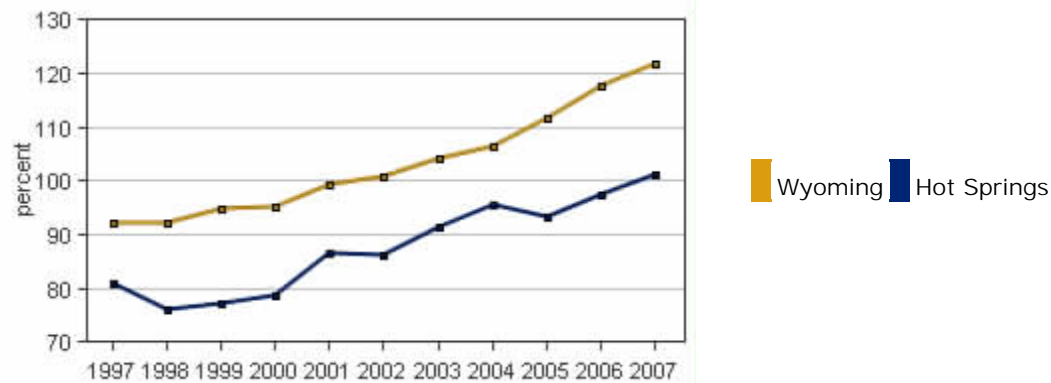
This section provides a general overview of the Thermopolis economy and considers factors related to the county's economic future. Economic data sources such as the U.S. Bureau of Economic Analysis provide information at the county level and for major metropolitan areas but not for towns the size of Thermopolis. Consequently, much of the information that follows is for the county rather than the town.

### PERSONAL INCOME AND EARNINGS

#### Per Capita Personal Income

Hot Springs County's per capital personal income (PCPI) ranks in the lowest third of all Wyoming counties (17th out of 23 counties in 2007 and in 1997). Per capita income is total personal income divided by the total population. PCPI has been generally rising in Hot Springs County since 2000. The average annual growth rate of PCPI (not adjusted for inflation) from 1997-2007 was 6.7 percent for Hot Springs County, 7.2 percent for Wyoming, and 4.3 percent for the nation. In 2007, Hot Springs County PCPI was one percent higher than the national PCPI. (U.S. BEA: Bearfacts)

**PER CAPITA INCOME AS % OF THE UNITED STATES 2007**

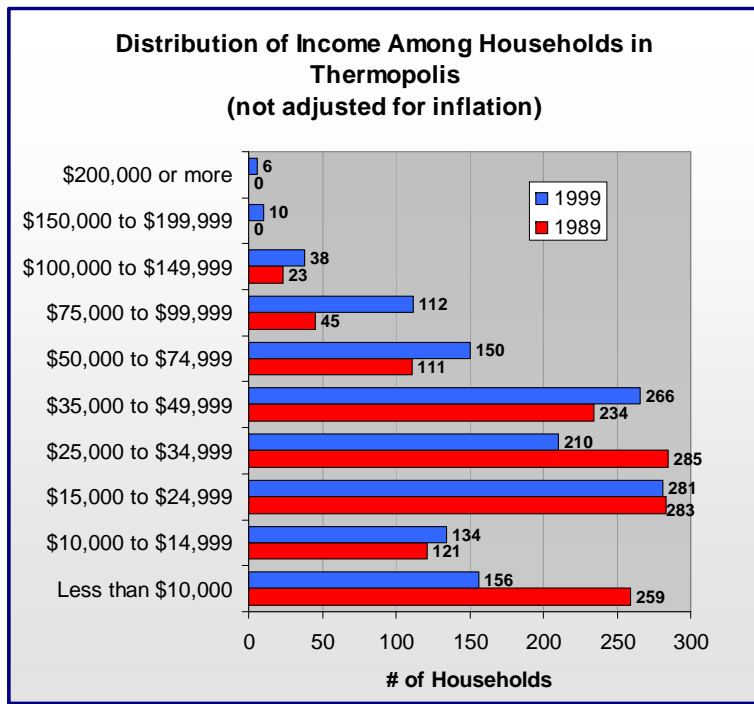


Source: U.S. BEA: Bearfacts

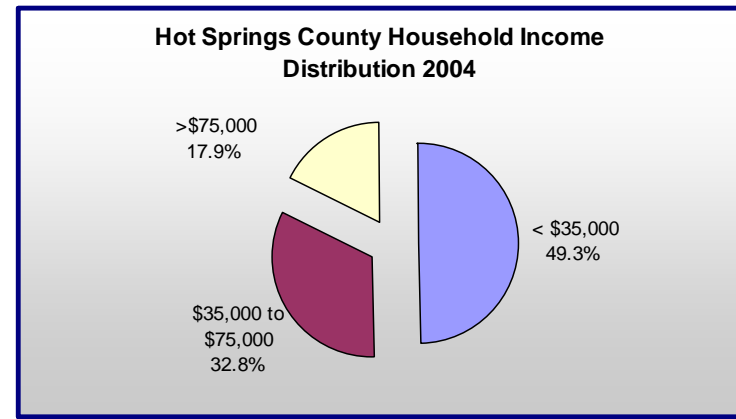
**Distribution of Income –Household Income – Family Income**

Household income is the income from all persons living in a housing unit. Household income has been rising in Hot Springs County, but it falls behind the nation, the state, and other counties in the Big Horn Basin.

2009 median household income in Hot Springs County was estimated at \$41,543, up 17 percent since 2000. Median income is the mid-point of total household income—half of all households have income less than median household income and half have income more than median household income. In 2009, median household income was \$51,981 in Wyoming and \$57,486 nationally. Big Horn County was at \$41,925 and Washakie County at \$47,294. (Wadley-Donovan)



Source: U.S. Census 1990 and 2000



Source: Wadley-Donovan Group

In Thermopolis, fewer households were in the lowest income brackets in 1999 than in 1989 (Refer to graph of "Distribution of Income). The number of households with less than \$10,000 dropped from 259 in 1989 to 156 in 1999. The county (and likely Thermopolis as well) continues to have a significant number of lower income households. In 2004, nearly half (49.3%) of all households had income less than \$35,000.

Median family income in 1999 was \$38,448 in Thermopolis and \$39,364 in Hot Springs County. In 2009, it was estimated at \$55,100 for the county. Median family income is important because it is used by the U.S. Department of Housing and Urban Development as a measure for determining eligibility for housing assistance. To qualify, a family must meet the low income threshold of not more than 80% of median family income. (HUD) Approximately one-third of all families had incomes less than 80% of the median in Thermopolis in 1999. (U.S. Census 2000 Table DP-3) Hot Springs County has a greater disparity between the richest households and the poorest households than the nation. In 2000, for every household in Hot Springs County with income over \$100,000 there were nearly 12 households with less than \$30,000. Nationally, there were nine. (U.S. Census Bureau and Headwaters Economics)

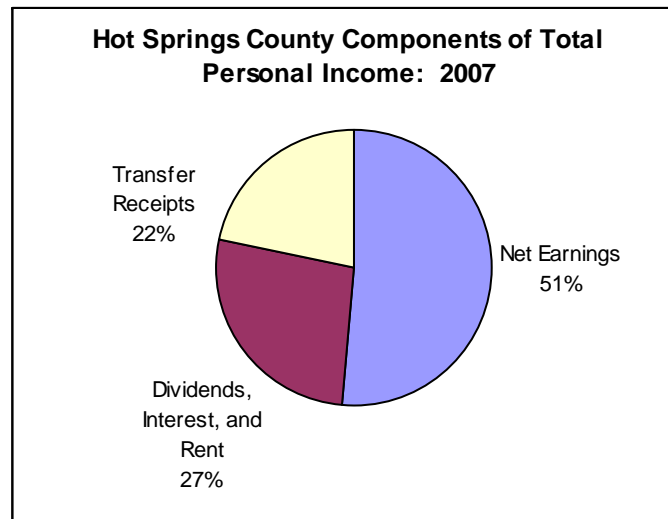
### **Components of Personal Income**

Compared to Wyoming and the nation, Hot Springs County has a much higher dependence on government payments as a source of income. Income from labor earnings is also significantly less in Hot Springs County than in Wyoming or the United States as a whole.

Personal income comes from earnings (either as wages or as business income) or "Non-Labor" income sources. "Non-Labor" income includes:

- Dividends, interest, and rent (e.g., investment income)
- Transfer payments (primarily government payments such as Medicare, Social Security, unemployment compensation, disability insurance payments, and welfare)

In Hot Springs County in 2007, income from earnings was 51% of all personal income (compared to 60% for Wyoming and 68% for the nation); dividends, interest and rent were 27% (compared to 29% for Wyoming and 18% for the nation), and transfer payments were 22% (compared to 11% for Wyoming and 15% for the nation). (U.S. BEA: Bearfacts)



Source: U.S. BEA: Bearfacts

**Poverty**

Poverty rates in Hot Springs County are higher than for the state but less than the nation. In 2008, the 12.2% of all persons in Hot Springs County was at the poverty level, ranking it fifth highest among all Wyoming Counties. On a state-wide basis, 9.5% of the population was in poverty. Nationally, 13.2% of the entire population was living in poverty. (U.S. Census Bureau: Small Area Income and Poverty Estimates)

**EMPLOYMENT, BUSINESS AND INDUSTRY**

Prior to the global recession that began in 2008, Wyoming was a bright spot in the national economy. Although affected by the recession, Wyoming has had lower unemployment than the nation.

The United States is recovering slowly from the global recession that began in 2008. Wyoming was dragged into the recession nearly a year after the national recession began. The downturn in energy exploration resulted in a dramatically weakened labor market in Wyoming, particularly in mining and construction industries. Mining jobs decreased by 17 percent and construction jobs by 15 percent in 2009. Compared to the third

quarter of 2008, total employment in all sectors decreased by 3.6 percent, the worst performance since 1987 (when the oil boom burst). Job growth did occur in some sectors in Wyoming. Education and health services increased by 2.4% between 2008 and 2009, and government jobs grew by 2.6%. (Economic Analysis Division: Dec. 2009)

**Labor Availability - Employment**

Labor force participation in Hot Springs County has been high. In 2000, 62% of working-age residents were actively participating in the labor force, only slightly below the 67% statewide and 64% nationally. In 2003 the county's 3.4% unemployment was well below the nation at 6%.

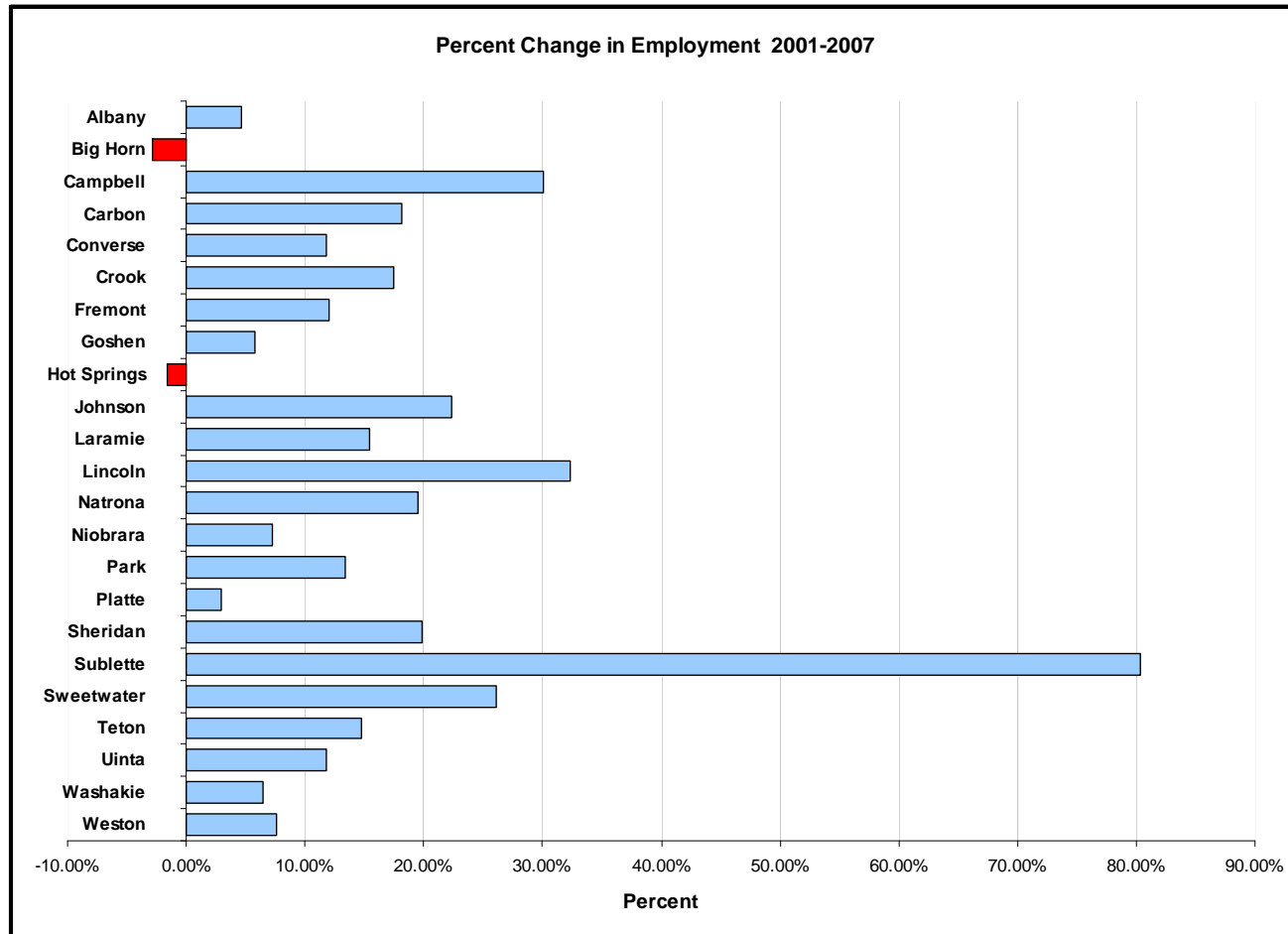
The numbers of workers in the labor force has been declining (and may account for some of the low unemployment rates). The county lost 6.3% of the labor force in the five years between 1998 and 2003. In part this is a factor of overall declining population. The labor force decline is exacerbated with a growing older population, and a relatively high percentage of new residents who are retirees.

LABOR FORCE CHARACTERISTICS			
	Hot Springs County	Wyoming	US
Labor Force 2003	2,251	278,367	146,510,000
% Change 1998 - 2003	-6.3%	7.9%	6.4%
Unemployment Rate 2003	3.4%	4.4%	6.0%
Unemployment Rate Dec 2009	6.6%	7.6%	9.7%
Labor Participation 2000	62.2%	67.2%	63.7%

Sources: Wadley-Donovan. Locational Assessment Wyoming Zone 3 for all except 2009 unemployment rate  
 2009 Unemployment rate: Wyoming Department of Employment, Research and Planning

Hot Springs County and Big Horn County were the only counties that experienced decrease in employment between 2001 and 2007, when the rest of the state was seeing some significant growth rates. Counties with energy development, such as coalbed methane in Sublette County, saw

significant growth during that period. In Hot Springs County, retail trade lost the most jobs—a loss of 22% (85 jobs). (Wyoming Employment, Income, and Gross Domestic Product Report.)

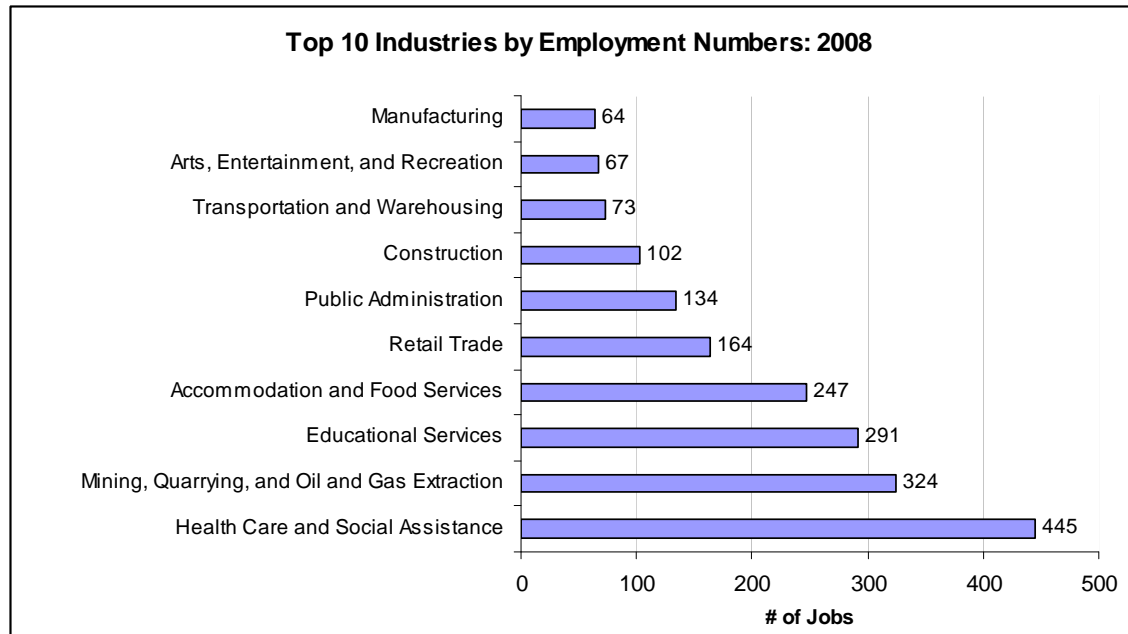


Source: Economic Analysis Division. The Wyoming Employment, Income, and Gross Domestic Product Report. December 2009.

According to a survey conducted for the Wyoming Business Council’s “Location Assessment Report,” employers reported difficulties recruiting technical and professional personnel to the eastern Big Horn Basin area (Big Horn, Hot Springs, and Washakie Counties). A lack of technical and professional job opportunities presents a problem for “following spouses.” The survey found that job candidates from outside the area perceived quality of life to be less than desirable, but once they are recruited, many like the area and tend to stay.

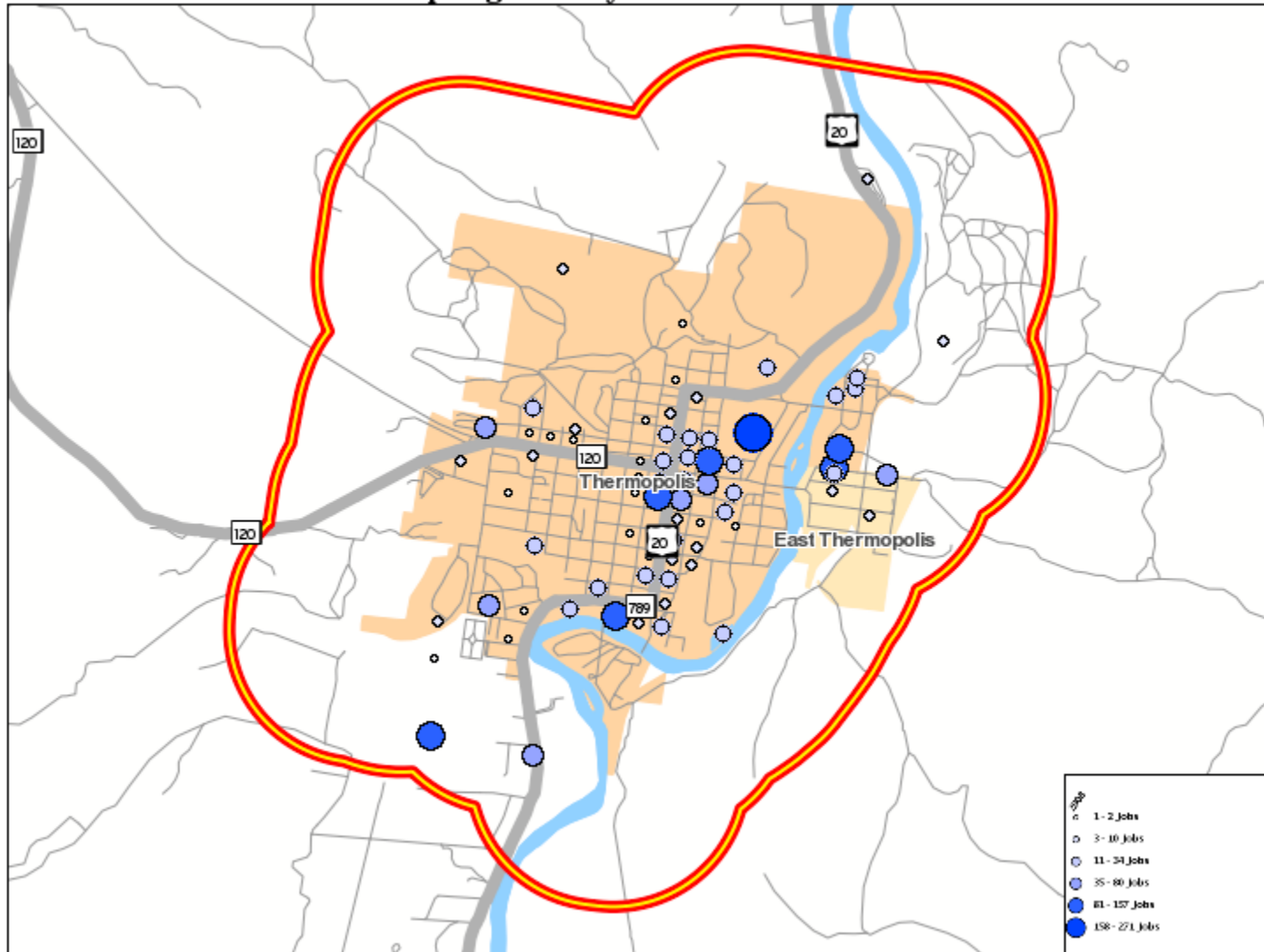
**Businesses and Industry**

Nearly all of the workplaces in Hot Springs County are clustered in or near Thermopolis (refer to the “Work Location Map”, next page). The five biggest employer sectors in the county are health care, energy development (oil and gas), education (schools), service industries, and retail trade.



Source: US Census Bureau, LED OnTheMap Origin-Destination Database  
 (Beginning of Quarter Employment, 2nd Quarter 2008, 2007, 2006, 2005, 2004, 2003, and 2002)

### Hot Springs County Work Locations: 2008

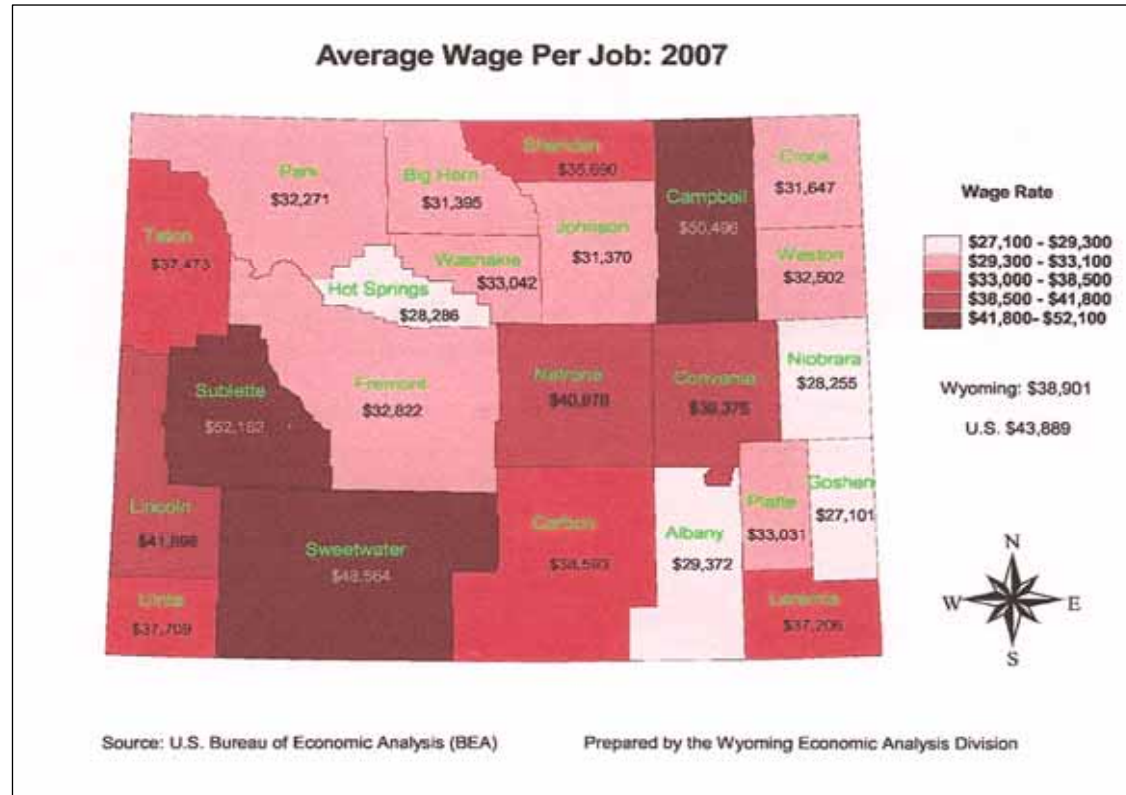


MAJOR EMPLOYERS IN HOT SPRINGS COUNTY			
	Company	Employees	Product/Service
1	Hot Springs County School District	150	Education
2	Hot Springs County Memorial Hospital	79	Health Care
3	Big Horn Enterprises	60	Social Assistance – services to disabled individuals
4	State of Wyoming	54	State government
5	Hot Springs County Government	53	County Government
6	Canyon Hill Manor	42	Health care
7	R&S Well Service	40	Services oil wells
8	Northwest BOCES	38	Education
9	Town of Thermopolis	36	Local Government
10	Holiday Inn	30	Hospitality
11	Merit Energy Company	21	Energy
12	Gottsche Rehabilitation Center	20	Long term care and rehabilitation

Source: Source: Wyoming Business Council. Hot Springs County Wyoming, County Profile

Average annual wage per job in Hot Springs County in 2007 was third lowest in the state at \$28,286. Average annual wage per job was \$38,901 statewide and \$43,889 for the United States. (Wyoming Economic Analysis Division) Highest wages were in the mining sector (\$58,781 in 2006) and lowest wages were in leisure and hospitality (\$9,930 in 2006).

Proprietor income is not included in the average annual wage per job. Average income from non-farm proprietors (business owners and self-employed persons) is the bright spot in earnings. Average non-farm proprietor income increased from \$12,091 in 2000 to \$28,745 in 2007, an increase of 96%, not adjusted for inflation. During this same time, average wage per job increased from \$20,332 to \$28,286, an increase of 39%, not adjusted for inflation. While wage and salary jobs decreased between 2000 and 2007 (to 2,228 jobs in 2007), numbers of non-farm proprietors grew by about 4% to 827. (Wyoming Economic Analysis, "Regional Economic Profiles")



Source: Wyoming Employment, Income, and Gross Domestic Product Report

**Business Trends – Economic Development**

In the last decade, limited economic expansion of existing or new businesses has occurred. The community has been working to attract new businesses, but there is no current overall economic development plan for the town or county. The Thermopolis-Hot Springs Chamber of Commerce is active with 220-230 members and a well-developed website providing information to businesses and prospective tourists. (Wallingford) The Thermopolis Economic Development Council provides assistance to start-up business and has taken a lead role on economic projects such as the Red Rocks Business Park south of Thermopolis. (Smith)

In the past five years downtown has improved with new businesses in formerly vacant retail spaces. In 2006, CAPTEL, a professional fundraising and communications firm, set up offices in downtown starting with ten employees and continuing to expand.

Businesses are also tending to locate along the highway on the south edge of town. In 2006, the Red Rocks Business Park was approved and has since been developed with infrastructure, but to date no businesses have established there.

**ASSETS AND CHALLENGES**

In its report to the Wyoming Business Council, Wadley-Donovan Group identified key factors for economic development in the Big Horn Basin region, which includes Big Horn, Hot Springs, and Washakie Counties. These are outlined in the following table.

<b>ASSETS AND CHALLENGES FOR THE BIG HORN BASIN REGION OF WYOMING (BIG HORN, HOT SPRINGS, AND WASHAKIE COUNTIES)</b>			
Factor	Assets	Challenges	Neutral
Accessibility/Area Orientation		<ul style="list-style-type: none"> <li>• Lack of Interstate and four-lane highways</li> <li>• Limited airline passenger service</li> </ul>	
Labor Availability		<ul style="list-style-type: none"> <li>• Lack of qualified applicants</li> <li>• Need for new families to move to the area</li> <li>• Declining size of labor force</li> <li>• Low unemployment rates</li> </ul>	
Labor Quality	<ul style="list-style-type: none"> <li>• Low ratio of high school dropouts</li> </ul>	<ul style="list-style-type: none"> <li>• Productivity and work ethic</li> </ul>	<ul style="list-style-type: none"> <li>• Basic skills</li> </ul>
Labor Costs	<ul style="list-style-type: none"> <li>• Wage levels</li> </ul>		<ul style="list-style-type: none"> <li>• Employer benefit packages</li> </ul>
Training and Education		<ul style="list-style-type: none"> <li>• Local training resources</li> </ul>	

Factor	Assets	Challenges	Neutral
<p><b>Quality of Life</b></p>	<ul style="list-style-type: none"> <li>• Lack of traffic congestion</li> <li>• Health care</li> <li>• Condition of downtowns</li> <li>• Low crime rates</li> <li>• K-12 public education</li> <li>• Outdoor recreation venues</li> <li>• Climate</li> <li>• Lack of personal income tax</li> </ul>	<ul style="list-style-type: none"> <li>• Housing availability</li> <li>• Local shopping</li> </ul>	
<p><b>Business and Operating Environment</b></p>	<ul style="list-style-type: none"> <li>• Business tax policy</li> <li>• Electric rates and reliability</li> <li>• Broadband internet service</li> <li>• Availability of good quality water</li> <li>• Sales tax exemption for new production machinery and equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Although property taxes apply to most forms of business with few exemptions, and works in progress are not exempt, the tax rates are low. This message may be difficult to convey to site seekers who only ask if taxes apply.</li> <li>• Relocating outside talent</li> <li>• Air freight service and cost</li> <li>• Truck service</li> <li>• Rail costs</li> <li>• Sewage treatment capacity</li> <li>• Lack of vacant industrial and business sites</li> <li>• Lack of vacant industrial buildings</li> </ul>	

Source: Wadley-Donovan 2005

Based on their research, the Wadley-Donovan group recommended the following targets for regional economic development:

- Lone Eagles and knowledge-based entrepreneurs (Lone eagles are individuals who look to operate as self-employed individuals or in free-lance capacities using advance telecommunications technology and a commercial airport to remain linked with the outside world. Examples include writers, consultants, software programmers, investors, financial analysts, traders, brokers, and manufacturing representatives. Knowledge based operations include software development, advertising, management consulting, writing and journalism, and public relations.)
- Western art and home furnishings
- Outdoor recreational products.

The Wadley-Donovan group recommended call centers and back offices for neighboring Fremont County. The telephone call center industry consists of customer support and service centers, which refers to inbound call centers designed to provide ready access to customer support for products and services. Administrative Service Centers, often called "back offices", are facilities where administrative workers engage in corporate office support operations, such as processing orders, billings, claims, accounts receivable and payable, and similar tasks. Since 2005, when the Wadley-Donovan report was written, the call center and back office businesses have increased in the Big Horn Basin, with CAPTEL in Thermopolis, Eleutian Technology in Ten Sleep and Cody, and others. The target industry list for Thermopolis should be updated to include call centers and back offices.

## CONCLUSIONS

Thermopolis has many unique features that have sustained the local economy for decades and those features and others could possibly be used to expand the economy as well. Tourism, health care, and natural resource extraction have been staples of the local economy. The 2008 global recession has resulted in reduce demand for energy, but slowly it appears that the economy may be rebounding. Health care has remained relatively strong as an economic sector in Wyoming during this recession. The aging population and attractiveness of Thermopolis to that age group could be a future source of economic development. The area's low wages are also a positive for businesses to looking to locate or expand in the area. Without a careful approach, using this as an economic incentive could result in an even higher proportion of low-income wage earners needing assistance with housing costs and day care. In general, it is important to consider long-range goals of economic development in relation to cost of extending services, downtown development, and labor force needs and wages within an overall community context.

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