

Economic Indicators

Economic Indicators is a quarterly newsletter written by Dr. Terry Sutton, Professor of Business, and published by the Innovation Center at Rogers State University under the direction of Dr. Ray Brown, editor.



The Innovation Center is charged with fostering economic development and addressing the educational needs of area business and industry. The Center provides business counseling services and training for area entrepreneurs and expanding businesses in northeastern Oklahoma.

Established in 2002, the Center provides (1) a technology and business incubator, (2) entrepreneurial training, (3) small business counseling services, and (4) economic, demographic, and social research related to economic development.

Sales Tax Collections

Table 1 shows the year-to-date sales tax revenue for the 2006 fiscal year compared to the comparable period in 2005 fiscal year-to-date. These data are not adjusted for the season or for price.

Table 1: Sales Tax Collections for Claremore & Rogers County, Fiscal Year-To-Date

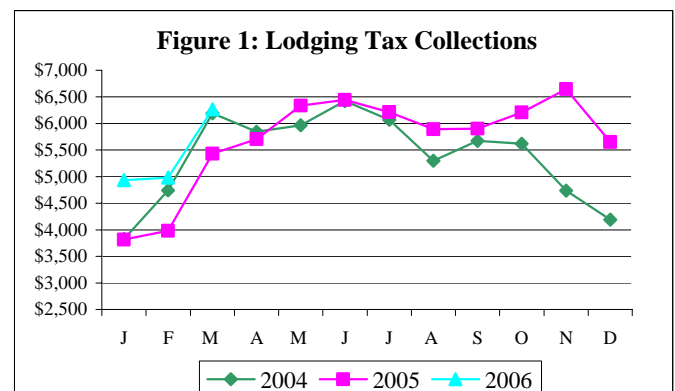
Fiscal YTD	2004/2005	2005/2006	% Change
Claremore	\$6,633,829	\$7,041,576	6.1%
Rogers County	\$5,988,777	\$6,477,194	8.0%

Source: City of Claremore & Oklahoma Tax Commission

Both Claremore and Rogers County exhibited sizeable increases with county collections increasing by a slightly larger amount. These data reflect the growing level of economic activity in Claremore and Rogers County which should continue throughout the rest of 2006.

Lodging Tax Collections

Figure 1 illustrates the monthly levels of lodging tax collections in Claremore for calendar years 2004, 2005, and the first quarter of 2006. Lodging taxes received by the Oklahoma Tax Commission are collected by motels and hotels during the previous month. Figure 1 clearly shows the cyclical nature of lodging.



Source: City of Claremore

Since collections reported to the OTC lag payment by guests by approximately one month, hotel occupancy tends to decline from November to January. It then rebounds during the spring and summer months. Lodging tax collections for the first four months of 2005 were below the 2004 levels but were up significantly in November and December so that there was an overall increase for 2005. Beginning in January of 2006, the lodging tax collections in Claremore dramatically exceeded those for the first quarter of 2005. An increase in lodging tax collections reflects new funds being injected into local retail merchants, increased tourism activities, and possibly new residents who have relocated for employment reasons or better housing. Claremore should continue to experience increasing lodging tax collections for the rest of 2006.

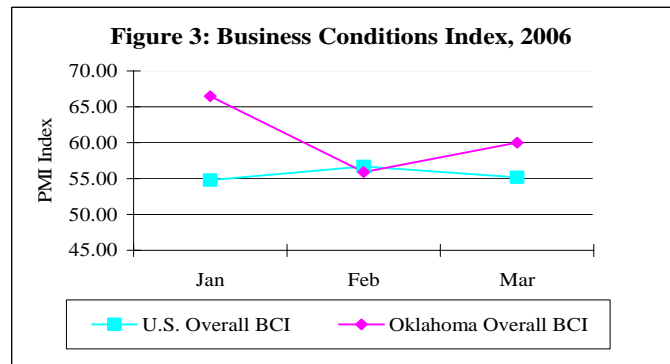
to the same period of 2005. The impact of the tax increase starting in 2005 should lessen and Claremore and Rogers County can expect more normal levels of this tax throughout 2006. However, as more and more smokers quit, this tax collection could stabilize or even fall in the future. The tobacco tax collection is variable depending on legislation and compacts with Native American Tribes.

Business Conditions Index

Figure 3 illustrates the 2006 first quarter monthly values Business Conditions Index (BCI) for Oklahoma and the U.S. as prepared by the Creighton Economic Forecasting Group headed by Professor Ernie Goss of Creighton University.

Tobacco Tax Collections

Figure 2 shows tobacco tax collections distributed by the Oklahoma Tax Commission to Claremore and Rogers County in the first three months of 2006.



Source: Creighton University

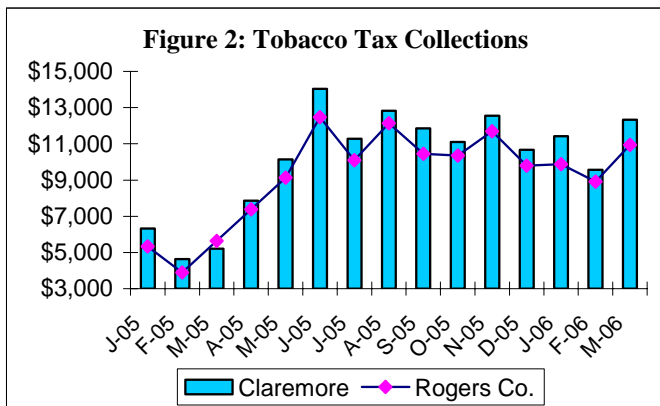
This index is compiled by surveying supply managers as to their future plans. A BCI value above 50 indicates that supply managers expect their shipments to retail businesses to expand in the next three months while a value below 50 indicates an expectation of a contraction. Oklahoma's value exceeded the U.S. overall rate in January, fell slightly below the U.S. value in February, and again rose above the national value in March.

Table 2 lists the overall Oklahoma and United States values for the BCI and the specific values for New Orders, Employment, and Confidence.

Table 2: BCI Index

Oklahoma	January		February		March	
	U.S.	OK	U.S.	OK	U.S.	OK
Overall	54.8	66.5	56.7	55.9	55.2	60.0
New Orders	58.0	70.0	61.9	63.5	58.4	61.1
Employment	51.3	60.0	55.0	54.5	52.5	55.6
Confidence	N/A	80.0	N/A	66.7	N/A	61.1

Source: Creighton University



Source: City of Claremore

The month-to-month levels demonstrated a fair amount of variability, falling in February then rising to the highest amount in March in both Claremore and Rogers County. It should be remembered that tobacco tax collections, like sales tax and lodging tax collections, are for the previous month's sales and lodgings. In the first quarter of 2005, the tobacco tax collections were down as a result of a large increase in the state's tax rate on tobacco products and did not recover until after the end of the first quarter. In the first three months of 2006, the tobacco tax collections almost doubled relative

The only Oklahoma specific value below the national one is February's Employment index. New orders and employment expectations dropped in February causing Oklahoma's overall drop in the same month. The outlook for employment in Oklahoma rose slightly in March and pulled the overall BCI above the nation's.

Electric & Water Meters

A good indication of a city's rate of growth can be obtained by comparing the average number of residential and commercial electric and water meters that are in service at a particular time period with figures for an earlier time period. Table 3 describes Claremore's average number of electric meters for the first quarter of 2006 relative to the first quarter of 2005.

Table 3: Average Number and Percent Change in Electric Meters, Claremore

Quarter 1 Average				
City Limits	Electric Meters			
	Residential		Commercial	
	2006	Change 2005/2006	2006	Change 2005/2006
Inside	7,499	3.4%	1,173	2.8%
Outside	2,090	3.1%	183	9.6%

Source: City of Claremore

Table 4 describes the same comparison for water meters. (Inside and outside refer to the location of a customer's meter as either inside or outside of Claremore's city limits.)

Table 4: Average Number and Percent Change in Water Meters, Claremore

Quarter 1 Average				
City Limits	Water Meters			
	Residential		Commercial	
	2006	Change 2005/2006	2006	Change 2005/2006
Inside	6,331	4.0%	920	2.3%
Outside	115	-1.7%	26	4.0%

Source: City of Claremore

Examination of these tables reveals that every category of service increased except for residential water meters outside of the city limits. The largest increase was for commercial electric meter customers outside the city limits. In the first quarter of 2006, Claremore experienced fairly balanced and moderate growth.

Real Estate Sales

Residential real estate sales for 2005 and 2006 for Claremore and Rogers County are shown in Table 5.

Table 5: YTD Number & Value of Residential Real Estate Sales

Claremore	2005	2006	% Change
Number	46	79	72%
Value	\$4,671,654	\$9,724,153	108%
Rogers Co.*	2005	2006	% Change
Number	200	290	45%
Value	\$26,539,239	\$41,056,166	55%

Source: Rogers County Real Estate Association

*Rogers County figures includes Claremore

*YTD Figures are based on the calendar year starting January 1 to present

Claremore's residential sales almost doubled in number from January through March of 2006 relative to the same period in 2005 and the value of residential sales more than doubled in 2006. Rogers County residential sales and value increased but not as much as sales in Claremore. Although sales in Claremore are included in Rogers County statistics, the city leads the county in the growth of number and value of residential dwellings thus far in 2006.

Building Permits

Table 6 shows the number of residential, commercial, and industrial building permits for Catoosa, Claremore, and Rogers County for the first quarters of 2005 and 2006.

Table 6: Total Number of Permits, 1st Quarter

Area	Residential		Commercial		Industrial	
	2005	2006	2005	2006	2005	2006
Catoosa	18	10	5	5	0	0
Claremore	34	34	4	10	2	1
Rogers	155	167	6	4	5	3

Source: Catoosa, Claremore, and Rogers County Planning Commissions

The number of residential building permits in Catoosa fell sharply in 2006, while those for Claremore remained steady. Rogers County experienced a slight growth in residential building permits in 2006. The number of commercial building permits stayed constant in Catoosa, more

than doubled for Claremore, and fell for Rogers County in the first quarter of 2006 compared to the same time period in 2005. The number of industrial building permits from the first quarter of 2005 to the same period in 2006 stayed at zero in Catoosa, fell from 2 to 1 in Claremore, and fell in Rogers County.

Table 7 reveals the first quarter value of residential, commercial, and industrial building permits in Catoosa, Claremore, and Rogers County from 2005 to 2006.

Table 7: Total Value of Permits, 1st Quarter*

Area	Residential		Commercial		Industrial	
	2005	2006	2005	2006	2005	2006
Catoosa	\$1,964	\$1,624	\$5,425	\$3,547	\$0	\$0
Claremore	\$2,053	\$2,255	\$483	\$1,576	\$2,419	\$65
Rogers	\$17,579	\$17,535	\$1,747	\$1,059	\$882	\$603

Source: Catoosa, Claremore, and Rogers County Planning Commissions
 * Figures are rounded and in thousands

The value of residential permits in Catoosa dropped from \$1,964,000 to \$1,624,000, or 17.3%, from the first quarter of 2005 to the same period in 2006 and fell slightly for Rogers County. Residential permit value for Claremore increased even though the number of permits remained constant reflecting the construction of more valuable new houses. The value of commercial permits in the first quarter dropped considerably in Catoosa and Rogers County from 2005 to 2006 but the value of permits more than tripled in Claremore. The value of industrial permits in the first quarter stayed at zero in Catoosa, fell greatly in Claremore, and declined slightly in Rogers County.

Per Capita Personal Income

Table 8 shows the per capita personal income in 2000 and 2004 for counties in northeastern Oklahoma, the State of Oklahoma, and the United States. The column headed by rank refers to the county's rank relative to other Oklahoma Counties. A particular county's rank will change in the State if it has large percentage changes over time. Cherokee County, ranked at 62 in the state, had a significant per capita personal income increase from 2000 to 2004 and is on the way to increasing its rank in the state.

Table 8: Per Capita Personal Income

County	2000	2004	Percent Change	Rank*
Washington	\$27,985	\$30,498	9.0%	3
Rogers	\$24,246	\$25,418	4.8%	14
Delaware	\$20,551	\$24,062	17.1%	24
Osage	\$20,683	\$23,885	15.5%	25
Craig	\$19,858	\$23,162	16.6%	35
Wagoner	\$21,137	\$23,007	8.8%	37
Muskogee	\$19,910	\$22,940	15.2%	41
Ottawa	\$18,682	\$22,167	18.7%	47
Mayes	\$19,944	\$21,783	9.2%	52
Cherokee	\$16,751	\$20,494	22.3%	62
Nowata	\$17,410	\$19,041	9.4%	73
State of Oklahoma	\$24,407	\$27,840	14.1%	40
United States	\$29,854	\$33,050	10.7%	NA

Source: Oklahoma Department of Commerce
 *Rank is based of percentage change

Insight to personal income can be gained by comparing a county's population change (Table 9) to its change in personal income. For example, Ottawa County experienced a large percentage change in personal income while its population fell. This implies that the loss in population consisted of more low income individuals who probably moved to higher paying jobs outside of the county. The people who remained in Ottawa County had higher income and were not interested in relocating. Rogers County had a small increase in personal income (4.8%) along with a large population increase (14.4%). Claremore probably had a large increase in low income retail clerk positions because of an increasing population and the subsequent increase in general merchandise sales. A county like Cherokee, with a moderate population increase (5.1%) and a high personal income increase (22.3%), likely experienced an increase in high income jobs.

Six of the counties in northeastern Oklahoma (Delaware, Osage, Craig, Muskogee, Ottawa, and Cherokee) experienced a larger percentage increase in personal income from 2000 to 2004 than did the State as a whole and the United States.

County Population

Table 9: County Population Change, 2000/2005

County	April 2000 Census	July 2005 Estimate	Population Change	Percent Change	Growth Rate
Rogers	70,638	80,800	10,162	14.39%	1
Wagoner	57,491	64,200	6,709	11.67%	3
Delaware	37,077	39,100	2,023	5.46%	10
Cherokee	42,521	44,700	2,179	5.12%	11
Mayes	38,369	39,500	1,131	2.95%	23
Nowata	10,569	10,900	331	3.13%	24
Osage	44,434	45,400	966	2.17%	27
Muskogee	69,451	70,600	1,149	1.65%	30
Craig	14,950	15,100	150	1.00%	35
Washington	48,996	49,100	104	0.21%	38
Ottawa	33,194	32,900	-294	-0.89%	50
State of Oklahoma	3,450,652	3,547,900	97,248	2.82%	33
United States	281,421,906	296,410,400	14,988,494	5.33%	N/A

Source: Oklahoma Department of Commerce & Population Division, U.S. Census Bureau

* Oklahoma is ranked 33rd among all states in population growth

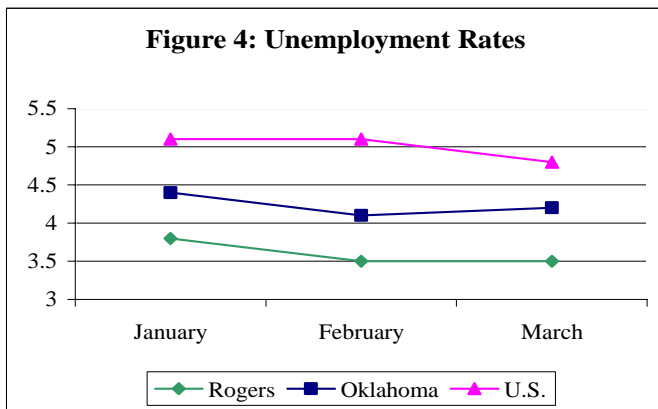
Table 9 shows the population changes from 2000 to 2005 in northeastern Oklahoma counties and those for the State of Oklahoma and the United States. Population changes can yield several insights to future economic and business activity trends because as the number of residents increases, the level of earnings and sales increases in conjunction. Residents are attracted to locations that are hiring workers and are a relatively pleasant place to live. The growth rate column in Table 9 gives the rank of the county in terms of percentage of population growth in the State of Oklahoma. Rogers County had the greatest percentage change in county population in the State while Ottawa County experienced a low ranking because it lost population. The large percentage increase in Rogers County's population can be attributed to the large number of residents moving to rural areas near the cities of Owasso, Catoosa, and Claremore. While Owasso is in Tulsa County, several residential subdivisions have been established along highway 20 in the western portion of Rogers County near Owasso.

The population drop in Ottawa County can be partially attributed to environmental problems in the Tar Creek area near Pitcher, Oklahoma. Although Miami, the largest town in Ottawa County, has attracted a number of new manufacturers to the city since 2000, such as Tracker Marine, the county has declined in population, according the Census Bureau estimates.

A growing county has both positive and negative aspects resulting from its growth. On the positive side, new retail merchants will be attracted to the area increasing the number of choices available to consumers, and tax revenues will increase enabling improvements in the county's infrastructure. On the negative side, a growing county will experience an increase in traffic congestion, a rise in land and real estate prices, and a growing student population which would require improvements and expansions in the schools. An expanding county will also experience greater demands on water, sewage, garbage and electrical services requiring infrastructure improvements.

Unemployment Rates

Figure 4 shows the unemployment rates for the United States, Oklahoma, and Rogers County for the first quarter of 2006. Both Oklahoma and Rogers County had lower rates of unemployment throughout this period with Rogers County having the lowest.



Source: Oklahoma Employment Security Commission

Table 10, below, lists the actual unemployment rates and the number employed for each of the northeastern Oklahoma counties along with Oklahoma and the United States for each month in the first quarter of 2006. The counties of Craig, Delaware, Mayes, Nowata, and the State of Oklahoma all had unemployment rates that dropped from January to February but rose slightly in March. Unemployment rates for Rogers and Washington counties dropped from January to February then held constant through March. Only Ottawa County had a consistently falling unemployment rate throughout the first quarter. It should be remembered that the unemployment rate is the ratio of those seeking work divided by the

total number in the labor force which equals the number seeking work plus the number employed. Consequently a change in the number of people without jobs who decide to search for a job will increase the unemployment rate even with an increase in the number employed. Careful examination of Table 10 reveals the number employed in every northeastern Oklahoma county was higher in March than it was in February of 2006 even in those counties that experienced a rise in the unemployment rate from February to March. This indicates that there was an increase in the number of job seekers in every county which caused the unemployment rate to increase. Increases in the number of job seekers could result from people who have not been in the labor force beginning to look for work after hearing that hiring is occurring or it could just be a seasonal change. A county's unemployment rate is not necessarily a worrisome event if the number employed increased at the same time.

Low unemployment rates are good for job seekers, retail merchants, and taxing entities; however, the increase in purchasing power tends to cause the price of land and real estate to rise within a county. Consequently, like many other economic factors, there are both positive and negative aspects to low unemployment. A few positive results are that low unemployment rates are typically accompanied by a drop in the crime rate, a reduction in welfare recipients, and an increase in concern and care for the elderly, children, and the mentally challenged. These results are often overlooked by both politicians and economists.

Table 10: Labor Market Information

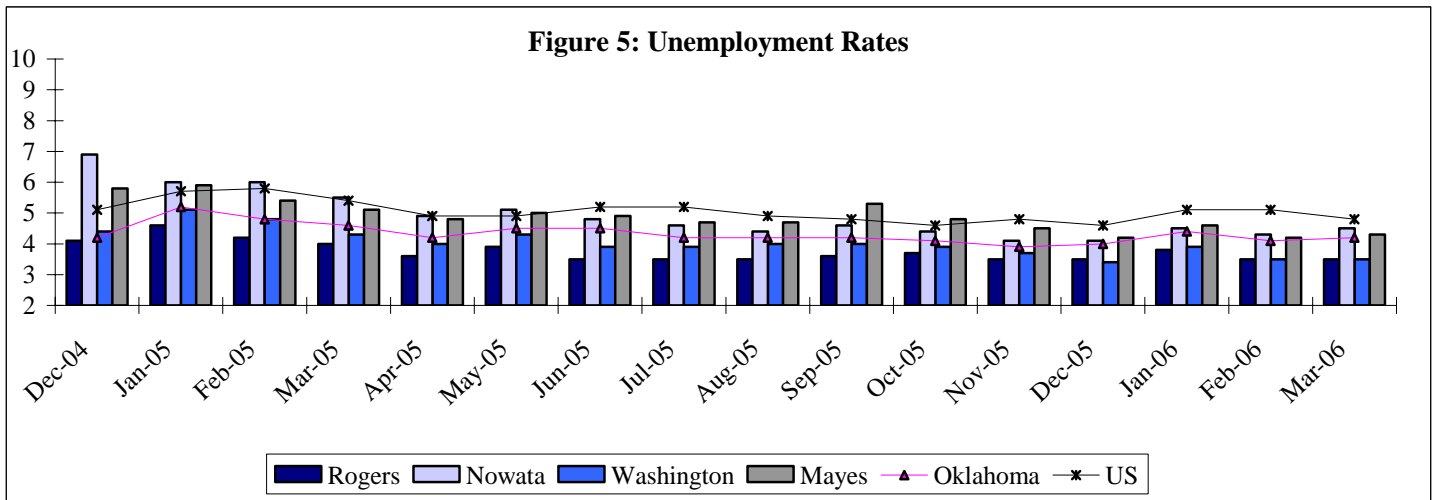
Area	January '06		February '06		March '06	
	Unemployment Rate	Employed	Unemployment Rate	Employed	Unemployment Rate	Employed
Craig	4.7	6,440	4.2	6,420	4.3	6,440
Delaware	4.6	16,680	4.3	16,660	4.4	16,810
Mayes	4.6	16,310	4.2	16,320	4.3	16,420
Nowata	4.5	4,810	4.3	4,770	4.5	4,780
Ottawa	4.9	15,800	4.6	15,880	4.5	16,010
Rogers	3.8	38,760	3.5	38,720	3.5	38,830
Washington	3.9	24,890	3.5	24,860	3.5	24,970
Oklahoma	4.4	1,661,980	4.1	1,668,660	4.2	1,674,490
USA	5.1	141,481,000	5.1	141,994,000	4.8	142,772,000

Source: Oklahoma Employment Security Commission

*National Labor Market Information is non-farm, seasonally adjusted figures

Figure 5 illustrates the monthly unemployment rates from December 2004 through March 2006 for Rogers, Nowata, Washington, and Mayes Counties by vertical bars respectively from left to right. The same period unemployment rates for the State of Oklahoma and the United States as a whole are shown by lines on Figure 5. Careful examination of Figure 5 reveals that since March 2005 both Rogers and Washington Counties had unemployment rates below those of Oklahoma and the United States. Nowata and Mayes Counties have at times had

unemployment rates above both those of Oklahoma and the United States and also have exhibited more variability in unemployment rates throughout this period. Rogers County's consistently low unemployment rate is probably linked to rising employment in and around Tulsa and expansion of the local manufacturing and retail sectors. The low unemployment rate in Washington County is related to Bartlesville's aggressive recruitment of large scale employers, as well as rapid expansion of several large local employers.



Source: Oklahoma Employment Security Commission

Space is now available to accommodate technology-oriented companies in the start-up phase or early stages of development.

Located in the newest and most comprehensive entrepreneurial center in northeastern Oklahoma, the Innovation Center provides resources and services to help bring innovative business ideas to life. Facilities are available in Bartlesville, Claremore, and Miami

Find out how the Innovation Center can help turn your vision into a reality!

FACILITIES

- ◆ New Construction
- ◆ Private Offices
- ◆ Light Manufacturing
- ◆ Wet Labs
- ◆ Meeting Rooms
- ◆ Reception Area
- ◆ Library
- ◆ Conference Room

BENEFITS

- ◆ Increased Likelihood of Business Success
- ◆ Cost Saving
- ◆ State Tax Incentives
- ◆ Networking Opportunities
- ◆ Technical Assistance
- ◆ Individualized Training

SERVICES

- ◆ Business Counseling
- ◆ Receptionist
- ◆ Back Office Equipment
- ◆ Video Conferencing
- ◆ RSU Resources
- ◆ Research
- ◆ Broadband Internet



Innovation Center

Rogers State University established the Innovation Center to foster economic development and address the educational needs of business and industry in Northeastern Oklahoma. One of the primary functions of the Center is to assist entrepreneurs who wish to start or expand their business. The professional staff at the Center provides assistance with business plans, financial planning, management, marketing, production, and workforce training. Most services are provided free of charge.

Rogers State University does not discriminate on the basis of race, color, national origin, sex, age, religion, disability, or status as a veteran in any of its policies, practices, or procedures. This includes, but is not limited to admissions, employment, financial aid, and educational service. 200 copies of this publication have been printed at a cost of \$193.00.

The Center is also a regional research and community data center. The Oklahoma Department of Commerce had designated the Center as an affiliate of the Business and Industry Data Center Program (BIDC). As an affiliate of the BIDC, the Center provides information, training, and technical assistance to government, academic, and other non-profit organizations that directly serve business. In addition, the Center also conducts basic and applied research that focuses on the regional economy and population of northeastern Oklahoma. The Center can also assist businesses with feasibility and marketing studies as well as survey research services. For additional information on available services, contact:

Ray Brown

Vice President of Economic & Community Development

(918) 343-7533 – Innovation@rsu.edu