



STATE ECONOMY AND DEMOGRAPHICS

Changes in the state marketplace and population are at the root of much of the Legislature's policy discussions. Shifts in these measures are often the catalyst for efforts to change state policies relating to social services, economic development, taxes and other areas.

THE OKLAHOMA ECONOMY

Oklahoma's economy has diversified in the past decade, becoming more like the U.S. economy. In 1999, oil and agriculture – once the backbone of Oklahoma's economy – accounted for 6.4% of the state's total economic output, much lower than the 17.5% share of the gross state product (GSP) in 1985.

Components of the 2000 Oklahoma Economy

	<u>\$ Amount in Millions</u>	<u>Percent of Total</u>
Services	\$16,549	18.9%
Manufacturing	\$15,273	17.5%
Trade	\$14,130	16.2%
Government	\$12,062	13.8%
F.I.R.E.	\$11,819	13.5%
Trans., Comm., & Util.	\$9,062	10.4%
Mining	\$3,699	4.2%
Construction	\$2,880	3.3%
Agriculture	\$1,958	2.2%
Total Gross State Product	\$87,432	100.0%

Source: OSU College of Business Administration, Oklahoma Economic Outlook 2000 Forecast, January 2000

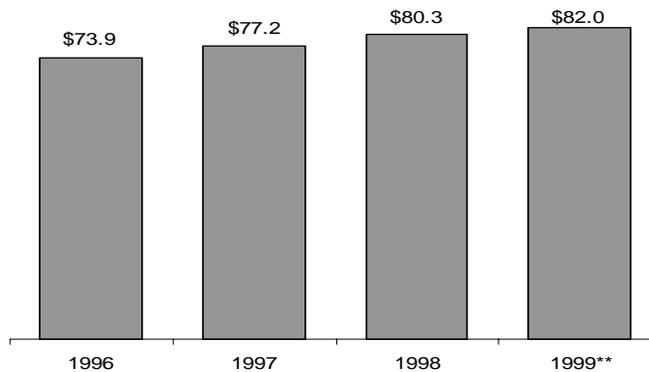
Despite the diversification of the economy, however, mining (which includes oil extraction) and agriculture are more important to Oklahoma's economy than to the average state's economy.

The manufacturing sector – which includes the processing/refining of agricultural and oil products – and the services sector are the largest components of the Oklahoma economy. Together they comprise 36.4% of total state output. Oklahoma's manufacturing growth has frequently outpaced the nation's over the past several years. While the services sector is often perceived as paying low wages, it includes many of the high wage and new economy jobs such as software consulting, legal and health professionals. The F.I.R.E sector of the economy stands for Finance, Insurance, and Real Estate.

ECONOMIC OUTPUT

The state economy's production – the gross state product or GSP – is the total amount of goods and services produced by all industries within a state. Oklahoma has the 30th largest state economy in the nation.

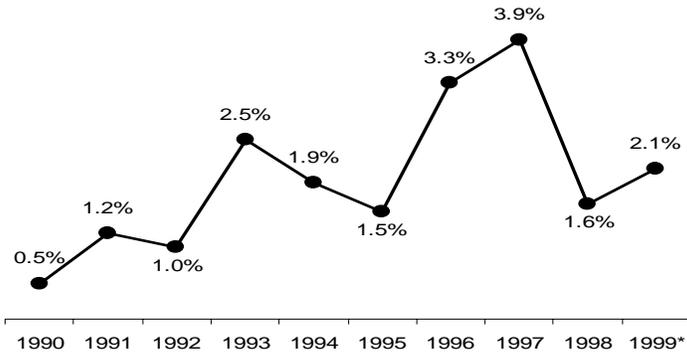
Oklahoma Real Gross State Product
1996 through Projected 1999 (in Billions)



** Projected growth by Oklahoma State University Summer 2000 Economic Forecast

The Real GSP, which is adjusted for price changes and is considered the most appropriate measure of state output, is forecast to grow 2.1% in the year 2000, following an increase of 1.6% in 1999. The mining and services industries will experience the largest growth rates of the industrial mix, growing at a rate of 11.3% and 6.2% respectively. Agriculture is the only area of Oklahoma's economy that is forecast to experience a decline.

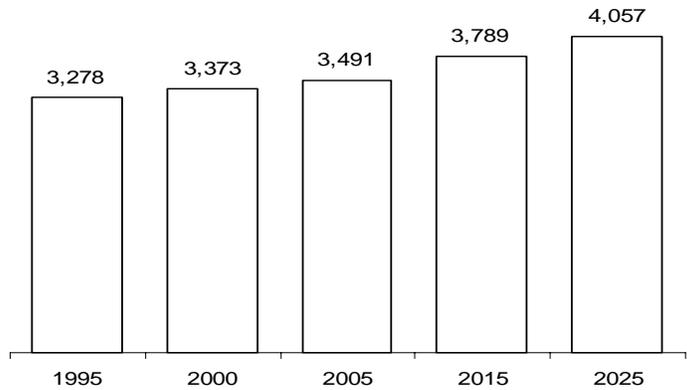
Oklahoma Gross State Product Growth Rate
1990 through 1999



* Projected growth based on OSU's Summer 2000 Economic Forecast
Source: Bureau of Economic Analysis

POPULATION

Oklahoma Population Trend and Projections
1995 through 2025 (in Thousands)



Source: U.S. Census Bureau

Census projections for the year 2000 place Oklahoma as the 28th most populous state in the nation. This compares to 1995, when Oklahoma's 3.27 million residents made it the 27th most populous state. The decline in ranking between 1995 and 2000 is not due to a loss of population,

because the state gained nearly 100,000 residents over the past five years. Instead, the ranking drop is due to the fact that states that were smaller than Oklahoma are growing faster.

Projected Growth in Population

The U.S. Census Bureau projects that Oklahoma's population will increase by 779,000 people or 23.8% between 1995 and 2025. This projected increase ranks 25th among states. Internal migration (from other states) comprises about 52.9%, natural increases (births minus deaths) account for 25.7%, and international migration is 11.8% of this growth projection.

Oklahoma's year 2000 population makes up about 1.2% of the nation's total population.

Working-Age Population

The percentage of Oklahoma's population that is in the prime working ages – between 20 and 64 years of age – is expected to decrease from 59.7% in 1995 to 55.4% in 2025. Oklahoma has a larger percentage of young and elderly than the average state.

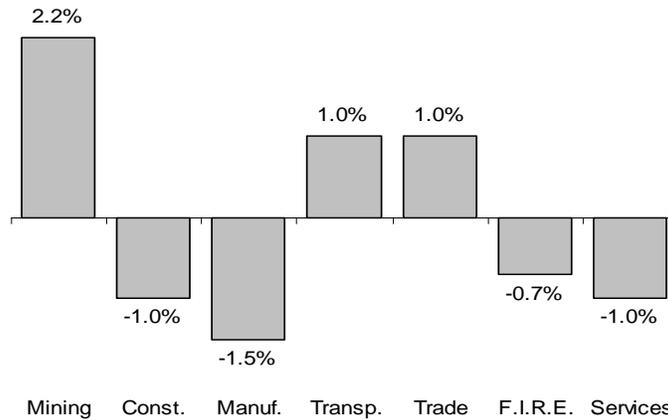
The primary reason for Oklahoma's projected decrease in the working-age proportion is the growth rate of elderly residents. Oklahoma's elderly population is projected to increase at a faster rate than the nation's. By 2025, it is projected that Oklahoma will have the nation's 8th highest proportion of elderly in its population. If projections hold true, this trend is likely to have a profound impact on long-term tax revenues and social-service demands within the state.

EMPLOYMENT AND INCOME TRENDS

Oklahoma's average wage per job in 1998 was \$24,591 or 78.6% of the national average. This wage represents a 3.5% growth in wages from the 1997 average wage.

The per capita personal income (PCPI) in 1999 for Oklahoma was \$22,953, which is 80.4% of the national average. Oklahoma's PCPI increases to 87.9% of the national average when adjusted for cost-of-living factors. PCPI grew by 3.4% between 1998 and 1999 in Oklahoma; the U.S. PCPI grew at a rate of 4.5%. Oklahoma's relatively high proportion of senior citizens and children explains much of the PCPI difference.

Oklahoma Private Sector Employment by Sector
June 1999 (Percentage Difference from U.S. Average)



Source: Bureau of Labor Statistics, 1999

In 1999, Oklahoma's employment growth rate of 1.4% over the previous year lagged behind the national average of 2.2%. However, in 1998 Oklahoma experienced its strongest employment growth of the past 15 years with 3.5%, outpacing the U.S. by almost a full percentage point. In addition, between 1993 and 1998 Oklahoma's total growth (15.6%) was higher than that of the U.S. (13.6%).

Oklahoma's unemployment rate of 3.4% in 1999 was a full percentage point below the national rate of 4.4%. This rate was also among the lowest in the region, with only Colorado and Kansas having lower rates and Missouri tied with Oklahoma at 3.4%. August 2000 survey data showed Oklahoma at a 2.9% jobless rate, much lower than the U.S. rate of 4.1%.