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Katherine A. Deck

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The Economic Impact of the Fayetteville Shale in White County

Kathy Deck, Director
Center for Business and Economic Research
Sam M. Walton College of Business
University of Arkansas
Natural gas production began in White County in May 2006. As of July 2008, monthly natural gas production had grown to 6,000,000 MCF. This represented 25.5% of all Fayetteville Shale production.
Since January 2002, a total of 3,844 jobs have been created in White County. 59% of that employment has been added since January 2006.
Since January 2002, unemployment has averaged 6.2% in White County. As of July 2008, the unemployment rate was a low 5.1%.
The number of business establishments in White County has grown from 1,495 in the first quarter of 2002 to 1,769 in the fourth quarter of 2007.
In 2007, wage growth in White County was 14%. By comparison, from 2002 to 2006, total wage growth in the period was just 11%.

Source: Bureau of Labor Statistics
Average weekly wages in White County have noticeably increased throughout 2007. As of the fourth quarter, average weekly wages were just above $600.
From 2002 to 2006, average pay in White County grew 2.6% on an annual basis. From 2006 to 2007, average annual pay grew at 5.7%.
Personal income growth has increased at a 5.3% average annual rate from 2002 to 2006. 2007 data are not yet available.
Although per capita personal income is growing in White County, the growth rate is slower than that of the United States. As a percentage of the United States per capita personal income, White County has declined from 67% in 2003 to 64% in 2006.
Like the rest of the United States, White County is experiencing declines in goods producing employment, while seeing gains in service producing employment. From January 2002 to December 2007, White County lost 1,280 goods producing jobs and gained 1,307 service producing jobs.
Information sector employment has remained fairly constant at about 200 jobs, while 200 jobs were added to the financial activities sector in White County from 2002 to the end of 2007.
From January 2006 to December 2007, White County experienced increases of 111.8 percent in natural resources and mining sector employment. This equates to 237 jobs.
Between January 2006 and December 2007, White County construction sector employment grew 7.8 percent or by 90 jobs.
Between January 2002 and December 2007, leisure and hospitality sector employment in White County has increased by 29.8%, beginning in earnest in mid-2004 and increasing dramatically through 2006 and early 2007.
Between January 2006 and December 2007, White County manufacturing sector employment fell 28.3 percent or by 1,062 jobs.
2002-2007 White County Employment

Employment

ITT       Twin Rivers

Robbins   Maytag

Jan-02    Mar-02    May-02    Jul-02    Sep-02    Nov-02    Jan-03    Mar-03    May-03    Jul-03    Sep-03    Nov-03    Jan-04    Mar-04    May-04    Jul-04    Sep-04    Nov-04    Jan-05    Mar-05    May-05    Jul-05    Sep-05    Nov-05    Jan-06    Mar-06    May-06    Jul-06    Sep-06    Nov-06    Jan-07    Mar-07    May-07    Jul-07    Sep-07

Source: Bureau of Labor Statistics
After remaining steady at about $1,000,000 per month from March 2004 to November 2006, sales tax collections in White County have increased dramatically. May 2008 collections were 37.8% higher than May 2007 collections.
From 2002 to 2006, property tax collections in White County increased at an average annual rate of 7.3%.

Source: Arkansas Department of Finance Administration
From mid-2003 to October 2005, sales tax collections averaged about $200,000 a month in Searcy. June 2008 sales tax collections were 16.5% higher than June 2007 sales tax collections and were almost $300,000.
From 2002 to the end of 2005, sales tax collections in Bald Knob were steadily just below $50,000 per month. The sales tax rate was doubled in January 2008, but sales tax revenues have more than doubled since that time.

Source: Arkansas Department of Finance and Administration

Note: From July 2001 to December 2007, the sales tax rate was 2.0%. From January 1, 2008, the sales tax rate was 4.0%.
Sales tax collections in Beebe started growing at an average monthly rate of 1.0% from January 2006 through July 2008, up from 0.4% from January 2002 through December 2005.
Sales tax collections in Rose Bud started growing at an average monthly rate of 1.6% from January 2006 through July 2008, up from 1.0% for January 2002 through December 2005.
The number and value of single family building permits in Searcy has declined along with the national housing market since May 2006.
The number and value of commercial building permits in Searcy has increased since 2006 despite the national construction downturn.

Source: City of Searcy
No trends are evident in the number of multifamily building permits issued in Searcy since 2002. Very few such permits have been issued.
Summary

• As of July 2008, monthly natural gas production in White County has grown to 6,000,000 MCF, 25.5% of Fayetteville Shale production.

• Since January 2002, almost 3,000 jobs have been created in White County with 59% added after January 2006.
Summary

• Since January 2002, unemployment in White County has averaged 6.2%. As of July 2008, it was down to 5.1%.

• Almost 300 business establishments have been added in White County since the beginning of 2002.
Summary

• In 2007, wage growth was 14%, better than total wage growth from 2002 to 2006.

• Average weekly wages in White County surpassed $600 in the fourth quarter of 2007.

• The rate of growth of average annual pay doubled for 2007 from its five year average.
Summary

• Since 2002, manufacturing employment has declined by about 1,800 jobs, but overall job growth has been positive.

• The natural resources, construction, and services sectors all added employment over the period.
Summary

• The economic impact of the Fayetteville Shale shows up most clearly in the dramatic increase in White County sales tax revenues.

• The cities of Searcy, Bald Knob, Beebe, and Rose Bud have also seen clear increases in their sales tax revenues since the beginning of 2006.
Summary

• Residential construction in Searcy has slowed, concurrent with the national downturn in the housing sector.

• However, commercial construction in Searcy shows clear increases throughout 2007 and 2008, despite a national downturn.