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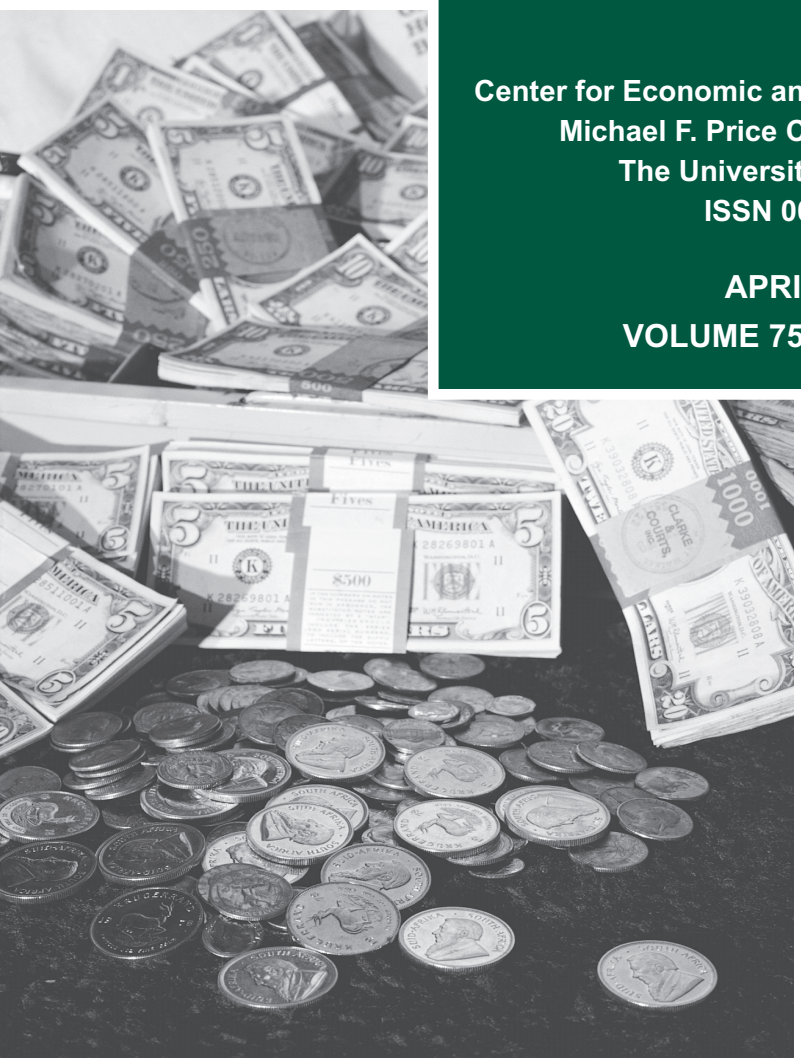

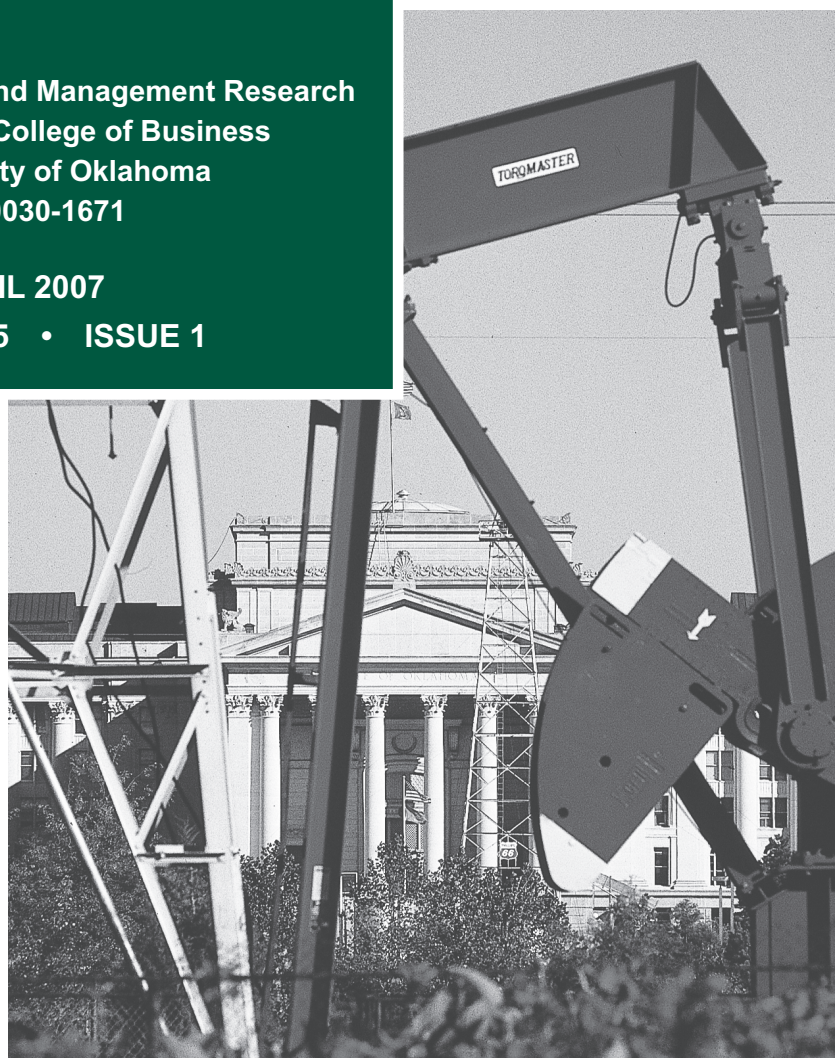

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OVERVIEW

Created by the Oklahoma Territorial Legislature in 1890, the University of Oklahoma is a doctoral degree-granting research university serving the educational, cultural, economic and health care needs of the state, region and nation. The Norman campus serves as home to all of the university's academic programs except health-related fields. Both the Norman and Health Sciences Center colleges offer programs at the Schusterman Center, the site of OU-Tulsa. The OU Health Sciences Center, which is located in Oklahoma City, is one of only four comprehensive academic health centers in the nation with seven professional colleges. OU enrolls almost 30,000 students, has more than 2,000 full-time faculty members, and has 20 colleges offering 152 majors at the baccalaureate level, 160 majors at the master's level, 80 majors at the doctoral level, 38 majors at the first professional level, and 18 graduate certificates. The university's annual operating budget is $1.2 billion. The University of Oklahoma is an equal opportunity institution. (11/15/06)

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Quarterly

Business Highlights

by Robert C. Dauffenbach

National Economy

The focus on the national economy in the *Oklahoma Business Bulletin* is predicated on statistical results, performed by this author, that reveal that the Oklahoma economy is highly dependent on trends in the national economy for its growth impulses.[1] Obviously the State of Oklahoma benefits differentially when energy markets are vibrant, as is the case now. But, overall, through broad spans of time, Oklahoma's progress economically has matched national patterns in terms of income growth and industrial and occupational distributions of employment. Looking to the national economy for trends that will soon affect the Oklahoma economy appears to be well justified by the data.

The national economy continues to perform well, but not exceptionally. Employment growth, using the nonagricultural establishment-based statistics derived from state operated unemployment insurance programs, has been modest since the end of the last recession in November 2001. This is an atypical pattern. Normally, there are employment growth spurts after a recession ends wherein year-over-year employment gains at times are double the long-term growth rate. The last five years has seen very modest gains, but gains nonetheless that tend to match the long-term growth of employment in the US economy, 1.8 percent per annum.

Real GDP increased at an annual rate of 2.5 percent in the fourth quarter of 2006, adding to a gain of 2.0 percent in the third quarter of that year. These growth rates are below the long-term growth potential of the US economy, which most economists believe is around the 3.0 percent mark in real terms. Some economists even believe that the sustainable real, after inflation, growth rate is nearer the 3.5 percent rate of increase. The Fed has increased short-term interest rates with small quarter-point advances in the Federal Funds rate 18 times since 2004, from 1.0 to 5.25 percent. These rate increases have had the Fed's desired impact of slowing the US economy to a more moderate pace of growth. In the face of mounting evidence of a slowdown nationally, the Fed hasn't changed the Federal Funds rate since July 2006. Thus far, the Fed's efforts are to be applauded. While the national economy is slowing, it is far from recessionary profiles, which require two successive quarters of negative real growth.

There is increasing talk of a recession nationally. Even the famed former head of the Federal Reserve System, Alan Greenspan, is asserting that a recession in late 2007 will be hard to avoid. The housing and subprime lending markets are particular areas of concern. Indeed, it is seldom these days that reports in the subprime lending market problems do not appear in the nightly news. The subprime market for loans services borrowers who have weak credit ratings. With the increased availability of means to insure mortgage loan portfolios, banks and other lending institutions have been more willing to lend to individuals who have low credit scores. Often times these loans were made in the adjustable-rate form, or with especially low rates initially that reset to higher rates. In consequence, many of these subprime borrowers now have to make mortgage payments that are much higher than their initial payments. Many are finding it impossible to do so, with all the attendant results.

Still the US economy continues to show resilience in the face of continuing difficulties in the housing market. Figure A illustrates the magnitude of these housing market difficulties. Note that the rate of new single family housing starts has fallen from 1.8 million units per year to 1.2 million. While that represents a one-third decline from the high in 2005, the rate of 1.2 million still compares quite favorably to high-water marks achieved in previous years, such as in years 1986-87, 1994, and 1996.

Note that the present level is still very much higher than the 600-800 thousand rates of new single family construction that occurred in previous recession years, with the exception of 2001, which was at the present level. The real issue is whether the housing market can stabilize at present levels. If it can, it is likely that a national recession will be avoided, or that if a recession occurs in late 2007, it will be a mild one.

As noted above, employment gains have been modest, but generally in the range of the long-term rate of growth of 1.8 percent per year. It is interesting to explore just how those gains distribute among the more detailed industries of the economy. Table I provides us with US statistics on employment changes for periods February 2001 through August 2003, August 2003 through December 2006, and February 2001 through December 2006. Peak employment prior to the recession occurred in February 2001. The trough in employment occurred in August 2003. Note that Manufacturing suffered a severe decline of almost 2.7 million jobs during the 02/2001-08/2003 period. That sector also experienced another decline of slightly more than one-quarter million workers during the 08/2003-12/2006 period. Overall, employment in manufacturing was down 2.9 million workers over the combined period. Manufacturing now represents only 10.25 percent of the nonagricultural employment base of the economy. During WWII, it represented about two out of every five workers. Prior to the recession of 2001, the manufacturing sector was one of the first to recover in past recessions. This is the first time that it did not do so, but it is apparent that at least the "bleeding has stopped."

Another large change in the distribution of employment has occurred in the Education and Health industrial division. These changes are decidedly changes in the health industry because private sector education is a small component of this industrial division. Most education workers are classified as state and local government workers in these statistics. More than 2.6 million workers have been added to this sector in that five year and ten month period. These gains in the health sector are quite interesting, particularly because we have yet to see the full impact of the aging baby boomer population on health care demand. Indeed, the oldest of the baby boomers are now only about 60 years of age.

Figure A

US Housing Starts of Single Unit Private Structures
1967 - Present in Thousands, SAAR

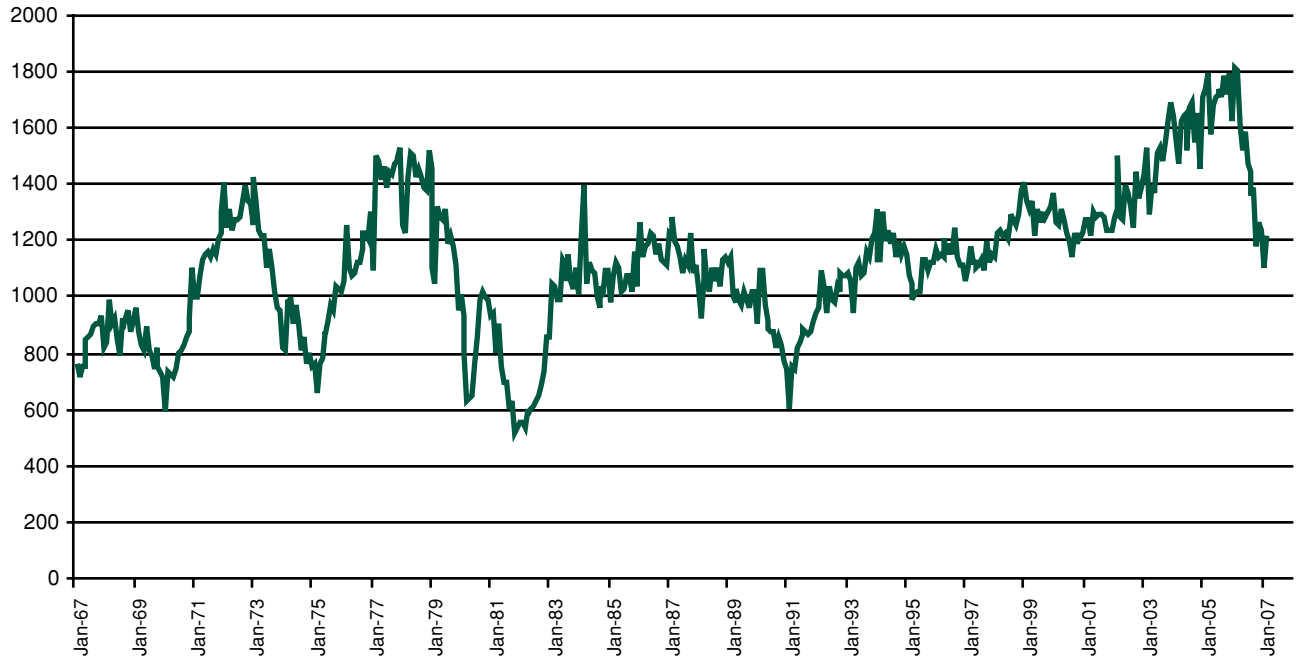


Table I

US Change in Industry Employment, Selected Periods (in thousands)

Industries	*Time Periods* 2/2001 - 8/2003	8/2003 - 12/2006	2/2001 - 12/2006
Construction	-80	923	843
Manufacturing	-2,662	-236	-2,898
Mining	-35	135	100
Retail Trade	-479	423	-56
Wholesale Trade	-254	368	114
Transport & Public Utilities	-297	327	30
Fin. Insur. & Real Estate	227	434	661
Ed & Health	1,185	1,466	2,651
Business & Professional	-836	1,816	980
Information	-553	-91	-644
Leisure & Hospitality	167	1,209	1,376
Other Services	203	48	251
Government	681	527	1,208
Net Change	**-2,733**	**7,349**	**4,616**

Other interesting statistics in Table I include construction (net +843,000); finance, insurance, and real estate (+661,000); business and professional services (+980,000); leisure and hospitality (+1,376,000); and, Government (+1,208,000). Retail trade and information services, and, of course, manufacturing, are the only other industries that have not recovered to their pre-recession employment levels. It is clear from review of statistics like those presented in Table I that the US economy is engaged in continuing structural change and is adjusting to a new world economic order that will involve a less intensive employment base in manufacturing and a much more intensive allocation of resources to services.

In summary, the US economy appears to be holding its own relative to some very sizable transitions that are obviously in the making. How the housing sector bears the brunt of very changed circumstances will be key to whether or not the US economy avoids recession. The evidence, thus far, is that a recession will be avoided, but a further slowdown in economy-wide growth rates would not be a surprise.

Oklahoma Economy

The Oklahoma economy is doing well. Employment for the State of Oklahoma for 2006 is showing gains of about 21,000, or 1.4 percent. This is slightly lower than expected in forecasts. The Oklahoma City metro area has grown by about 9,000 jobs, or 1.5 percent while the Tulsa metro area as expected by about 10,000 jobs, or 2.3 percent. These gains are in the neighborhood of what was projected one year earlier. The combined total of job growth for the OKC and Tulsa regions implies that the rest of the state is not doing too well.

Personal income growth has been strong. With a 7.6 percent increase in personal income in 2006, Oklahoma ranked third in the nation in 2006. Louisiana ranked first, but its ranking was largely related to recovery from Hurricane Katrina. As indicated in Figure B, Oklahoma's ratio of per capita personal income to the nation is still not at par. Oklahoma almost achieved a 100 percent ratio in 1982 at the peak of the energy boom and a 50-state ranking of 21st, but quickly fell to the low 80 percent range in the energy bust. There we remained until the late 1990s. Since 1990, the growth in the ratio has been substantial. We are now at the 89 percent mark and, hopefully, still climbing. With the cost of housing as well as other elements of the cost of living being low in Oklahoma, it is apparent that in real terms we are doing pretty well in this state. But, we hope to do even better.

Oklahoma's personal income trends together with the distribution of personal consumption between goods and services provide a convenient basis for assessing the sales tax in the state. Oklahoma's sales tax is applied primarily to goods, not services. This is a very unfortunate characteristic of Oklahoma's sales tax regime, especially in relation to the general tendency of the ratio of goods-to-

services purchases to decline over time. Another factor that has been present in recent years is the increased propensity of consumers to purchase goods through the Internet. Oklahoma has attempted to account for this tendency through use of the "use tax," declaring that individuals should account for their Internet purchases on their income tax forms. However, the completeness with which this mechanism accounts for increasing purchases on the Internet is unknown.

Over the broad span of time, differentials in income elasticities of goods in comparison to services can amount to some very sizable changes in the relationship of sales tax collections to personal income. The concept of income elasticity is relatively easy to understand. It simply measures the responsiveness of purchases to a change in income. If consumers buy proportionately more of a good relative to their income change, that good is said to be income elastic.[2] Services tend to be more income elastic than goods. Over time, as our real incomes have increased, our purchases tend to be more and more dominated by services.

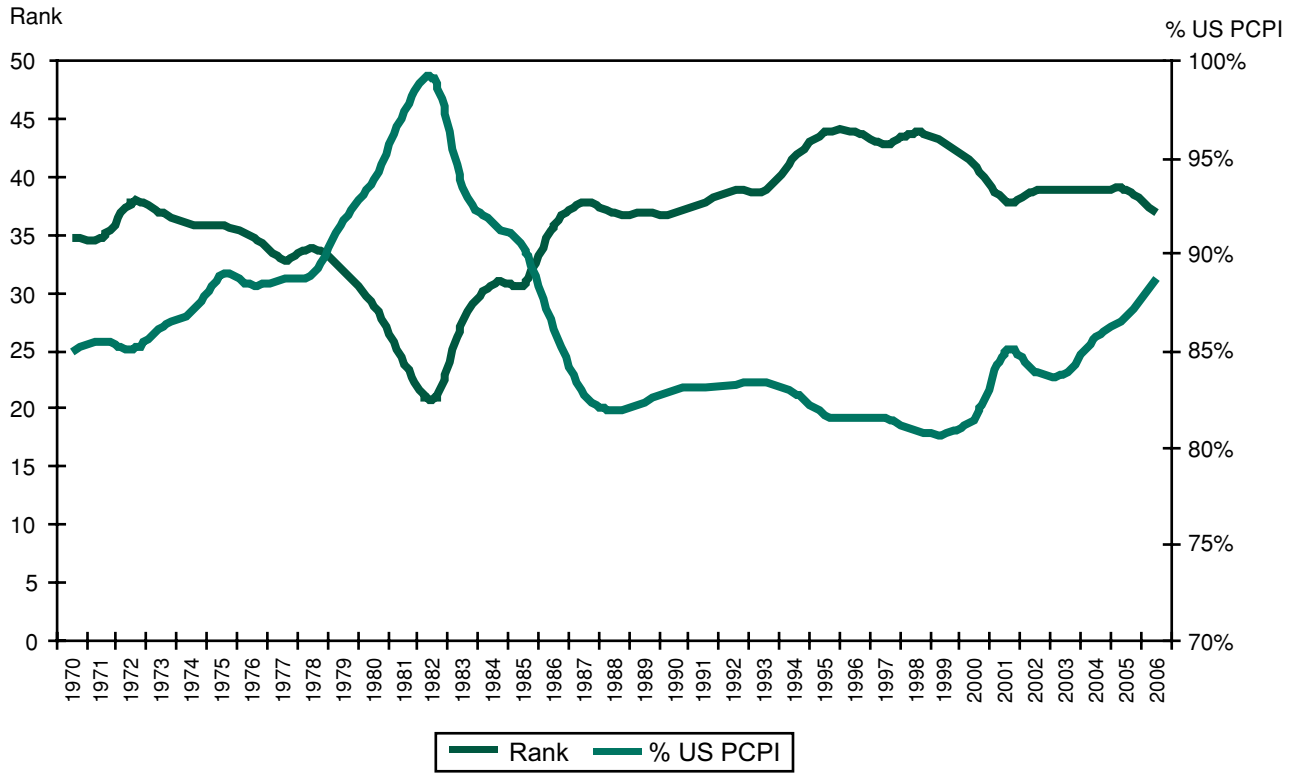
Some indication of the magnitude of the growth in the share of service purchases is available from national income statistics. The proportion of "services" purchases to total personal consumption expenditures for the US economy for selected years is shown below.

US Services-to-Total Personal Consumption Expenditures

1980	48%
1985	52%
1990	5%
1995	58%
2000	58%
2006	59%

Figure B

Oklahoma's Percent of US Per Capita Personal Income (US PCPI) and 50-State Ranks: 1970-2006



It is apparent that as we have become a wealthier society, we have increased the share of services from about one-half to three-fifths in the last quarter century. What this implies for public finance in the State of Oklahoma is that if services are not included in taxable sales, the ratio of taxable sales to personal income should be declining. This has relevance in a state, such as Oklahoma, that suffers from very high levels of unfunded public employee retirement liabilities.

The Center for Economic and Management Research has been collecting sales-subject-to-tax statistics for local areas monthly with a database that extends back to 1980. These data are useful in analyzing differential in growth within Oklahoma, but for our purposes here these sales taxes for cities can be converted into sales tax base (by dividing by the sales tax rate), aggregate totals of sales tax base for counties can be computed, which can further be aggregated into state totals per year.[3] The resulting total taxable sales can then be compared with the personal income levels per year. Table II reports these computations.

The average ratio of taxable sales to personal income in Oklahoma for years 1980-1984 was 44.7 percent. The ratio has since declined to 32 percent in 2005-2006. Had the ratio remained constant at that 44.7 percent level, state and local sales tax collections would have been about $1.16 billion higher in 2006. At the 4.5 percent state sales tax rate, state sales tax revenue would have been about $652 million higher in 2006. Such additional revenues would go a long way toward meeting the unfunded liabilities associated with state employee retirement systems. It is uncertain just how much of this decline in the ratio can be attributed to declines in goods v. services purchases in comparison to increases in Internet sales. Both play a role with the bulk of the effect likely to be attributable to the relative decline in goods purchases.

One can argue, correctly, that there is overstatement in the above estimates. During the energy boom, sizable increases in sales tax collections were attributable to purchases of drilling rig equipment. So, let's assume that the post energy boom average for years 1984-1988 was more typical of the period. These calculations yield an increase in sales tax revenues for state and local government of about $800 million and for state government of about $450 million. These are still very sizable gains in revenues that could be used to meet already existing liabilities the state has generated. The cost of ignoring sales taxes on services and Internet purchases are impacting the state's ability to meet already incurred obligations. If something isn't done soon, we will as a citizenry be distinctly obligating our children who remain in Oklahoma with the burden of paying for our sins of the past.

In summary, the Oklahoma economy is performing in line with expectations. These expectations are definitely related to how well the national economy is doing. How well the national economy performs in future months and years is likely to be closely tied to the housing market, a still unfolding story. For now, it looks like the Fed is doing a good job of managing the economy and that a recession will be avoided. Still, a slower pace of growth is anticipated and while growth may dwindle further, it is unlikely to meet recessionary levels, provided that the housing market can stabilize at present levels.

Table II

Taxable Sales Estimates in Relation to OK Personal Income

Year	*Taxable Sales*	*OK Personal Income*	*Ratio*
1980	13,062	28,906	45.2%
1981	15,786	33,952	46.5%
1982	16,779	37,938	44.2%
1983	16,988	38,747	43.8%
1984	18,236	41,833	43.6%
1985	18,168	43,614	41.7%
1986	17,404	43,291	40.2%
1987	17,058	43,171	39.5%
1988	17,516	45,023	38.9%
1989	18,006	48,111	37.4%
1990	19,274	50,971	37.8%
1991	19,755	52,565	37.6%
1992	20,891	55,958	37.3%
1993	21,852	57,937	37.7%
1994	22,805	60,283	37.8%
1995	23,723	62,395	38.0%
1996	24,924	65,944	37.8%
1997	25,794	69,720	37.0%
1998	27,303	74,118	36.8%
1999	28,421	77,565	36.6%
2000	29,529	84,310	35.0%
2001	31,328	90,161	34.7%
2002	30,866	90,178	34.2%
2003	31,602	92,599	34.1%
2004	32,799	100,027	32.8%
2005	33,800	106,119	31.9%
2006	37,014	115,288	32.1%

Endnotes

[1]See Robert C. Dauffenbach, "Growth of the Oklahoma Economy: The Roles of Wages and Jobs," *State Policy and Economic Development in Oklahoma: 2002*, Oklahoma 21st Century, State Chamber of Commerce, 1-24; "Oklahoma's Occupational Structure and Implications for Income Growth," *State Policy and Economic Development in Oklahoma: 2003*, Oklahoma 21st Century, State Chamber of Commerce, 59-79; "As the Nation Grows, So Does Oklahoma: Evidence From the1939-2004 Employment Data," *State Policy and Economic Development in Oklahoma: 2005*, Oklahoma 21st Century, State Chamber of Commerce, 1-24; and, "The Skinny on Oklahoma's Personal Income," *State Policy and Economic Development in Oklahoma: 2006*, Oklahoma 21st Century, State Chamber of Commerce, 1-20.

[2]For example, if purchases of i-pods rise by 2.0 percent in response to an income gain of 1.0 percent, i-pods are said to be income elastic with a value of 2.0%/1.0% = 2. Grocery store food purchases tend to be income inelastic: purchases increase, but by a less percentage amount than income increases. The income elasticity for grocery store purchases might be, say, 0.7. High quality restaurant purchases, on the other hand, tend to be income elastic.

[3] This methodology of summing the results for cities into counties and into state totals somewhat understates by roughly 1.5 – 2.0 percent points the state's actual ratio of taxable sales to personal income. This is because there are other state use taxes and county sales tax receipts that are not included through that approach.

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The Strain on Leadership in Oklahoma's Nonprofit Sector and What Can Be Done About It

David LeVan, Danielle S. Beu, M. Ronald Buckley

Individuals who design MBA program probably believe that the curriculum is effective for those in the nonprofit sector as well as for those in the for-profit sector. Standard in all programs, there is economics, accounting, finance, statistics, business law, marketing and management. What more could someone from the nonprofit sector need to know in order to effectively run his/her organization? Then one of us (LeVan) became the operations officer at Westminster School, an independent pre-K through eighth grade school in Oklahoma City. In his MBA program, he focused on the areas of finance and investment management, believing that these areas would help him understand how the finances of a small organization would function. He also thought there would be enough overlap between the for-profit instruction he received and the nonprofit world in which he worked. This was not the case. Even though there are many similarities which link the two sectors, nonprofit institutions and for-profit businesses are different in many ways, and nonprofits face many unique challenges requiring specialized skills – skills that need to be addressed in our educational system in Oklahoma.

Nonprofit Characteristics

Nonprofit organizations exhibit a number of characteristics that present unique challenges for their leadership. First and most important, the nonprofit organization is driven by its mission. Nonprofit organizations should have clearly defined missions which in turn guide the institutions, and because they are mission driven instead of profit driven, they are granted special legal status which exempts them from most local, state, and federal taxes. Rather than provide goods and services for consumption, nonprofits provide services for the greater good; services that often can't or won't be provided by the business or government sectors. In *Managing the Non-Profit Organization*, Peter Drucker describes the purpose of the nonprofit organization: "Its product is a *changed human being*. The non-profit institutions are human change agents (emphasis in original)" (1990, p. xiv).

In a mission-driven organization, measuring performance can be very difficult. In the for-profit sector, the indicators of success are relatively clear and easy to measure. Analysts judge a company's quarterly report to determine its earnings per share. The bottom line in the income statement tells prospective investors a great deal about the success of the company, but in the nonprofit, the bottom line can be more illusive. The measure of success becomes the organization's ability to fulfill its mission, something that may be much more difficult to quantify than a company's net income. As Thomas Wolf explains in *Managing a Nonprofit Organization in the Twenty-First Century*, "Unlike management issues in the profit sector, which tend to be clear and related to specific economic measures, issues in the nonprofit environment are more nebulous because they relate to the somewhat abstract concept of *public service* (emphasis in original)" (1999, p. 19). Thus, without concrete economic outcome measurements delineating success from failure, management issues in the nonprofit sector require a different focus.

In his monograph *Good to Great and the Social Sectors*, Jim Collins provides a very clear explanation of this "mission" problem for the nonprofit organization. In the for-profit business, money is put into a company in order for it to make a good or provide a service, and, if the company is able to sell its good or service, money is also the end result of the business, and this money returned to the company becomes the measurement for the company's success; therefore, money is both an input and an outcome for the for-profit business. In the nonprofit, however, money is only an input. Money is put into the business, but money is not the outcome by which they measure success. Rather, the outcome is the fulfillment of the mission. As Collins explains, "In the social sectors, the critical question is not 'How much money do we make per dollar of invested capital?' but 'How

effectively do we deliver on our mission and make a distinctive impact, relative to our resources?'" (2005, p. 5).

Here lies the rub: how do we define and measure this "distinctive impact?" In spite of this problem, Collins goes on to explain that the way for a nonprofit to measure greatness is to "hold yourself accountable for progress in outputs, *even if those outputs defy measurement* (emphasis in original)" (2005, p. 5). The management in nonprofits, therefore, must try to gauge changes in the outputs of the organization even when they defy concrete measurement because it is this fulfillment of the mission that matters. As Drucker says, "Performance is the ultimate test of any institution. Every nonprofit institution exists for the sake of performance in changing people and society" (1990, p. 139). The difficulties of determining and measuring successful performance creates a unique challenge for the leadership in nonprofit organizations.

A related issue for the nonprofit institution is that it must be economically sustainable while being mission-driven. For-profit institutions succeed or fail based on their ability to sell their goods or services at a profit. However, with the focus on public service, not on making money, nonprofits generally do not earn a profit through their main line of business. Therefore, they seek out additional sources of funding from the government and private philanthropy. Michael O'Neill, professor of management at the University of San Francisco, estimates that as a sector, nonprofits receive 40% of their revenues from payments for services, 35% from government support, 20% from private donations, and the remaining 5% from other sources (2002, p. 20). This continual quest for cash and careful stewardship of earned and donated dollars creates a squeeze on the budget and a potential dependence on a relatively large volunteer workforce.

Nonprofits must be true to mission and stay afloat financially. They must answer the call of those they serve and break even using a variety of different revenue sources. Dennis Young of Case Western Reserve University clarifies the struggle nonprofits face to be both mission driven and fiscally responsible when he states that "financial success [is] instrumental to mission achievement" (2002, p. 16).

Unique Leadership Challenges

Another unique and challenging feature of the nonprofit organization is what Drucker calls "the multiplicity of constituencies" (1990, p. 17) which creates a complex leadership structure not found in other organizations. In the United States, for-profit businesses tend to abide by the shareholder model, which states that an organization's primary goal is to maximize profit, and thus shareholder wealth. Under this model, management is ultimately responsible to the shareholders of the organization. This relationship was evident in the recent acquisition of Kerr-McGee by Anadarko Petroleum. For the past 77 years, Kerr-McGee was a company with very deep Oklahoma roots. Yet, in his discussion of being acquired by a Texas-based company, Kerr McGee CEO Luke Corbett made it clear that his primary duty was to the owners of the organization – and those shareholders made a lot of money.

Nonprofits do not have owners; instead, there is a board of trustees who are entrusted to "act as guardians of the public trust – individuals who have the public's interest at heart" (Wolf, p. 47). In a nonprofit, excess income does not leave the organization – thus, while for-profit organizations can operate focusing solely on the shareholder, nonprofit organizations are accountable to a number of constituents. The leadership must answer to the governing board of trustees, to the community the nonprofit serves, to the donors who support the institution, to the government which often provides funding and oversight, and to the organization's employees and volunteers who carry out the day-to-day activities of the organization. The nonprofit executive must juggle the needs and desires of these different groups while always keeping focused on the mission of the organization. It is the mission and the mission alone that should guide the organization.

Drucker's interview with Frances Hesselbein, former National Executive Director of the Girl Scouts of the United States of America, provides vivid insight into the complexity of this leadership role. With over three hundred separately chartered and locally controlled Girl Scout councils in the United States, Hesselbein did not have the power to create executive mandates to be followed throughout the country. Instead, she was forced to guide, persuade and create a consensus with the local councils in order to implement change. She related one example where she pushed to implement Day Scouts for girls in kindergarten after analyzing the changing needs of young American girls. This new program was a move beyond the traditional role of the Girl Scouts, and there was resistance from many local councils. She was able to persuade about a third of the councils to pursue this new program, and then it took her the next three years to expand the program into the other two-thirds of the country (1990, p. 29-36). She had to show the resistant councils the success of the program and build a consensus throughout the organization. There was no top-down dictate; rather, there was a bottom-up commitment made

possible by the influence and subtle leadership of upper management.

While most nonprofits are not structured in the quasi-independent umbrella fashion of the Girls Scouts, this style of leadership is often found in nonprofits. Roxanne Spitzer-Lehmann explains her mode of leadership as vice-president of a chain of nonprofit hospitals: "My role is not to give answers. My role is to facilitate their brainstorming and thinking. And then to pull it together into something that we all go out and implement. My job is to establish the goal and the vision. Their job is to figure out how we can do it together" (Drucker, 1990, p. 217). Researchers Chaitt, Ryan, and Taylor echo these ideas in describing the leadership role of successful nonprofits: "In strong organizations, gifted leaders facilitate consensus on these issues" (2005, p. 30).

Collins defines this type of leadership as legislative leadership and distinguishes it from the more traditional executive leadership found in the for-profit sector: "In executive leadership, the individual leader has enough concentrated power to simply make the right decisions. In legislative leadership, on the other hand, no individual leader – not even the nominal chief executive – has enough structural power to make the most important decisions by himself or herself. Legislative leadership relies more upon persuasion, political currency, and shared interests to create the conditions for the right decisions to happen" (2005, p. 11). Legislative leadership is required to influence and please the "many masters" of the nonprofit institution as Young calls the different groups who hold influence in a nonprofit (2001, p. 4). Clearly, the multiplicity of constituencies requires authentic and strong leadership skills, and Collins believes that "we will find more true leadership in the social sectors than the business sector" (2005, p. 12). In fact, Collins believes that "the exercise of leadership is inversely proportional to the exercise of power" (2006, p. 17), an idea which we can clearly see with Frances Hesselbein's role at the Girls Scouts.

The two primary features of the nonprofit – that they are mission-driven and that they have multiple constituents – often conflict. Frequently, what is necessary to fulfill the organization's mission may differ from the desires of certain constituents. For example, the growth of corporate giving has become both a blessing and a curse for nonprofit institutions. Corporations have become a major constituent in the nonprofit sector, but unfortunately, in "many instances, the business community has become the 800-pound gorilla stakeholder for nonprofits, even rivaling government in this role" (Young 2001, p. 6). As corporate funding has grown, so has the business sector's influence on the nonprofit sector, and this influence can be damaging if the corporate interests and money diverge from the nonprofit's mission. During these times, the leader will support the mission because s/he understands that the mission (the purpose for the organization) must be his/her guide. Young explains this dilemma: "This situation puts a special burden on nonprofit executive leaders. These executives cannot succeed simply by making their masters happy; indeed, they must sometimes face the dilemma of standing up for the mission even when it makes some of their masters unhappy!" (2001, p. 4). In for-profit institutions, there is generally one master - the shareholder - and providing a handsome return will make the master happy; this is not true for the nonprofit institution.

Compounding Problems for Nonprofit Leadership

In today's America, nonprofit institutions are everywhere. While it is difficult to get a truly accurate count of all the nonprofits in the United States, researchers estimate that currently there are between 1.4 million and 1.8 million nonprofit organizations (Mangan, 2004; O'Neill, 2002), and these institutions have a significant impact on today's economy. They account for 10% of the nation's economy with revenues over $1 trillion annually. As a way to put this data in perspective, Michael O'Neill in *Nonprofit Nation* explains that nonprofits generate revenues that exceed the GDP of all but the six most developed countries in the world (2002, p. 12).

The growth in nonprofits has also been staggering. Between 1990 and 2000, more than 400,000 new nonprofits were created, and between 1975 and 2000 the number doubled (Dolan, 2002; Smith, 1999). Thomas Tierney of the Bridgespan Group analyzed nonprofits with revenues over $250,000 and found that between 1995 and 2004 the number which fit this criterion rose from 62,800 to 104,700; this growth represents a 6% annual growth rate (2006, p. 9). Employment numbers are just as dramatic; the sector accounted for just 1% of the entire labor force in 1900, but currently accounts for 8.3% at over eleven million employees (Dolan, 2002). This number rises even further to 11% when volunteer labor is included in the calculation (Smith, 1999). Clearly, these institutions have a profound effect on the American economic landscape, and their impact and importance will only expand as their numbers continue to grow.

On a local level, Carol Wilkinson Troy, former president and CEO of Oklahoma's Center for Nonprofits, estimates that there are over 12,000 nonprofits within the state of Oklahoma (Mitchell, 2006), and the state growth rates follow the national trend. The National Center for

Charitable Statistics compiled 990 tax data from the IRS to find that the number of 501(c)(3) public charities has grown from 7,742 in 1996 to 11,079 in 2004, a staggering 43.1% increase in eight years. Oklahoma 501 (c)(3) private foundations grew at an even higher rate of 79.5% over the same eight year period, growing from 580 to 1,041 foundations.

One possible reason for this growth is the government cutbacks of subsidies to social services that have placed more of the burden on nonprofit organizations to fill the void. Lyndon Johnson's Great Society social programs were dramatically scaled back during the Reagan administration and more cutbacks came under the current Bush presidency, which have required the nonprofit sector to fill the gap previously served by government. Drew Dolan characterizes the growing importance of nonprofit leadership when he writes, "The increasing presence of the nonprofit sector and the shedding of the direct provision of services by government have served to create a growing demand for professionally trained nonprofit administrators" (p. 277).

This growth in the nonprofit sector increases the competition for funding, employees and volunteers, exacerbating the leadership challenges. For example, more than 80% of the nonprofits in Oklahoma are "grassroots" organizations, meaning they have no national affiliation to prominent organizations such as the YMCA or the Girl Scouts. This independent status creates additional challenges for local organizations because the affiliated organizations, as researchers De Vita and Twombly explain, "may have greater name recognition than their unaffiliated counterparts, which may put them at a competitive advantage in fundraising" (2002, p. 2). This reality forces the "grassroots" nonprofit to work even harder to make itself known, credible and competitive.

The number of nonprofits is not all that is changing – so is their organizational and financial structures. Nonprofits are looking more and more like for-profit organizations with accounting, finance, human resources, communications, operations, and sales/fundraising functions. "Traditional sector boundaries are increasingly breaking downÖ.we are turning to business methods and structures in our efforts to find more cost-effective and sustainable ways to address social problems and deliver socially important goods" (Dees & Anderson, 2003, p. 16). Nonprofits are employing "business" characteristics to further their missions. As already discussed, they must be economically sustainable in order to survive in the marketplace. As part of this imperative, charges for services rendered have surpassed government funding as the primary revenue source for nonprofits. With increased demands for new skill sets, as well as more fee based services, nonprofits must vigorously compete with for-profit institutions and government organizations for both customers and employees. In many ways, sector-bending – the "blurring [of] the distinctions between nonprofit and for-profit organizations, either because they are behaving more similarly, operating in the same realms, or both" - is good for the nonprofit because such blurring creates more economically sustainable and stronger organizations, it increases accountability and discipline within the organization, and for society as a whole, it allows charitable dollars to be best allocated where most needed (Dees & Anderson, 2003, p. 16).

While increased competition and sector bending can lead to greater efficiencies, it can also lead to the darker side of business. Writing in the *Chronicle of Higher Education*, Katherine Mangan (2004) cites a number of examples of nonprofit scandal and mismanagement, including abuses in United Way in the mid-1990's and the American Red Cross after September 11. In addition, a 2003 Harvard Business Review study found that nonprofits are wasting $100 billion annually, which has prompted calls for greater financial efficiency. Finally, problems in the for-profit world caused by Enron and other corporate failures have created additional corporate examination and review which has carried over into the nonprofit sector. Problems like these have put the entire sector under greater scrutiny and forced nonprofits to respond with greater efficiency, accountability, and transparency – all requiring skilled leadership.

However, the leadership team in many of these organizations simply does not have the skill sets required to handle many of these new demands. Frederick Lane of City University of New York explains a common misconception of the nonprofit management problem, "My notion is that nonprofit organizations, in general, are neither particularly well managed nor poorly managed. Rather, they are undermanaged. There is no tradition of professionally trained managers" (Hall, p. 81). In addition, Lane speculates that less than 1% of nonprofit managers have had course work in management, a sobering number when accompanied by the increasing complexity of the nonprofit workplace.

Not only are the skills of leaders in nonprofits a concern, but so are the numbers. The need for greater efficiency for nonprofits, the growth of the nonprofit sector, and the demographic shift of the baby boomers moving into retirement all contribute to a looming leadership deficit (Tierney, 2006). Tierney predicts that in 2006 alone, 56,000 new managers in the nonprofit sector will be needed, and that number will balloon to over 640,000 new managers during the next ten years. Jim Collins, writing an afterward to Tierney's report,

elaborates on this problem for the nonprofit sector. He cites Packard's law – "the primary constraint on effective growth is not financial capital, but the ability to attract and retain enough of the right people" (p. 8) – and he adds his own new corollary: "the number one constraint on effective growth of the nonprofit sector is not funding and other support, but the ability to attract, retain and develop enough of the right leaders" (p. 8). Tierney concurs, "What ultimately determines whether an organization succeeds or fails is the quality of its leadership team and the effectiveness of its decisions" (p. 5). Unfortunately, the research shows that leadership skills and numbers are lagging in the nonprofit sector – and to make matters worse, management tends to be underpaid, leading to a lack of interest in these positions.

Since numbers are easier to measure than fulfillment of mission, many nonprofits are judged in monetary terms, such as percent of revenue going to overhead versus the percent of revenue going to programs. As we have seen, money is not a correct measurement of output for a nonprofit; it cannot be used to measure fulfillment of mission. Yet, the organizations with the higher overhead expenses are viewed with a more critical eye. Many nonprofits feel squeezed to reduce overhead and lower management salaries as much as possible because the overhead does not contribute to the mission. However, the logic behind this type of evaluation is flawed because by attempting to save money on overhead through lower salaries, the nonprofits settle for employees who don't fully utilize the resources of the organization. By saving some money up front, the low cost hire may actually cost the organization more money in the long run (Wolf, 1999).

Tierney (2006) believes that the overhead constraints placed on nonprofits contribute to the leadership deficit in other ways. In the for-profit sector, businesses invest substantial time and money identifying and developing future leaders from within, recognizing "that competency in developing talent is a potent form of competitive advantage" (p. 16). Yet, nonprofits find talent from outside searches more than twice as often as for-profit institutions. Nonprofits often fail in talent management because the mission (and programs) must come first. Thus, many nonprofits will not direct adequate resources toward talent development and long-term sustainability. Jim Collins showed in *Good to Great*, one of the primary characteristics of a "Good to Great" company is leadership succession, with all but one of the eleven "Good to Great" companies having a strong succession plan which contributed to the stability and overall greatness of the company (2001, p. 32).

Implications Beyond the Nonprofit Sector

It often appears that people outside of the nonprofit world are indifferent to the problems confronting today's nonprofit leadership, but that would be a tremendous mistake. On the most practical level, the nonprofit sector is becoming increasingly important in America's economy, which directly impacts the for-profit sector. In addition, just as nonprofits are working to "run like a business," the for-profit sector is taking cues from the nonprofit sector. Businesses are realizing that partnering with nonprofit organizations is an important and strategic marketing decision. As nonprofits gain a lucrative revenue source through corporate funding, businesses gain credibility and public trust through the partnership. Young explains, "corporate involvement with nonprofits has now become strategic and much more integral a part of a corporation's plan for its own success" (2002, p. 6). Additionally, corporate leaders have and will continue to have an integral role in the governance of nonprofit institutions. For example, more than half of all graduates from the Harvard Business School serve on nonprofit boards (Young, 2002). Business leaders need to understand how the nonprofit sector functions because many of them will have a role in its leadership.

The impact of nonprofits is not just economic – it is also in improving the quality of life of the communities they serve. This is obvious with the thousands of nonprofits whose social service missions directly help people in the community, but the improvements to quality of life go beyond these organizations. Academic institutions, museums, and arts organizations provide opportunities for community involvement, improvement and growth.

In *The Greater Good* (2003), Claire Gaudiani makes two bold arguments concerning the importance of philanthropy in American society. First, she believes that philanthropy is an essential element in the creation of a democracy. Philanthropy, she argues, levels the playing field of capitalism: "Generosity is capitalism's open and pragmatic acknowledgement that, since democracy's freedoms enhance capitalism's economic powers, then democracy deserves assets from capitalism that contribute to its strength. By sharing assets beyond those prescribed by taxes or the cost of doing business, capitalism can improve social cohesion as well as justice and opportunity for all citizens" (p. 23).

Second, she believes that generosity is a vital economic engine which accelerates economic growth. She explains that "[t]he outstanding characteristic of American generosity is its entrepreneurial character" and

that "philanthropy has provided a dynamic and dependable third option, beyond markets and government, for capital infusion areas that go on to build the American economy" (p. 14). She provides numerous examples of gifts given to create or supplement nonprofit institutions, which then, in turn, become economic drivers of their communities. For example, she explains how Johns Hopkins University and Hospital were started with a $7 million gift in the 1870's, and in 2000 the direct expenditures of the Hopkins institutions were a staggering $2.41 billion (p. 78-79).

The nonprofit sector is also important for all of us because its role will only continue to grow in the coming generation. Paul Schervish and John Havens from Boston College's Center on Wealth and Philanthropy have extensively studied trends in philanthropy. They found that over the twenty year period between 1979 and 1998, $2 trillion was sent to charity, but their estimates for philanthropy over the next twenty years is a staggering $6 trillion as the baby boomer generation begins an unprecedented transfer of wealth (2003). As an example, this past June, Warren Buffett made a pledge of $1.5 billion per year to the Bill and Melinda Gates Foundation, which has assets of approximately $30 billion. Under a best case scenario, $34 trillion of wealth could flow to the nonprofit sector over the next fifty years, creating a "golden age of philanthropy" (O'Neill 2002, p. 234).

The Role of Nonprofit Management Education for Oklahoma

The nonprofit sector has grown tremendously over the last fifty years and will continue to grow in size, complexity, and impact on American life. The challenges that are unique to the nonprofit sector create a strain on its leadership. This strain is a problem for all of society, and it is essential that we seek out ways to overcome it. One avenue by which to affect these changes is through developing and strengthening academic centers of nonprofit management education.

The first formal academic program in nonprofit management education began in 1981 at the University of Missouri at Kansas City, and the growth of these programs has been impressive (Smith, 2000). Researchers Naomi Wish and Roseanne Mirabella from Seton Hall University have extensively tracked the development of such academic programs over the last twenty years. In 1990, they found only 17 universities with a graduate concentration in management of nonprofit organizations; that number had grown to 76 in 1998 and 91 in 2000 (1998, 2001); today, there are 114 universities and colleges with concentrations in nonprofit management, along with another 140 offering at least one undergraduate or graduate course in nonprofit management (Mirabella, 2006).

Leading academic institutions have been on the forefront of this growth, creating credibility for the entire educational movement. For example, based on current reports from *U. S. News and World Report*, the 2006 rankings for the best Master of Business Administration (MBA) programs with concentrations in nonprofit management are Yale, Harvard, and Stanford while the best Master of Public Administration (MPA) programs with a similar concentration are Indiana, Syracuse, and Harvard. These impressive lists do not include fully developed and well-regarded Master of Nonprofit Organization (MNO) programs such as Case Western Reserve University, Seattle University or the University of San Francisco. John Palmer Smith of Case Western Reserve argues, "[t]hat these and other such universities have entered the field makes it much easier for all of us to persuade our own university colleagues of the importance and academic credibility of nonprofit management education" (2000, p. 184). Smith declared his assessment concerning the credibility of nonprofit management education at a conference in October of 1999, and since that time the number of programs has continued to grow throughout the United States to keep up with the demand from the nonprofit sector.

Unfortunately, there are currently no colleges or universities in Oklahoma with a nonprofit management concentration. In fact, Mirabella's Seton Hall database lists no colleges or universities in the entire state of Oklahoma with any regularly scheduled nonprofit management courses in spite of more than 12,000 nonprofit organizations in Oklahoma (2006). Clearly, we have a need that is currently not being met. We argue there should be at least one strong academic center of nonprofit management education at one of the colleges or universities in Oklahoma. In order for this change to happen – as it has happened in most other states throughout the country – a number of actions are necessary. According to Michael O'Neill, a nonprofit management education program needs "entrepreneurs, funders, and the support of university faculty and administrators" (2005, p. 12). The governmental, business and academic leadership of this state needs to push for and create programs in our colleges and universities that would offer education and research in the management of nonprofit organizations. There must be money set aside to create such programs, on-going cash flows to sustain them, and support from university constituents who believe that such programs have a rightful place beside other management programs. Such leaders can, and perhaps need to, come from outside of, as well as within, academic communities.

Certainly there will be critics of these academic programs. However, the growth and complexity of the nonprofit sector demonstrate a clear and distinct need. Indeed, the growth of these academic courses throughout the United States should come as no surprise when looking at past trends in management education in business and public administration. In "Developmental Contexts of Nonprofit Management Education," O'Neill (2005) examines how the growth of both management areas came as a response to the growing complexity of those areas.

The growth of business schools began with the Wharton School of Finance and Commerce in 1881, followed by many others as a response to the Second Industrial Revolution (O'Neill, 2005): "As Joseph Wharton argued, universities had to respond to the new management needs of the business world, in which managers were responsible for far larger and more complex organizations than had characterized earlier economies" (O'Neill, 2005, p. 10). A similar pattern emerges in public administration with the growing size and complexity of government administration in the first half of the twentieth century as the United States faced unprecedented challenges grappling with two world wars and the Great Depression. In both cases, the need for management education emerged due to the increasing demands of the specific segments, and we are seeing a similar pattern today. O'Neill believes that "University programming tends to follow, not anticipate, social and economic change" (2005, p. 14), and the growth in nonprofit management education supports his argument. Changes in the nonprofit landscape have increased demand for these academic centers throughout the country.

As management education in business and public administration emerged on the academic landscape, critics questioned their necessity and usefulness with strong initial criticism and resistance. O'Neill related how in the early days of Harvard's business school, some faculty believed that "a good course in philosophy would teach a young man all he needed to know about management" (2005, p. 10). Public administration faced similar complaints during its infancy, but few today would question the program's usefulness and importance in preparing men and women for the demands of modern day management in the public sector.

While some question nonprofit education at all, others question the usefulness and applicability of a general nonprofit management curriculum – preferring more specialization. However, in "Training Needs of Administrators in the Nonprofit Sector," (2002) Drew Dolan, the director of nonprofit leadership and administration at Southern Illinois University, details how his research supports the current trend to create a general curriculum of study for nonprofit management: "Administrators in nonprofit organizations, whether those organizations are big or small, young or old, funded by grants or fees, a health or an education organization, show no significant difference in their training needs" (p. 284). Professors Jervis and Sherer concur, explaining that "Broad-based nonprofit management education is now widely accepted in the marketplace because of the breadth and depth of knowledge needed by nonprofit managers" (2005, p. 262).

Creating a general nonprofit management course merely follows the pattern established in the conception and growth of for-profit management courses which took place over a hundred years earlier. O'Neill explains, "The assumption behind the generic approach, often explicitly stated, was that management education should prepare people not for the specifics of a particular type of business – business might change, or the manager might move to another business – but rather for insights, attitudes, and skills applicable to all forms of business" (2005, p. 10). Thus, just as general curriculums are appropriate for business and public administration, with the huge differences within both sectors, a general curriculum in nonprofit management is also appropriate.

Dolan (2002) addressed and dispelled another common myth: nonprofit organizations do not have adequate resources to fund management training. His research found that overall, 59% of nonprofits in 1997 provided funding for ongoing training, and that this percentage grew as the income level for the organization grew. While less than 30% of organizations with annual income under $25,000 provide resources for training, over 80% of the larger organizations (income greater than $100,000) provide training. In fact, Dolan found that 100% of organizations with over $10 million in annual income set aside money for training. Thus coursework in nonprofit management would be economically prudent for those offering it, while meeting the demands in the industry at the same time.

We argue that nonprofit management education plays an important role in easing the strain on leadership in the nonprofit sector. Academic programs such as ones at Case Western Reserve or the University of Texas provide specialized training essential in today's nonprofit workplace. In addition, nonprofit management programs conduct important research in a relatively new area of study to help improve the operation of the organizations within the sector. And finally, they serve as outreach centers to help nonprofit organizations in their geographic areas. They become centers of support and guidance for a sector very much in need of both.

Additionally, by having these programs in university settings, students will meet and work with students of other disciplines. These programs will create an avenue to connect the different sectors, and they will allow those not directly involved in nonprofits to gain an appreciation of the importance and pervasiveness of nonprofit organization in today's America. Professors Jervis and Sherer (2005) saw this benefit with the creation of an undergraduate nonprofit management track at Providence College. The program, which came about because of a $5 million external grant, was open to all students throughout the college, and the professors found that "[h]aving both types of students in the same class allowed substantive learning experiences to occur among students through topic discussions and case analyses, as each type shared their unique perspective" (p. 255).

This exposure also creates an awareness of nonprofits as a possible career path for many students who may have little or no knowledge of the nonprofit sector. Young laments this lack of exposure: "I am an advocate for undergraduate programming because undergraduates rarely receive any exposure to the nonprofit sector in their studies. It is a neglected area; one consequence of which is that students are unaware of potential career paths that might interest them" (Hall, 2001, p. 84). We have seen the clear and growing leadership deficit in the nonprofit sector, and because many potential applicants are not exposed to this sector, academic institutions doing a great disservice to nonprofits and to the students who could possibly work there one day.

Conclusion

Today's research on nonprofit management paints a discouraging picture. Because nonprofits focus on mission and not money, they have greater difficulty measuring success. Because they receive funding from many sources and depend on many others to get the job done, they face the multiplicity of constituencies. Because of the structure, leaders must use influence and consensus building instead of a direct use of power. Because of an increased need for efficiencies, nonprofits are borrowing management techniques from the for-profit world. Because of the increased need for nonprofits, this sector is growing, yet the number and skill level of people in leadership roles is not keeping up. Because of these and the many other factors previously detailed, nonprofit organizations throughout the nation are coming under tremendous strain, and the leadership throughout the sector is facing significant challenges. The problem is no different in the state of Oklahoma with its 12,000 nonprofit organizations. In fact, the problem may be more acute because there are no academic centers for nonprofit management anywhere in the state. Oklahoma has fallen behind in supporting its nonprofits, and we need leaders, community support, and financing to correct this deficiency. And because of the importance and pervasiveness of nonprofits in society, this is not just a nonprofit problem - it is a problem for all Oklahomans.

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SELECTED INDICATORS FOR OKLAHOMA

	1st Qtr '06	4th Qtr '05	1st Qtr '05	Percentage Change '06/'05 1st Qtr	Percentage Change 1st Qtr '06 4th Qtr '05
Crude Oil Production (000 bbl)[a]	17,093	17,199	16,932	1.0	-0.6
Natural Gas Production (000 mcf)[b]	379,779	433,707	413,033	-8.1	-12.4
Rig Count	152	154	150	1.3	-1.3
Permit-Authorized Construction					
Residential Single Family					
Dollar Value ($000)	585,841	523,897	500,032	17.2	11.8
Number of Units	3,688	3,324	3,371	9.4	11.0
Residential-Multi Family					
Dollar Value ($000)	40,228	47,299	45,860	-12.3	-14.9
Number of Units	731	681	685	6.7	7.3
Total Construction ($000)	626,069	571,196	545,892	14.7	9.6
Employment					
Total Labor Force (000)[c]	1,697.3	1,710.3	1,688.2	0.5	-0.8
Total Employment (000)	1,623.7	1,642.2	1,602.3	1.3	-1.1
Unemployment Rate (%)	4.3	4.0	5.1	--	--
Wage and Salary Employment (000)	1,531.2	1,542.1	1,480.7	3.4	-0.7
Manufacturing	148,267	147,633	142,333	4.2	0.4
Mining	39,200	37,533	34,567	13.4	4.4
Government	319,500	321,933	310,767	2.8	-0.8
Construction	68,500	68,300	62,033	10.4	0.3
Retail Trade	167,833	175,500	165,700	1.3	-4.4
Average Weekly Hours (Per Worker)					
Manufacturing	40.4	38.6	39.0	3.6	4.7
Average Weekly Earnings ($ Per Worker)					
Manufacturing	589.03	570.26	554.12	6.3	3.3

Note: Includes revisions in some previous months.
[a]Figures are for 1st Qtr 2006 and 4th Qtr 2005.
[b]Sales of larger private owned utility companies.
[c]Labor Force refer to place of residence, non-agricultural wage and salary employment refers to place of work.

OKLAHOMA GENERAL BUSINESS INDEX

	Preliminary Forecast Mar '06	Mar '05	Mar '04	Percentage Change '06/'05 Mar	'06/'04 Mar
State	142.0	136.3	133.0	4.2	6.8
Oklahoma City MSA	146.2	141.4	136.6	3.4	7.0
Tulsa MSA	144.6	138.6	133.7	4.3	8.2

ADJUSTED RETAIL TRADE FOR METRO AREAS AND STATE ($ Seasonally Adjusted)

	1st Qtr '06	4th Qtr '05	1st Qtr '05	Percentage Change '06/'05 1st Qtr	Percentage Change 1st Qtr '06 4th Qtr '05
OKLAHOMA CITY MSA					
Durable Goods	736,515,090	716,831,843	687,650,704	7.1	2.7
Lumber, Building Materials and Hardware	286,333,191	275,497,865	251,199,957	14.0	3.9
Auto Accessories and Repair	97,412,059	96,648,303	95,569,861	1.9	0.8
Furniture	89,582,456	87,221,826	83,254,680	7.6	2.7
Computer, Electronics and Music Stores	99,950,927	93,554,666	93,960,836	6.4	6.8
Miscellaneous Durables	144,762,760	146,364,067	146,004,711	-0.9	-1.1
Used Merchandise	18,473,697	17,545,117	17,660,659	4.6	5.3
Nondurable Goods	1,965,923,062	1,928,300,994	1,780,893,397	10.4	2.0
General Merchandise	707,204,908	670,836,739	629,271,412	12.4	5.4
Food Stores	245,037,185	237,620,549	243,869,439	0.5	3.1
Apparel	114,774,815	112,240,544	112,041,990	2.4	2.3
Eating and Drinking Places	430,692,021	420,027,417	397,125,097	8.5	2.5
Drug Stores	41,852,710	41,581,754	41,007,405	2.1	0.7
Liquor Stores	26,818,533	25,190,878	23,786,173	12.7	6.5
Miscellaneous Nondurables	106,334,660	106,533,672	92,335,360	15.2	-0.2
Gasoline	293,208,229	314,269,442	241,456,521	21.4	-6.7
Total Retail Trade	2,702,438,153	2,645,132,838	2,468,544,101	9.5	2.2
TULSA MSA					
Durable Goods	502,380,002	498,889,800	454,735,919	10.5	0.7
Lumber, Building Materials and Hardware	179,173,873	174,024,625	154,295,680	16.1	3.0
Auto Accessories and Repair	59,348,844	60,521,891	60,225,432	-1.5	-1.9
Furniture	59,536,486	57,516,336	55,454,082	7.4	3.5
Computer, Electronics and Music Stores	87,624,490	87,623,918	78,113,449	12.2	0.0
Miscellaneous Durables	103,535,534	104,984,385	93,330,005	10.9	-1.4
Used Merchandise	13,160,774	14,218,645	13,317,272	-1.2	-7.4
Nondurable Goods	1,465,115,563	1,443,994,154	1,343,734,021	9.0	1.5
General Merchandise	480,706,384	454,121,681	442,625,033	8.6	5.9
Food Stores	208,226,503	200,925,240	205,758,528	1.2	3.6
Apparel	87,639,092	84,065,042	82,485,514	6.2	4.3
Eating and Drinking Places	276,286,860	271,320,070	262,139,849	5.4	1.8
Drug Stores	32,553,107	32,814,440	33,545,458	-3.0	-0.8
Liquor Stores	20,944,891	21,213,493	19,351,025	8.2	-1.3
Miscellaneous Nondurables	79,585,238	80,736,500	67,920,018	17.2	-1.4
Gasoline	279,173,488	298,797,689	229,908,596	21.4	-6.6
Total Retail Trade	1,967,495,565	1,942,883,954	1,798,469,940	9.4	1.3
LAWTON MSA					
Durable Goods	48,055,026	47,201,120	43,967,423	9.3	1.8
Lumber, Building Materials and Hardware	22,575,389	21,615,682	19,363,506	16.6	4.4
Auto Accessories and Repair	6,515,219	6,489,122	6,649,585	-2.0	0.4
Furniture	5,036,412	4,832,182	3,619,895	39.1	4.2
Computer, Electronics and Music Stores	4,570,887	4,557,222	4,366,644	4.7	0.3
Miscellaneous Durables	7,651,035	8,083,836	8,262,669	-7.4	-5.4
Used Merchandise	1,706,084	1,623,077	1,705,123	0.1	5.1

ADJUSTED RETAIL TRADE FOR METRO AREAS AND STATE ($ Seasonally Adjusted)

	1st Qtr '06	4th Qtr '05	1st Qtr '05	Percentage Change '06/'05 1st Qtr	Percentage Change 1st Qtr '06 4th Qtr '05
LAWTON MSA					
Nondurable Goods	162,558,269	160,789,219	151,032,644	7.6	1.1
General Merchandise	76,015,784	73,054,830	69,232,867	9.8	4.1
Food Stores	15,190,663	14,665,215	15,234,727	-0.3	3.6
Apparel	9,621,432	9,588,387	9,065,467	6.1	0.3
Eating and Drinking Places	29,462,448	29,603,245	29,692,689	-0.8	-0.5
Drug Stores	2,154,642	2,161,636	2,233,646	-3.5	-0.3
Liquor Stores	1,540,069	1,593,792	1,283,015	20.0	-3.4
Miscellaneous Nondurables	7,195,227	7,375,399	6,684,571	7.6	-2.4
Gasoline	21,378,003	22,746,715	17,605,661	21.4	-6.0
Total Retail Trade	210,613,295	207,990,339	195,000,068	8.0	1.3
ENID MICROSA					
Durable Goods	31,333,806	31,645,456	29,775,001	5.2	-1.0
Lumber, Building Materials and Hardware	12,410,407	12,581,135	11,949,295	3.9	-1.4
Auto Accessories and Repair	5,368,737	5,453,360	5,343,259	0.5	-1.6
Furniture	2,986,038	2,696,594	2,702,222	10.5	10.7
Computer, Electronics and Music Stores	4,326,023	4,457,068	3,331,925	29.8	-2.9
Miscellaneous Durables	5,472,597	5,525,383	5,599,795	-2.3	-1.0
Used Merchandise	770,005	931,915	848,506	-9.3	-17.4
Nondurable Goods	102,643,093	100,314,882	95,159,521	7.9	2.3
General Merchandise	39,684,789	36,352,901	35,405,803	12.1	9.2
Food Stores	16,077,859	15,550,510	16,134,926	-0.4	3.4
Apparel	4,776,128	4,297,900	3,973,163	20.2	11.1
Eating and Drinking Places	17,643,085	17,328,607	16,829,269	4.8	1.8
Drug Stores	2,493,143	2,763,668	2,940,046	-15.2	-9.8
Liquor Stores	808,330	813,708	955,530	-15.4	-0.7
Miscellaneous Nondurables	3,491,245	4,874,485	4,373,714	-20.2	-28.4
Gasoline	17,668,515	18,333,103	14,547,070	21.5	-3.6
Total Retail Trade	133,976,899	131,960,338	124,934,523	7.2	1.5
OKLAHOMA					
Durable Goods	1,916,697,985	1,877,894,059	1,701,262,346	12.7	2.1
Lumber, Building Materials and Hardware	775,012,792	728,404,298	642,584,941	20.6	6.4
Auto Accessories and Repair	267,068,865	267,133,068	266,837,022	0.1	0.0
Furniture	214,212,680	204,989,132	194,631,120	10.1	4.5
Computer, Electronics and Music Stores	271,026,905	296,957,023	238,953,474	13.4	-8.7
Miscellaneous Durables	340,241,086	329,279,968	329,279,968	3.3	3.3
Used Merchandise	49,135,658	51,130,570	46,351,980	6.0	-3.9
Nondurable Goods	5,639,292,260	5,481,022,350	5,098,202,276	10.6	2.9
General Merchandise	1,862,323,163	1,805,864,210	1,775,947,927	4.9	3.1
Food Stores	812,021,442	787,437,261	808,437,444	0.4	3.1
Apparel	273,860,470	264,543,439	258,952,461	5.8	3.5
Eating and Drinking Places	1,038,356,558	1,026,632,680	980,104,263	5.9	1.1
Drug Stores	105,575,656	106,705,653	96,110,024	9.8	-1.1
Liquor Stores	56,164,721	56,576,253	55,328,211	1.5	-0.7
Miscellaneous Nondurables	438,082,001	312,934,032	256,209,002	71.0	40.0
Gasoline	1,052,908,249	1,120,328,822	867,112,942	21.4	-6.0
Total Retail Trade	7,555,990,244	7,358,916,409	6,799,464,621	11.1	2.7

ADJUSTED RETAIL TRADE FOR SELECTED CITIES ($ Seasonally Adjusted)

				Percentage Change	
	1st Qtr '06	4th Qtr '05	1st Qtr '05	'06/'05 1st Qtr	1st Qtr '06 4th Qtr '05
Ada	64,181,332	66,323,474	60,164,486	6.7	-3.2
Altus	43,889,491	46,555,713	45,301,319	-3.1	-5.7
Alva	14,937,200	14,829,026	14,028,550	6.5	0.7
Anadarko	14,627,321	16,448,565	15,845,275	-7.7	-11.1
Ardmore	85,547,131	88,943,073	84,673,101	1.0	-3.8
Bartlesville	100,476,211	101,429,866	100,362,826	0.1	-0.9
Blackwell	14,311,762	14,781,683	13,478,517	6.2	-3.2
Broken Arrow	170,249,131	178,686,496	159,359,172	6.8	-4.7
Chickasha	39,908,088	37,732,166	37,368,118	6.8	5.8
Clinton	20,353,250	20,978,878	19,218,483	5.9	-3.0
Cushing	18,561,448	19,002,113	18,160,894	2.2	-2.3
Del City	27,180,807	26,347,597	25,032,350	8.6	3.2
Duncan	56,403,206	58,290,497	56,644,680	-0.4	-3.2
Durant	51,400,001	50,098,798	48,266,349	6.5	2.6
Edmond	208,757,626	208,120,153	201,047,378	3.8	0.3
El Reno	30,184,350	31,575,980	28,658,690	5.3	-4.4
Elk City	46,101,045	46,580,076	42,130,049	9.4	-1.0
Enid	121,170,340	117,529,383	116,071,097	4.4	3.1
Guthrie	21,704,117	21,812,232	20,754,088	4.6	-0.5
Guymon	28,520,887	30,794,180	26,819,572	6.3	-7.4
Henryetta	13,930,134	14,824,714	13,166,967	5.8	-6.0
Hobart	6,596,942	6,789,604	6,366,661	3.6	-2.8
Holdenville	9,118,113	9,487,906	9,544,999	-4.5	-3.9
Hugo	16,237,065	17,416,510	16,937,329	-4.1	-6.8
Idabel	17,863,542	19,854,077	18,678,477	-4.4	-10.0
Lawton	192,576,850	182,211,670	178,572,548	7.8	5.7
McAlester	72,394,473	73,499,030	68,475,114	5.7	-1.5
Miami	31,340,330	33,434,816	32,667,069	-4.1	-6.3
Midwest City	135,999,672	135,833,452	127,806,525	6.4	0.1
Moore	92,746,697	94,722,383	89,934,072	3.1	-2.1
Muskogee	115,004,936	116,533,966	115,811,014	-0.7	-1.3
Norman	267,732,300	266,959,030	265,565,763	0.8	0.3
Oklahoma City	1,398,949,764	1,372,887,629	1,335,735,638	4.7	1.9
Okmulgee	31,382,115	33,232,759	32,193,668	-2.5	-5.6
Pauls Valley	21,745,032	21,965,211	20,566,233	5.7	-1.0
Pawhuska	6,952,945	7,003,445	6,456,124	7.7	-0.7
Ponca City	67,582,424	67,305,791	60,868,509	11.0	0.4
Poteau	34,009,729	36,356,550	35,135,050	-3.2	-6.5
Sand Springs	57,904,206	59,977,318	57,475,240	0.7	-3.5
Sapulpa	51,566,836	52,903,657	49,694,676	3.8	-2.5
Seminole	22,819,555	23,892,038	22,117,934	3.2	-4.5
Shawnee	97,958,884	99,150,969	97,306,126	0.7	-1.2
Stillwater	121,911,928	122,899,047	114,771,266	6.2	-0.8
Tahlequah	60,108,410	60,108,410	60,108,410	0.0	0.0
Tulsa	1,209,869,674	1,212,174,478	1,167,979,351	3.6	-0.2
Watonga	5,719,331	5,907,161	5,348,068	6.9	-3.2
Weatherford	29,450,594	28,841,478	27,823,021	5.8	2.1
Wewoka	3,520,397	3,544,400	3,349,090	5.1	-0.7
Woodward	47,877,538	47,580,777	45,984,836	4.1	0.6
Total Selected Cities	5,419,335,159	5,424,158,226	5,219,824,771	3.8	-0.1

SELECTED INDICATORS FOR THE ENID AND LAWTON MSA'S AND MUSKOGEE MA

	1st Qtr '06	4th Qtr '05	1st Qtr '05	Percentage Change '06/'05 1st Qtr	Percentage Change 1st Qtr '06 4th Qtr '05
ENID MSA					
Employment (Number)					
Labor Force[a]	29,050	29,221	28,580	1.6	-0.6
Total Employment	28,035	28,244	27,436	2.2	-0.7
Unemployment Rate (%)	3.5	3.3	4.0	--	--
LAWTON MSA					
Employment (Number)					
Labor Force[a]	46,340	46,577	46,174	0.4	-0.5
Total Employment	44,157	44,471	43,910	0.6	-0.7
Unemployment Rate (%)	4.7	4.5	4.9	--	--
Wage and Salary Employment	40,800	40,900	40,367	1.1	-0.2
Wholesale and Retail Trade	5,667	5,867	5,700	-0.6	-3.4
Manufacturing	3,800	3,933	3,800	0.0	-3.4
Permit-Authorized Construction					
Residential-Single Family					
Dollar Value ($000)	7,853	4,233	4,390	78.9	85.5
Number of Units	48	33	35	37.1	45.5
Residential-Multi Family					
Dollar Value ($000)	0	0	0	--	--
Number of Units	0	0	0	--	--
Total Construction ($000)	7,853	4,233	4,390	78.9	85.5
MUSKOGEE MA					
Employment (Number)					
Labor Force[a]	29,448	30,081	29,322	0.4	-2.1
Total Employment	27,916	28,562	27,300	2.3	-2.3
Unemployment Rate (%)	5.2	5.1	6.9	--	--
Water Transportation					
Port of Muskogee					
Tons In	161,912	137,092	124,589	30.0	18.1
Tons Out	39,916	32,225	47,636	-16.2	23.9

Note: Includes revisions.
[a]Civilian Labor Force.
E = Exceeds 600 percent.

SELECTED INDICATORS FOR THE TULSA MSA

	1st Qtr '06	4th Qtr '05	1st Qtr '05	Percentage Change 06/'05 1st Qtr	Percentage Change 1st Qtr '06 4th Qtr '05
Employment (Number)					
Labor Force[a]	454,282	459,345	446,301	1.8	-1.1
Total Employment	435,556	441,534	424,481	2.6	-1.4
Unemployment Rate (%)	4.1	3.9	4.9	--	--
Wage and Salary Employment	418,167	418,533	401,700	4.1	-0.1
Manufacturing	48,667	47,900	45,900	6.0	1.6
Mining	5,700	5,400	4,800	18.8	5.6
Government	53,567	53,700	51,467	4.1	-0.2
Wholesale and Retail Trade	60,967	62,933	59,533	2.4	-3.1
Average Weekly Earnings Manufacturing ($ Per Worker)	755.81	736.92	694.33	8.9	2.6
Air Transportation					
Passengers Enplaning (Number)	352,870	400,062	334,606	5.5	-11.8
Passengers Deplaning (Number)	356,452	398,379	336,451	5.9	-10.5
Freight (Tons)	13,137	13,625	12,828	2.4	-3.6
Water Transportation					
Tulsa Port of Catoosa					
Tons In	227,576	203,930	241,096	-5.6	11.6
Tons Out	380,794	186,352	240,879	58.1	104.3
Permit-Authorized Construction					
Residential-Single Family					
Dollar Value ($000)	214,591	178,610	171,285	25.3	20.1
Number of Units	1,314	1,164	1,148	14.5	12.9
Residential-Multi Family					
Dollar Value ($000)	13,777	24,428	1,474	E	-43.6
Number of Units	261	319	32	E	-18.2
Total Construction	228,368	203,038	172,759	32.2	12.5

Note: Includes revisions.
[a]Civilian Labor Force.
E = Exceeds 600 percent.

SELECTED INDICATORS FOR OKLAHOMA CITY MSA

	1st Qtr '06	4th Qtr '05	1st Qtr '05	Percentage Change 06/'05 1st Qtr	Percentage Change 1st Qtr '06 4th Qtr '05
Employment (Number)					
Labor Force[a]	587,640	592,146	577,674	1.7	-0.8
Total Employment	563,459	569,333	549,509	2.5	-1.0
Unemployment Rate (%)	4.1	3.8	4.9	--	--
Wage and Salary Employment	560,433	566,200	543,800	3.1	-1.0
Manufacturing	38,767	38,967	38,600	0.4	-0.5
Mining	11,967	11,333	9,833	21.7	5.6
Government	114,533	115,600	112,567	1.7	-0.9
Wholesale and Retail Trade	83,367	86,033	81,233	2.6	-3.1
Average Weekly Earnings Manufacturing ($ Per Worker)	665.58	634.39	569.51	16.9	4.9
Air Transportation					
Passengers Enplaning (Number)	409,460	455,334	383,951	6.6	-10.1
Passengers Deplaning (Number)	416,073	448,967	395,187	5.3	-7.3
Freight Enplaned (Tons)	4,020	4,297	3,837	4.8	-6.4
Freight Deplaned (Tons)	4,660	4,944	4,555	2.3	-5.7
Permit-Authorized Construction					
Residential-Single Family					
Dollar Value ($000)	307,439	296,634	283,723	8.4	3.6
Number of Units	1,974	1,832	1,896	4.1	7.8
Residential-Multi Family					
Dollar Value ($000)	14,796	10,249	29,130	-49.2	44.4
Number of Units	276	163	369	-25.2	69.3
Total Construction ($000)	322,235	306,883	312,853	3.0	5.0

Note: Includes revisions.
[a]Civilian Labor Force.

SELECTED INDICATORS FOR OKLAHOMA

	2nd Qtr '06	1st Qtr '06	2nd Qtr '05	Percentage Change '06/'05 2nd Qtr	Percentage Change 2nd Qtr '06 1st Qtr '06
Crude Oil Production (000 bbl)[a]	16,955	17,093	16,287	4.1	-0.8
Natural Gas Production (000 mcf)[b]	443,419	379,799	414,182	7.1	16.8
Rig Count	178	163	164	8.5	9.2
Permit-Authorized Construction					
Residential Single Family					
Dollar Value ($000)	609,328	585,841	583,619	4.4	4.0
Number of Units	3,859	3,688	3,858	0.0	4.6
Residential-Multi Family					
Dollar Value ($000)	27,242	40,227	38,768	-29.7	-32.3
Number of Units	675	731	677	-0.3	-7.7
Total Construction ($000)	636,570	626,068	622,387	2.3	1.7
Employment					
Total Labor Force (000)[c]	1,722.9	1,697.3	1,711.4	0.7	1.5
Total Employment (000)	1,653.3	1,623.7	1,634.5	1.2	1.8
Unemployment Rate (%)	4.0	4.3	4.5	--	--
Wage and Salary Employment (000)	1,554.9	1,531.2	1,514.4	2.7	1.5
Manufacturing	148,100	148,267	143,767	3.0	-0.1
Mining	41,433	39,200	35,300	17.4	5.7
Government	319,700	319,500	313,700	1.9	0.1
Construction	70,833	68,500	65,900	7.5	3.4
Retail Trade	170,467	167,833	168,533	1.1	1.6
Average Weekly Hours (Per Worker)					
Manufacturing	41.7	40.4	39.9	4.5	3.2
Average Weekly Earnings ($ Per Worker)					
Manufacturing	607.21	589.03	580.55	4.6	3.1

Note: Includes revisions in some previous months.
[a]Figures are for 2nd Qtr 2005 and 1st Qtr 2004.
[b]Sales of larger private owned utility companies.
[c]Labor Force refer to place of residence, non-agricultural wage and salary employment refers to place of work.

OKLAHOMA GENERAL BUSINESS INDEX

	Preliminary Forecast June '06	June '05	June '04	Percentage Change '06/'05 June	'06/'04 June
State	143.9	138.2	132.8	4.1	8.4
Oklahoma City MSA	145.1	142.4	137.2	1.9	5.8
Tulsa MSA	146.5	141.0	134.1	3.9	9.2

ADJUSTED RETAIL TRADE FOR METRO AREAS AND STATE ($ Seasonally Adjusted)

	2nd Qtr '06	1st Qtr '06	2nd Qtr '05	Percentage Change '06/'05 2nd Qtr	Percentage Change 2nd Qtr '06 1 st Qtr '06
OKLAHOMA CITY MSA					
Durable Goods	737,100,520	736,515,090	691,677,924	6.6	0.1
Lumber, Building Materials and Hardware	271,439,827	286,333,191	256,397,307	5.9	-5.2
Auto Accessories and Repair	101,393,031	97,412,059	94,026,184	7.8	4.1
Furniture	91,149,329	89,582,456	87,245,617	4.5	1.7
Computer, Electronics and Music Stores	102,511,555	99,950,927	88,090,778	16.4	2.6
Miscellaneous Durables	152,960,048	144,762,760	148,848,215	2.8	5.7
Used Merchandise	17,646,729	18,473,697	17,069,824	3.4	-4.5
Nondurable Goods	2,003,138,176	1,965,923,062	1,757,731,895	14.0	1.9
General Merchandise	674,568,168	707,204,908	622,444,603	8.4	-4.6
Food Stores	241,443,912	245,037,185	242,029,629	-0.2	-1.5
Apparel	116,285,908	114,774,815	114,364,636	1.7	1.3
Eating and Drinking Places	423,053,421	430,692,021	409,059,388	3.4	-1.8
Drug Stores	43,390,125	41,852,710	38,848,017	11.7	3.7
Liquor Stores	27,452,855	26,818,533	25,267,629	8.6	2.4
Miscellaneous Nondurables	125,089,380	106,334,660	77,080,178	62.3	17.6
Gasoline	351,854,407	293,208,229	228,637,816	53.9	20.0
Total Retail Trade	2,740,238,696	2,702,438,153	2,449,409,820	11.9	1.4
TULSA MSA					
Durable Goods	498,662,471	502,380,002	472,626,386	5.5	-0.7
Lumber, Building Materials and Hardware	172,723,471	179,173,873	167,825,475	2.9	-3.6
Auto Accessories and Repair	61,960,134	59,348,844	60,768,601	2.0	4.4
Furniture	60,483,827	59,536,486	57,284,091	5.6	1.6
Computer, Electronics and Music Stores	81,986,288	87,624,490	78,084,866	5.0	-6.4
Miscellaneous Durables	108,672,055	103,535,534	95,688,142	13.6	5.0
Used Merchandise	12,836,696	13,160,774	12,975,213	-1.1	-2.5
Nondurable Goods	1,506,530,146	1,465,115,563	1,318,519,069	14.3	2.8
General Merchandise	460,660,522	480,706,384	441,694,153	4.3	-4.2
Food Stores	206,475,109	208,226,503	205,008,901	0.7	-0.8
Apparel	90,929,514	87,639,092	82,099,418	10.8	3.8
Eating and Drinking Places	272,959,340	276,286,860	265,622,132	2.8	-1.2
Drug Stores	34,814,407	32,553,107	31,621,331	10.1	6.9
Liquor Stores	21,386,843	20,944,891	19,489,473	9.7	2.1
Miscellaneous Nondurables	86,043,739	79,585,238	56,392,025	52.6	8.1
Gasoline	333,260,671	279,173,488	216,591,637	53.9	19.4
Total Retail Trade	2,005,192,616	1,967,495,565	1,791,145,456	12.0	1.9
LAWTON MSA					
Durable Goods	44,628,377	48,055,026	42,072,077	6.1	-7.1
Lumber, Building Materials and Hardware	20,169,981	22,575,389	18,523,090	8.9	-10.7
Auto Accessories and Repair	6,724,017	6,515,219	6,869,319	-2.1	3.2
Furniture	5,125,424	5,036,412	3,780,316	35.6	1.8
Computer, Electronics and Music Stores	3,650,858	4,570,887	3,696,912	-1.2	-20.1
Miscellaneous Durables	7,749,091	7,651,035	7,883,636	-1.7	1.3
Used Merchandise	1,209,006	1,706,084	1,318,806	-8.3	-29.1

ADJUSTED RETAIL TRADE FOR METRO AREAS AND STATE ($ Seasonally Adjusted)

	2nd Qtr '06	1st Qtr '06	2nd Qtr '05	Percentage Change '06/'05 2nd Qtr	Percentage Change 2nd Qtr '06 1 st Qtr '06
LAWTON MSA					
Nondurable Goods	162,856,147	162,558,269	147,619,751	10.3	0.2
General Merchandise	72,006,697	76,015,784	68,199,420	5.6	-5.3
Food Stores	14,911,758	15,190,663	15,046,230	-0.9	-1.8
Apparel	9,244,719	9,621,432	8,908,351	3.8	-3.9
Eating and Drinking Places	29,693,901	29,462,448	29,861,596	-0.6	0.8
Drug Stores	2,168,692	2,154,642	2,118,109	2.4	0.7
Liquor Stores	1,987,022	1,540,069	1,547,206	28.4	29.0
Miscellaneous Nondurables	7,283,058	7,195,227	5,331,525	36.6	1.2
Gasoline	25,560,299	21,378,003	16,607,315	53.9	19.6
Total Retail Trade	207,484,524	210,613,295	189,691,829	9.4	-1.5
ENID MICROSA					
Durable Goods	29,794,725	31,333,806	28,492,898	4.6	-4.9
Lumber, Building Materials and Hardware	11,613,097	12,410,407	11,890,802	-2.3	-6.4
Auto Accessories and Repair	5,584,995	5,368,737	5,123,639	9.0	4.0
Furniture	2,830,367	2,986,038	2,605,250	8.6	-5.2
Computer, Electronics and Music Stores	3,616,617	4,326,023	2,916,743	24.0	-16.4
Miscellaneous Durables	5,649,376	5,472,597	5,393,947	4.7	3.2
Used Merchandise	500,273	770,005	562,518	-11.1	-35.0
Nondurable Goods	103,440,720	102,643,093	92,845,198	11.4	0.8
General Merchandise	37,588,900	39,684,789	34,830,623	7.9	-5.3
Food Stores	15,570,346	16,077,859	15,603,627	-0.2	-3.2
Apparel	4,668,171	4,776,128	3,971,195	17.6	-2.3
Eating and Drinking Places	17,501,824	17,643,085	16,904,677	3.5	-0.8
Drug Stores	2,347,292	2,493,143	2,751,640	-14.7	-5.9
Liquor Stores	838,384	808,330	895,028	-6.3	3.7
Miscellaneous Nondurables	4,155,323	3,491,245	4,390,806	-5.4	19.0
Gasoline	20,770,482	17,668,515	13,497,602	53.9	17.6
Total Retail Trade	133,235,445	133,976,899	121,338,097	9.8	-0.6
OKLAHOMA					
Durable Goods	1,826,306,400	1,916,697,985	1,680,535,924	8.7	-4.7
Lumber, Building Materials and Hardware	722,385,565	775,012,792	653,176,538	10.6	-6.8
Auto Accessories and Repair	267,044,692	267,068,865	266,950,869	0.0	0.0
Furniture	217,691,321	214,212,680	199,938,678	8.9	1.6
Computer, Electronics and Music Stores	226,503,966	271,026,905	203,380,917	11.4	-16.4
Miscellaneous Durables	354,418,158	340,241,086	320,481,624	10.6	4.2
Used Merchandise	38,262,698	49,135,658	36,607,299	4.5	-22.1
Nondurable Goods	5,750,536,127	5,639,292,260	5,029,752,841	14.3	2.0
General Merchandise	1,890,256,180	1,862,323,163	1,783,834,999	6.0	1.5
Food Stores	806,514,643	812,021,442	806,548,203	0.0	-0.7
Apparel	278,014,105	273,860,470	262,170,897	6.0	1.5
Eating and Drinking Places	1,050,657,714	1,038,356,558	1,008,520,615	4.2	1.2
Drug Stores	103,671,920	105,575,656	99,444,346	4.3	-1.8
Liquor Stores	55,503,666	56,164,721	55,902,612	-0.7	-1.2
Miscellaneous Nondurables	307,017,785	438,082,001	195,384,527	57.1	-29.9
Gasoline	1,258,900,115	1,052,908,249	817,946,641	53.9	19.6
Total Retail Trade	7,576,842,527	7,555,990,244	6,710,288,765	12.9	0.3

ADJUSTED RETAIL TRADE FOR SELECTED CITIES ($ Seasonally Adjusted)

	2nd Qtr '06	1st Qtr '06	2nd Qtr '05	Percentage Change '06/'05 2nd Qtr	Percentage Change 2nd Qtr '06 1 st Qtr '06
Ada	72,180,138	64,181,332	62,200,676	16.0	12.5
Altus	47,662,187	43,889,491	44,568,148	6.9	8.6
Alva	15,816,675	14,937,200	14,231,688	11.1	5.9
Anadarko	16,263,661	14,627,321	15,972,015	1.8	11.2
Ardmore	92,673,335	85,547,131	86,776,452	6.8	8.3
Bartlesville	108,788,764	100,476,211	100,885,841	7.8	8.3
Blackwell	15,601,818	14,311,762	13,333,181	17.0	9.0
Broken Arrow	182,834,454	170,249,131	159,821,414	14.4	7.4
Chickasha	44,937,022	39,908,088	37,213,640	20.8	12.6
Clinton	21,593,333	20,353,250	19,834,337	8.9	6.1
Cushing	20,257,321	18,561,448	18,258,919	10.9	9.1
Del City	24,800,816	24,800,816	24,800,816	0.0	0.0
Duncan	61,368,087	56,403,206	56,058,282	9.5	8.8
Durant	56,430,595	51,400,001	47,288,549	19.3	9.8
Edmond	221,150,130	208,757,626	202,328,417	9.3	5.9
El Reno	33,873,414	30,184,350	28,674,398	18.1	12.2
Elk City	52,576,456	46,101,045	42,862,812	22.7	14.0
Enid	125,667,505	121,170,340	116,317,946	8.0	3.7
Guthrie	23,459,817	21,704,117	20,994,669	11.7	8.1
Guymon	30,041,884	28,520,887	25,988,865	15.6	5.3
Henryetta	15,401,472	13,930,134	13,262,834	16.1	10.6
Hobart	7,200,995	6,596,942	6,367,074	13.1	9.2
Holdenville	10,329,247	9,118,113	9,240,628	11.8	13.3
Hugo	17,897,385	16,237,065	16,839,283	6.3	10.2
Idabel	19,757,339	17,863,542	18,898,437	4.5	10.6
Lawton	191,925,792	192,576,850	175,242,345	9.5	-0.3
McAlester	79,003,039	72,394,473	69,789,628	13.2	9.1
Miami	35,136,619	31,340,330	32,580,463	7.8	12.1
Midwest City	133,100,671	135,999,672	127,707,792	4.2	-2.1
Moore	101,636,783	92,746,697	90,724,604	12.0	9.6
Muskogee	121,443,150	115,004,936	113,893,956	6.6	5.6
Norman	283,998,124	267,732,300	268,666,360	5.7	6.1
Oklahoma City	1,458,749,741	1,398,949,764	1,323,465,165	10.2	4.3
Okmulgee	33,612,559	31,382,115	31,854,016	5.5	7.1
Pauls Valley	23,362,746	21,745,032	20,274,596	15.2	7.4
Pawhuska	7,658,453	6,952,945	6,672,050	14.8	10.1
Ponca City	73,937,112	67,582,424	66,657,519	10.9	9.4
Poteau	37,053,520	34,009,729	34,005,465	9.0	8.9
Sand Springs	64,448,690	57,904,206	58,256,629	10.6	11.3
Sapulpa	57,058,084	51,566,836	50,468,692	13.1	10.6
Seminole	25,302,559	22,819,555	22,257,892	13.7	10.9
Shawnee	103,269,941	97,958,884	97,441,732	6.0	5.4
Stillwater	129,053,391	121,911,928	118,963,858	8.5	5.9
Tahlequah	62,805,108	58,735,923	58,178,925	8.0	6.9
Tulsa	1,281,446,782	1,209,869,674	1,182,024,463	8.4	5.9
Watonga	5,650,972	5,719,331	5,391,371	4.8	-1.2
Weatherford	33,250,501	29,450,594	29,591,663	12.4	12.9
Wewoka	3,734,057	3,520,397	3,240,427	15.2	6.1
Woodward	54,020,985	47,877,538	45,862,748	17.8	12.8
Total Selected Cities	5,739,223,230	5,415,582,683	5,236,231,677	9.6	6.0

SELECTED INDICATORS FOR THE ENID AND LAWTON MSA'S AND MUSKOGEE MA

				Percentage Change	
	2nd Qtr '06	1st Qtr '06	2nd Qtr '05	'06/'05 2nd Qtr	2nd Qtr '06 1 st Qtr '06
ENID MSA					
Employment (Number)					
Labor Force[a]	29,651	29,050	29,241	1.4	2.1
Total Employment	28,731	28,035	28,207	1.9	2.5
Unemployment Rate (%)	3.1	3.5	3.5	--	--
LAWTON MSA					
Employment (Number)					
Labor Force[a]	46,518	46,340	46,642	-0.3	0.4
Total Employment	44,503	44,157	44,469	0.1	0.8
Unemployment Rate (%)	4.3	4.7	4.6	--	--
Wage and Salary Employment	41,933	40,800	40,800	2.8	2.8
Wholesale and Retail Trade	5,900	5,667	5,733	2.9	4.1
Manufacturing	3,800	3,800	3,900	-2.6	0.0
Permit-Authorized Construction					
Residential-Single Family					
Dollar Value ($000)	11,048	7,853	5,015	120.3	40.7
Number of Units	72	48	40	80.0	50.0
Residential-Multi Family					
Dollar Value ($000)	4,878	0	0	--	--
Number of Units	238	0	0	--	--
Total Construction ($000)	15,926	7,853	5,015	217.6	102.8
MUSKOGEE MA					
Employment (Number)					
Labor Force[a]	29,992	29,448	30,005	0.0	1.8
Total Employment	28,548	27,916	28,236	1.1	2.3
Unemployment Rate (%)	4.8	5.2	5.9	--	--
Water Transportation					
Port of Muskogee					
Tons In	147,599	161,912	113,910	29.6	-8.8
Tons Out	41,460	39,916	35,068	18.2	3.9

Note: Includes revisions.
[a]Civilian Labor Force.
E = Exceeds 600 percent.

SELECTED INDICATORS FOR THE TULSA MSA

	2nd Qtr '06	1st Qtr '06	2nd Qtr '05	Percentage Change '06/'05 2nd Qtr	Percentage Change 2nd Qtr '06 1 st Qtr '06
Employment (Number)					
Labor Force[a]	460,972	454,282	451,875	2.0	1.5
Total Employment	443,499	435,556	432,121	2.6	1.8
Unemployment Rate (%)	3.8	4.1	4.4	--	--
Wage and Salary Employment	425,100	418,167	410,567	3.5	1.7
Manufacturing	48,767	48,667	46,567	4.7	0.2
Mining	6,167	5,700	5,000	23.3	8.2
Government	253,500	53,767	52,367	2.2	-0.5
Wholesale and Retail Trade	62,567	60,967	59,000	6.0	2.6
Average Weekly Earnings Manufacturing ($ Per Worker)	708.45	755.81	683.10	3.7	-6.3
Air Transportation					
Passengers Enplaning (Number)	425,444	352,870	397,668	7.0	20.6
Passengers Deplaning (Number)	419,885	356,452	387,939	8.2	17.8
Freight (Tons)	13,319	13,137	13,939	-4.4	1.4
Water Transportation					
Tulsa Port of Catoosa					
Tons In	281,931	227,576	272,633	3.4	23.9
Tons Out	330,629	380,794	260,819	26.8	-13.2
Permit-Authorized Construction					
Residential-Single Family					
Dollar Value ($000)	217,988	214,592	188,836	15.4	1.6
Number of Units	1,351	1,314	1,268	6.5	2.8
Residential-Multi Family					
Dollar Value ($000)	170	13,777	13,275	-98.7	-98.8
Number of Units	2	261	212	-99.1	-99.2
Total Construction	218,158	228,369	202,111	7.9	-4.5

Note: Includes revisions.
[a]Civilian Labor Force.
E = Exceeds 600 percent.

SELECTED INDICATORS FOR OKLAHOMA CITY MSA

	2nd Qtr '06	1st Qtr '06	2nd Qtr '05	Percentage Change '06/'05 2nd Qtr	Percentage Change 2nd Qtr '06 1 st Qtr '06
Employment (Number)					
Labor Force[a]	592,955	587,640	585,062	1.3	0.9
Total Employment	570,429	563,459	559,926	1.9	1.2
Unemployment Rate (%)	3.8	4.1	4.3	--	--
Wage and Salary Employment	567,600	560,433	566,233	0.2	1.3
Manufacturing	38,433	38,767	38,167	0.7	-0.9
Mining	12,567	11,967	10,200	23.2	5.0
Government	114,067	114,533	113,067	0.9	-0.4
Wholesale and Retail Trade	84,200	83,367	82,200	2.4	1.0
Average Weekly Earnings Manufacturing ($ Per Worker)	665.13	665.58	518.74	28.2	-0.1
Air Transportation					
Passengers Enplaning (Number)	479,101	409,460	448,156	6.9	17.0
Passengers Deplaning (Number)	475,043	416,073	441,450	7.6	14.2
Freight Enplaned (Tons)	3,746	4,020	3,398	10.2	-6.8
Freight Deplaned (Tons)	4,761	4,660	4,449	7.0	2.2
Permit-Authorized Construction					
Residential-Single Family					
Dollar Value ($000)	336,758	307,439	342,750	-1.7	9.5
Number of Units	2,156	1,974	2,218	-2.8	9.2
Residential-Multi Family					
Dollar Value ($000)	6,056	14,759	14,327	-57.7	-59.0
Number of Units	97	276	251	-61.4	-64.9
Total Construction ($000)	342,814	322,198	357,077	-4.0	6.4

Note: Includes revisions.
[a]Civilian Labor Force.