



Economic Development Report

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CHAFFEE COUNTY ECONOMIC PROFILE

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Introduction

This report provides an economic profile of Chaffee County, Colorado. Data related to demographic and economic variables were collected from a variety of sources, primarily federal and local government agencies. The paper first presents the current situation and historic trends in the county, with specific focus on land use, population, employment, and income. The following section presents four different analyses related to the regional economy including location quotients for different industries, a shift share analysis, and economic base analysis and an input-output model. This information is provided to give additional insight about the importance of different economic sectors to the regional economy.

The statistics reported here provide information for planning and analysis but represent only part of the information necessary for policy prescriptions. Additional information related to environmental quality and quality of life in the area, as well as input from local community members should be combined with the information presented here in order to arrive at appropriate public policies for the community.

Background and Demographic Information

Land Use

Chaffee County is located in central Colorado on the eastern slope of the Rocky Mountains. The county's land area is approximately 1,014 square miles, or 649,508 acres. It is located in the Upper Arkansas Valley, where the headwaters of the Arkansas River originate. County elevation ranges from just under 7,000 feet to over 14,000 feet, including 15 peaks of over fourteen thousand feet (also known as "fourteeners"). The area averages around 330 days of sunshine per year. Land use patterns are important to consider for economic development and comprehensive planning. As discussed in more detail below, a large part of the land area in Chaffee County is publicly owned, while a significant portion of the privately owned land is used for agriculture. Recent increases in population (as discussed in the next section) are likely to put pressure on the current land uses in the county.

A large portion of the county's total land area is managed by federal, state and local government agencies including the United States Forest Service

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(USFS), the Bureau of Land Management (BLM), the State Land Board and the State Divisions of Wildlife and Corrections. Approximately 79 percent of the county's total land area is federal land, while another three percent is administered by the state of Colorado. The federally-owned land includes 455,804 acres in the San Isabel National Forest, managed by the USFS, and another 53,866 acres managed by the BLM. Approximately 120,000 acres of land in Chaffee County are privately owned (excluding the municipalities of Salida, Buena Vista, and Poncha Springs). Farmland and ranchland makes up 71,188 acres of privately owned land in Chaffee County, with 26,257 acres in cropland and 8,818 acres in irrigated land (National Agricultural Statistics Service 2006).

Population

Although the population of Chaffee County is relatively small, recent population growth is likely to have a significant impact on economic development and planning in the future. County-level demographics are also important to consider in future planning. More details about historic trends in population and demographics of the Chaffee County population are provided in the remainder of this section.

The population of Chaffee County was estimated to be 16,968 in 2005, a 4.5 percent increase since the 2000 US Census. Salida is the county seat as well as the most populous municipality in the county. The other main towns in Chaffee County include Buena Vista and Poncha Springs. Three major interstate highways (U.S. 24, 50 and 285) go through the county.

According to the 2000 US Census data, Chaffee County ranks 26th out of the 63 counties in Colorado in terms of total population (US Bureau of the Census, 2000). The population has been increasing steadily since the 1990s (Figure 1). Total population growth between 1990 and 2005 has been substantial, with an overall increase of 33 percent. Annual increases in population varied over the fifteen year period from 4.4 percent to 0.3 percent. The largest increases were in the early to mid-1990s, while increases since 2001 have been much smaller. The population growth rates in Chaffee County have been faster than national rates, but slower than rates for the state of Colorado. Population projections indicate that by 2035, the population of Chaffee County will reach 28,930, an increase of 70 percent compared to 2005 levels (Colorado Division of Local Government 2006).

In terms of population density, Chaffee County ranks 24th out of all Colorado counties, with a density of 16 persons per square mile in the year 2000. This was an increase of 28 percent since 1990, when the population density was 13 persons per square mile. Of course, population density measures can be misleading due to the high proportion of public, and therefore undevelopable, land in many Colorado counties.

According to 2004 data from the US Census Bureau, females make up 47 percent of the total population of Chaffee County. In comparison, 49.5 percent of the total population in Colorado is female. The ethnic composition of Chaffee County is predominantly white, making up 95.9 percent of the total population. Hispanic persons make up 8.4 percent, blacks make up 1.7 percent, followed by Native Americans and Alaskan natives at 1.1 percent, and Asians at 0.5 percent. Two percent of the population of Chaffee County is foreign-born.

Based on data from the 2000 US Census, 4.4 percent of Chaffee County's population is under 5 years of age, 17.4 percent of the population is between 5 and 19 years of age, 33.6 percent of the population is between 20 and 44 years of age, 27.5 percent of the population is between 45 and 64 years of age, and 17.1 percent is 65 years of age or older. The majority of the county's population was between the ages of 25 and 44, with a median age of 41.8 (Figure 2).

According to the 2000 US Census, 88.5 percent of the population over 25 years of age had obtained a high school diploma in Chaffee County, which is slightly higher than the rate of 86.9 percent in Colorado. The percentage of the county's population over 25 years of age that has obtained a bachelor's degree or higher is 24.3, compared to the statewide rate of 32.7 percent.

In the year 2000, there were 6,584 households in Chaffee County, with an average of 2.26 persons per household. There were 9,362 housing units in Chaffee County, with 8.6 percent of these units in multi-unit structures. The home ownership rate in Chaffee County in the year 2000 was 73.4 percent, slightly higher than the 67.3 percent rate for the State of Colorado. The median value of owner-occupied housing units in Chaffee County was \$152,800, slightly lower than the statewide median value of \$166,600. Median rent for rental units in Chaffee County was \$517 in the year 2000 (US Bureau of the Census, 2000).

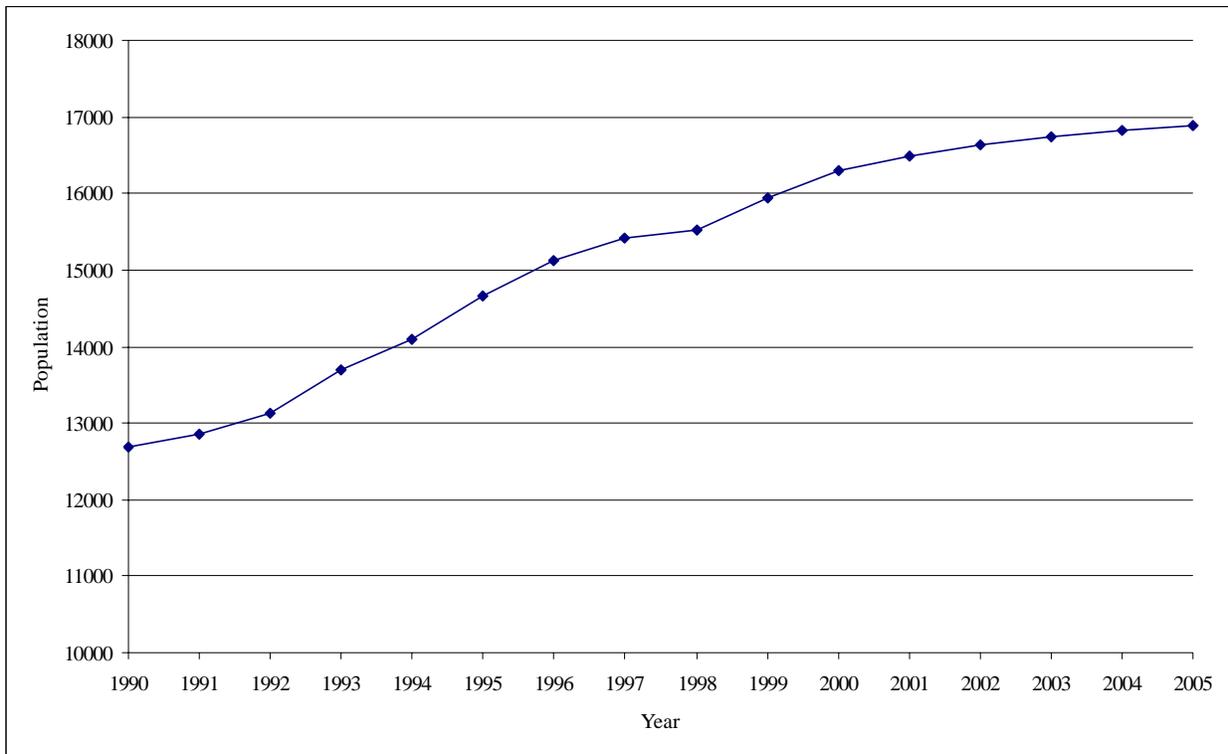


Figure 1. Chaffee County Population 1990-2005. (Source: US Bureau of the Census)

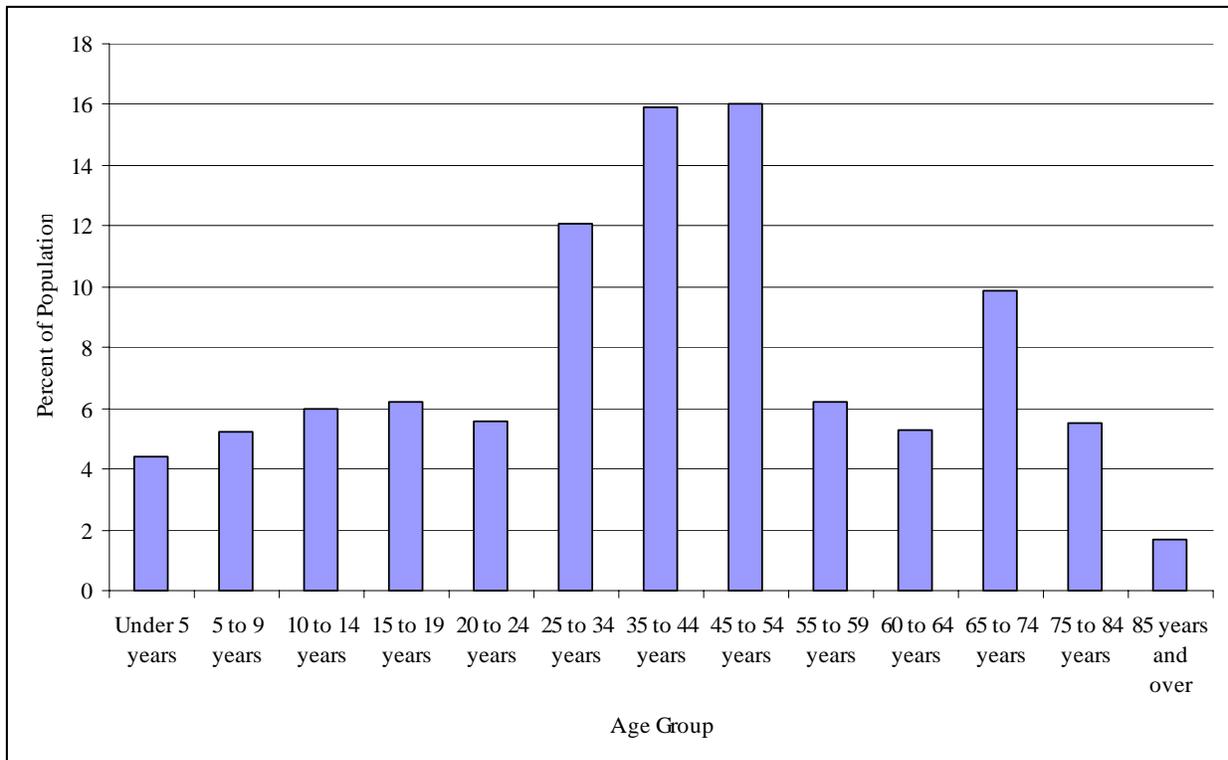


Figure 2. Chaffee County Population by Age Group, 2000. (Source: US Bureau of the Census)

Employment

The level and type of employment are important factors to consider in economic development planning. Unemployment rates as well as seasonal employment trends are important in determining the level of economic development that might be needed in the future, while trends in employment by sector can give a sense of employment diversity. This section details recent employment trends in Chaffee County.

Total full and part-time employment in Chaffee County was 10,152 in 2004 (US Bureau of Economic Analysis). Total employment has increased significantly in recent years, up from 3,182 in 1970 to 7,294 in 1994. The majority (67 percent) of these jobs were wage and salary employment, while the other 33 percent were proprietors (self-employed individuals). Sixty-four percent of the new employment between 1970 and 2004 came from wage and salary employment.

Employment in Chaffee County is somewhat seasonal. Slightly over half of the workers were employed 50 to 52 weeks during the year. Approximately 27 percent

of the workers were employed for less than 40 weeks per year (Figure 3). However, unemployment in Chaffee County is quite seasonal, with the lowest rates occurring in the summer and the highest rates occurring in the winter (Figure 4). Average unemployment in 2005 was 5.4 percent, slightly higher than the national rate of 5.1 percent and the state rate of 5.0 percent. In 2005, unemployment rates varied from a low of 4.4 percent in August to a high of 6.5 percent in January. This is likely due to seasonal employment in the tourism and outdoor recreation sectors, which operate primarily in the summer based on the seasonality of whitewater rafting and other summer recreation activities.

Jobs in Chaffee County² are largely concentrated in services industries, with 16 percent (1,067 jobs) in educational, health and social services, 15 percent (1,031 jobs) in arts, entertainment, recreation, accommodation and food services, 7 percent (484 jobs) in professional, scientific, management, administrative and waste management services, and 5 percent (366 jobs) in other services (Figure 5). Retail and wholesale trade make up a combined 14 percent of employment

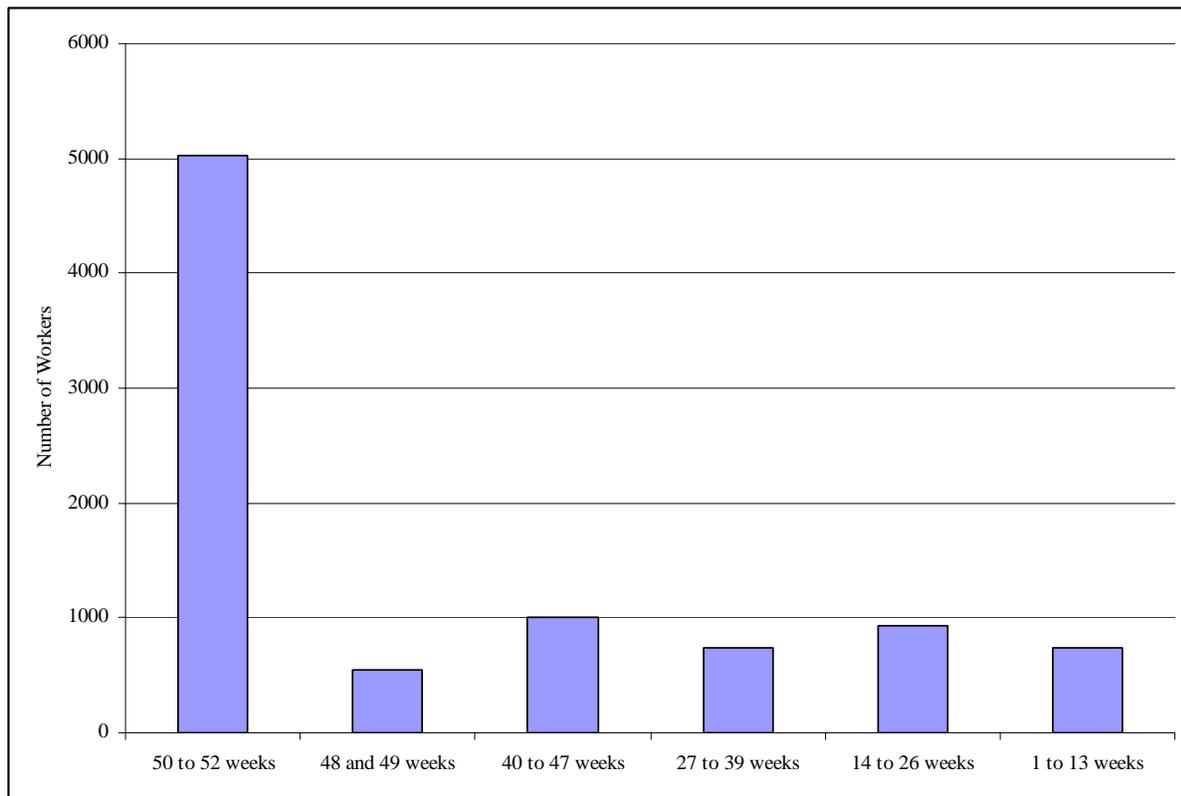


Figure 3. Number of Workers by Weeks per Year, 1999 (Source: Economic Profile System Community, 2006)

² Employment data includes employed civilians age 16 and over.

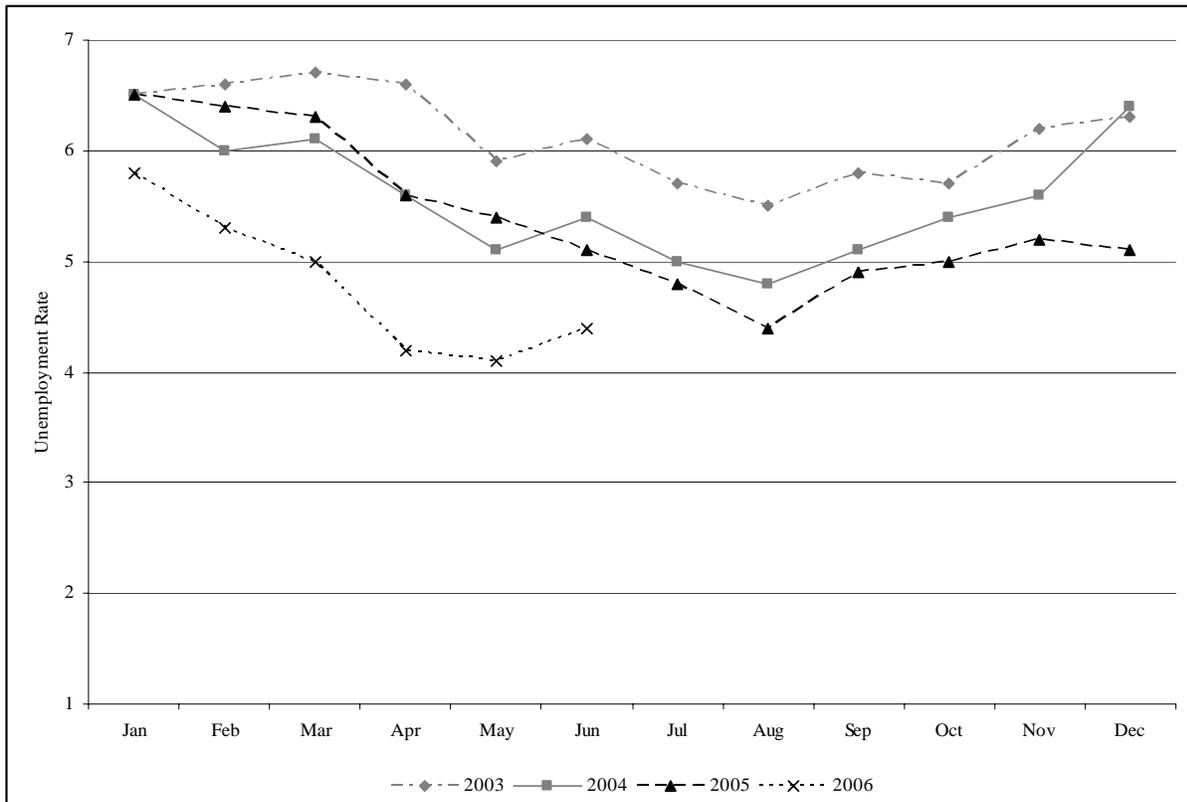


Figure 4. Seasonal Unemployment Rates in Chaffee County, 2003-2006. (Source: US Bureau of Labor Statistics)

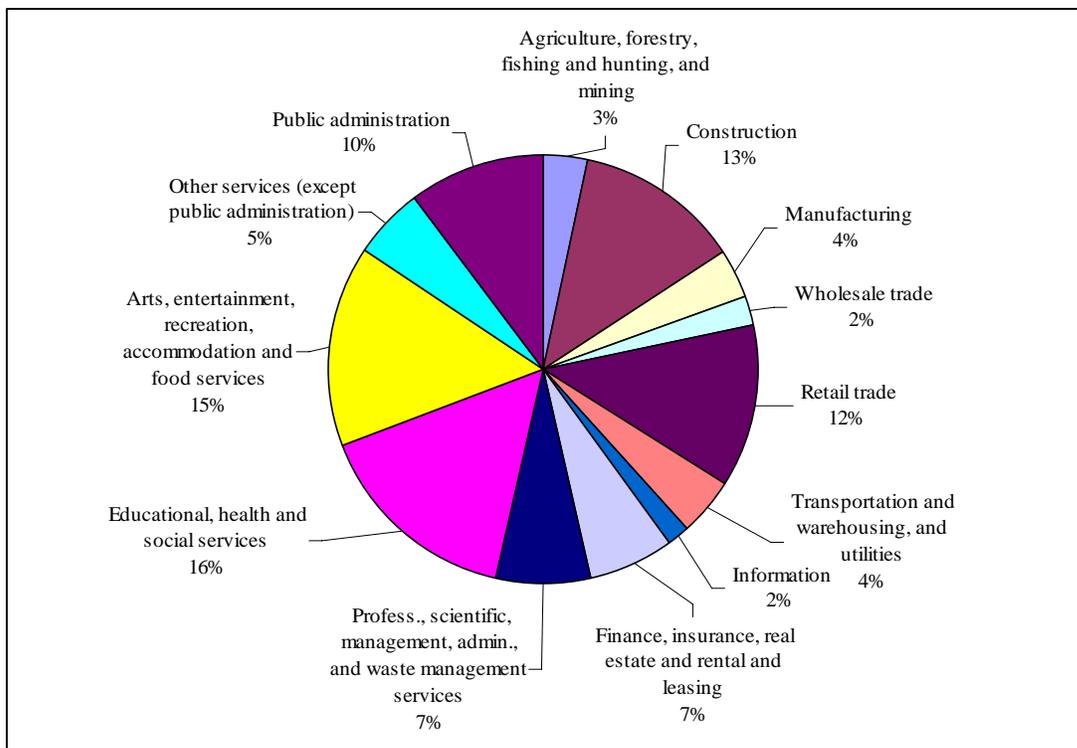


Figure 5. Employment by Sector in Chaffee County (US Bureau of the Census, 2000)

(980 jobs), and construction makes up an additional 13 percent (858 jobs). Agriculture and manufacturing make up a small part of total employment, with the agriculture, forestry, hunting, fishing and mining sector making up only 3 percent (219 jobs), and the manufacturing sector making up only 4 percent (249 jobs) of total employment (US Bureau of the Census, 2000).

Chaffee County's economy is somewhat diverse compared to other counties in the United States. Chaffee County's score on the Employment Diversity Index, which measures the degree of economic diversity or lack of specialization in an area, was 819 (a higher number in this index indicates a greater degree of specialization, while a lower number indicates greater diversity). This is somewhat lower than the median score for all counties of 961, indicating that the Chaffee County economy is somewhat more diverse relative to many other counties in the United States (Economic Profile System, 2004).

Commuting

The majority of Chaffee County residents worked locally, with 99 percent working in the state of Colorado and 92 percent working in Chaffee County. The county is considered an economic hub, with more income derived from those commuting into the county to work than from those who commute outside of the area to work. The net difference between the two accounts for 0.4 percent of the total income in the county.

The majority of county residents commute to work by vehicle. Seventy-two percent drove alone, while 13 percent carpooled. Eight percent worked from home, 4 percent walked to work, one percent bicycled, and one percent took public transportation. Commute times in Chaffee County were relatively low on average, with 70 percent of residents having a commute time of less than 20 minutes. Only 4 percent of the population had a commute time of 60 minutes or more (Economic Profile System Community, 2006).

Income

Data on income levels can help to give an idea of the economic well-being of households and individuals in a community. While per capita and median household income levels provide some information about the overall or average economic well-being, the aggregate nature of these measures may not give a complete picture of variation of income in the community. This section provides information on current and historic income levels in Chaffee County.

Per capita income in Chaffee County was \$19,430 in 1999, while median household income was \$34,368. The per capita income level is slightly lower than the US average of \$21,587 and the Colorado average of \$24,049. Median household income was also higher at the state and national levels, at \$47,203 for the state of Colorado and \$41,994 for the United States as a whole. The percentage of individuals living below the poverty line in Chaffee County was 11.7 percent in 1999 according to the US Census (US Bureau of the Census, 2000).

Forty-two percent of households in Chaffee County earned less than \$30,000 per year in 1999 (Figure 6). This is a decrease from the previous decade when 68 percent of households earned less than \$30,000 per year. Seven percent of households earned more than \$100,000 per year in 1999, compared to 1 percent in 1989 (US Bureau of the Census, 2000).

Data from the US Bureau of Economic Analysis shows that total personal income (in 2003 dollars) in Chaffee County has increased since 1969 (Figure 7). Total personal income is measured as private earnings plus income from government and government enterprises, dividends, interest, and rent, and transfer payments plus adjustments for residence minus personal contributions for social insurance. Personal income grew throughout the 1970s, declined in the early 1980s, remained relatively steady in the late 1980s before increasing again throughout the 1990s.

Historically, per capita income has also been increasing in Chaffee County since 1969 (Figure 7). The percentage increase has generally been smaller than for total personal income, but the trend has been similar, with increases throughout the 1970s, decreases and stagnation throughout the 1980s, and a rebound in the 1990s and early 2000s.

Regional Economic Analysis

In addition to information about the trends in income, employment and population, regional economic analysis can provide added insights that are often useful for future economic development planning. In this section, we provide four different regional analyses that provide additional information about specialization in different economic sectors and how different sectors contribute to the local economy. This information can be used along with historic trend data to produce a more comprehensive overview of the local economy.

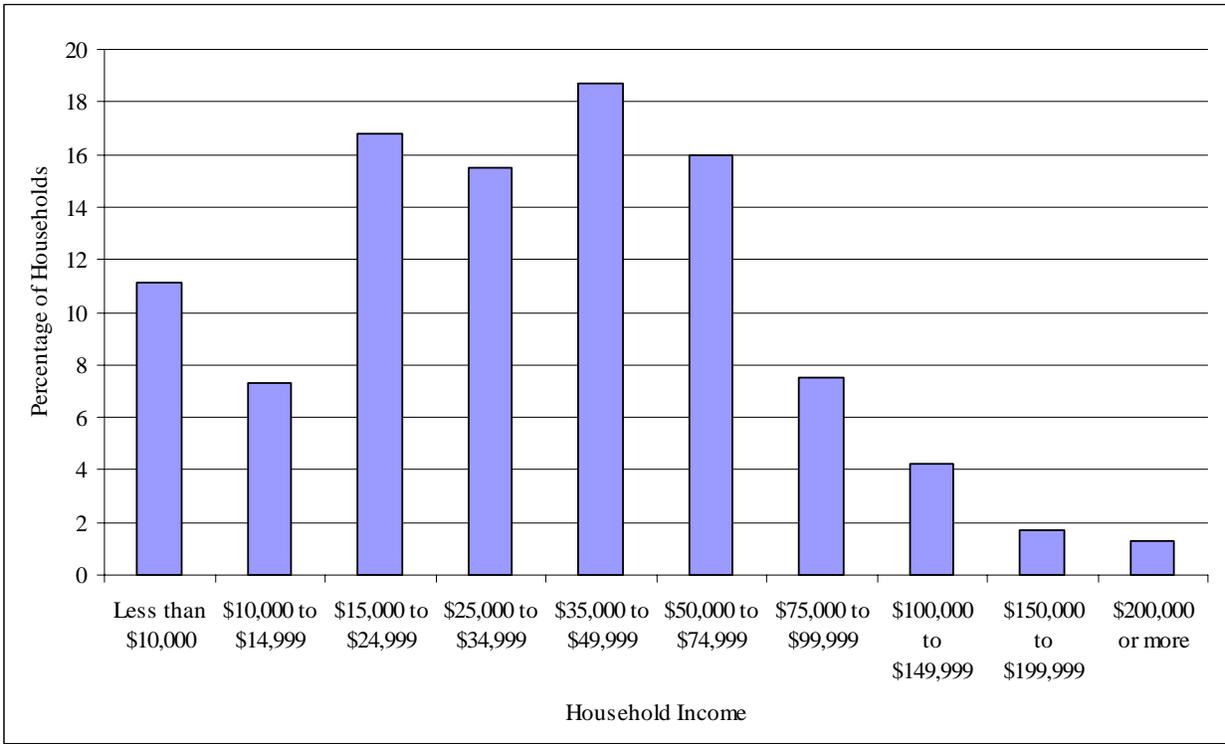


Figure 6. Household Income in Chaffee County, 1999 (Source: US Bureau of the Census)

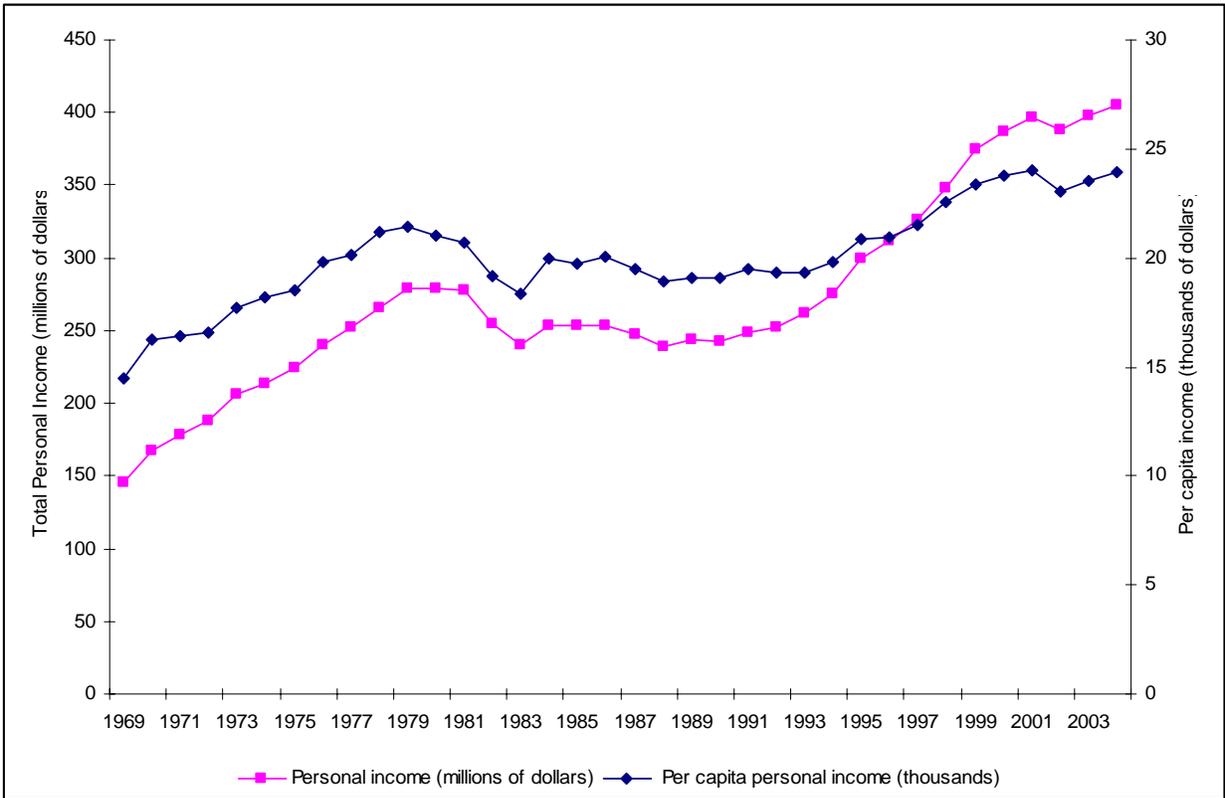


Figure 7. Total Personal Income and Per Capita Income in Chaffee County, 1969-2004. (Source: US Bureau of Economic Analysis)

Location Quotient

The location quotient (LQ) technique is used to assess an area's level of specialization in an industry. This method helps to determine the level of industry specialization in an area compared to a given standard, such as the national economy or the economy of a selected state. This provides additional information beyond a simple analysis of the shares of different industries in the given economy. The employment LQ is calculated as a ratio of the percentage of employment in a given industry in a regional area to the comparable percentage in the benchmark area.

Here, we have calculated the LQ for Chaffee County industries as a ratio of the percentage of employment in a given industry in Chaffee County to the percentage of employment in the same industry in the United States. A location quotient value of one indicates that the percentage of employment in the selected industry is the same in Chaffee County as in the United States, a value of less than one indicates that Chaffee County has lower percentage employment in the industry than in the United States as a whole, and a value of greater than one indicates that the percentage employment in the industry is greater in Chaffee County than at the national level.

The LQ for four industrial sectors is greater than one, indicating that the percentage employment in these sectors is greater in Chaffee County than at the national level (Table 1). The retail trade and services sectors are slightly higher than one (at 1.04 and 1.14, respectively), indicating a slightly higher percentage of employment than at the national level. The agriculture services and construction sectors show an even greater level of

specialization in Chaffee County, with LQ values of 1.99 and 1.86, respectively.

Location Quotients can also be used to estimate export employment. An $LQ > 1$ indicates that the region has more individuals employed in a given industry than would be expected compared to the baseline case. One possible explanation for this situation is that some of the workers in that industry are producing goods for export. When a good is under-produced locally, the $LQ < 1$, and the good is imported from outside the region. Self-sufficiency occurs when the $LQ = 1$ and indicates that all goods produced in the industry are consumed locally and no goods need to be imported. The level of self-sufficient employment in an industry is calculated as the percentage of employment in that industry in the United States times the total regional employment. Imports or exports are then calculated as the difference between actual employment and self-sufficient employment (exports are positive values and imports are shown as negative values). According to the LQ analysis of export employment, Chaffee County has export employment in the agriculture services, construction, retail trade, and services sectors (Table 1). The large export value for the services sector is not surprising considering the importance of recreation and tourism in the area's economy. The value for the construction sector is also expected considering the large increase in population in the county in recent years, particularly with the increase in retirees and second home owners in the area. Although the agricultural services sector does not make up a large proportion of jobs in Chaffee County, the export number here is not particularly surprising considering the rural nature of the county compared to many other areas around the country.

Table 1. Chaffee County Location Quotient Analysis for Major Industries

Industry	Location Quotient	Self Sufficient	Actual Employment	Import/Export
Agriculture Services, Forestry, Fishing	1.99	101	201	100
Mining	0.69	26	18	-8
Construction	1.86	462	858	396
Manufacturing	0.26	959	249	-710
Transportation and Public Utilities	0.83	354	294	-60
Wholesale Trade	0.61	245	149	-96
Retail Trade	1.04	799	831	32
Information	0.56	210	117	-93
Finance, Insurance and Real Estate	0.95	469	447	-22
Services	1.14	3181	3641	460

Chaffee County is found to be a net importer of mining, manufacturing, transportation and public utilities, wholesale trade, information, and finance insurance and real estate. This indicates that the current level of production in these sectors is not sufficient to meet local demands and thus goods and services from these sectors must be imported. This could indicate either a comparative disadvantage in these sectors compared to other areas around the country or that these might be industries to consider for future expansion.

Shift-Share Analysis

Shift-share analysis is a type of economic growth analysis that looks at historic growth and attributes that growth to three different components: a national growth component, a mix component and a competitive component. The national growth component is the part of growth that can be attributed to national economic growth. The mix component is growth that can be attributed to the mix of different industries in a region. If an area has a higher than average proportion of some fast growing industries, this would be reflected in the mix component. Finally, the competitive component measures the competitive advantage a region has over other areas for growth in certain industries due to environmental or other attributes of the region.

The national component indicates what would have happened if the industry in question had grown at the national average rate. As shown in Table 2, employment grew on average 12.8 percent in the United States between 1990 and 2000 across all industries. This growth is reflected in the national share component of the Shift-Share analysis, as this component for each industry is a 12.8 percent increase above the employment levels in Chaffee County in 1990.

The mix component shows the difference in employment growth in a given industry compared to the overall national average growth in that industry. A positive number indicates that the industry grew faster at the local level than the national average growth rate, while a negative number indicates industrial growth slower than overall national growth. Chaffee County had a positive mix component for three industries: agriculture services, construction, and services. Mining, manufacturing, transportation, wholesale and retail trade, and finance insurance and real estate had negative values for their mix components, indicating that these sectors grew at a slower rate than overall national growth. The retail trade sector had the greatest impact of the negative mix components. Across all industries, the mix component was equal to -90, indicating that

Table 2. Shift-Share Analysis for Chaffee County

Industry	Chaffee County Employment			United States Employment ('000)			Total Shift	Shift Share Analysis		
	1990	2000	% Change	1990	2000	% Change		National	Mix	Competitive
Agriculture Services, Forestry, Fishing	65	201	209.23	1,454	1,930	32.72	136	8	13	115
Mining	31	18	-41.94	1,044	496	-52.46	-13	4	-20	3
Construction	385	858	122.86	7,262	8,802	21.20	473	49	32	391
Manufacturing	307	249	-18.89	19,694	18,287	-7.15	-58	39	-61	-36
Transportation and Public Utilities	188	294	56.38	6,551	6,740	2.89	106	24	-19	101
Wholesale Trade	127	149	17.32	6,721	4,667	-30.56	22	16	-55	61
Retail Trade	1297	831	-35.93	22,886	15,222	-33.49	-466	166	-600	-32
Information ¹		117			3,997			0		
Finance, Insurance and Real Estate	367	447	21.80	10,715	8,935	-16.61	80	47	-108	141
Services	1654	3641	120.13	38,671	60,648	56.83	1987	212	728	1047
Total	4421	6805	53.92	114,996	129,722	12.81	2267	566	-90	1791

¹ The Information Sector is not included in the analysis due to unavailable data for 1990.

Chaffee County had disproportionate employment in slow growing industries compared to the rest of the United States.

The competitive component of the shift share analysis indicates whether the industry grew faster in the local area than the average national growth rate for that industry. In the Chaffee County shift-share analysis, most industries had a positive competitive component, with the only negative values occurring in the manufacturing and retail trade sectors. The results of the competitive component indicate that growth for most industries in Chaffee County is faster than national level industrial growth. Overall, the impact of the competitive component is estimated to be 1,791 jobs higher than would be expected based on national level industrial growth.

The impact of all three components of the shift-share analysis is shown as the total shift, which is the change in number of jobs between 1990 and 2000. The total shift in Chaffee County was 2,267 between 1990 and 2000. The majority of these jobs came from the construction and services sectors.

Export Base Analysis

Export, or Economic, Base analysis focuses on export-oriented economic growth as the main source of economic growth for an economy. This approach divides economic activity into two categories: basic activity, economic activity that is related to the production of goods and services that are sold outside of the local economy, and non-basic activity, which is related to production of goods and services consumed locally. Basic economic activity is expected to be important for local economic growth because it brings in money from outside the local economy which is then recycled within the economy when workers spend within the local economy in non-basic economic sectors.

An Export Base analysis conducted by the Colorado State Demography Office in 2005 estimated the percentage of basic employment and percentage of basic income for major industry groups in Chaffee County. As shown in Figure 9, the largest sectors in terms of percentage of basic employment are households (including retirement income, dividends, interest, rental income and public assistance) and tourism. The largest percentage for the households category is retirees at 24

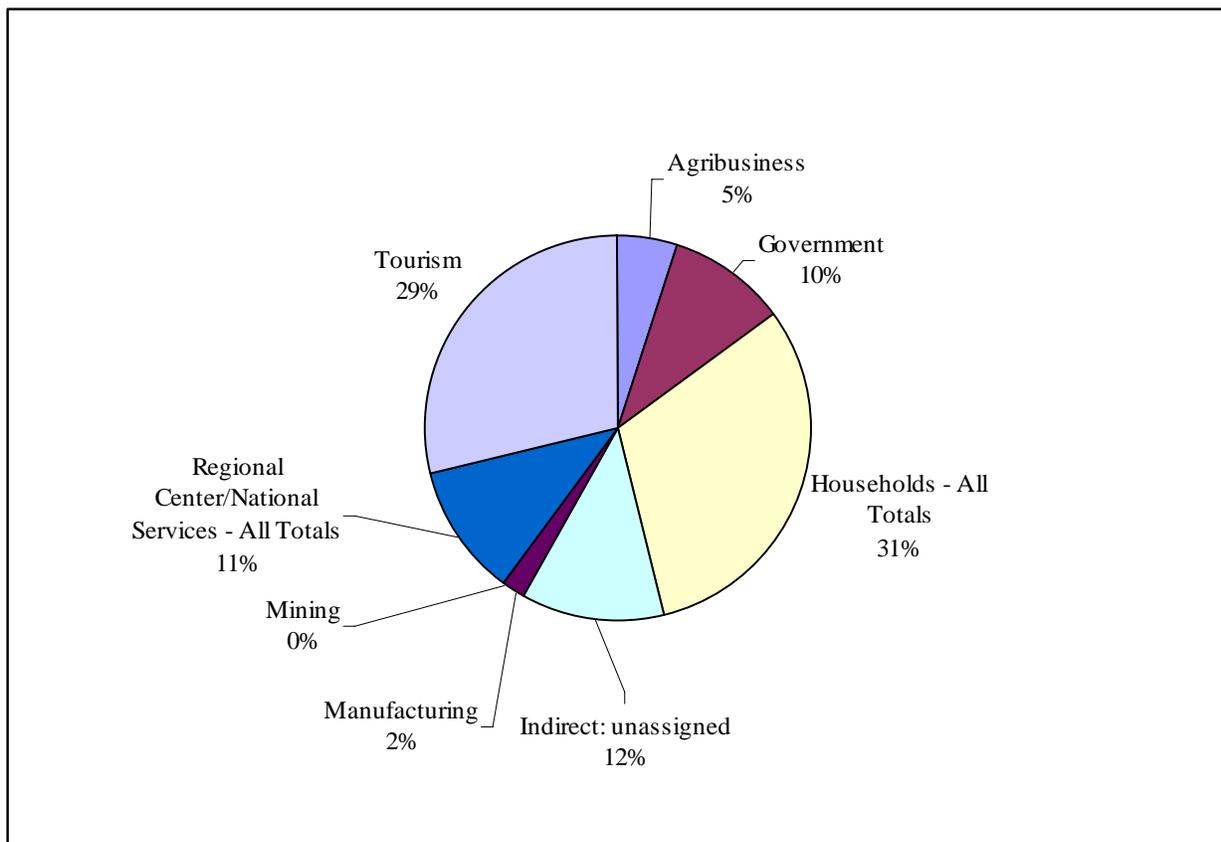


Figure 9. Percent of Basic Employment in Chaffee County, by Industry. (Source: Colorado State Demography Office)

percent of the 31 percent household total. Most other sectors have a very small proportion of basic employment, with government, agribusiness, manufacturing, and mining all having 10 percent or less basic employment. Trends are similar for the percentage of basic income, with households and tourism being the most important sectors (Figure 10). Agribusiness and tourism make up lower percentages of basic income compared to basic employment, while government makes up a larger percentage of basic income than basic employment.

Input-Output Analysis

Input-output analysis is another common type of economic analysis that examines the linkages between sectors. This type of analysis shows the indirect economic impacts caused by the interaction of different industries. Indirect effects account for interactions between economic sectors when one sector purchases or provides inputs to another sector. These interactions cause an impact in one sector to be felt by all other sectors that provide inputs or use outputs from the affected industry.

Input-output analysis also examines induced effects in the economy. Induced effects are introduced by adding households to the model. Households demand goods and services from other sectors and provide labor as an input for other economic sectors. These links between households and the other economic sectors can cause additional induced effects when there is an impact in another sector. For example, a negative economic impact in a given sector will cause a decrease in wage earnings for those households employed by the sector, which will be followed by a decrease in spending by those households in the retail and services sectors.

Total regional economic impact of an economic sector includes direct impacts plus the indirect and induced impacts described above. IMPLAN modeling software allows for the measurement of all of these impacts. IMPLAN measures direct economic impacts using data on employment, payroll and industry output. Indirect and induced effects are measured by calculating economic multipliers. These multipliers are estimated by determining where an industry makes purchases and where its sales originate.

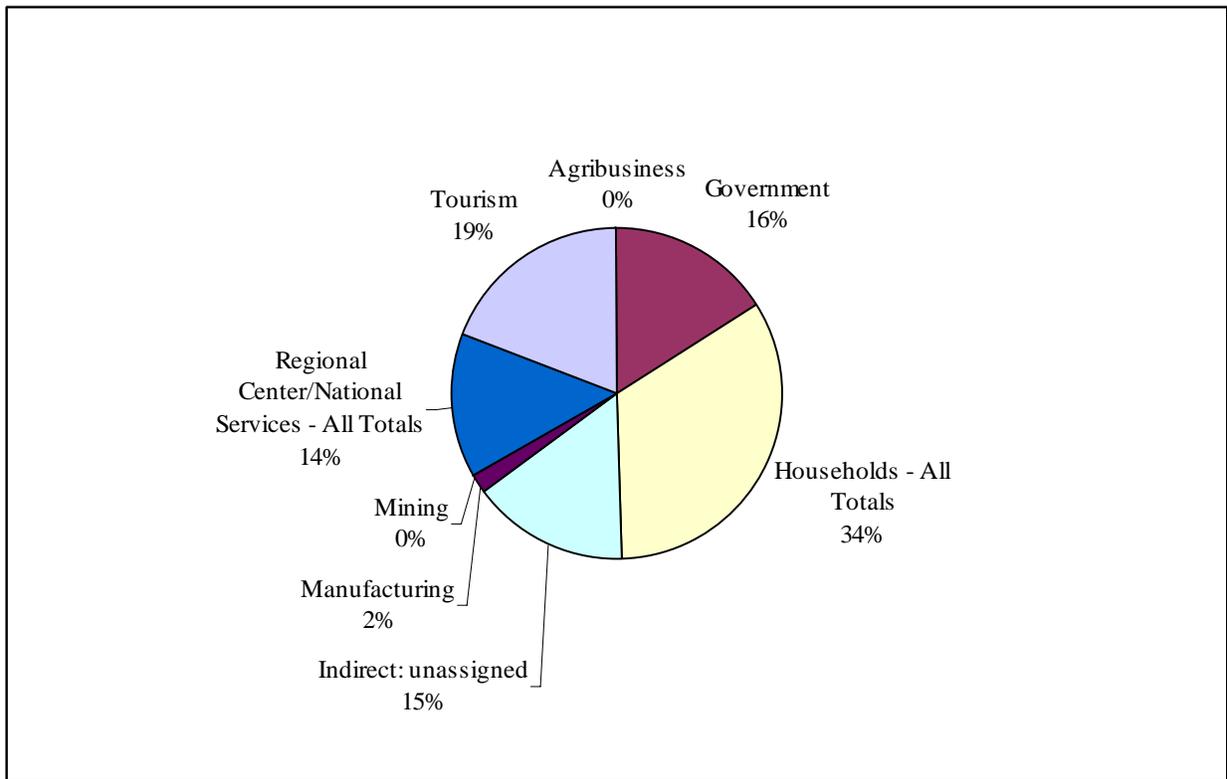


Figure 10. Percent of Basic Income in Chaffee County, by Industry. (Source: Colorado State Demography Office)

Using IMPLAN, 2002 data were analyzed for Chaffee County to determine direct, indirect and induced impacts for different industry groups. The total direct economic impact in Chaffee County was \$682.6 million in 2002 (Table 3). The services sector had the largest impact on the economy, with \$179.9 million in output, followed by financial services, investment and real estate (FIRE) which had around \$107 million in output. These sectors were followed by construction at \$98 million, government at \$80 million, and retail and wholesale trade at \$73 million.

Output multipliers show the additional economic impact from one dollar of output in a given sector from the indirect and induced economic impacts. For example, in the construction sector for Chaffee County, one dollar in output from the construction industry results in an additional \$0.71 in regional economic output is generated due to indirect and induced effects. The agricultural sector had the largest multiplier for Chaffee County, with a value of 1.996 (Table 4). Other sectors with large multiplier values include the services sector with a value of 1.756 and the construction sector with a value of 1.707. Most of the remaining sectors had multipliers between 1.5 and 1.6.

The multipliers can be used calculate the total multiplier adjusted industry output as shown in Table 4. This adjusts the total industry output shown in Table 3 by adding the additional economic output created through the indirect and induced effects. The services sector has the largest economic impact in Chaffee County, with an adjusted industry output of approximately \$316 million. It is followed by the FIRE sector with \$169 million, and the construction sector with \$168 million. Total adjusted output for all industries is around \$1.1 billion.

Economic Impact Scenarios

IMPLAN can also be used to assess the economic impact of external shocks to the economy or changes in the industry structure of the local economy. One of the primary concerns for economic development in Chaffee County is potential future changes in land use. Currently, around 86,000 acres of land in the county is being used as farmland. However, increased development in the area may lead to a conversion of agricultural land to other types of land use in the future. It is important to consider the economic impact such a shift may have on the local economy.

Table 3. Output, employment and value added summary from Input-Output Model

Industry	Industry Output*	Employment	Employee Compensation*	Proprietor Income*	Other Property Income*	Indirect Business Tax*	Total Value Added*
Agriculture	36.945	297	1.287	0.306	4.278	1.093	6.964
Mining	0.391	5	0.056	0.057	0.09	0.027	0.231
Construction	98.28	966	26.031	8.259	3.305	0.447	38.041
Manufacturing	34.975	247	6.318	0.792	2.475	0.177	9.761
TCPU	23.536	140	6.766	0.986	4.601	1.937	14.291
Trade	73.486	1,327	28.694	3.919	11.077	11.141	54.831
Information	14.204	103	3.308	0.723	2.104	0.458	6.593
FIRE	106.861	752	14.56	12.027	36.142	6.494	69.223
Services	179.913	4,080	88.096	8.324	11.223	4.323	111.967
Government	80.03	1,486	63.513	0	10.681	0.016	74.21
Other	33.94	0	0	0	22.678	4.51	27.188
Total	682.561	9,404	238.631	35.394	108.654	30.622	413.301

* Millions of dollars (Source: IMPLAN)

Table 4. Output Multipliers and Total Multiplier Adjusted Industry Output

Industry	Direct Effects	Indirect Effects	Induced Effects	Type II Multiplier	Total Output (million \$)
Agriculture	1	0.841	0.155	1.996	73.739
Mining	1	0.240	0.273	1.513	0.592
Construction	1	0.351	0.356	1.707	167.743
Manufacturing	1	0.378	0.245	1.623	56.761
TCPU	1	0.275	0.318	1.593	37.481
Trade	1	0.221	0.386	1.607	118.099
Information	1	0.332	0.299	1.631	23.162
FIRE	1	0.321	0.261	1.582	169.104
Services	1	0.287	0.469	1.756	315.898
Government	1	0.054	0.584	1.639	131.149
Other	1	0.176	0.046	1.222	41.458
Total					1,135.186

(Source: IMPLAN)

In order to simulate a possible shift away from agriculture in the local economy, we estimated a scenario that estimated the impact of a ten percent decrease in output in the agricultural sector. The direct impact of a ten percent decrease in the agricultural sector in Chaffee County is a decrease of \$3.69 million dollars in output. Additional indirect impacts of \$3.11 million and induced impacts of \$0.57 million result in a total decrease of \$7.37 million dollars in the Chaffee County economy. It should be noted that these impacts are a result of only a decrease in output in the agricultural sector, and do not take into account any impact that could result from a shift away from agriculture into another sector such as recreation.

Summary and Conclusions

Chaffee County is relatively rural county located on the eastern slope of the Rocky Mountains in central Colorado. Population in the county has been increasing substantially since the 1990s. The county's economic base is primarily in the services and construction sectors. Much of the economic activity in the services sector is based in the tourism industry, due to the outdoor recreation opportunities available in the area. Natural amenities are also a likely factor in the population growth in the county, including an influx of retirees, which is another source of income in the county's economic base. This increase in population is also likely linked to

the importance of construction in the Chaffee County economy. Although agriculture makes up a small part of economic output and employment in the county, this sector is very important in terms of economic multiplier effects in the regional economy. The economic multiplier for the agricultural sector is larger than any other sector of the economy, indicating that growth in economic output in the agricultural sector is likely to have substantial ripple effects throughout the economy.

Economic development plans in Chaffee County should consider all economic impacts of the various sectors, including direct, indirect and induced effects. Outdoor recreation and tourism, construction, agriculture, and migrant income should all be explicitly taken into account in any long-term economic development plans. Planning should be inclusive of all members of the community, and efforts should be made to reach collaborative decisions about community goals and objectives for future development and community planning. It should also be noted that while this report focused on economic and other relevant data, other factors should also be considered in any long term planning process including quality of life, environmental quality and other factors that are not easily quantifiable.

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