

**Demographic Information**

**2009 Economic Information:**

**Unemployment:** The San Luis Valley has experienced some downturn in their economy. However, most of our counties have not been as hard hit as others in the state and nation. Alamosa has suffered the least with an unemployment rate of 5.2% while Costilla County is at 8.5% or 126.87% of the State. All SLV counties have an unemployment rate less than the national rate – yet three are above the state rate. As bleak as this may appear, the Valley actually improved when the unemployment rate is compared to 2008. While the nation increased their unemployment rate by a whopping 35% and

| County            | Unemployment Rate – 11/09 <sup>i</sup> | % of State | % of US |
|-------------------|--|------------|---------|
| United States     | 10.00%                                 |            |         |
| State of Colorado | 6.70%                                  |            | 67.00%  |
| Alamosa County    | 5.20%                                  | 77.61%     | 52.00%  |
| Conejos County    | 7.20%                                  | 107.46%    | 72.00%  |
| Costilla County   | 8.50%                                  | 126.87%    | 85.00%  |
| Mineral County    | 6.30%                                  | 94.03%     | 63.00%  |
| Rio Grande County | 5.80%                                  | 86.57%     | 58.00%  |
| Saguache County   | 7.40%                                  | 110.45%    | 74.00%  |

Colorado increased theirs by 11.67%, several of our counties' unemployment rate actually dropped. Conejos County reduced their rate by 17.24% followed by Rio Grande County at 12.12%. Costilla County saw the Valley's largest increase at 18.06%.

| County            | Unemployment Rate – 2008 <sup>ii</sup> | Unemployment Rate - 2009 | % of chng |
|-------------------|--|--------------------------|-----------|
| United States     | 7.40%                                  | 10.00%                   | 35.14%    |
| State of Colorado | 6.00%                                  | 6.70%                    | 11.67%    |
| Alamosa County    | 5.70%                                  | 5.20%                    | -8.77%    |
| Conejos County    | 8.70%                                  | 7.20%                    | -17.24%   |
| Costilla County   | 7.20%                                  | 8.50%                    | 18.06%    |
| Mineral County    | 6.20%                                  | 6.30%                    | 1.61%     |
| Rio Grande County | 6.60%                                  | 5.80%                    | -12.12%   |
| Saguache County   | 7.70%                                  | 7.40%                    | -3.90%    |

The Valley had 23,300 jobs in 2008. The largest portion of these was in agriculture (18.9%), local government (13.2%), retail trade (10.0%), health services, and social assistance (9.9%). Jobs have since declined in 2008 and 2009. After 2010, jobs job growth is forecast to increase at a rate of 2.7% per year until 2015, and then at a rate of 1.2% per year until 2025. The growth is expected to be driven by traditional basic jobs (Agribusiness), and in jobs related to income from Social Security and pensions and savings of retirees, the investment income and wealth of others.<sup>iii</sup> Approximately 33% of

the income in the Valley is derived from these "mailbox" sources.

**Income:** Per capita income increased, based on the latest information for 2007, for all the counties with the exception of Mineral County<sup>iv</sup>. 2007 personal income in the region showed that 61.1% was from earnings, 7.7% from retirement and disability, 11.9% from Medicare, Medicaid and Veteran's benefits, and 13.4% from dividends, interest, and rent.

While we have made some progress, San Luis Counties are still significantly below Colorado's PCI. Conejos County showed the largest change – an increase of 6.85%, while Mineral County lost ground with a -.5% change.

|                   | 2006 Income | 2007 Income | % of change | 2006 % of Colorado | 2007 % of Colorado |
|-------------------|-------------|-------------|-------------|--------------------|--------------------|
| <b>Colorado</b>   | \$39,612    | \$41,192    | 3.99%       | 100.00%            | 100.00%            |
| Alamosa County    | \$25,779    | \$27,261    | 5.75%       | 65.08%             | 66.18%             |
| Conejos County    | \$18,990    | \$20,290    | 6.85%       | 47.94%             | 49.26%             |
| Costilla County   | \$22,974    | \$24,213    | 5.39%       | 58.00%             | 58.78%             |
| Mineral County    | \$27,861    | \$27,722    | -0.50%      | 70.33%             | 67.30%             |
| Rio Grande County | \$27,884    | \$29,174    | 4.63%       | 70.39%             | 70.82%             |
| Saguache County   | \$17,950    | \$18,976    | 5.72%       | 45.31%             | 46.07%             |

In 2008, Colorado's per capita income increased 2.88%, from \$41,192 to \$42,377. Based on current trends, I believe the PCI figures for the counties should also increased in 2008 however slightly. As those numbers become available, I will forward them.

**Population:** Population increases and decreases was a mixed bag from 2007 to 2008 (again the latest figures available)<sup>v</sup>. Population has stayed steady with Saguache showing the largest increase (2.4%) and Costilla with the largest decrease (-1.3%). Overall, we have seen an increase in population, which mirrors the Targeted Industry study results.

|                   | Births | Deaths | Net Migration | % of Change |
|-------------------|--------|--------|---------------|-------------|
| Alamosa County    | 258    | 109    | -6            | 0.9%        |
| Conejos County    | 123    | 77     | -52           | -0.1%       |
| Costilla County   | 31     | 38     | -40           | -1.3%       |
| Mineral County    | 2      | 7      | 0             | -0.5%       |
| Rio Grande County | 157    | 122    | -21           | 0.1%        |
| Saguache County   | 59     | 48     | 154           | 2.4%        |

**Business:** Retail trade sales showed a slight increase in 2008 and were positive through the first of 2009, but have since showed declines. This is almost certainly the largest decline in state retail sales since data have been collected. For first seven months of 2009 retail store sales were down 16.3% from previous year. Areas with largest decline included motor vehicles and parts down 22.7%, furniture and home furnishings down 21.2%. building materials down 23.4% and gas stations down 39.0%. The only area to show a gain was health products. Gas stations decline was due to lower gas prices. Furniture and building materials were tied to home sales and new construction. Auto decline is result of extreme consumer caution. State motor vehicle sales were down 31% from 1<sup>st</sup> quarter of '08 to 1st quarter of '09. The decline in consumer spending has hit Colorado's municipal governments, heavily dependent on sales tax.

Smaller firms are more vulnerable to the credit crunch. depending on banks, especially smaller banks, and in many cases the assets or the personal borrowing of the business owner. The vulnerability of smaller firms to tight credit is one of reasons that Colorado's growth has been less than that of the US over the past year. Firms with fewer than 250 employees accounted for 80% of Colorado jobs in 1st quarter of 2008; for US share of 74%.<sup>vi</sup>

**Agriculture:** The San Luis Valley has always been dependent on our farming economy. We are concerned about this sector in 2010 as, "on a national level, all three measures of U.S. farm income are projected to decline in 2009— net farm income is projected to decline by 34.5 percent, net cash income by 28.4 percent, and net value added by 20 percent. Considerable uncertainty surrounds the forecasts of farm assets, debt, and equity in 2009, given the volatility of commodity, energy/input, and financial markets. Average net cash income for farm businesses (intermediate and commercial operations, including non-family farms) is projected to be \$61,578 in 2009. This would be 10.6 percent below the 2008 estimate of \$68,876. The projected change in income prospects for farm businesses will not affect all farm operations in the same manner or to the same degree. In 2009, the largest declines in farm-business income are forecast for livestock farms, particularly dairy."<sup>vii</sup>

Potato prices have seen a drastic decline from 2008 prices and total shipments for 2009 are 14.55% higher than 2008 as of November, 2009.

| Average F.O.B. prices for November <sup>viii</sup><br>(per 50 lb. carton or bale unless noted) |                       |      |       |       |       |       |       |
|--|-----------------------|------|-------|-------|-------|-------|-------|
|  |                       |      | 2009  | 2008  | 2007  | 2006  | 2005  |
| Reds U.S. #1   | 2 ½ - 3 ½             |      | n/a   | 20.12 | 13.90 | 13.14 | 12.85 |
| Reds U.S. #1   | size B                |      | n/a   | 19.26 | 13.42 | 16.83 | 12.79 |
| Yellows  | 5 lb packs            | n/a  | 15.35 | 9.50  | 9.55  | 8.95  |       |
| All Russets U.S. #1, non size A/size A   |                       | 5.03 | 9.85  | 5.42  | 5.75  | 6.04  |       |
| All Russets U.S. #2(2007 -50# 10pack)  |                       | 4.05 | 8.32  | 4.27  | n/a   | 7.90  |       |
| All Russets 10 oz.   | Minimum               |      | n/a   | n/a   | n/a   | n/a   | 6.92  |
| Bulk Russets U.S.  | Commercial Grade 100# |      | 5.40  | 14.29 | 7.50  | 7.30  | 7.38  |

Alfalfa hay production for the 2009 crop year for the U.S. according to NASS is estimated to total 71.03 million tons, +850,000 tons or up 1.2% from 2008. Production for Colorado is estimated at 3,315,000 tons, up 609,000 tons. Hay prices are lower, but there continues to be concerns over availability of high quality forage supplies.<sup>ix</sup> According to Ag Market reports from USDA, Supreme Alfalfa is down almost 30% while Alfalfa/grass mix is down 14.3%.

Based on this information, we are concerned that the economic downturn felt by others, will arrive in 2010 instead of 2009. We will continue to work with our partners to try to develop programs that may be able to help our farmers and ranchers. In addition, we will try to stay in touch with our many ag related businesses that may need our assistance in the upcoming year.

1/2009 - San Luis Valley Area<sup>x</sup>

Alfalfa: Supreme: Large Squares 190.00-200.00. Premium: Large Squares 180.00-185.00. Good: Large Squares 170.00-175.00; Fair: Large Squares 160.00-170.00.

Alfalfa/Grass Mix: Premium: Large Squares 175.00-180.00. Good: Large Squares 150.00-165.00; Small Squares 175.00-187.00 (6.50-7.00 per bale).

Grass: Premium: Large Squares 165.00,

Horse Hay 180.00; Good: Large Squares 135.00.

Oat Hay: Large Squares 125.00; Small Squares 135.00 (3.75 per bale).

Straw: Large Squares 50.00.

1/2010 - San Luis Valley Area<sup>xi</sup>

Alfalfa: Supreme: Large Squares 130.00-150.00, mostly 140.00; Small Squares 220.00 (7.00 per bale). Premium: Large Squares 120.00-130.00; Small Squares 155.00-180.00 (4.50-5.00 per bale). Good: Large Squares 100.00-110.00. Fair: Large Squares 100.00.

Alfalfa/Grass Mix: Premium: Large Squares 150.00. Good: Large Squares 135.00.

Grass: Premium: Large Squares 135.00-140.00.

Oat Hay: Large Squares 80.00; Small Squares 100.00 (3.50 per bale).

<sup>i</sup> Colorado Department of Labor and Employment, LMI Gateway, Labor Force, Labor Force, Employment and Unemployment, November, 2009

<sup>ii</sup> Colorado Department of Labor and Employment, LMI Gateway, Labor Force, Labor Force, Employment and Unemployment, December, 2008

<sup>iii</sup> Colorado Economic Outlook, "Climbing out of the hole", 27th Annual Demography Meeting, Bill Kendall, President Center for Business & Economic Forecasting, November 6, 2009

<sup>iv</sup> Annual Per Capita Personal Income - Bureau of Economic Analysis in Multiple County for 2007 and 2008 from Bureau of Economic Analysis (BEA)

<sup>v</sup> Colorado Department of Labor and Employment, LMI Gateway, December, 2008

<sup>vi</sup> Colorado Economic Outlook, "Climbing out of the hole", 27th Annual Demography Meeting, Bill Kendall, President Center for Business & Economic Forecasting, November 6, 2009

<sup>vii</sup> Agricultural Income and Finance Outlook / AIS-88 / December 2009 Economic Research Service/USDA

<sup>viii</sup> CPAC Newsletter, 12/7/09, volume 62, number 4.

<sup>ix</sup> [http://www.ams.usda.gov/mnreports/md\\_da240.txt](http://www.ams.usda.gov/mnreports/md_da240.txt)

<sup>x</sup> Colorado Hay Report GL\_GR310 Greeley, CO Thu Jan 22, 2009 USDA-CO Dept of Ag Market News

<sup>xi</sup> Colorado Hay Report GL\_GR310 Greeley, CO Thu Jan 14, 2010 USDA-CO Dept of Ag Market News