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The Economy of Gunnison County

A Report Prepared for Gunnison Valley Futures by Paul Holden
Version F3

The Aim of the Report

Situated in Gunnison County are towns that have received national recognition as wonderful places in which to live and which are also recognized as being year round destinations for skiing, fishing, hunting and adventure. The Valley is home to many highly educated people. To experience the breathtaking beauty of the place in which we live requires no more than a short walk.

Yet the Valley does not have a common vision regarding its future. Vigorous discussion abounds - while this is as it should be - no vibrant community can afford to be complacent - arguments regarding future directions are often heated. Yet much of this debate takes place without a great deal of awareness of the current state of the economy of the County and what are its strong and weak features. In addition, there is little published information on the social indicators that provide signposts for the state of health of the community. The current state of the national economy is also impacting many families in the County. Only a short while ago, the future seemed secure. Suddenly the economic skies are filled with dark clouds. To face the future effectively, we must first know where we are.

Formulating long term plans and responding in the shorter term to adverse economic developments requires an understanding of the key features of the County economy and the environmental and social issues that relate to it. While there is a great deal of information on these issues, it appears on websites or is cross referenced in reports that are often not easily collected by most people.

This document presents data that highlight the key features of the economic, environmental and social characteristics of the Gunnison County that is clearly accessible. To inform the discussions among those concerned with the future of this wonderful place, it aims to give a picture of the County economy by analyzing the implications of a variety of statistics gathered from diverse sources. In doing so, it advocates no position regarding any of the issues that the County faces, but rather aims to be a resource to promote discussion. This document is not prescriptive -- it recommends no particular policies. Rather it says "here are some key facts; use them to arrive at decisions."

In order to place the economy of Gunnison County in perspective, the document contains comparisons with four Colorado counties. They are:

- Grand County, which contains Winter Park ski resort. Granby is its largest town.
- Montrose County, which is adjacent to Gunnison County, with Montrose as its largest town. Montrose serves as a bedroom community for workers at the Telluride ski resort and some workers who commute to Gunnison County.
- Routt County, which contains Steamboat Springs ski resort
- San Miguel County, which contains Telluride ski resort.

Each of these counties has characteristics that can be compared to Gunnison County in order to highlight factors such as incomes, growth, employment structure, education levels and how they differ between the 5 counties being discussed. Although the discussion focuses on economic issues, some relevant social and environmental data are also shown in order to present a rounded picture of the County. Most data were obtained from secondary sources¹, although primary sources were used in some cases.

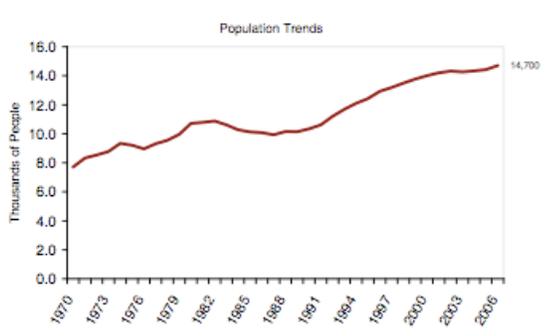
The pages that follow are full of tables and charts. Hopefully they are presented in a way that is clear and understandable and which brings out essential facts and features of Gunnison County.

¹ The HeadWater Economics SocioEconomic Surveys for 2009 were used extensively as a source of data.

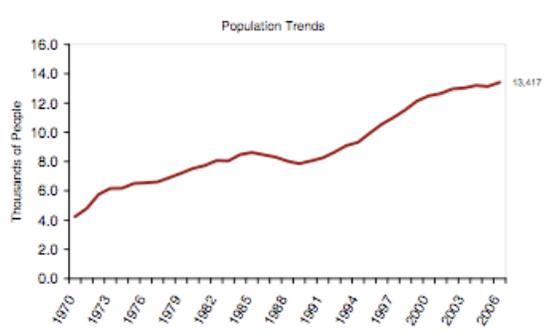
What are the Key Features of the Gunnison County Economy?

To understand the key features of the economy, we need to know the demographic structure of the population, its age structure and how it has changed over time. We also

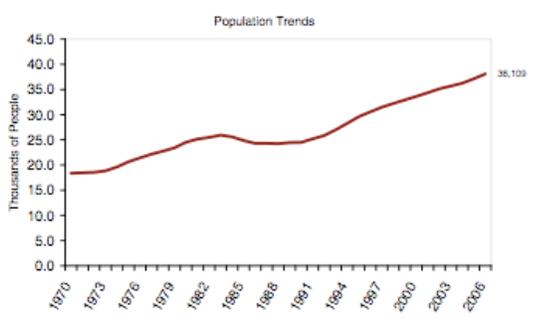
Chart 1: Population Growth 1970 - 2006



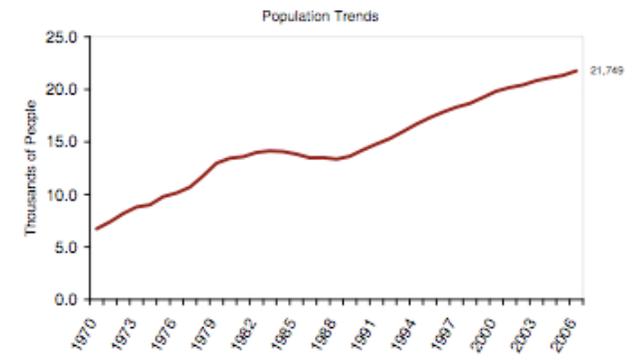
Gunnison County Population 1970 - 2006
Source: BEA REIS



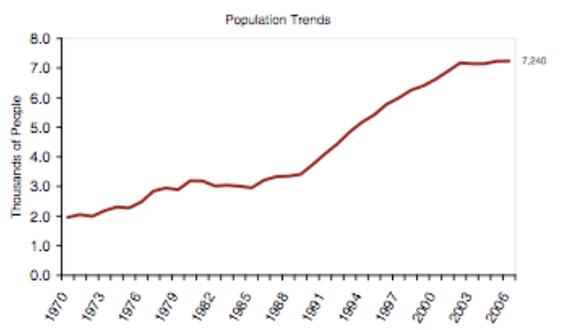
Grand County Population 1970 - 2006
Source: BEA REIS



Montrose County Population 1970 - 2006
Source: BEA REIS



Routt County Population 1970 - 2006
Source: BEA REIS



San Miguel County Population 1970 - 2006
Source: BEA REIS

need to know the income levels of the County's residents, how well educated they are and the type of organizations that employ them. The following sections illustrate these issues.

The Demographics of the Gunnison County Economy

In order to get a complete picture of the Gunnison County Economy, we need to understand how its demographics have changed over time. The data from the other counties that we are looking at gives us an idea of how we compare with similar counties elsewhere in Colorado.

Population and How it has Changed

In 2006, the population of Gunnison County was 14,700, about the same as Grand County, larger than San Miguel County, and smaller than Montrose and Routt Counties. In the 36 year period covered by the data in Chart 1, Gunnison County has experienced an 84 per cent increase in population. By comparison, the other counties in the sample have grown significantly faster. Montrose experienced a 112 per cent increase; Routt County a 211 per cent increase; Grand County a 235 per cent increase and San Miguel County a 262 per cent increase.

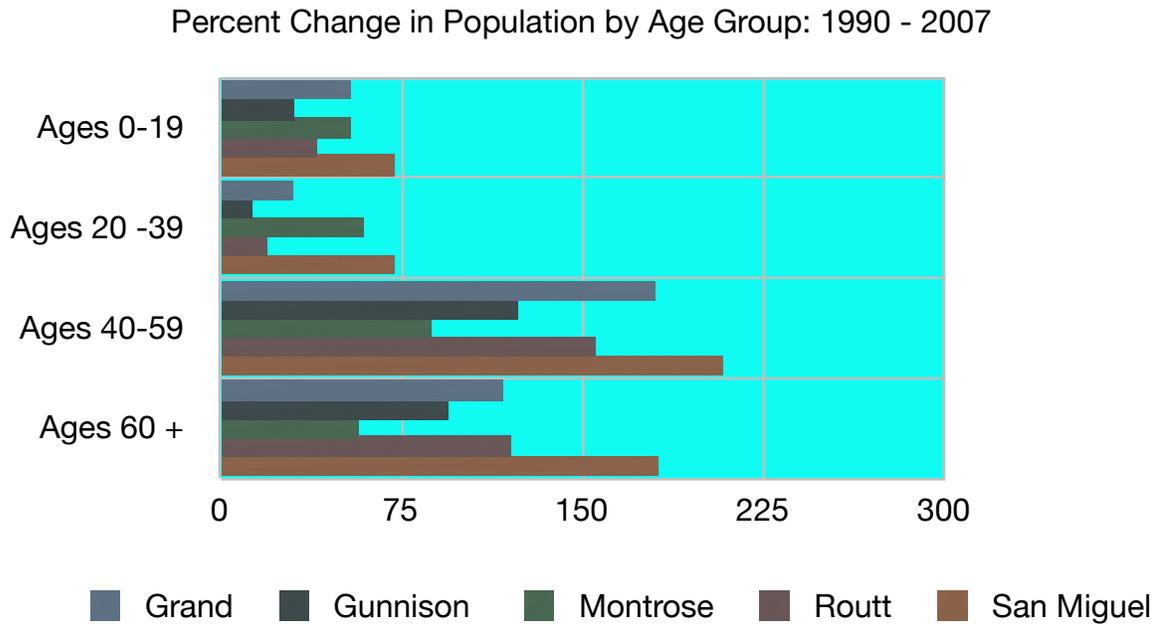
Looking at the last 17 years, between 1990 and 2007, in the decade of the 1990s, all 5 counties experienced rapid population growth, with San Miguel County's population increasing the most rapidly (Table 1). However, population growth in some of the counties appears to have slowed somewhat between 2000 and 2007, but Gunnison County's

Table 1: Per Cent Change in Population: 1990-2007; 2007-2020

County	1990 Population	2000 Population	% Change 1990-2000	2007 Population	% Change 2000-2007	2020: Projection	% Change 2008-2020
Grand	7976	12442	56	14391	16	20322	41
Gunnison	10273	13956	36	15048	8	18106	20
Montrose	24423	33432	37	40260	20	59813	49
Routt	14088	19690	40	23059	17	32152	39
San Miguel	3653	6594	81	7683	17	11324	47

Source: State of Colorado: State Demography Office

Chart 2: Distribution of Population by Age Group

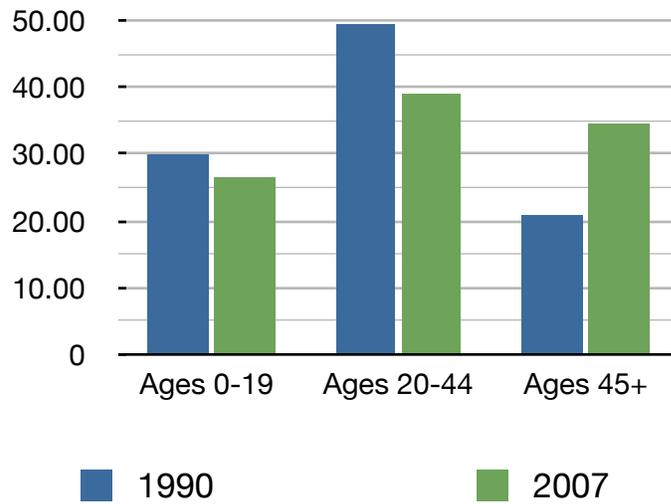


Source: State of Colorado: State Demography Office

population growth slowed very sharply. Furthermore, demographic projections show Gunnison County’s population growing at half that of the comparator counties between now and 2020.

The age profile of the increase in population shows how population is changing over time. Gunnison County had the smallest increases in the 0-19 and 20-39 age groups between 1990 and 2007 of all 5 counties in our sample (Chart 2). Furthermore, there is a high turnover of population in the County. At the time of the 2000 census, 63% of the County’s residents had moved during the previous 5 years compared with 46% per cent for the country as a whole. This is at least partly due to Western State College. Students tend to move away after graduation.

The median age of the county is rising fast. According to the 2000 census, the median age in Gunnison County was 30.2 years, the youngest in the state. By 2008, the Colorado State Demographers Office estimated the median age to be 35.9, which is the Colorado State Average. In demographic terms, this is an extremely rapid change. In 2007, data from the State Demographers Office show that, the percentage of population in Gunnison

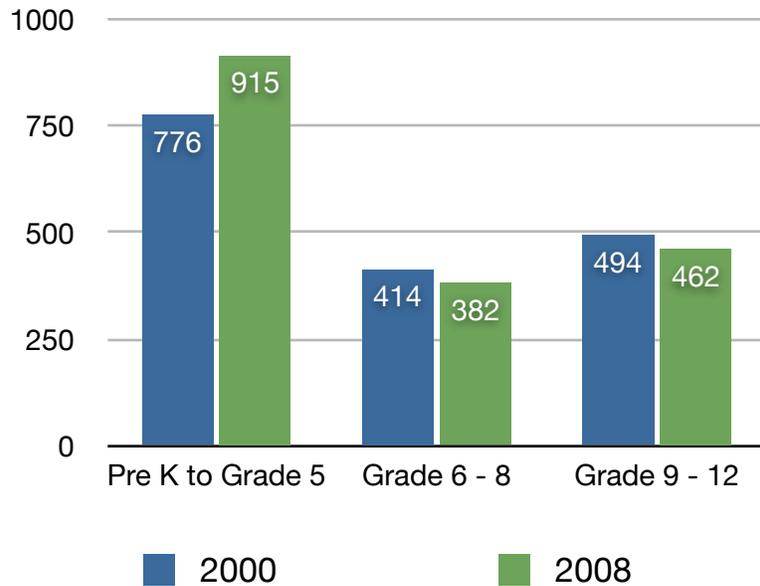
Chart 3: Change in the Age Profile of Gunnison County: 1990 - 2007

County under the age of 20 was 26.5%, compared with 30% in 1990. (Chart 3). Furthermore, the population “hollowing out” was significant over the 1990 - 2007 period. The percentage of the population in the 20 - 44 age bracket declined by over 10 percentage points, while that in the 45+ age bracket rose by 14 percentage points. The picture is one of younger adults declining as a percentage of the population, a substantial increase in the over 45 age population and a gradual decline in the proportion of children.

They could be interpreted as showing that the county is not “family friendly” in the sense that families with children are not moving here and staying until children graduate from high school. School enrollment data, which show how the demographics of the school population are changing, support this conjecture.

Between 2000 and 2007, the pattern of enrollment in Gunnison County schools changed sharply (Chart 4). The total number of children enrolled in the school system rose from 1684 to 1759, an increase of 4.5 %. However, the number of children in the pre K to Grade 5 group increased by 18%. At the same time, enrollment in middle school and high school grades, declined by 64 students, or 7%. School enrollment is increasing sharply in the lower grades but declining in the upper grades. By contrast, in all the comparator counties, school enrollment has increased in the upper grades. These facts suggest that once children reach middle school, or high school, their parents are leaving the County.

Chart 4: Gunnison County School Enrollment by Grade 2000 and 2008



How Prosperous is the Gunnison County Economy

Average per person earnings and incomes in Gunnison County are substantially below the Colorado and national average as well as below most of the comparator counties (Table 2). Furthermore, adjusted for inflation, there has been no increase in earnings per job since 1980, which contrasts sharply with earnings in Colorado and the country as a whole. In the comparator counties, earnings rose in all except Routt County.

The stagnation of earnings is puzzling. Typically, the growth in earnings come from improved productivity. Jobs where productivity improvements have been rapid, or for which workers are in scarce supply, show rapid increases in earnings. The last 25 years has been a period of rapid productivity growth in the United States, which has resulted in a significant rise in real income. And earnings growth in Colorado as a whole has far outstripped the country as a whole. The stagnation of earnings per job in Gunnison County implies that productivity improvements have not occurred in the local economy. Yet other factors that exist in Gunnison County are normally associated with higher paying jobs. Amenities such as airports, higher-level education institutions and hospitals are often associated with high wage service industries. While Gunnison County has attractive institutions and amenities, high wage industries have not been attracted to our area.

Earnings per Job Adjusted for Inflation	1980	2000	2006	Per Capita Personal Income Adjusted for Inflation	1980	2000	2006
Grand County	27164	27563	\$28711	Grand County	26137	32337	\$35256
Gunnison County	28940	23649	\$28989	Gunnison County	20729	26270	\$30976
Montrose County	26447	28519	\$32048	Montrose County	22201	25920	\$29104
Routt County	37281	32868	\$36651	Routt County	32306	38330	\$45575
San Miguel County	23093	30766	\$31189	San Miguel County	29532	40054	\$47142
Colorado	26291	46475	\$47832	Colorado	37981	39056	\$39491
USA	38886	45666	\$47286	USA	24745	34940	\$36714

Source: BEA: Table CA30. Bureau of Labor Inflation Calculator

By contrast, real per capita income for Gunnison County (income per head adjusted for inflation), has grown rapidly. How can substantial growth in per capita income be reconciled with the decline in earnings per job? Several factors might explain the apparent anomaly. If people are working more than one job their incomes will rise even though earnings per job remain unchanged. If there is an increase in the proportion of the population that works, then per capita income will rise even if earnings per job do not change. Finally, non-wage income such as transfer payments, interests and dividends and public assistance payments can increase per capita income even though earnings per job remain the same.

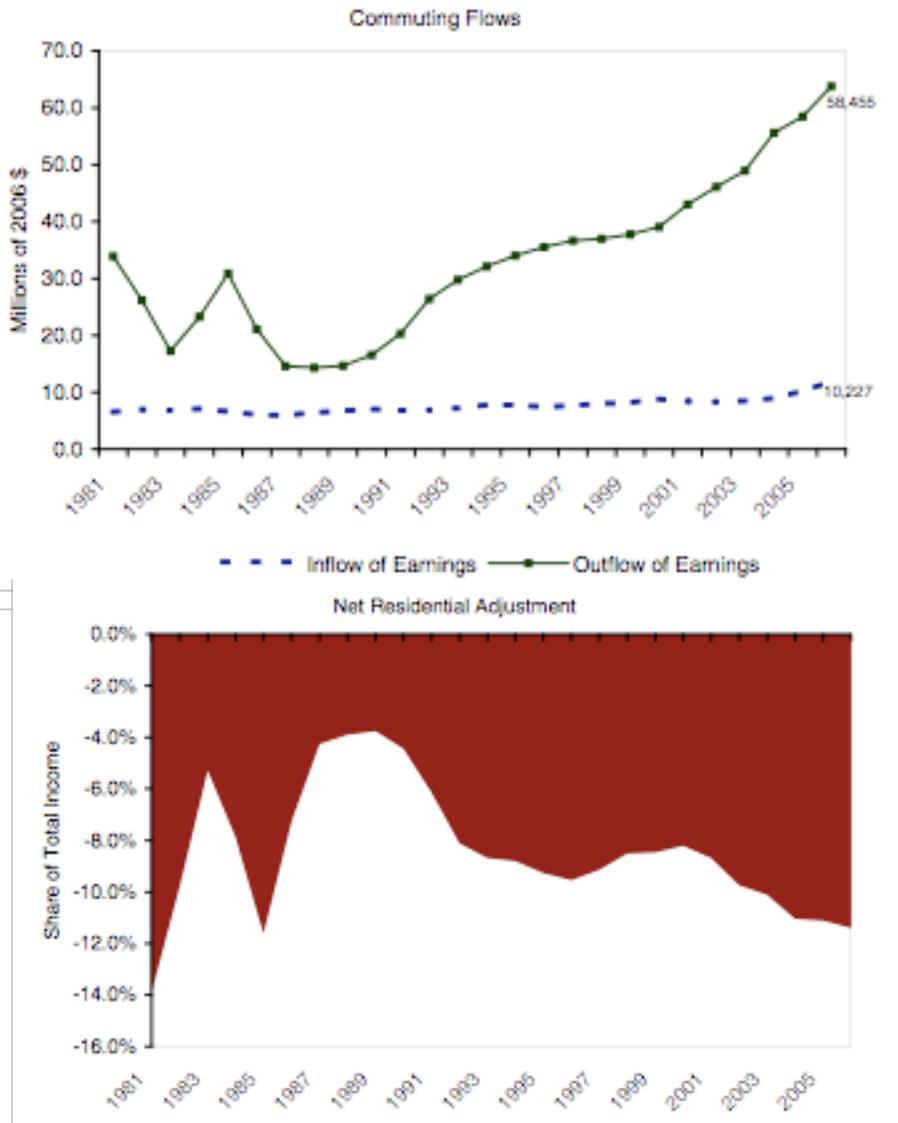
Employment and Entrepreneurship in Gunnison County

In 2006 there were 13402 jobs in Gunnison County. This is a very high number compared with the County's population of about 15000 in 2006. Workers commuting from other counties, primarily Delta County, Mesa County and Montrose County, fill approximately 1100 of these jobs. Within Gunnison County, however, many people appear to working more one job in order to make ends meet.

Chart 5 shows that a significant portion of the income earned in the county by people traveling to work in Gunnison County is spent outside the county.² Furthermore, this trend has accelerated rapidly in the past decade and now represents over 11% of total Gunnison County income. Since non-labor source income is about 1/3 of total income, of the wage income earned in the county, about 16% is spent elsewhere - on a net basis over \$45 million is spent outside the County each year.

² This does not include spending by Gunnison County residents who travel to adjacent counties to shop

Chart 5: Commuting and Spending of Earnings Adjusted for Residence



Source: Headwater Economics: Socioeconomic Profile of Gunnison County, 2009, p20.

Of the total number of jobs in the County, 69% were wage and salary employment, while business owners accounted for 31% (Table 3). This means that there were over 3400 proprietors in 2006 - many entrepreneurs live in Gunnison County. However, any success they have is hard earned and Gunnison County does not appear to be one where entrepreneurship is being rewarded. Although proprietors' share of total employment in 2006 was 31%, their share of total income was only 13%.

As Table 3 also shows, the profitability of running a business in Gunnison County has fallen sharply since 1970. Adjusted for inflation, proprietors' incomes have declined from about \$35000 in 1970, to slightly over \$17000 in 2006, a drop of over 50%.

	Share of Total Employment	Share of Total Income	Average Wages and Salaries	Average Proprietors Income
Grand County 1970	36	24	24000	30000
Grand County 2006	33	14	28150	19225
Gunnison County 1970	24	19	27000	35000
Gunnison County 2006	31	13	28500	17100
Montrose County 1970	32	15	29750	25420
Montrose County 2006	33	16	29996	27619
Routt County 1970	35	28	28000	49000
Routt County 2006	29	13	35920	24379
San Miguel County 1970	32	27	30500	32000
San Miguel County 2006	38	15	33750	17025

Source: BEA REIS 2006

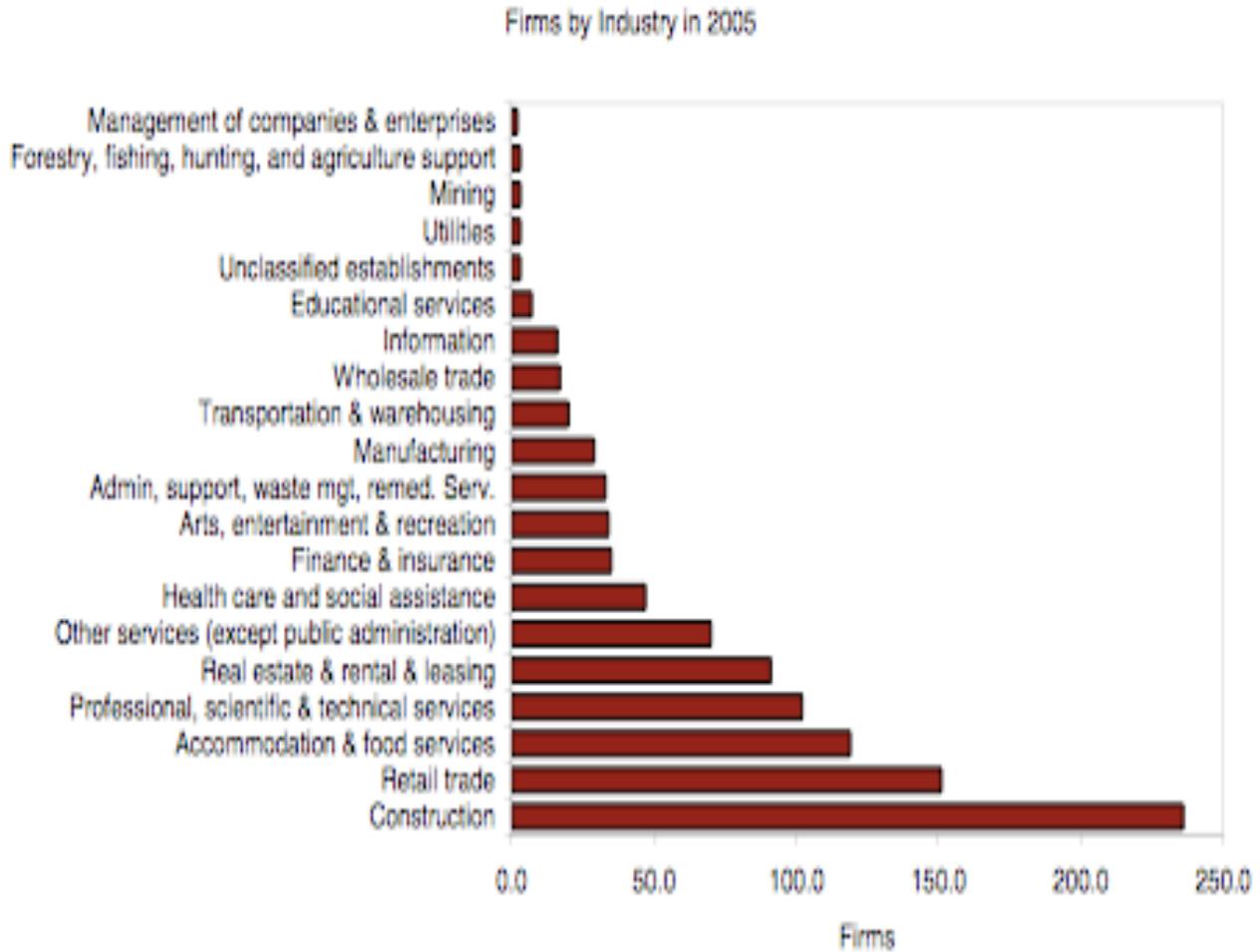
A similar pattern of declining proprietors incomes occurred in 3 of the other 4 comparator counties. The incomes of proprietors in Routt County declined by as much in percentage terms as did those in Gunnison County. San Miguel County exhibited similar trends. However, proprietors' incomes in Gunnison County were the lowest in 2006. By contrast, proprietors' incomes in Montrose County rose between 1970 and 2006 and are the highest of the 5 counties. The fall in incomes in 4 of the 5 counties probably reflects their reliance on tourism and retail service industries, where salaries and wages paid have been falling in the national economy over the past 30 years

The Structure of Employment

The economy of Gunnison County is heavily dependent on construction and tourism. In 2005, there were nearly 250 firms in the construction industry and about 150 retail establishments and 114 firms in accommodation and tourism. These 3 categories combined account for a substantial proportion of the total number of firms in the County (Chart 6).

However, as Table 4 shows, of the 236 construction firms in the County in 2005, 189 had 1 - 4 employees and another 33 had 5 - 9 employees. Similarly, 127 of the 151 retail firms

Chart 6: Numbers of Firms in Each Industry



Source: 2009, Headwater Economics: A Socio-Economic Profile of Gunnison County:

had 9 or fewer employees. There are only 3 firms in the County that had more than 250 employees - two mining companies and CBMR. The the hospital and nursing home together employ over 300 workers.

The economic impact of Western State College and Gunnison Valley Hospital on the local economy is substantial. A recent estimate placed Western State’s contribution to the economic output of Gunnison County at \$34 million, which constitutes approximately 7% of total personal income of the County. A less rigorous but plausible analysis of the impact of Gunnison Valley Hospital suggests that it adds in excess of \$50 million to the economy each year. This implies that Western State and Gunnison Valley Hospital contribute together about \$85 million, or about 16% of total county income.

Agriculture, continued its relative decline in importance in the County economy. In 2005 it accounted for only 3% of total employment in the County. Although this is more than in the

Table 4: The Numbers of Firms by Size and Industry

Firms by size and industry in 2005

	Number of Employees per Firm									
	Total	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000 or more
Forestry, fishing, hunting, and ag. support	3	3	0	0	0	0	0	0	0	0
Mining	3	0	0	1	0	0	0	2	0	0
Utilities	3	2	0	0	1	0	0	0	0	0
Construction	236	189	33	12	2	0	0	0	0	0
Manufacturing	29	21	7	1	0	0	0	0	0	0
Wholesale trade	17	16	1	0	0	0	0	0	0	0
Retail trade	151	80	47	12	10	2	0	0	0	0
Transportation & warehousing	20	12	3	3	2	0	0	0	0	0
Information	16	10	5	1	0	0	0	0	0	0
Finance & insurance	35	18	9	7	1	0	0	0	0	0
Real estate & rental & leasing	91	62	5	4	0	0	0	0	0	0
Professional, scientific & technical services	102	85	13	3	1	0	0	0	0	0
Management of companies & enterprises	2	0	0	2	0	0	0	0	0	0
Admin. support, waste mgt, remed. Serv.	33	26	4	1	2	0	0	0	0	0
Educational services	7	4	2	0	1	0	0	0	0	0
Health care and social assistance	47	27	11	5	3	0	1	0	0	0
Arts, entertainment & recreation	34	23	4	5	2	0	0	0	0	0
Accommodation & food services	119	41	23	30	21	3	0	1	0	0
Other services (except public administration)	70	55	12	3	0	0	0	0	0	0
Unclassified establishments	3	3	0	0	0	0	0	0	0	0
Total	1021	697	179	90	46	5	1	3	0	0

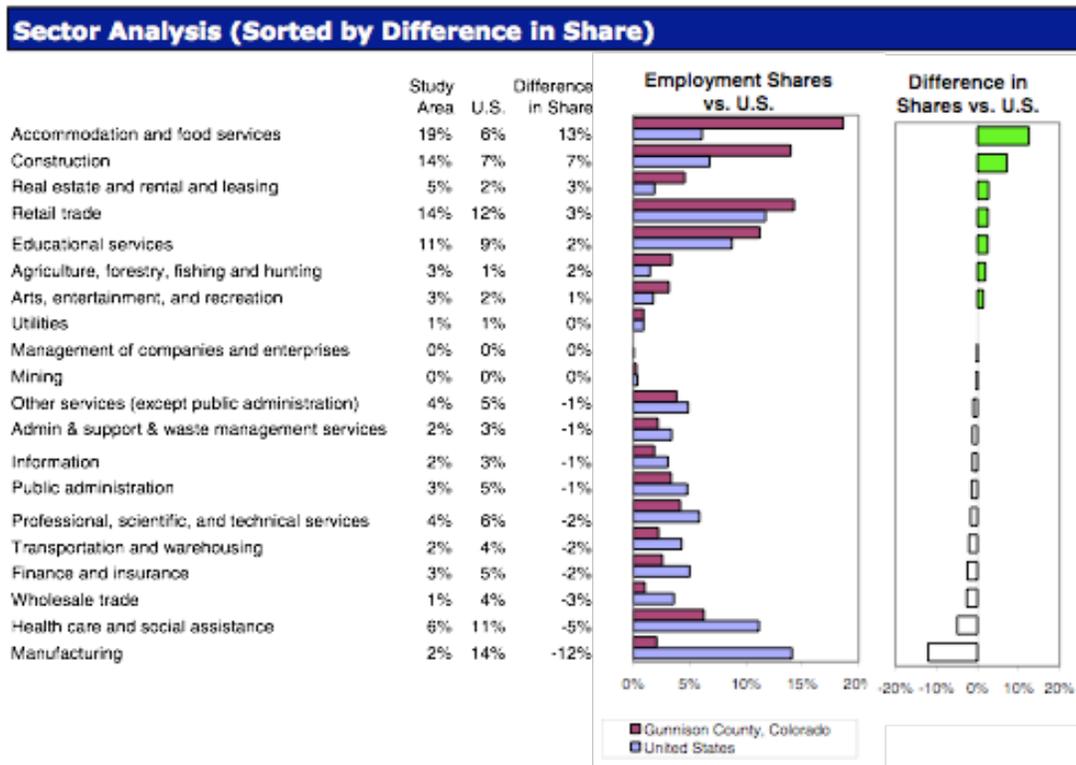
Source: Census County Business Patterns

national economy, where 1 per cent of the labor force works in agriculture, it reflects the downward trend in agricultural employment that has taken place in the country as a whole over the past 150 years.

Western State College employs about 250 full time equivalent faculty and support staff plus nearly the same number of part time employees (mainly students). Student employment converts into 23 full time equivalent positions. An analysis of the economic impact of Western State on the Gunnison County economy estimates that it creates directly and indirectly about 390 full time jobs.

In 2005 Government at the local, state and federal levels employed 656 workers. Although government employment, Western State College, the Gunnison Valley Hospital, and a few other large employers employ significant numbers of workers, the majority of employment in Gunnison County is generated by smaller businesses. It is concerning, therefore that the incomes of proprietors have been falling steadily for a substantial period of time.

Chart 7: Employment Shares by Industry: 2005



Source: 2009, Headwater Economics: A Socio-Economic Profile of Gunnison County: p.23

How Specialized is the Gunnison County Economy?

Knowing the degree of specialization of our economy is important. The more diverse it is, the better able it is to deal with fluctuations in particular sectors and the more balanced will be its economic growth. Comparing Gunnison County with the United States economy as a whole shows the diversification of the local economy. Chart 7 shows that Gunnison County is highly reliant on a relatively small number of sectors - tourism, construction, real estate and the retail trade, which together make up 52% of total employment, compared with 27% for the national economy. Another striking aspect of the differences between the local and national economy is that even though the County has a hospital, employment in health care and social assistance is only slightly more than half of the national economy.

Compared to the comparator counties, the economy of Gunnison County is less diverse than San Miguel County, about as diverse as Grand County, more diverse than Routt County and much less diverse than the economy of Montrose County, which has the most balanced structure of all the comparator counties. Higher specialization means that if the industries on which the County depends for its income experience a downturn, the overall

impact on the local economy will be severe. A balanced, or more diversified, local economy will be much less impacted by adverse developments in specific industries.

Wages and Employment: How Well do Different Jobs Pay?

Table 5: Wages and Employment in Gunnison County

- Of the major categories, the highest paying sector is natural resources and mining. It accounts for 12.6% of total employment and pays \$62,256 per year.
- Of the major categories that have data, the largest employment sector is leisure and hospitality. It accounts for 26.5% of total employment and pays \$14,248 per year.
- Goods-producing employees (1,850 workers) were paid an average of \$44,860.
- Service-providing employees (4,904 workers) were paid an average of \$20,721.
- Note that these data do not include proprietors or the value of benefits.
- Wages in the public sector (\$34,435) exceeded wages in the private sector (\$27,333) by 26.0%.

County Wages and Employment in 2006			
	Employment	% of Total	Average Annual Wages
Total Private & Public	8,386	100%	28,716
Total Private	6,754	81%	27,333
Goods-Producing	1,850	22%	44,860
Natural Resources and Mining	851	10%	62,256
Agriculture, forestry, fishing & hunting	45	1%	24,333
Mining	806	10%	64,365
Construction	897	11%	30,594
Manufacturing (Incl. Forest Products)	102	1%	25,147
Service-Providing	4,904	58%	20,721
Trade, Transportation, and Utilities	1,215	14%	22,566
Information	77	1%	31,579
Financial Activities	434	5%	35,221
Professional and Business Services	420	5%	30,722
Education and Health Services	371	4%	23,967
Leisure and Hospitality	2,225	27%	14,248
Other Services	162	2%	18,372
Unclassified	#N/A	#N/A	#N/A
Total Public	1,534	19%	34,435
Federal Government	163	2%	47,091
State Government	368	4%	41,519
Local Government	1,103	13%	30,205

Wages are shaded in green when they are more than 20% higher than the wages for all sectors and in red when they are less than 20% lower.

Source: 2009, Headwater Economics: A Socioeconomic Profile of Gunnison County: p.32

Table 5 shows income by industry. The data confirm the finding of earlier sections. The economy is dominated by service industries, which account for 58% of total employment. The leisure and hospitality industry accounts for close to 50% of service employment. Government employment accounts for 19% of the total in the County. Of the non-service industries, construction employs 11% and natural resources 10% of the total.

Wages paid by different industries are also shown in Table 5. Natural resources pays the highest wages, with an annual average salary of \$62,256. Working for Federal or State government is the next highest paid, although Local Government pays employees significantly less than either the state or federal government. Financial activities also pay wages and salaries that are more than 20 per cent higher than the average. Although not shown separately in Table 5, health services also pay substantially more than average. The

average non-doctor salary and benefit package at Gunnison Valley Hospital is nearly \$50,000. By contrast, service providing industries pay lower wages and salaries than the average, particularly in the leisure and hospitality industry.

Some of the same patterns are observed in the comparator counties. However, one striking fact is that even though Gunnison County is highly dependent on construction and tourism, wages and salaries in these industries are lower than in any of the 3 comparator counties that rely on tourism in their economies.

Education Levels in Gunnison County

How well educated is the Gunnison County population compared with the other counties in our sample? Table 6 shows that in 2000, 48% of the County's population had attained an associate degree, a bachelors degree or a professional or post-graduate degree. Gunnison County has a highly educated population - 29% more educated than the state and national average. Of the comparator counties, only Routt and San Miguel were have higher education levels, while the population of Montrose County is significantly less educated. What does a highly educated population and workforce offer? Normally, higher wages and productivity. However, in 2003 the national median annual income for those who achieved a bachelors degree or more was over \$55000, about double the median

	Associate or Bachelors Degree	Professional or Postgraduate Degree
Grand County	31	10
Gunnison County	36	12
Montrose County	18	5
Routt County	39	12
San Miguel County	41	12
Colorado	28	11
USA	28	10

Source: State of Colorado: State Demography Office

income in Gunnison County, supporting the observation that the educational achievements of our population are not being used productively.

The Affordability of Housing

The decline in earnings per job has not been matched by a fall in the affordability of housing. On the contrary, as Table 7 shows, housing in Gunnison County declined in affordability between 1900 and 2000. Furthermore, the rapid rise in prices in the years after 2000 has made housing even less affordable, although exact data are not available. Nevertheless, with the exception of Montrose County, housing in Gunnison County is the

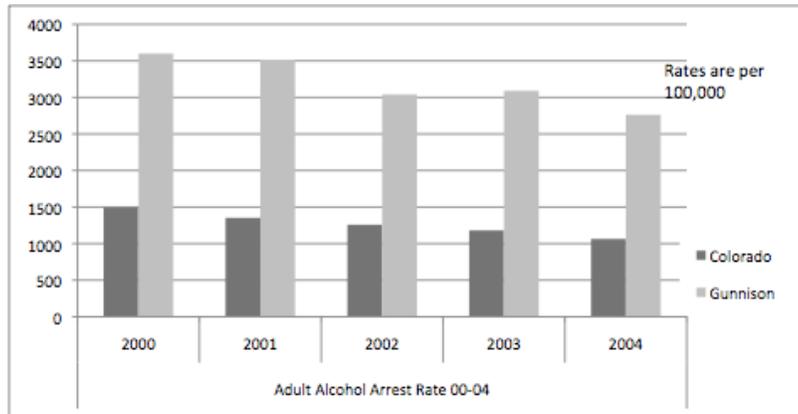
	Median Value	% of Median Income to buy a median value house	Annual Income needed to purchase a median value family house	Housing Affordability Index (The higher the index, the more affordable is a house)
Grand County 1990	\$111462	21	\$37593	119
Grand County 2000	\$205500	26	\$58068	95
Gunnison County 1990	\$106324	23	\$35860	109
Gunnison County 2000	\$189400	26	\$53519	97
Montrose County 1990	\$78788	19	\$26573	133
Montrose County 2000	\$121200	21	\$34247	119
Routt County 1990	\$127009	22	\$42836	114
Routt County 2000	\$268500	31	\$75870	82
San Miguel County 1990	\$208432	41	\$70298	61
San Miguel County 2000	\$358200	42	\$101216	60
Source: 1990 and 2000 census				

most affordable of those in the other comparator counties. Differences in housing prices are almost always a function of the cost of the land on which houses are situated.

What do Gunnison County's Social Indicators Look Like?

Social indicators show that the county has serious problems with drug abuse and domestic violence. The alcohol arrest rate in the county is more than double that in the state as a whole and the highest in all "frontier" counties (Chart 8). In addition, the Juvenile DUI arrest rate is significantly higher than that in the state and in the country.

Chart 8: Adult Alcohol Arrest Rate in Gunnison County: 2000 - 2004



Source: Gunnison County Substance Abuse Prevention Program: Strategic Plan, 2008

Gunnison County is also ranked 2nd among frontier counties for juvenile drug abuse, first among frontier counties and fourth among all Colorado counties of adult drug related arrests. Other indicators also are disturbing. Table 8 shows cases by arrest for domestic and social crimes. Arrests for domestic violence totaled 141 in 2007, while there were 39 cases of sexual assault in 2006 and 25 in 2007.

Table 8: Arrest Rates for Domestic Violence and Sexual Assaults.		
	2006	2007
Domestic Violence	85	141
Sexual Assault - on Adults	23	21
Sexual Assault - on Children	16	4
Child Abuse	20	16

Source: Gunnison County Substance Abuse Prevention Program: Strategic Plan, 2008

Another measure of community health is the amount of volunteering. Anecdotal reports suggest that recently there has been a decline in the number of volunteers assisting in the many events and charitable functions that occur each year. Several functions that have enriched the social structure of the County have been cancelled or are in danger of being cancelled. This could be interpreted as additional evidence of the “hollowing out” referred to in earlier sections of this report.

Gunnison County is a Healthy Place in Which to Live and the Environment is Highly Valued.

Environmentally, Gunnison County is a healthy place in which to live. The median life in expectancy in the County is 80.8 years, compared with 76.5 years for the United States as

a whole. Similarly the number of deaths per capita are 12 per cent lower than nationally. Far fewer people report poor health than in the country as a whole.

Gunnison County is known for its pristine environment and extensive access to wilderness areas. Furthermore, as Table 8 shows, surveys of both home owners and residents show that they value these “assets” highly. Full time residents, second home owners and non-resident visitors all place various characteristics related to air and water quality, scenery and the local habitat as highly important in their decisions to live or visit.

Furthermore, the most frequent response from second home owners identified scenery/surroundings and recreational amenities as the most important reasons for buying a second home and for their intentions to continue coming to Gunnison County in the future. While it is difficult to put a precise value on these responses, clearly the environment is perceived as being one of the most important factors in making Gunnison County an attractive place to live in or to visit.

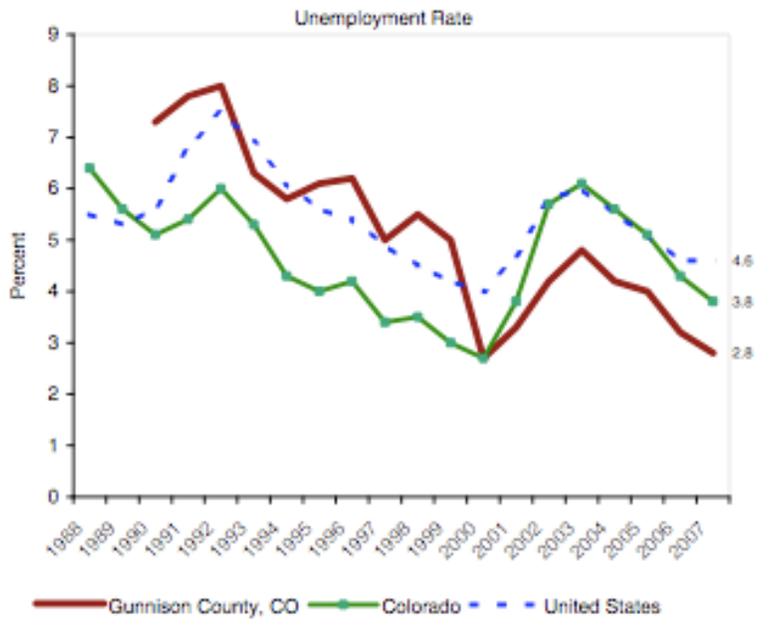
Values	Gunnison County Homeowners	Gunnison Non-Resident Visitor
Water Quality/Quantity	91	95
Air Quality	90	96
Scenic/visual quality	87	96
Wildlife Habitat	85	89

Source: 2008, Crested Butte' Stake in Mining Reform Economic Study, The Sonoran Institute

How Will Gunnison County be Affected by the Recession?

Any analysis of the impact of the recession on the local economy is speculative. However, some aspects of the economic profile of Gunnison County make it particularly vulnerable. Employment is largest in construction and tourism. These typically are industries that are strongly affected by the state of the national economy. The red line in Chart 9 shows that unemployment rates in Gunnison County are lower than the national economy when it is growing rapidly, but higher than the national economy when it is in recession. We can therefore expect that the local economy will be more affected by the recession than the national economy as a whole. However, the good news is the economy of Gunnison

Chart 9: Cyclicity of Employment in Gunnison County Compared with the State and the Nation



Source: 2009, Headwater Economics: A SocioEconomic Profile of Gunnison County:

County should recover at a faster rate than the national economy when the recession ends, although probably with a lag of 6 - 12 months, because tourism and construction tend to expand more rapidly than the national growth rate but only after a lag.

A Summary of the Findings

This report has highlighted some key features of the Gunnison County economy. Given the plethora of data available, for the report to be easily accessible, many statistics have inevitably been omitted. However, the discussion of the preceding pages identified a number of issues that are relevant to discussion of the future of our County.

To summarize:

- The population of Gunnison County is growing but not as rapidly as in the other counties highlighted and the rate of population growth is declining. Impacted by students at Western State, a strong attraction for young adults and high attrition among adults in their 40s and 50s, the population is young.
- School attendance is increasing in the lower grades but declining in the higher grades.
- The population of Gunnison County is much more highly educated than the population of Colorado or the nation as a whole.
- Average income in Gunnison County is lower than in the state of Colorado, or in the nation. Average earnings per job in 2006 were lower than in 1970 after adjusting for inflation, which is surprising given the level of education in the County. The County is not attracting high paying activities that take advantage of the highly educated population in sufficient numbers to raise overall income levels.
- The industries that are the major employers in the County, tourism and construction, are those that typically pay less in the national economy.
- The majority of earned income in the county is derived from small businesses, yet proprietor income is plummeting. The reasons for the sharp decline in the income of small business owners need further investigation.
- Employment in the county is generated primarily by smaller businesses. The majority of these are in construction and tourism related industries. However, small business incomes are low and declining. While job growth in the County derives from small business, small businesses are not doing well in the local

economy. Almost all sectors of the local economy pay lower salaries and wages than in the comparator counties. This suggests low productivity.

- On a net basis, adjusting for inflows and outflows, a substantial portion of salaries and wages paid in the County is spent outside the County, although a significant portion of this occurs in the north of the County, where two coal mines are situated.
- Some social statistics paint a troubling picture.
- Gunnison County has a highly educated population and major assets, which include its pristine environment, Western State College, Gunnison Valley Hospital and the airport. In many parts of the country, a highly educated population and attractive facilities and institutions typically appeal to high earning professionals.
- The economy of the County is highly dependent on industries that follow the business cycle of the national economy. In particular, tourism and construction are strongly dependent on high national economic growth. Currently, both industries are contracting at an even faster rate than the economy as a whole. It is therefore likely that the County economy will decline at a faster rate than the national economy. Because of the concentration of economic activity in construction and tourism, business owners in the County may well experience tough times in the next year or two, which will also have an effect on employment.
- A more diversified economy would make the County less susceptible to a downturn when construction and tourism decline.