

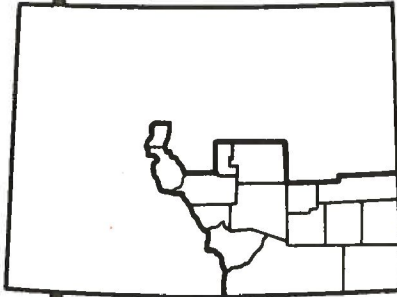
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Working Paper 1

The
**Governmental
Sector**

Arkansas Valley Region

Planning & Community Development Section
Colorado Division of
Commerce and Development
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THE GOVERNMENT SECTOR OF THE
ARKANSAS VALLEY ECONOMY

- Prepared for -

The Colorado Division of Commerce & Development

- Prepared by -

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INTRODUCTION

This report on the role of government activities in the Arkansas Valley regional economy is presented for integration into a multi-industry Arkansas Valley economic report.

Governmental activities furnishing basic employment to the regional economy were the primary concern of this study; local service government activities were given only secondary attention. Basic employment is defined as that employment supported by activities which export goods and services to customers outside the Arkansas Valley region and which thus import purchasing power into the region (e.g., Fort Carson and other military installations which export military services to the federal government). Local service employment is that supported by activities which sell goods or services within the region (e.g., the town government of La Junta which sells its services almost wholly to local customers--taxpayers).

The primary measure of economic activity in this Arkansas Valley study, as in the others, is employment. The estimates of employment are made as compatible as possible with the U. S. Census figures (see The Manufacturing Sector of the Arkansas Valley Economy, p. C.1), and thus reflect the place of residence of the employees rather than their place of employment.

This study was made possible by the cooperation of the personnel in many government facilities and agencies. It also benefits from Denver Research Institute research on the El Paso County economy supported by an industrial sponsor, by the City of Colorado Springs, and by El Paso County.

MILITARY ACTIVITY

The largest source of employment in the Arkansas Valley is military activity. It has also been the fastest growing source of employment in the period since 1950.

In 1950, there were approximately 4,700 uniformed military personnel in the Arkansas Valley, and about 3,400 civilian employees at military installations. By 1964, the number of military personnel had grown more than fivefold, to approximately 26,500. Civilian employees had increased to an estimated 9,000. This information is detailed in the tables at the end of this section.

Characteristics of Military Employment

The employment of both military and civilian personnel is basic to the Arkansas Valley economy. It imports income into the Valley which is distributed through wages to personnel and through military purchases from local suppliers; both types of disbursement support local service employment in the region.

There is one limitation on the degree of support that military employment gives to local service employment--a substantial amount of military pay and allowances (of uniformed personnel) is not spent in the local economy. Some of this income is spent elsewhere after being allotted to dependents living outside the Arkansas Valley. Some is also spent inside the military economy at post exchanges, commissaries, etc., and does not directly contribute to the support of regional local service activities.

A recent survey suggested that military personnel stationed in El Paso County spend about half of their pay and allowances in the local

commercial economy. This is a function of the mix of personnel living on-post and off-post: on-post personnel spend 25-35 percent of their income in the local commercial economy and off-post personnel spend about 65 percent. Civilian employees, living predominantly off-post are not distinguishable in spending habits from non-military employees who dispose of about 90 percent of their income into the local commercial economy.*

A table at the end of this section summarizes the results of the expenditures survey.

No valid figures on military purchasing from Arkansas Valley suppliers are available. It is very hesitantly estimated that such purchases are in a range of \$20-40 million annually.

Major Military Facilities in the Arkansas Valley

Four major military facilities are located in the Arkansas Valley. All are in El Paso and Pueblo Counties.

(1) Fort Carson is on a U. S. military reservation of 60,000 acres, four miles south of Colorado Springs. It houses the 5th Infantry Division (Mechanized), less one brigade, and a Defense Area Communications Control Center. Plans have been announced to acquire an additional 79,500 acres of land, which will extend the reservation into Pueblo County. An extensive construction program of new housing is now underway at Fort Carson.

(2) The North American Air Defense Command (NORAD) headquarters is located at Ent Air Force Base in Colorado Springs. It is a multi-service, international organization involving the U. S. Air Force, Army, and Navy, and the Royal Canadian Air Force.

* Gilmore, John S., The Economy of Colorado Springs, (Colorado Springs: Colorado Springs Planning Commission, 1964) pp. 11-13

NORAD's facilities have recently been expanded by construction of the "hole-in-the-mountain," the new Combat Operations Center under Cheyenne Mountain southwest of Colorado Springs. This has been referred to as a \$90 million construction and equipment project, and it will be operational in early 1966.

NORAD has attracted numerous civilian firms furnishing it with contract services (mostly computer programming and display services) and sales offices of the major aerospace firms. This employment, by civilian satellite firms, is on the order of 300 to 500 people.

(3) The Air Force Academy is on a 17,500 acre reservation, five miles north of Colorado Springs. Construction expenditures during the late 1950's and early 1960's have been variously estimated at \$150 million to \$200 million. A new construction program, estimated at \$40-45 million, has been announced for the period of 1965-1971 to permit increasing enrollment from 2,529 cadets to 4,417.

(4) The Pueblo Army Depot is located 10 miles east of Pueblo on a 25,000 acre reservation. It is a center for the storage and maintenance of ammunition, supplies, weapons systems, ordnance equipment, and strategic materials.

The maintenance and modification function at the Depot requires a large force of skilled labor, much of which has been recruited from the immediate area, trained, and often retrained. The variety of tasks and the flexibility required of Depot employees is depicted in the following table:

PERCENT OF PUEBLO ORDNANCE DEPOT EMPLOYEES
CONCERNED WITH MAJOR MAINTENANCE CATEGORIES IN 1955 AND 1965

	1955	1965
Artillery	26 percent	1 percent
Fire Control Systems	28 percent	8 percent
Vehicles	45 percent	47 percent
Guided Missiles	1 percent	44 percent

Source: Pueblo Army Depot

The Depot is a substantial source of employment for residents of surrounding counties, as shown in the table at the end of this section.

Prospects for Change in Military Activity

The level of military activity in the Arkansas Valley is affected by changes in the roles and missions of the military services, by a variety of domestic and political decisions, by changes in the military intentions and capabilities of other nations, and--of course--by changes in the international situation. Such changes can move the level of activity either up or down. A small war such as that in Viet Nam can lead either to increased troop training and weapons maintenance or to shipment of locally-based troops and equipment to posts overseas without replacement. Over the next decade, the proliferation of nuclear weapons may lead either to substantial increases in military activity or to substantial curtailment (or one after the other).

The future level of military activity, and its contribution to the regional economy, is decidedly uncertain. The number of military personnel stationed at El Paso County facilities on 1 January 1961 was 13.5 thousand; one year later it was 32.2 thousand. At the present time, Arkansas Valley uniformed military employment appears reasonably stable in a 25,000 to 30,000 range if the 5th Infantry Division is not involved in troop movement caused by the Viet Nam war.

Fort Carson, as mentioned, is susceptible to movement of the 5th Infantry Division. On the other hand, one brigade of this division has never been stationed at Fort Carson, and the planned expansion of facilities there may make it appropriate to add this brigade--2,000 to 4,000 men.

Slow growth is to be anticipated at NORAD headquarters as more complex command and control systems are made operational, and as missile and space defense programs receive additional attention.

The Air Force Academy is authorized to expand its cadet wing, as mentioned above. Such expansion would also lead to increase of a few hundred staff and faculty personnel by 1971.

The Pueblo Army Depot has shown a slight down trend in employment in recent years, but is expected to be relatively stable. Employment there would increase with any substantial addition in Army combat forces.

EL PASO COUNTY MILITARY EMPLOYMENT

	1950	1960	1964-est.	1970-est.
Uniformed Personnel	4,471	14,713	26,500	15,000-32,000
Civilian Employees-est.	(1,400)	(4,800)	(5,850)	(5,000-10,000)

(Civilian employment was shown under two classifications--Public Administration and Education--in the 1950 and 1960 Census reports. In the 1960 Census, it made up about one-third of the total Education employment for El Paso County, and about four-fifths of the Public Administration employment.)

Note: Figures in parentheses not compatible with U. S. Census figures.

Source: U. S. Census of Population reports, and DRI estimates.

PUEBLO COUNTY MILITARY EMPLOYMENT

	1950	1960	1964-est.	1970-est.
Uniformed Personnel	180	80	60	50
Civilian Employees-est.	(1,900)	(3,500)	(3,120)	(2,000-4,000)

(As noted on p. C.1, the Manufacturing Sector of the Arkansas Valley Economy, the civilian employment of the Pueblo Army Depot is substantially misclassified in Census reports, with the greater part of it being reported under the manufacturing categories of Primary Metals or Fabrication. This makes it more difficult to identify the place of residence of these civilian employees who live outside Pueblo County. The place of residence of these people in 1965 is estimated in the following table.)

Note: Figures in parentheses not compatible with U. S. Census figures.

Source: U. S. Census of Population reports, and DRI estimates.

PLACE OF RESIDENCE OF PUEBLO ARMY DEPOT EMPLOYEES--1965

Pueblo	2,390
Avondale - Pueblo County	88
Fowler - Otero County	86
Boone - Pueblo County	79
Rocky Ford - Otero County	75
Canon City - Fremont County	45
Manzanola - Otero County	41
Ordway - Crowley County	31
La Junta - Otero County	30
Walsenburg - Huerfano County	29
All other (including elsewhere in the U. S. and overseas)	134

Source: DRI estimates based on Pueblo Army Depot payroll data.

SUMMARY OF SURVEY OF EXPENDITURES OF MILITARY
PAY AND ALLOWANCES IN THE COLORADO SPRINGS STUDY AREA

Estimates of Expenditures into the Commercial Economy of
the Colorado Springs Area

	Fort Carson	Ent Air Force Base	Air Force Academy
On-Post Personnel	\$ 8.5 million	\$ 0.5 million	\$2.4 million
Off-Post Personnel	<u>17.6 million</u>	<u>22.3 million</u>	<u>0.8 million</u>
TOTAL	\$26.1 million	\$22.8 million	\$3.2 million

NOTE: The questionnaire was administered to approximately a six percent sample, stratified by rank, of military personnel assigned to the three installations. Median response for off-post personnel was quite consistently in the 61-70 percent range. Median response for on-post personnel was generally in the 21-30 percent or 31-40 percent range (the higher percentage applies generally to NCO's in grades E-4 through E-9).

Income (pay and allowances) was estimated for each stratum in the sample from a 15 October 1964 printout of pay and allowances of personnel at a local military facility, and is believed to thus reflect typical mean years of service in each stratum, and to reflect the 1964 military pay increase.

There were 1,568 completed questionnaires included in the sample. This gives a sample reliability of + three percent at the 95 percent confidence level.

The samples for Fort Carson and the Air Force Academy reflected the rank structure (stratification) quite well, with deviation between the sample and the actual population distribution showing no significance at the .01 level (Kolmogorov-Smirnov one sample test--Sidney Siegel, Non-parametric Statistics for the Behavioral Sciences, New York: McGraw-Hill, 1956). The Ent AFB and total samples did not fit their populations as well, with too light a response in the lower enlisted grades.

Source: Gilmore, John S., op. cit., p. 13.

MAJOR INSTITUTIONS

The following five major institutions were studied in some detail:

1. Colorado State Reformatory
2. Colorado State Penitentiary
3. Veterans Administration Hospital, Fort Lyon
4. Colorado State Hospital
5. Southern Colorado State College

These state and federal organizations currently provide employment for about 4,200 people. Most of these jobs must be classified as basic employment relative to the Arkansas Valley; more than one-third of these jobs are basic employment relative to the State of Colorado.

The Colorado State Reformatory

The majority of the inmates in the Colorado State Reformatory are between 15 and 25 years of age; the average is 20-21 years old. Their average stay is only ten months.

The key determinant of employment afforded by a reformatory is the number of inmates. On 31 May 1965, inmates census at the Colorado State Reformatory reached an all-time high of 627. Since housing is the limiting factor for reformatories, the rated capacity of 600 for this institution indicates that the ideal maximum has already been surpassed. Currently, almost all of the inmates have a private cell. Additionally, Warden Patterson is a strong advocate of maintaining the one man per room ratio.

Assuming an increasing population of young people and the absence of any effective universal moral-reform movement, potential candidates for CSR will increase in number. There seems to be four alternative courses of development:

THE ARKANSAS VALLEY

EMPLOYMENT STATISTICS OF SELECTED INSTITUTIONS

Ending Fiscal Year	Colorado State Reformatory	Colorado State Penitentiary	V. A. Hospital Ft. Lyon	Colorado State Hospital	Southern Colorado State College	Total
1953	58	206	535	1,567		2,366
1954	62	208	500	1,709		2,479
1955	65	225	470	1,694		2,454
1956	67	224	470	1,825		2,586
1957	83	272	478	2,020		2,853
1958	90	274	480	2,082		2,926
1959	88	273	490	2,088		2,939
1960	98	279	488	2,169		3,034
1961	108	282	500	2,344		3,234
1962	116	301	513	2,656		3,586
1963	130	322	518	2,906		3,876
1964	136	339	514	2,731	253	3,973
1965	141	347	524	2,866	306	4,184
Low 1970	150	400	?	3,100	600	
High 1970	200	480	?	3,500	800	

- (1) Construct another reformatory;
- (2) Allow overcrowding;
- (3) Expand present facilities;
- (4) Develop honor camps.

Currently there are no plans nor much enthusiasm in the Legislature for construction of another reformatory. Probably overcrowding will occur before the other two solutions are effected.

The Bible of the field, The Manual of Correctional Standards, suggests that 800 is the optimum size of a security institution. Therefore, a 200-cell expansion is highly possible within the next ten years.

The Reformatory currently has two honor camps. The Delta camp has 50 inmates and is soon to have a hundred; the Budkley Field camp has 30 inmates which is considered its maximum. A plan has been suggested by Warden Patterson for construction of six base camps around the State. The plan envisions that mobile trailers and work crews would travel from the base camps and the prisoners would engage in construction of State parks, way-side picnic sites, erosion projects, etc. The Manual of Correctional Standards estimates that one-quarter of inmates housed in security prisons could safely be entrusted to work in reformatory honor work camps.

Since 1958, the inmate-staff ratio has been very constant, averaging slightly less than 4:1. At the honor camp in Delta, the inmate-staff ratio is 8:1.

Thus, the employment level at Buena Vista will probably remain fairly constant for the next few years, around 150. As more inmates enter the Reformatory, more of them will be assigned to honor camps scattered throughout the State. If and when additional capacity is constructed at the Reformatory, an expansion of 200 cells would increase employment by approximately 50 jobs.

COMMUTING PATTERN: CURRENT EMPLOYEES OF COLORADO STATE REFORMATORY

Location	Number of Employees
Salida	22
Buena Vista	94
Rural Area near Buena Vista	19
Denver	2
Colorado Springs	<u>4</u>
TOTAL	141

Source: Colorado State Reformatory

The Colorado State Penitentiary

The Colorado State Penitentiary is the major employer in Fremont County. In April, 1965, there were 347 employees. In the main penitentiary there are now about 1,600 prisoners; it was built for 1,200. Expansion is already underway. A medium-security prison at Ranch 1, four miles east of Canon City, is now under construction. The schedule indicates that by October, 1965, half of this new 1,200-inmate facility will be completed. In July of 1968, the other half will be finished. This new facility will then bring total capacity to 2,400. Also, in the same area a female penitentiary is scheduled to be completed by January, 1967, capable of housing 100 prisoners. These new facilities will mean about 60-70 new jobs in the Canon City penitentiary complex.

Prison officials estimate that by 1970 Colorado will require space for about 3,500 inmates. This looming shortage of capacity will be met by greater use of work camps and construction of new facilities. Smaller prisons will be constructed in the future. State Penitentiary officials feel that an inmate population of more than 1,200 creates severe security considerations. These new prisons will not necessarily be constructed in

the Canon City area.

The penitentiary has an annual \$2 million payroll, but local expenditures are limited to emergency repair or emergency maintenance on vehicles or other equipment.

Assuming there will be no further expansion plans introduced for the Penitentiary area, employment will stabilize around 450 by 1970.

Commuting patterns were unavailable, but commuting is estimated to be small. Perhaps 10-15 employees commute from Pueblo and twice that amount from the Florence area.

The Veterans Administration Hospital--Fort Lyon

Based upon long-range plans developed by the Veterans Administration Central Office, Washington, D. C., all psychiatric hospitals may eventually become general hospitals. For example, large psychiatric hospitals will add a general medical and surgical section; and large general hospitals will add a psychiatric wing. The Ft. Lyon V. A. Hospital is being considered for a 70-bed general medical and surgical service, which would be part of a renovation project for one of the existing buildings. If this project is approved, it would reduce the total number of beds by 26, but there would be a moderate increase, of perhaps eight, in the professional staff. The renovation project is estimated to cost \$500,000 and a decision on the project is expected in the latter part of fiscal year 1966.

Recently the Veteran's Administration has instituted a Nursing Home Care Unit Program and has been authorized to establish 4,000 beds nationally in fiscal year 1966. This hospital is being considered for a 37-bed unit which would be placed in an existing structure with remodeling; a cost estimate has not yet been obtained. This program would require

more staff, and there is a potential gain of about five professional nurses.

Of the 524 employees on June 1, 483 live in Bent County, 37 live in Otero County, and four live in Prowers County.

The Colorado State Hospital

The Colorado State Hospital is a psychiatric hospital. Although a substantial medical-surgical service exists, it is an auxiliary function for psychiatric patients. There are no purely medical or surgical patients.

Since 1960, there has been a dramatic decline in patient census--from 5,900 to about 3,000 in May of 1965. Understanding the forces and trends which brought about this change is essential to any forecast of future activity.

1. The development of the tranquilizer family of drugs has allowed in-patients to be more responsive to psychotherapy as well as causing a reduction by an unknown magnitude of admissions to the hospital.
2. Colorado has achieved national leadership in the field by placing geriatric patients in special, private institutions which receive financial assistance from the State. Over 1,100 geriatric patients have been transferred from Colorado State Hospital since 1961.
3. An increasing staff has facilitated better and earlier treatment of new patients. From 1960 to May, 1965, the staff has increased from 2,169 to 2,866. More than 8,000 patients were treated in 1964--more than ever before. The average stay on the first admission is four to five months; subsequent admittances tend to be longer.

The Future. There are no plans for future expansion; current construction is for replacement purposes. There will be more community mental health centers in the State. This point is strongly emphasized and backed in medical circles. The patient can be treated better in his community near his family. The Federal Government is also enthusiastic about the regional mental health center program; it grants financial aid for construction. It is estimated that the average size of the center will be about 100 beds with a patient-staff ratio of 1:1. In a general hospital, the patient-staff ratio is 1:2. Fort Logan is Colorado's first regional center.

Other trends and considerations for the future are:

1. Possible development of new drugs or treatments.
2. All types of medical students are receiving more education in psychiatry.
3. More general hospitals are developing psychiatric services.
4. There are more voluntary patients, as mental illness has become more respectable. The hospital sign, Colorado Lunatic Asylum, erected in 1879, was removed a long time ago.

COLORADO STATE HOSPITAL EMPLOYEES AS OF MAY 1965

	Professional and Technical	Administration	Service	Plant Operation and Maintenance	Total
Full-Time	249	104	1,959	169	2,481
Part-Time	90	5	148	0	243
In Training	<u>36</u>	<u>0</u>	<u>106</u>	<u>0</u>	<u>142</u>
TOTAL	375	109	2,213	169	2,866

Source: Colorado State Hospital

There are approximately 61 full-time physicians, 105 registered nurses, and 1,200 sub-professional people in the nursing service (e.g., licensed practical nurses). The nursing service has experienced the greatest growth. The supply of psychiatrists, clinical psychologists, and psychiatric social workers is thin. Although funds are available for 16 additional psychiatrists, the Hospital has been unable to recruit them. Colorado has a competitive salary scale, but no state can compete with private practice. Average state salaries are \$15,000-\$18,000; a private practice will gross an average of \$30,000, and \$70,000 is not uncommon. The Hospital supplements its staff with about 30 moon-lighting military physicians from the Colorado Springs area for weekend and night duties.

A common complaint encountered during professional recruitment regarding Pueblo is that there is a shortage of good rental property--Pueblo is not an apartment city.

For the future, the Colorado State Hospital will probably stabilize around 3,500 patients and 3,500 employees. The future regional centers will probably transfer their long-term patients to the State Hospital.

Of the current employees, almost all live in Pueblo and the immediate surrounding area. About 100 commute from Fremont County. Additionally, there are about 30 part-time military physicians commuting from El Paso County.

PATIENT-EMPLOYEE RATIO OF COLORADO STATE HOSPITAL

Year	Approximate Patient Census	Average Number of Employees
1960	5,900	2,169
1961	5,800	2,344
1962	5,200	2,656
1963	4,300	2,906
1964	3,800	2,731
1965	3,000	2,866

Source: Colorado State Hospital data

Southern Colorado State College

The history of S. C. S. C. is short. This factor coupled with its imminent expansion into its new facilities, present difficulties in estimating future growth. But growth there will be. In School year 1963-64 the entering freshman class was 1,000; the following year it was 1,200; this year, 1965-66, the freshman class is expected to be around 1,600. There are currently about 4,000 students (in night school, the four-year program and the vocational training center); by 1975, it is estimated that total enrollment will reach 10,000.

The current student-faculty ratio is 19:1. Next year it will probably be 21:1. Other state colleges are as high as 25:1. A 10:1 ratio seems to be desirable in the Vocational Training Center. Assuming a student enrollment of about 7,500 by 1970, estimated employment would be as follows:

Faculty	360
Administration	130
Custodians, Food Service, etc.	60
Part-time Student Help	<u>160</u>
TOTAL	710

For three quarters in each of the last two school years, 1964-65 and 1963-64, there have been about 30 part-time instructors teaching about 500 students in various Colorado Spring's areas as a part of S. C. S. C.'s military extension program. Both the teachers and students are military personnel assigned to Fort Carson, the U. S. A. F. Academy, and Ent A. F. B. Occasionally, a member of the regular faculty has participated in this program, but normally it is thought to be a self-sufficient operation. Obviously, the magnitude of this extension operation is subject to fluctuation in the number of military personnel stationed in the Colorado Springs area.

From a current base of slightly over 300 employees, S. C. S. C. will be the fastest growing segment among the major institutions.

Commuting patterns were unknown, but it is estimated that nearly all employees lived in the Pueblo area.

LOCAL GOVERNMENT ACTIVITY

Employment in local government is basically a function of the needs of the local populace. Population estimates for the years 1957* and 1962** indicate a 13 percent growth in the Arkansas Valley. In that same time period, the number of full-time equivalent employees increased 26 percent.*** Thus, not only is greater employment required for an increased population to sustain existing governmental services, but the people are evidently requiring more governmental services. See Table 1.

The Census of Government has been published twice--for the years 1957 and 1962. This fact impairs our ability to perform any extensive time-series analysis. However, some interesting relationships can be developed.

There are two main sources of revenue available to local government: local taxes or other revenues and intergovernmental revenues. Over 90 percent of intergovernmental revenue in the Arkansas Valley counties is transferred to the local governments through the various agencies of the State of Colorado.

* 1957 estimate was calculated on a straight-line basis using the Census figures for 1950 and 1960 from the Bureau of the Census.

** 1962 estimate was furnished by Colorado State Planning Office.

*** The Bureau of the Census defines full-time equivalent employment as ". . . a derived figure which represents the number of persons who could have been employed for the total payroll amounts reported, if all personnel were engaged on a full-time basis at the average monthly rate applying to full-time workers for the particular functions and types of government involved."

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TABLE 1. LOCAL GOVERNMENT EMPLOYMENT IN INDIVIDUAL COUNTY AREAS

	Full-time Equivalent Employees		Population Estimate		Ratio of Population To Full-time Equivalent Employees*	
	April-1957	October-1962	1957	1962	1957	1962
	Baca	236	248	6,806	6,450	29:1
Bent	227	157	7,826	7,450	34:1	47:1
Chaffee	175	190	7,959	8,350	45:1	44:1
Crowley	132	99	4,351	4,050	33:1	41:1
Custer	70	58	1,385	1,275	19:1	22:1
El Paso	2,743	4,254	122,976	158,000	45:1	37:1
Fremont	419	454	19,647	20,400	47:1	45:1
Huerfano	283	243	8,225	7,950	29:1	33:1
Kiowa	153	143	2,598	2,400	17:1	17:1
Lake	177	188	6,816	7,400	39:1	39:1
Las Animas	780	811	21,759	19,500	28:1	24:1
Otero	627	760	24,472	24,100	39:1	32:1
Prowers	431	442	13,623	13,500	32:1	31:1
Pueblo	2,136	2,755	110,151	124,000	52:1	45:1
Teller	115	126	2,573	2,525	22:1	20:1
A.V. Total	8,704	10,928	361,167	407,350	41:1	37:1
Rest of Colorado	29,773	40,824	1,264,107	1,474,115	42:1	36:1
Colorado Total	38,477	51,752	1,625,274	1,881,465	42:1	36:1

Notes: The 1957 population estimate was calculated on a straight-line basis using Bureau of the Census' figures for 1950 and 1960. The 1962 population estimate was calculated by the Colorado State Planning Office.

* Example: In 1957 there was one full-time equivalent employee for every 29 people in Baca County.

Sources: A and B (see sources end of section).

Between 1957 and 1962 the total revenue available for operation of local governments in the Arkansas Valley increased about 14 percent. Additionally, the percentage contributed from the two main sources changed. In 1957, 64 percent of the revenue was obtained from local sources; by 1962, local sources were providing only 58 percent. See tables 2 through 5.

The three categories of Education, Highways, and Public Welfare are the major areas wherein expenditures are made by the local governments. Between 1957 and 1962, expenditures increased in all three of these categories. On a proportional basis of the funds expended, Highways and Public Welfare spending were quite stable during this time period. However, the Education category experienced a dramatic increase.

EXPENDITURES ON EDUCATION AS A PERCENTAGE
OF LOCAL GOVERNMENT EXPENDITURES

Year	Percent
1957	33
1962	45

Rising teachers' salaries and an increasing number of teachers have contributed to the increased expenditures on education. Each of the fifteen counties increased Education expenditures, both in percentages of total governmental expenditures and in actual dollars. The sum of all other categories, Fire Protection, Police, etc., was reduced from 37 percent to 24 percent. They declined in dollar amounts as well, from \$31,566,000 to \$22,415,000.

GROWTH IN NUMBERS OF TEACHERS IN ARKANSAS VALLEY COUNTIES

County	April 1957	Oct. 1962	Oct. 1964*
Baca	97	96	111
Bent	104	17 (?)	96
Chaffee	70	79	89
Crowley	66	42	54
Custer	31	14	17
El Paso	957	1,702	1,960
Fremont	172	197	209
Huerfano	96	76	78
Kiowa	39	37	44
Lake	80	82	95
Las Animas	297	235	199
Otero	303	349	327
Prowers	181	191	188
Pueblo	955	1,310	1,310 (See note)
Teller	<u>33</u>	<u>38</u>	<u>42</u>
TOTAL	3,481	4,465	4,819

* Certified personnel from Colorado Education Directory 1964-65, (Denver: Colorado State Department of Education, 1964).

Note: Approximately 150 Pueblo Junior College teachers had become state employees 1 July 1963.

Sources: A and B

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TABLE 2. EXPENDITURES AND REVENUE OF LOCAL GOVERNMENT FOR INDIVIDUAL COUNTY AREAS

	Baca		Bent		Chaffee		Crowley	
	1957	1962	1957	1962	1957	1962	1957	1962
Expenditures:								
Education - \$	576	1,338	639	981	447	686	329	478
- % of total	34	53	37	45	26	39	35	44
Highways - \$	362	416	130	208	213	224	98	111
- %	21	16	8	10	12	13	10	10
Public Welfare - \$	421	395	402	464	529	540	370	387
- %	25	16	23	21	31	30	39	35
All Other - \$	336	384	545	516	526	321	156	121
- %	20	15	32	24	31	18	16	11
Total Expenditures - \$	1,695	2,533	1,716	2,169	1,715	1,771	953	1,097
- %	100	100	100	100	100	100	100	100
Revenue:								
Intergovernmental - \$	837	920	826	956	773	881	576	618
- %	46	41	44	47	49	46	57	59
From State Government - \$	834	915	770	863	773	881	565	597
- %	46	40	41	43	49	46	56	57
From Local Sources - \$	966	1,343	1,036	1,067	809	1,029	437	428
- %	54	59	56	53	51	54	43	41
Total Revenue (Excluding - \$	1,803	2,263	1,862	2,023	1,582	1,910	1,013	1,046
Interlocal) - %	100	100	100	100	100	100	100	100

Sources: A and B

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TABLE 3. EXPENDITURES AND REVENUE OF LOCAL GOVERNMENT FOR INDIVIDUAL COUNTY AREAS

	Custer		El Paso		Fremont		Huerfano	
	1957	1962	1957	1962	1957	1962	1957	1962
Expenditures:								
Education - \$	94	117	9,742	15,815	1,099	1,820	482	557
- %	23	26	30	47	30	35	16	22
Highways - \$	95	103	2,254	2,250	582	372	271	220
- %	23	23	7	7	16	7	9	9
Public Welfare - \$	139	152	3,659	5,987	1,009	2,118	1,173	1,150
- %	34	33	11	15	27	41	37	45
All Other - \$	77	82	17,114	10,336	917	838	1,187	587
- %	20	18	52	31	27	17	38	24
Total Expenditures - \$	405	454	32,769	33,388	3,607	5,148	3,113	2,514
- %	100	100	100	100	100	100	100	100
Revenue:								
Intergovernmental - \$	257	279	7,585	11,748	1,680	2,814	1,557	1,559
- %	55	59	24	35	48	56	60	63
From State Government - \$	257	278	5,942	8,838	1,660	2,798	1,553	1,550
- %	55	59	19	27	47	56	60	63
From Local Sources - \$	206	190	23,496	20,886	1,799	2,208	1,019	887
- %	45	41	76	65	52	44	40	37
Total Revenue (Excluding - \$	463	469	31,081	32,634	3,479	5,022	2,576	2,446
Interlocal) - %	100	100	100	100	100	100	100	100

Sources: A and B

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TABLE 4. EXPENDITURES AND REVENUE OF LOCAL GOVERNMENT FOR INDIVIDUAL COUNTY AREAS

	Kiowa		Lake		Las Animas		Otero		
	1957	1962	1957	1962	1957	1962	1957	1962	
Expenditures:									
Education - \$	239	427	550	948	1,847	2,114	1,827	3,351	
- %	28	41	36	51	29	35	31	49	
Highways - \$	192	214	270	235	596	628	494	517	
- %	23	20	18	13	9	11	8	8	
Public Welfare - \$	144	175	112	200	2,365	2,437	1,774	1,990	
- %	16	17	7	11	38	41	30	29	
All Other - \$	278	236	600	472	1,489	797	1,780	947	
- %	33	22	39	25	24	13	31	14	
Total Expenditures - \$	853	1,052	1,532	1,855	6,297	5,976	5,875	6,805	
- %	100	100	100	100	100	100	100	100	
Revenue:									
Intergovernmental - \$	324	310	274	282	3,437	3,582	2,578	3,266	
- %	36	26	19	14	53	58	45	51	
From State Government - \$	324	310	274	282	3,437	3,577	2,553	3,217	
- %	36	26	19	14	53	58	45	49	
From Local Sources - \$	572	868	1,197	1,672	2,985	2,533	3,093	3,233	
- %	64	74	81	86	47	42	55	49	
Total Revenue (Excluding - \$	896	1,178	1,471	1,954	6,422	6,115	5,671	6,499	
Interlocal) - %	100	100	100	100	100	100	100	100	

Sources: A and B

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TABLE 5. EXPENDITURES AND REVENUE OF LOCAL GOVERNMENT FOR INDIVIDUAL COUNTY AREAS

	Prowers		Pueblo		Teller		Total	
	1957	1962	1957	1962	1957	1962	1957	1962
Expenditures:								
Education - \$	1,072	1,745	8,694	12,824	237	336	27,874	43,537
- %	31	48	44	49	28	35	33	45
Highways - \$	315	350	1,160	1,520	156	159	7,188	7,527
- %	9	9	6	6	18	16	9	8
Public Welfare - \$	847	972	4,768	5,840	208	249	17,920	22,056
- %	24	27	24	22	25	26	21	23
All Other - \$	1,163	596	5,160	5,970	238	212	31,566	22,415
- %	36	16	26	23	29	23	37	24
Total Expenditures - \$	3,397	3,663	19,782	26,154	839	956	84,548	95,535
- %	100	100	100	100	100	100	100	100
Revenue:								
Intergovernmental - \$	1,431	1,667	7,225	10,306	335	402	29,695	39,590
- %	39	46	35	38	45	43	36	42
From State Government - \$	1,386	1,665	6,903	9,588	332	398	27,563	35,757
- %	38	46	34	36	45	43	33	38
From Local Sources - \$	2,172	1,887	13,181	16,455	410	526	53,378	55,212
- %	61	54	65	62	55	57	64	58
Total Revenue (Excluding - \$	3,603	3,554	20,406	26,761	745	928	83,073	94,802
Interlocal) - %	100	100	100	100	100	100	100	100

Sources: A and B

In response to a questionnaire directed to 29 municipal governments, 14 were completed; only seven were able to furnish all of the requested data. Almost all of the cities show increasing employment, and increasing payroll expenditures. Table 6 details this information.

Summary

The population of the Arkansas Valley is increasing. People in the Arkansas Valley--like people elsewhere in the United States--are requiring additional services from local government; supplying the additional services requires additional employees. Larger amounts of intra-governmental funds--from state and federal sources--are available to help support local government. There is little evidence that any of these tendencies will change soon. The trend in local governmental employment will probably continue up.

TABLE 6. MUNICIPAL EMPLOYMENT IN SELECTED CITIES
IN THE ARKANSAS VALLEY

Municipality	Employment			Average Annual Salary		
	1950	1960	1964	1950	1960	1964
Colorado Springs*	460	500	547	3,001	4,519	5,375
Pueblo	318	433	473	3,082	4,781	3,776
Lamar**	93	93	99	2,430	3,761	4,612
Canon City	46	77	80	2,167	3,222	3,513
Las Animas	37	44	45	1,284	2,412	3,023
Ordway	8	7	12	1,360	3,311	2,387
Victor***	8	6	6	1,482	2,298	2,095

* Figures do not include employment in Memorial Hospital nor public utilities.

** Figures include employment in Lamar Light and Power Plant.

*** Average annual salary is slightly inflated since annual payroll figures included additional wages when outside labor was required.

Source: Mail questionnaire distributed in May, 1965, by Denver Research Institute.

Sources

- A U. S. Department of Commerce, Bureau of the Census, Census of Governments: 1957, Government in Colorado, Vol. VI, No. 5, Washington, D. C.: U. S. Government Printing Office, 1959.
- B U. S. Department of Commerce, Bureau of the Census, Census of Governments: 1962, Government in Colorado, Vol. VII, No. 6, Washington, D. C.: U. S. Government Printing Office, 1964.

INCOME REDISTRIBUTION BY LOCAL GOVERNMENT

The preceding section indicated that an increasing share of local government activity is being financed by higher levels of government--state and federal--rather than by direct local taxation. This tendency points up the relatively new role of local government as a distributor of basic income within the community.

Basic income, analagous to basic employment, is that which is supported by sources outside the local economic region. In this case, basic income may be distributed through the salaries, purchases, or grants paid out by local government agencies to the extent that these agencies are supported by money transferred to them by outside-the-region governmental sources.

As shown in Tables 2-5, the largest functional areas of local government are public welfare, education, and highways and streets, and all of these are substantially dependent on intra-governmental transfer revenues. Welfare and education are significant importers of basic income.

The Export of Poverty

It is possible that welfare and education spending in Huerfano and Las Animas counties make local government the leading basic industry. That is, the purchasing power imported into these counties by intra-governmental transfer to help support local government may be greater than the purchasing power brought in as a result of producing and exporting coal or lumber or any other category of goods and services.

The import-export analogy may be a little hazy here; if intra-governmental transfers are importing basic income, what is the export? The answer seems clear, that where counties are financially unable to support essential local services and must substantially depend on intra-governmental transfers: they are exporting poverty. The entire region, the entire state, even the entire nation is concerned with such communities because of this general interdependence.

One rough indicator of the relative export of poverty may come from comparing certain state tax collections from a county with the funds returned to local government agencies in that county by the State of Colorado (these State funds may also include federal funds). See Figure 1.

In 11 of the 15 Arkansas Valley counties, the welfare and education transfers from the State are two to five times the State's personal income and sales tax collections (or less).* In the other four counties (Custer, Huerfano, Las Animas, and Crowley), the State's education and welfare contributions are 8 to 11 times the collections of these State taxes. Thus, the fiscal problems of the poorer, more dependent counties are of direct concern to others in the region, or in the State, who must help finance their local governmental services.

* By comparison, in Arapahoe and Jefferson counties, these tax collections are greater than the State's contributions.

FIGURE 1. INTRA-GOVERNMENTAL TRANSFERS FROM STATE GOVERNMENT TO LOCAL GOVERNMENTS
 COMPARED WITH COLLECTIONS OF CERTAIN STATE TAXES FROM THOSE COUNTIES-1964

County	State Funds		State Tax Collections \$000	State Funds per Capita		State Tax Collections per Capita
	Education \$000	Welfare		Education	Welfare	
Baca	284	375	326	\$44	\$58	\$51
Bent	426	482	190	57	64	25
Chaffee	270	593	338	32	70	40
Crowley	224	382	77	56	95	19
Custer	63	152	19	49	119	15
El Paso	9,009	4,809	7,463	52	28	43
Fremont	614	2,028	587	29	97	28
Huerfano	295	1,248	186	37	157	23
Kiowa	84	103	90	35	43	37
Lake	80	165	372	11	22	50
Las Animas	1,074	2,407	423	54	122	21
Otero	1,318	1,885	931	53	76	38
Prowers	727	1,013	595	53	74	44
Pueblo	4,467	6,133	5,021	35	48	40
Teller	135	183	79	52	70	31

Note: The tax collections are state personal income tax and state sales tax. The other major general revenues are not readily assigned by county. The "State Funds" for Welfare contain 50-55 per cent federal government grants to the State of Colorado. Federal funds included in the "State Funds" for Education include: El Paso County, \$3,724,248; Pueblo Co., \$518,672; Bent Co., \$105,338; others, \$118,334.

Sources: Colorado State Department of Education; 1964 Annual Report, Colorado Department of Revenue; Colorado Public Welfare, Fiscal Report 1963-64, Colorado Department of Public Welfare

Future Prospects

Several questions can be raised about the future of the more dependent counties:

Do they have resources which can be developed to generate additional employment, income, and tax base?

If not, is the business environment such that "footloose" firms may be attracted to these counties?

If not, is private investment of any sort apt to come in to these counties?

If not, is the present deficit, the difference between State contributions and State tax collections, apt to continue indefinitely?

While there may be no physical resources which can be immediately developed, the human resources in the more dependent counties may merit investment. The four dependent counties head the list of counties with the lowest educational levels in the Arkansas Valley (page M.3, The Manufacturing Sector of the Arkansas Valley).

This relationship does not prove a casual relationship with the low educational level directly perpetuating poverty, but it seems likely that the low educational level will be a continuing obstacle to efforts to build up the economies of the dependent counties. Some consideration might be given to public investment in an educational system which will motivate as well as train. More productive and mobile employees or potential employees from the dependent counties would result from a successful effort in this direction.

Planning Implications

Intra-governmental transfers to local governmental agencies will probably continue to grow. The Office of Economic Opportunity is working to assist some aspects of the program suggested above. The Elementary

and Secondary Education Act of 1965 has made more educational funds available to economically dependent communities. The pending Public Works and Economic Development Act of 1965, if passed, will authorize - economic development regions, a concept which may permit broader regional attention to problems such as those of the dependent counties. Other federal and state programs of contribution may evolve in the next few years.

All of these programs have in common the need for some advance effort by communities and regions to identify and solve their economic and social problems. Active planning organizations will probably be essential to help existing local government agencies capitalize on their opportunities to acquire funds to expand governmental services while controlling local costs.