

COLORADO

BUSINESS REVIEW

UNIVERSITY OF COLORADO AT BOULDER • BUSINESS RESEARCH DIVISION • LEEDS SCHOOL OF BUSINESS

Volume LXIX, Number 2, 2003

Federal Labs Are Important Economic Contributors to Boulder and Colorado

The U.S. Department of Commerce laboratories in Boulder “provide a strong positive net economic benefit to the city of Boulder, Boulder County, and the state of Colorado” concludes an economic impact study performed by the University of Colorado at Boulder’s Business Research Division for the Boulder Economic Council.

The council, an arm of the Boulder Chamber of Commerce, found the “net economic benefit” of the labs to the city of Boulder to be approximately \$340 million from 2001 to 2005; in 2001 alone it was \$57 million. At the county level the net economic benefit is projected to total \$1.3 billion from 2001 to 2005, with \$221 million the estimated benefit in 2001. The state benefit is projected at \$2 billion from 2001 to 2005, with the net economic benefit for 2001 set at \$332 million.

“The majority of this impact comes from the wages paid to workers at the facilities and indirect benefits derived from the multiplier effect. Additional economic benefits are derived from property taxes paid by Federal Lab employees, purchases made by overnight visitors to the Federal Labs, and personal retail

purchases made by employees,” the report states.

The laboratories studied in this report include the National Institute of Standards and Technology, the National Oceanic and Atmospheric Administration, and the National Telecommunications and Information Administration. Altogether they employ about 1,700 persons in Boulder, including contractors and guest researchers. The report does not include the National Center for Atmospheric Research, which receives its funding from the National Science Foundation.

Federal lab employees are expected to pay \$4 million in retail sales and property taxes in both Boulder City

and County between 2001 and 2005. In that period, these employees are projected to pay \$21.7 million in retail sales and personal income taxes to the State of Colorado. And, they are expected to pay \$9.5 million in property taxes to local school districts in that time period.

“The per capita retail sales tax contributions and property tax contributions of Federal Lab employees living in Boulder County is greater than that of the average Boulder County resident,” the report concludes.

The report also notes that the labs over the past 50 years “have provided stability to the local economy, which is important during economic downturns” and have served as incubators for other high-tech companies.

Thirteen companies with 450 employees were identified as off-shoots of the federal labs.

Prepared by the Business Research Division in the Leeds School of Business at CU-Boulder; the National Institute of Standards and Technology, the National Oceanic and Atmospheric Administration, and the National Telecommunications and Information Administration; and the Boulder Economic Council.

From the editor . . .

This issue of the *CBR* focuses on research projects the Business Research Division (BRD) has been involved with in the past few months. The article on this page presents highlights from an economic impact study of the federal laboratories. The level of interest in high-speed Internet access for the Colorado public sector is examined in the article on page 2.

The BRD and Compass Bank recently announced a Compass on Bank partnership. See the article on the back page to learn how one component of this program, the Business Leaders Confidence Index, can benefit organizations like yours in the months ahead.

We are interested your suggestions for topics of future issues of the *CBR*. Please fill out the brief survey on page 3 and return to us by fax (303-492-3620). We appreciate your help!

—Richard L. Wobbekind



High-Speed Internet for Everyone?

Erin Hickey

During the summer and fall of 2002, the Business Research Division (BRD) in the Leeds School of Business at the University of Colorado at Boulder conducted a statewide survey to determine the current level of interest in a high-speed Internet system that would serve five different public sectors in Colorado. These sectors include cities, counties, schools, libraries, and hospitals. The information provided by this study, which is still in the process of being analyzed, will be used to determine the feasibility of proceeding with a system that provides public-sector access to advanced Internet technologies.

Methodology

Surveys were sent to cities, counties, schools, hospitals, and libraries by way of e-mail, fax, and mail. These methods of distribution were chosen by collaborating organizations that distributed the survey to their constituents across the state in a cost effective way. Some of the key organizations involved in the survey include:

- Colorado Counties, Inc.
- Colorado Municipal League
- Colorado Association of School Executives
- Colorado State Library
- Colorado Health & Hospital Association

The help from these organizations enabled the BRD to meet the various time and cost restraints that were associated with the distribution of surveys to 829 different organizations.

Results

From the sample of 829 organizations, there were 213 respondents, a response rate of about 26%. Responses were received from organizations based in 55

different Colorado counties, with secondary sites in Lake, Dolores, Hinsdale, and Yuma Counties. Only six Colorado counties were not represented in the study.

The survey contained numerous questions about the Internet services these organizations currently use, including questions on cost, connection speed, and overall satisfaction. It was found that the majority (88%) of public-sector organizations were using Internet access provided to them by a vendor, and the monthly fees of these vendors varied greatly. The respondents gave estimates of monthly costs from as little as no monthly fee to a whopping \$9,800. The average cost for all Internet services (Internet access, local circuits, Web hosting, and mail server) was \$555.00 per month.

In a time when broadband Internet access is becoming more prevalent, we found that many respondents (nearly 30%) were still using dial-up connections. It is clear that there is

a substantial cost barrier preventing many public-sector organizations from using high-speed, broadband connections. This is more evident when the responses regarding satisfaction with current service are examined. Respondents were least satisfied with the cost of their connection and the speed of their connection—two things that are vitally important to the overall quality of any Internet service.

Quite a few public organizations throughout the state of Colorado showed initial interest in a public-sector, high-speed Internet project. Fifty percent of respondents expressed definite interest, 37% expressed some interest, and only 8% were not interested. The organizations also made it clear what they are looking for from such an alternative. It is obvious that cost is an overwhelmingly important deciding factor for these organizations, but performance, service, and security also cannot be ignored.

Conclusions

It is important to note that these study results are preliminary. Due to the need for a fast response in a short time period, the overall response rate was relatively low, and only 14% of the public hospitals and 15% of the public libraries responded. However, this study presents a very good base of information on preliminary market conditions and potential customer interest in high-speed Internet access for public-sector entities. So far, there seems to be a clear demand for such services. The only question is whether budgets will play along, and that is a completely different story.

Erin Hickey is a student research assistant with the Business Research Division in the Leeds School of Business at CU-Boulder. He can be reached at <Erin.Hickey@Colorado.edu>.



2002 Directory of Colorado Manufacturers

The 32nd edition of the Directory of Colorado Manufacturers contains contact and product information on nearly 6,000 manufacturing firms.

Copies may be purchased for \$100 each, plus tax.

Information is also available on CD.

Please call the Business Research Division at CU-Boulder at 303-492-8227 for more information.

Tell us what you think!

The Business Research Division would like your input about the *Colorado Business Review (CBR)*. We are interested in your opinions and ideas. Please take a few minutes to complete this brief survey and return it by

faxing it to **303-492-3620**,
or by mailing it to **Business Research Division**
Leeds School of Business
University of Colorado at Boulder
420 UCB
Boulder, CO 80309-0420.

You may also e-mail your comments to <brdinfo@Colorado.edu>.

Are there any topics that you would like to see discussed in future issues of the *CBR*? _____

What suggestions do you have for improving the *CBR*? _____

Articles are encouraged from members of the business community. If you are interested in submitting an article for the newsletter, please indicate your areas of expertise. _____

Do you wish to continue to receive the *CBR*?

YES, please keep my name on the mailing list. Please complete the form below.

NO, please remove my name from the mailing list. Please complete the form below.

Name _____

Company _____

Address _____

City/State/ZIP Code _____

E-mail _____

Is there someone else you think would like to receive the *CBR*? _____

Name _____

Company _____

Address _____

City/State/ZIP Code _____

E-mail _____

Thank you for taking the time to respond to this survey. We appreciate your help!

The *CBR* is a bimonthly publication of the Business Research Division at CU–Boulder. Opinions and conclusions expressed in the *CBR* are those of the authors and are not endorsed by the BRD, the Leeds School of Business faculty, or the officials of CU.

View our Web site: <http://leeds.colorado.edu/brd/>

Richard L. Wobbekind, editor; Cindy DiPersio, assistant editor; Gary Horvath, technical advisor; Lynn Reed, designer

This report is not produced at taxpayer expense.

The University of Colorado at Boulder is an equal opportunity/nondiscrimination institution.

For information/address change:
Business Research Division
420 UCB, University of Colorado at Boulder
Boulder, CO 80309-0420 • 303-492-8227



Colorado Business Leaders Confidence Index

Last fall the University of Colorado Leeds School of Business and Compass Bank proudly announced a Compass on Business partnership. This unique partnership is designed to provide local business leaders with valuable insight into topical economic news and business trends—on local, regional, and national levels.

The Business Leaders Confidence Index (BLCI) is a component of the Compass on Business programs already in place at research universities in Alabama and Texas. Launching in Colorado in March, it provides a quarterly measurement of how Colorado business leaders view specific state and national economic factors relative to their industry, such as hiring decisions, sales and profit forecasting, investment and capital expenditure decisions, and associated inventory planning. It is believed that

business leaders will find the index to be valuable because they will be able to compare their insights with those of their peers. These insights then will be combined with research conducted by the CU Business Research Division to produce a quarterly update on the economy.

Input for the Colorado BLCI is based on a brief on-line survey completed by business leaders across the state in the last month of each quarter. Survey participants' expectations are compared to both the previous quarter and the same quarter of the previous year.

In addition to the economic questions asked each quarter, the survey will include a topical question allowing panelists to weigh in on current business issues. This topical question might touch on topics such as the

effects of the state revenue shortfall, impacts of the defense and security industry on Colorado, and the effect a war on Iraq might have on the local economy.

Panelists can view survey results before they are publicized, helping business leaders stay ahead of coming trends. Results can also be used with other economic data to determine how the Colorado economy compares to other state economies.

You are invited to register your views by becoming a BLCI panelist. Simply log on to <www.blcindex.com> and follow the on-line instructions.

Prepared by the Business Research Division and Compass Bank.

