

Econometer

A Newsletter of Economic Indicators in Southwest Colorado
 from the Fort Lewis College School of Business Administration
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Local Economy Improves During Second Quarter

The La Plata County economy grew moderately during the second quarter of 2001. The growth appeared to be associated with population increase and related economic sectors. The Econometer Index, which includes several sectors of the local economy, increased by more than five percent as compared to the second quarter of 2000.

The national economy grew very slightly during the second quarter of 2001. The U.S. Commerce Department's final estimate showed inflation-adjusted Gross Domestic product (GDP) growing at an annual rate of only 0.3 percent. Still, the national economy had not slipped into a recession at mid-year. Growth in consumer spending declined during the quarter, Business spending on plant and equipment actually declined, while the nation's trade deficit improved slightly. The unemployment rate of the civilian labor force was 4.4 percent in June. This was a very low rate by historical standards. The Consumer Price Index, the most widely-followed index of price inflation, increased 3.2 percent during the twelve months ending in June, 2001.

The Colorado economy was showing signs of weakness during the second quarter of 2001. Employment growth was slowing, and the unemployment rate of the labor force reached 2.9 percent in June. Non-residential construction was decreasing, probably because of increased office vacancy rates in the Denver area. Consumer prices, as measured by the Denver-Boulder-Greeley Consumer Price Index, were 5.4 percent higher during the first half of 2001 than they were during the first half of 2000. The Colorado Economic Chronicle of the Colorado Legislative Council gave the state economy an overall rating of "good, but weakening" for the second quarter of 2001.

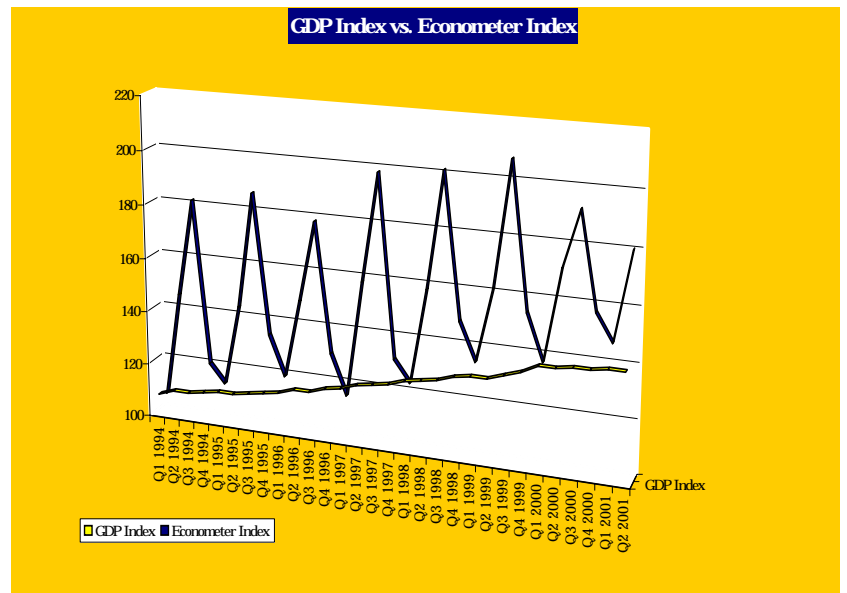
CORRECTION

Changes in residential real estate prices were reported incorrectly in the Summer, 2001 issue of the Econometer. The corrected quarterly and annual changes in real estate prices and the Econometer Index for the first quarter of 2001 are:

Indicator	Change from Previous quarter	Change from Q1 2000
Real Estate	-8.2%	-1.5%
Index	-6.8%	7.2%

On an annual, or year-to-year, basis most sectors of the local economy were improved during the second quarter of 2001. Sectors which were improved on an annual basis included agriculture, energy, industrial activity, construction, real estate prices, finance, employment, population, and retail trade. Tourism declined slightly, Enrollment at Fort Lewis College was virtually unchanged from year to year.

The La Plata County economy is highly seasonal, so that some sectors of the local economy vary significantly during the course of the year. Sectors of the local economy which expanded from the first to the second quarters of 2001 included tourism, construction, retail trade, real estate prices, and bank deposits. Employment and population were stable from quarter to quarter. College enrollment showed a normal seasonal decline as the summer began. Also declining seasonally were industrial activity, energy prices, and prices for agricultural products.



The graph which compares the Econometer Index of the local economy with the Gross Domestic Product of the United States shows the seasonal change of the local economy from the first to the second quarters of the year. The annual change in the local economy may be seen by comparing the Index for the second quarter of 2001 to the Index for the second quarter of 2000. The graph of the GDP index shows the continuing growth of the national economy, which has been expanding since the Spring of 1991. Both the Econometer Index and the GDP Index are based on 1990, with an average value of 100 for that year.

Economic Indicators

Tourism

Tourism showed a normal sharp increase from the first to the second quarters of 2001. On a year-to-year basis tourism measures declined by more than three percent.

Retailing

Retail sales, after adjustment for inflation, improved seasonally and also increased by almost two percent on an annual basis.

Employment

Employment in La Plata County is estimated by the Colorado Department of Labor and Employment. These estimates are subject to significant revisions. According to state estimates, employment in Las Plata County increased by almost four percent from year to year and by one percent from the first quarter to the second quarter of 2001.

Agriculture

Agricultural prices were mixed during the second quarter of 2001. Calf prices decreased about one percent from quarter to quarter and also from year to year. In contrast, alfalfa hay prices increased by about one percent from quarter to quarter but by forty-nine percent from year to year.

Industrial Activity

Industrial kilowatt-hours used decreased by seventeen percent seasonally, as the winter heating season ended, but

Tourism Indicators Second Quarter 2001		
Indicator	Number	Percentage Change from Previous Year
Mesa Verde	174,404	-4.0%
Durango & Silverton Narrow Gauge Railroad	53,131	-8.1%
Durango-La Plata County Airport	18,582	4.7%

increased by more than fourteen percent year over year. Most industrial use of electricity in La Plata County is to compress natural gas for transmission through gas pipelines.

Population

The number of residential electric meters increased very slightly from the first to the second quarters of the year. The number of meters also increased by more than two percent from year to year. The annual increase in the number of residential electric meters suggests that the population of the county is continuing to grow.

Finance

After adjustment for inflation, bank deposits in La Plata County increased by three percent from quarter to quarter and by five percent year over year. Bank deposits are an important indicator of the economic health of the community, as well as an indicator of the ability of local banks to make loans.

Fort Lewis College

Enrollment at Fort Lewis College showed a normal seasonal decline as the campus made the transition to summer sessions. On an annual basis, enrollment was stable.

Construction Activity

Construction activity increased sharply from quarter to quarter as winter ended and the spring building season began. Year over year, the value of construction increased by more than thirteen percent.

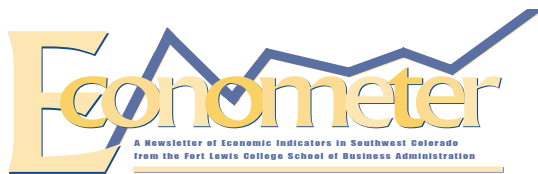
Energy Prices

The federal government's energy price index declined seasonally by more than sixteen percent but increased by more than

twenty-one percent from year to year. Energy prices are of significance to La Plata County because the county is a major producer of natural gas. Rents and royalties, as well as property tax revenues associated with natural gas production, are very important to the local economy.

Real Estate

The median price of residential real estate in La Plata County, after adjustment for inflation, increased by more than thirteen percent from the first quarter to the second quarter of 2001 and by more than six percent from the second quarter of 2000 to the second quarter of 2001.



The Econometer is a newsletter on economic indicators of Southwest Colorado published by the Office of Economic Analysis and Business Research in the Fort Lewis College School of Business Administration. For information, contact:

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Hiring Individuals with Disabilities

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Want to save money on employee costs? Hiring individuals with disabilities may be the answer. Businesses may find good reasons for hiring employees with disabilities. Beyond the legal incentives for businesses subject to the Americans with Disabilities Act of 1990 (ADA), tax incentives and increased worker productivity may make hiring workers with disabilities a profitable undertaking for many smaller businesses as well.

Between 43 and 54 million Americans have one or more physical or mental disabilities. The ADA was created in an effort to improve the economic status of individuals with disabilities by eliminating employment discrimination against them. However, ten years after the law was enacted, the disabled are still far behind in economic achievement. The poverty rate for individuals with severe disabilities is 27.9%. This is considerably higher than the poverty rate for individuals without disabilities, which is 8.3%.

The ADA prohibits employers from discriminating in regard to any job decisions such as hiring, promotion, training, etc., against a qualified individual with a disability because of the disability. Only employers with 15 or more employees for 20 weeks of the year are subject to the ADA. A disability is defined as "substantially limiting" the ability to perform major life activities or being perceived as having such a condition. Firms must make reasonable accommodations for employees with disabilities provided this does not cause undue hardship (requiring significant difficulty or expense) on the employer. Reasonable accommodation includes making existing facilities accessible by persons with disabilities, job restructuring, work schedule adjustments, changes in training materials, etc.

Politically, employment of the disabled has become a hot topic. President Bush issued the New Freedom Initiative that focuses on helping individuals with disabilities achieve access to employment and many other aspects of society. In fiscal year 2001, the United States Congress created the Office of Disability Employment Policy whose mission is increase employment for individuals with disabilities.

The Equal Employment Opportunity Commission (EEOC) has been charged with enforcing the ADA and other anti-discrimination laws. Historically, the EEOC has not been an effective force in preventing discrimination in the workplace due to lack of both funding and leadership. However, with the renewed interest by the President and Congress regarding individuals with disabilities, the EEOC may be pressured to step up ADA enforcement. The EEOC has had recent success in enforcing the ADA. For example, in a 1997 case against Wal-Mart in Albuquerque, an individual was awarded \$3.5 million because he was denied a job as a cashier because he used a wheelchair. Thus, the financial costs of not following the ADA may be extreme. "By now it should be clear that employers may not flagrantly disregard laws prohibiting discrimination in the workplace on the basis of disability," said C. Emanuel Smith, acting regional attorney of EEOC's Phoenix District Office (EEOC 2001). The legal and financial penalties for businesses' failure to comply with the ADA appear to be real.

In addition, employers of all sizes who hire individuals with disabilities find that there are financial benefits. According to the Job Action Network (a service provided by the U.S. Department of Labor to help businesses comply with the ADA and work with employees with disabilities), an average return of \$28.69 in benefits

exists for every dollar invested in making an accommodation. The benefits come in terms of retaining loyal employees, increasing the pool of job candidates, increasing productivity, etc.

Often the distinction is made between workers with mental disabilities and those with physical disabilities, although, some workers may have both. The accommodations required to include these two types of workers are

different. Those with physical disabilities require accommodations in the form of physical, technological changes, or varied work schedules. Examples include keyboards with Braille, allowing the worker to sit down on the job, or wheelchair ramps. Sixty-nine percent of the accommodations suggested by the Job Action Network cost less than \$500.

Hiring workers with mental disabilities has proven to be profitable for many companies. Several studies show that workers with developmental disabilities have a positive impact on businesses' productivity and profitability. For example, one study (Kregel and Tomiyas, 1994) found that co-workers become invested in the success of the individual with a developmental disability that increases camaraderie and cooperation. Locally, First National Bank of Durango and North City Market have had positive experiences with hiring individuals with developmental disabilities. Accommodations for workers with mental disabilities often involve creativity on the part of the manager

(Continued on page 4)



Hiring Individuals with Disabilities

or business owner to create jobs at which the individual can be successful. In La Plata County and surrounding counties, Community Connections works with organizations to help them hire developmentally disabled workers. Included in their services are providing a job coach on a temporary or permanent basis. Job coaches help the employee with all aspects of holding a job including understanding job requirements, working with company protocols, and getting to work.

In addition to improvements in employee productivity, hiring workers with disabilities can directly affect a firm's bottom line. Several tax programs exist to encourage compliance with ADA, hiring workers with disabilities and improving access to facilities.

- Small businesses can apply for a tax credit of 50% of expenditures to make facilities accessible.
- All businesses may take a tax deduction of up to \$15,000 a year for expenses incurred to remove barriers for persons with disabilities.
- The Work Opportunity Tax Credit of up to \$2400 is available for business that hire targeted low income workers, including recipients of Social Security Insurance (received by some of the disabled) and vocational rehabilitation referrals.

Information about these tax credits is available at www.dol.gov/dol/odep/public/media/reports/ek97/tax.htm

Resources to help employers work with the disabled:

National:

- Job Action Network 1-800-526-7234 www.jan.wvu.edu/english/homeus.htm

Statewide:

- Colorado Business Leadership Network www.cbln.org
- Colorado Division of Vocational Rehabilitation (970) 247-3161

Local:

- Community Connections (970)259-2464

These organizations can help employers who need to be aware of the many regulations surrounding interviewing and hiring workers with disabilities. For example, it is illegal to ask an individual in an interview if he or she has a disability. An employer may ask the individual how he or she will accomplish the tasks required. Everyone who is interviewed should be informed that the company has an established process for accommodating those who need it, as not all disabilities are visible to the interviewer. All companies subject to the ADA should develop such a process. Applicants must request accommodation. Once they do so the company must engage in an interactive process to arrive at a reasonable accommodation. This interactive process involves arriving at a plan to accommodate the worker.

The purpose of the ADA is to decrease employment discrimination against the disabled. However, many businesses are realizing that hiring workers with disabilities can be profitable as well. Legal, productivity and tax incentives exist to encourage businesses to hire workers with both mental and physical disabilities.

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Articles published in the Econometer present only the opinions of the authors and do not represent the views of the School of Business Administration of Fort Lewis College.

Methodology

The base period for the Econometer Index is 1990. Data is developed on a quarterly basis, usually from monthly sources. Monetary data are adjusted to the 1990 price level so that analysis may be done in real terms. Weights used in the Index are: Tourism(.325), Retail Sales(.25), Employment(.05), Agriculture(.05), Industrial Kilowatt Hours(.025), FLC Enrollment(.10), Building Permits(.075), Energy Prices(.025), Residential Real Estate Prices(.025), Residential Electric meters(.025), Bank Deposits(.05).

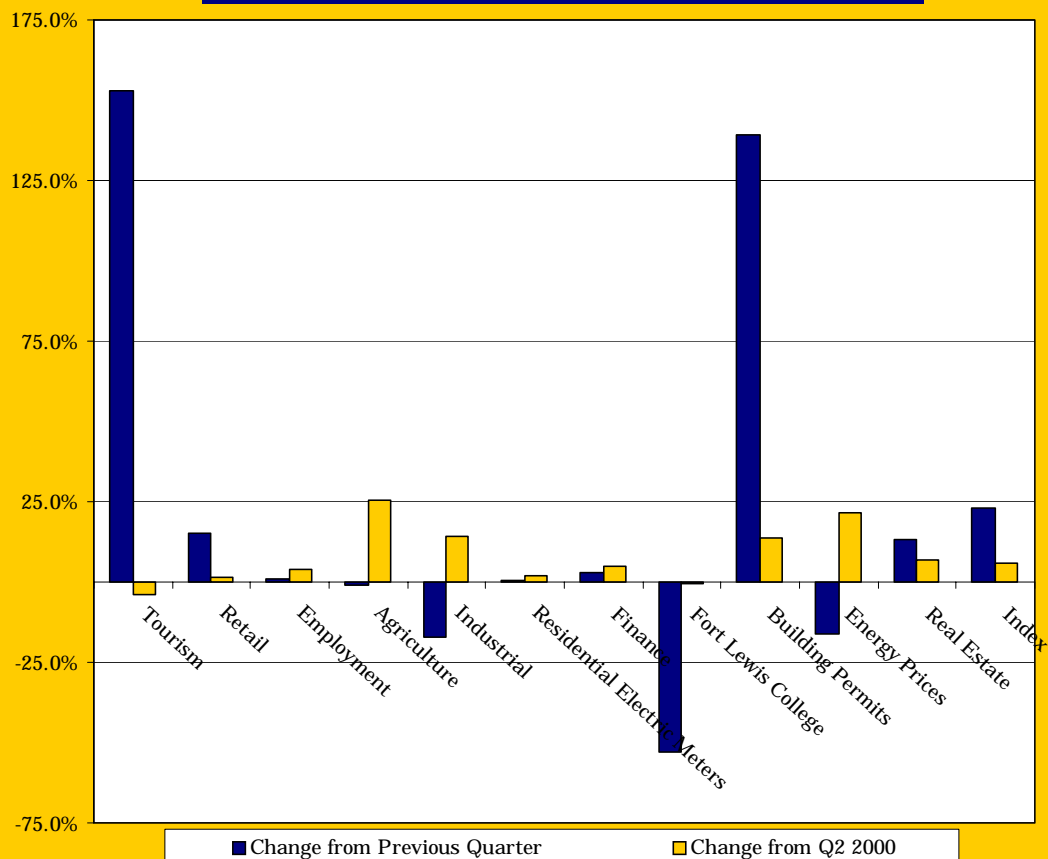
Tourism includes train ridership, Mesa Verde visitors, and airport passenger activity. Agriculture includes calf and alfalfa hay prices.

The index is revised periodically to ensure that it accurately reflects the developing economy of Southwest Colorado.

Growth in Economic Indicators

Indicator	Change from Previous Quarter	Change from Q2 2000
Tourism	152.8%	-3.7%
Retail	15.2%	1.7%
Employment	1.0%	3.8%
Agriculture	-1.2%	25.3%
Industrial	-17.0%	14.4%
Residential Electric Meters	0.4%	2.1%
Finance	3.0%	5.0%
Fort Lewis College	-53.1%	-0.6%
Building Permits	139.2%	13.5%
Energy Prices	-16.3%	21.6%
Real Estate	13.3%	6.7%
Index	23.1%	5.8%

Growth in Economic Indicators



WE ARE IN!

We have had numerous articles about the progress of our wonderful new building over the past year. We are in! We have now occupied our brand new 53,000 foot facility. The dream has become a reality that most of us thought that we would never experience at Fort Lewis College. The students, the faculty and staff that work in this great facility have had both an incredible morale boost along with a delight in walking into a facility that is so inviting and hospitable for our business of educating students. If you are a taxpayer in the state of Colorado, you helped to build this building and you owe it to yourself to make a personal visit to see the results of your investment. I think you will be pleased. Just call me when you are ready for a tour and I promise to be your personal tour guide. My number is 247-7294.

On a much more somber note we got a 911 wake up call literally on September 11, 2001. The event that took place in New York City is something that none of us could have ever imagined or dreamed would happen in the civilized world. But it did! Our liberties were probably disrupted to some extent forever. Many have accused Americans of being arrogant. I would like to suggest that we were simply living our lives as Americans and enjoying the bounties of a country and economy that we govern, have worked for, died for, educated for, and prayed for. I hardly believe that is arrogant. It is true that we are probably the envy of most of the world and in many ways frightening to other parts of the world. Certain societies are frightened of us because if our liberties were to transfer to their societies, their societies would change. That is probably true. But as you look around the world it is hard to find another model of governance, of economics, of law and liberty that we would choose over our own. The free world got a 911 call September 11. The response to that call could change the world. We need to pray that it will change for the better.

It is not news to point out that the U.S. economy, the Colorado economy, and the La Plata County economy, to some extent, had all shown some weaknesses prior to this fall. Our

economic cycle probably topped out a year or so ago and then turned down. That is very much a part of the self-correcting business cycle that economies go through. It will take some time for the economic, monetary and fiscal corrective mechanisms to have impacts on the system to return us to a period of growth. The bombing of the World Trade Center had a negative impact on that process although it did not cause the process to begin. We were already in the downward component of the cycle. However, there was a negative impact on consumer confidence and perhaps the confidence of the investment community was shaken. This exacerbated the economic situation in a negative sense. It is too early to tell what the eventual outcome will be. The economy is in the process of rebuilding a basis for a turnaround in economic activity. No one can predict how long that will take. The equities market already appears to have shown signs of a bottoming formation and possible turnaround. However, there are many uncertainties yet to be resolved.

On January 3, 2002, we will have our Tenth Annual Southwest Business Forum. Many of you have attended in the past and we hope you will be there again. We will have three expert economists who will speak on various sectors of the economy. Dr. Vern Lynch, the author of this publication, will speak on the La Plata County economy as usual. Vern always helps us better understand our economy and where it is headed. Dr. Rich Wobbekind, who by the way was in the World Trade Center when the attack occurred, will talk to us about the Colorado economy, and Dr. Michael Swanson of Wells Fargo Bank will discuss the national and international economies. This is an especially significant time for us to hear what these well-informed individuals have to say about where our economy is and where it is headed. I hope you will plan to be present on January 3 in Noble Hall 130 beginning with a continental breakfast at 7:30. I promise you that it will be an exciting and informative event as usual. It will be an especially great time for you to visit your beautiful campus to see our new building. I will see you there.

Dean's Corner

By Skip Cave, Dean
School of Business
Administration



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