

University of New Mexico
Bureau of Business and Economic Research



ECONOMIC CONDITIONS IN THE LUCKY CORRIDOR REGION

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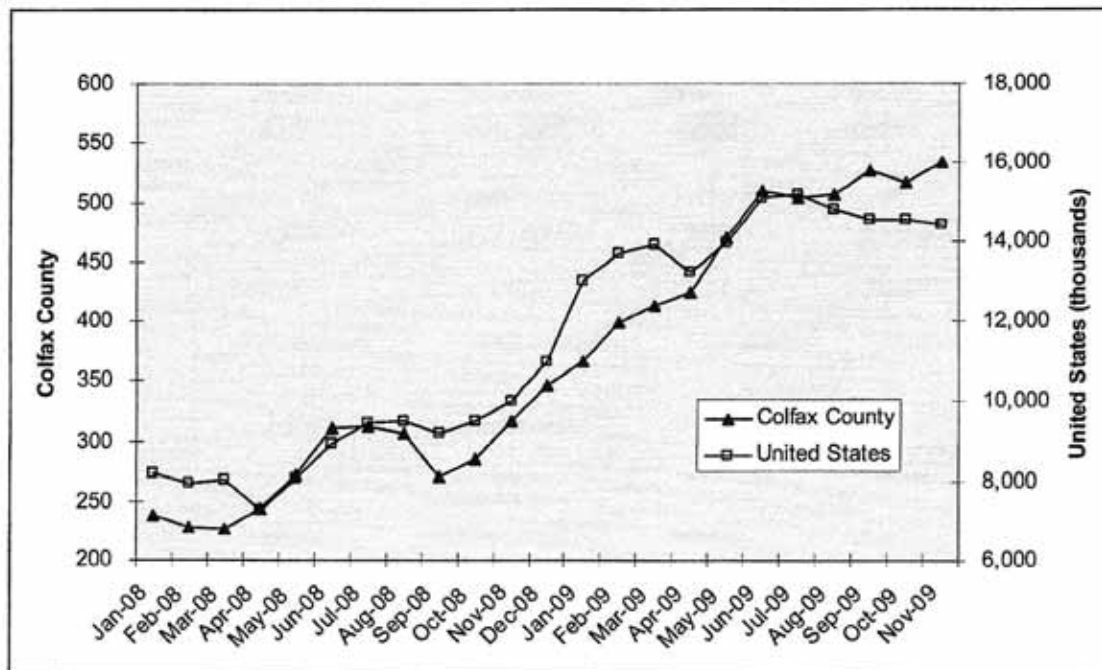
By nearly all measures, New Mexico is among the states most in need of economic development. According to the Census Bureau's most recent American Community Survey (2006-2008), New Mexico has the third highest rate of poverty among the 50 states, with 17.9 percent of the total population living below the poverty line¹. According to the same source, New Mexico ranks fourth in terms of childhood poverty, with 25.9 percent of persons under the age of 18 years living below the poverty line. Underlying high rates of poverty is the fact that incomes in New Mexico are among the lowest in the country. According to the Bureau of Economic Analysis, per capita income in New Mexico ranked 42nd among the 50 states in 2009, nearly 16 percent below the national average².

¹ U.S. Census Bureau, 2006-2008 American Community Survey 3-Year Estimates, Table B17001.

² Bureau of Economic Analysis, Regional Economic Accounts, Table SA1-3.

The economic challenges facing New Mexico are especially acute in the Lucky Corridor region³. This region suffers from rising unemployment, declining population, low wages and persistently high levels of poverty. According to the most recent available data⁴, employment in the four counties of the Lucky Corridor has declined by 3.9 percent since the onset of the national recession at the end of 2007. While the decline has been somewhat lower than the 5 percent decline in national employment, in Colfax County, where the initial phase of project work is to be located, employment has fallen by 7.2 percent.

FIGURE 1: NUMBER OF UNEMPLOYED WORKERS IN COLFAX COUNTY AND THE UNITED STATES, JANUARY 2008 – NOVEMBER 2009.



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics.

Further, available data suggests that the impact of the national recession on the Lucky Corridor was delayed and will likely continue to deepen even as the national economy begins to recover. The reason for the delay in the onset of the recession in northern New Mexico was the persistence of high oil and gas prices, which supported employment in both the private and public sectors. However, since the decline in resource prices in July and August 2008, the rate of job loss in the Lucky Corridor, and Colfax County in particular, has surpassed that of the national economy. During the second half of 2009 (through November), the number of unemployed in the Lucky Corridor and Colfax County grew by 65 and 69 percent, respectively, compared to an increase of 50 percent nationwide. As recently as the fourth quarter of 2009, when the number registered as

³ In this analysis, the Lucky Corridor is defined as Colfax, Taos and Union Counties in New Mexico, and Las Animas County in Colorado.

⁴ Bureau of Labor Statistics, Local Area Unemployment Statistics.

unemployed declined nationally, the number of unemployed grew by 2.5 percent in Colfax County compared to preceding quarter.

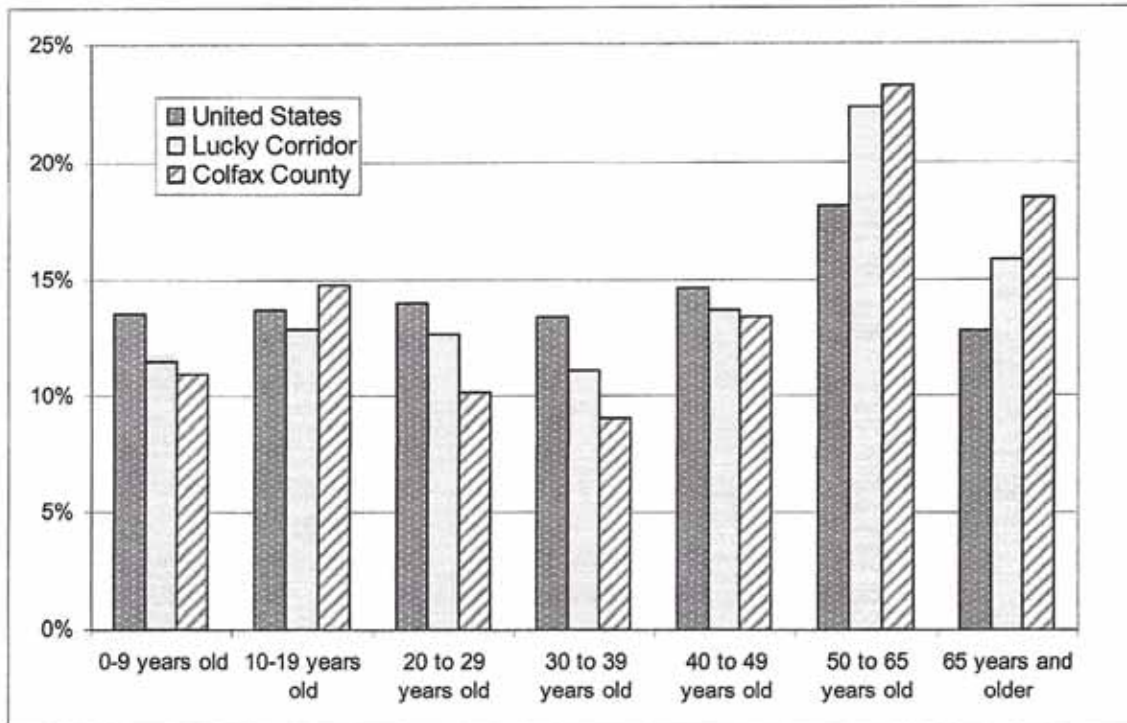
The impact of job losses on the unemployment rate of the Lucky Corridor region has been constrained only by a corresponding erosion of the labor force. In Colfax County alone, the size of the labor force has declined by more than 17 percent since the July 2008 peak.

The erosion of the labor force in the region is one aspect of a more fundamental change in the structure of the local population. According to current Census estimates⁵, the population in the three counties of Lucky Corridor in New Mexico grew by 0.7% per year during the period 2000-2008, well below the 1.1% rate of growth throughout the United States. In Colfax County, outside of the resort communities of Angel Fire and Eagles Nest, UNM-BBER estimates that the population fell by 1.4 percent over the eight year period.

More problematically, during this same period the population of the economically critical 20-39 year old age cohort declined by 1,480 persons, or by 10 percent of the 2000 total, in the three New Mexico Counties. During the same period, the size of the senior population (65 years old and over) grew by nearly 20 percent in these counties. These changes were even more pronounced in Colfax County. By comparison, for the United States the size of the 20-39 year old cohort grew by 0.8 percent, while the size of the nation's senior population grew by a relatively modest 11 percent. Population estimates are not available for 2009, but given of the very sharp contraction in labor participation during the first three quarters of the year, it is reasonable to expect an acceleration of these patterns of population loss.

⁵ Census Bureau, 2006-2008 American Community Survey 3-year Estimates.

FIGURE 2: ESTIMATED POPULATION DISTRIBUTION BY AGE GROUP, FOR UNITED STATES, THE LUCKY CORRIDOR AND COLFAX COUNTY, NEW MEXICO, 2008.



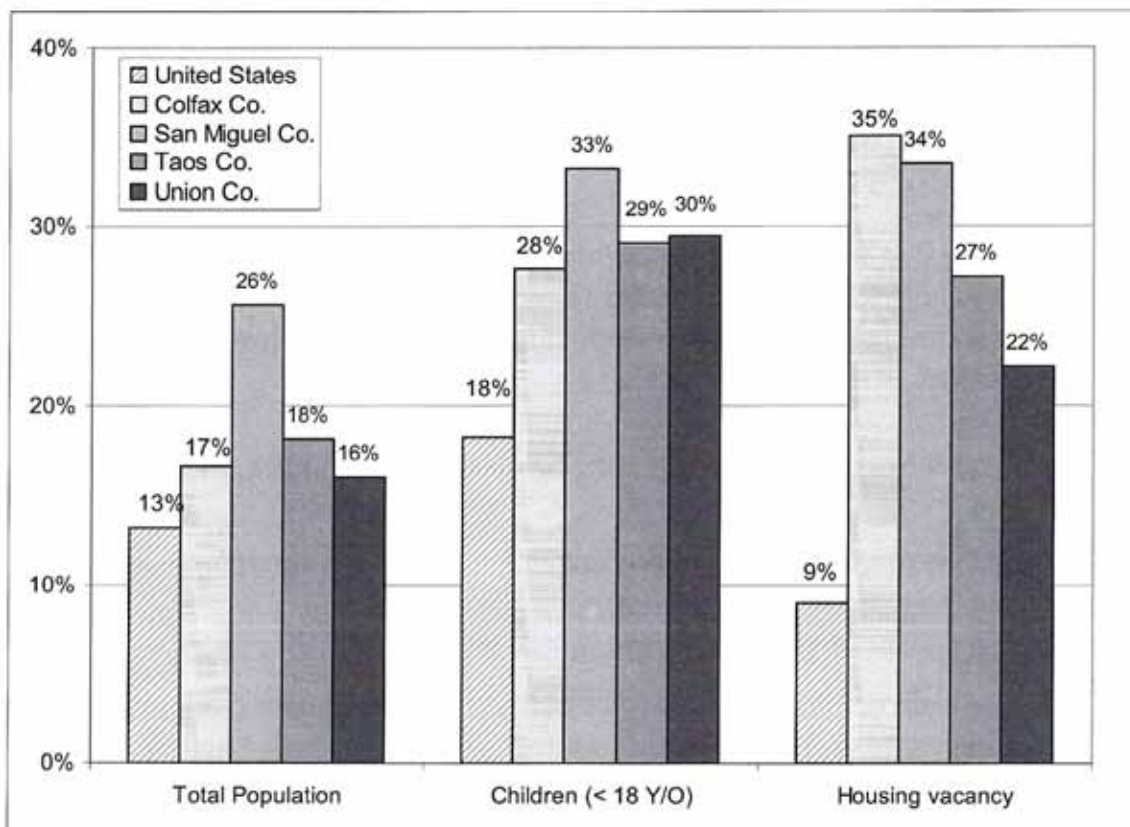
Source: U.S. Census Bureau, 2008 Population Estimates.

The loss of employment, the erosion of the labor force and broader patterns of demographic change are associated with low incomes and high rates of poverty in all of the counties that comprise the Lucky Corridor, as well as neighboring San Miguel County where training programs will be conducted. According to Census Bureau estimates⁶, in 2008 median household income in the Lucky Corridor was 29 percent below that of the entire United States – \$36,919 compared to \$52,069. According to these same estimates, the counties of the Lucky Corridor and San Miguel County in New Mexico are all among the 25 percent of U.S. counties with the lowest median household income. Further, according to the same source, the share of the population in the Lucky Corridor living below the poverty line was one-third higher than the national rate – 17.4 percent compared to 13.2 percent. Among children under the age of 18, 26.5 percent live in poverty in the three county area, compared to 18.2 percent of all minors in the US. Again, all of the three counties in the Lucky Corridor rank among the 25 percent of all U.S. counties with the highest rate of childhood poverty.

⁶ Census Bureau, Model-Based Small Area Income and Poverty Estimates for School Districts, Counties and States (SAIPE); <http://www.census.gov/did/www/saipe/>

Further reflecting the extent of depopulation and disinvestment in the Lucky Corridor, the 2000 Census indicated that 27 percent of all housing units in the region were vacant; fully 35 percent of housing units in Colfax County were similarly vacant. By comparison, the Census tabulated 9 percent of all housing units in the United States were vacant.

FIGURE 3: ESTIMATED RATES OF POPULATION AND CHILD POVERTY, 2008; AND HOUSING VACANCY RATES, 2000, IN THE UNITED STATES, AND IMPACTED COUNTIES IN NORTHERN NEW MEXICO.



Source: Census Bureau, SAIPE for poverty rates; 2000 Decennial Census for housing vacancy rates.