

## THE SPRINGS ECONOMY

# Primary jobs are of prime importance to thriving community

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*On the economy*

There has been some recent discussion about the value of public financial support of local economic-development efforts designed to create primary jobs.

A small, but vocal, minority charges that the only beneficiaries of the local economic development program are a few local businesses that stand to profit in a growing economy.

Economic theory tells us that a viable local economy depends on primary industry. It brings new dollars into the local economy by selling goods and services to outside buyers.

When those new dollars are spent in the local economy, secondary jobs are created. Economists call this the multiplier process.

Primary industries in Colorado Springs include the military, visitor industry, aerospace, defense, manufacturing, higher education, national nonprofits, Olympic sports, financial services, information technology, telecommunications, and others.

An estimated 125,100 workers are employed in the primary sector in Colorado Springs.

Without primary jobs, a community would have few, if any, secondary jobs. Secondary jobs depend on primary jobs.

Secondary industries include retail, services, real estate, banking, construction and local government. There are about 126,900 workers employed in the secondary sector in Colorado Springs.

Each primary job supports a little more than one secondary job in Colorado Springs. Take primary jobs away, and the city's economy slows dramatically.

That's what happened in 2001 and 2002 when a large number of plants closed or were downsized. About 8,700 primary workers lost their jobs in 2001 and 2002, and the unemployment rate rose from 2.8 percent in 2000 to 6.4 percent in 2003.

New primary jobs must be created in Colorado Springs every year just to keep up with plant closures, downsizing and the resulting worker layoffs. It's a fact of modern business: Companies come and go.

Those primary jobs must be replaced, or the city's economy will rapidly decline. During the past 15 years, 28,200 primary jobs have been lost to layoffs or relocation. On the average, about 1,900 new primary jobs must be created each year just to stay even.

New primary jobs also must be created every year to keep up with a growing labor force. Colorado Springs' labor force grows even if no new people move to the city.

Each year, the number of young people who want to start working is about 3,200 greater than the number of workers who retire. This means that about 1,600 primary jobs, which will generate another 1,600 secondary jobs, must be created each year or these new job seekers will have to move to another city to find work.

More primary jobs mean increased small-business opportunities. New money from primary jobs coming into the local economy and the resulting secondary jobs create markets for goods and services, such as restaurants, automobiles, retail shops, insurance, banking services and dry cleaning, that are produced or sold locally.

But take away primary jobs and those markets and business opportunities dry up.

Finally, it must be pointed out that primary job creation is not the main reason the area is growing. For example, of the 2,460 primary jobs announced for creation by the Economic Development Corp. in the first 10 months of 2006, 23 will be transfers from out of town and 2,437 will be local hires.

In addition, most of Colorado Springs' population growth is due to natural population increase, the difference between births and deaths, not to arriving job seekers. The U.S. Bureau of the Census reports that natural increase accounted for 62 percent and net migration accounted for only 38 percent of the increase of 37,650 in the metro area's population from 2001 to 2004.

The facts show how important it is for the Colorado Springs community to continue to create primary jobs.

To summarize, 1,900 primary jobs must be created each year to replace those that are lost from plant closings and downsizing, and another 1,600 must be created each year to meet the needs of a growing labor force.

Remember the words of Rocky Scott, the former president of the Colorado Springs Economic Development Corp.: "Quality of life starts with a job."

Thus, about 3,500 primary jobs must be created each year just to maintain the quality of life in Colorado Springs.

That is a big challenge for the community. Public financial support should play a key role in that effort.

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