

local insights

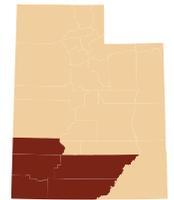
fall 2014 southwest

An economic and labor market analysis of the Southwest Utah Area

vol. 3 issue 2 • jobs.utah.gov



New Population Estimates from the Census Bureau



BY LECIA LANGSTON, ECONOMIST

The U.S. Census Bureau recently continued its stream of population estimate releases with detailed information about the gender, age, race and ethnicity of Utah's counties. Understanding the age and gender structure of a particular county can help public officials determine the services and needs of their constituencies, and help employers benefit by understanding the type of labor available. Businesses in general can focus on market demand for their goods and services.

The Gender Divide

In the twentieth century, Utah females often outnumbered males in the population counts. However, by 2000 men took the lead. The recent switch appears to be primarily the result of an influx of working-age Hispanic/Latino males. In 2013, Utah males

comprised just slightly more than half the population (50.3 percent). This pattern can also be detected in several southwest Utah counties. In fact, Garfield (52.1 percent) and Beaver (51.7 percent) counties display two of the highest male population shares in the state. Kane County's male/female breakdown mimics the state at 50.3 percent while Iron County's population appears almost evenly split at 50 percent per gender. On the other hand, Washington County breaks from the typical configuration with the smallest share of men (49.4 percent) in the state.

Age Versus Youth

While Washington County maintains a well-deserved reputation as a retiree state, Kane County actually shows a higher share of population in the 65 and older population group. Three

in this issue:

- New Population Estimates from the Census Bureau 1
Age and gender data paints a portrait of Southwest Utah demographics.
- Current State of the Economy in Southwest Utah..... 4
Economists see some signs of economic improvement in the region.
- Labor Supply Can Sustain Utah's Growth..... 8
Gauging whether Utah's labor supply can support our job growth.

"We are always the same age inside."

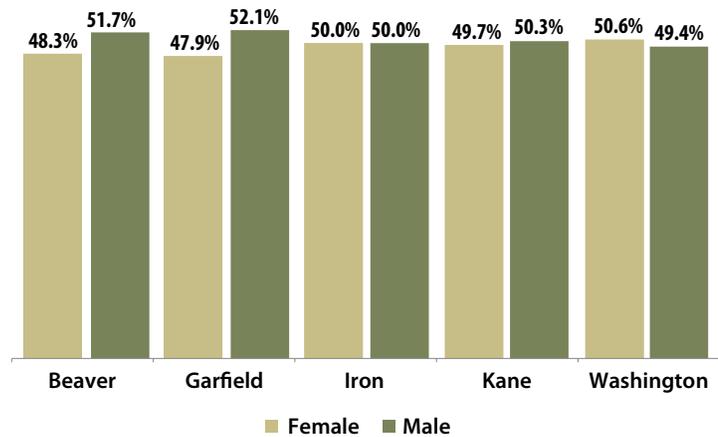
— Gertrude Stein



counties in southwest Utah, Kane (20 percent), Washington (19 percent) and Garfield (19 percent) ranked among the top five Utah counties for the highest share of seniors in 2013. Beaver County exhibited a relatively moderate share of population in the 65 plus category (13 percent), while Iron County tagged behind with one of the lower shares of seniors (11 percent) statewide.

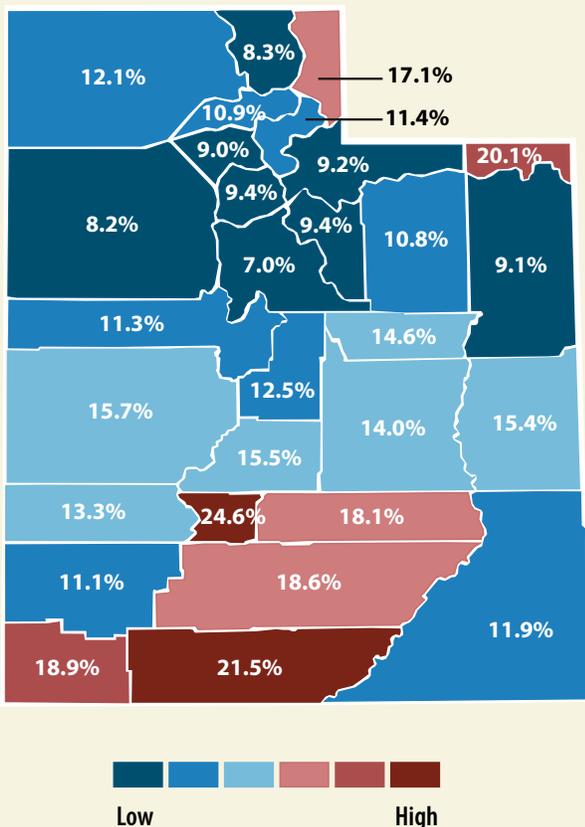
Do the older-than-average counties show lower-than-average youth populations? Some correlation did appear. The share of the population under five years old registered higher in Iron (8.6 percent) and Beaver (8.5 percent) counties than in the rest of southwest Utah. However, these counties run in the middle of the Utah county-by-county pack. Kane County's share of under-five population

Figure 1: 2013 Population Estimate Shares by Gender



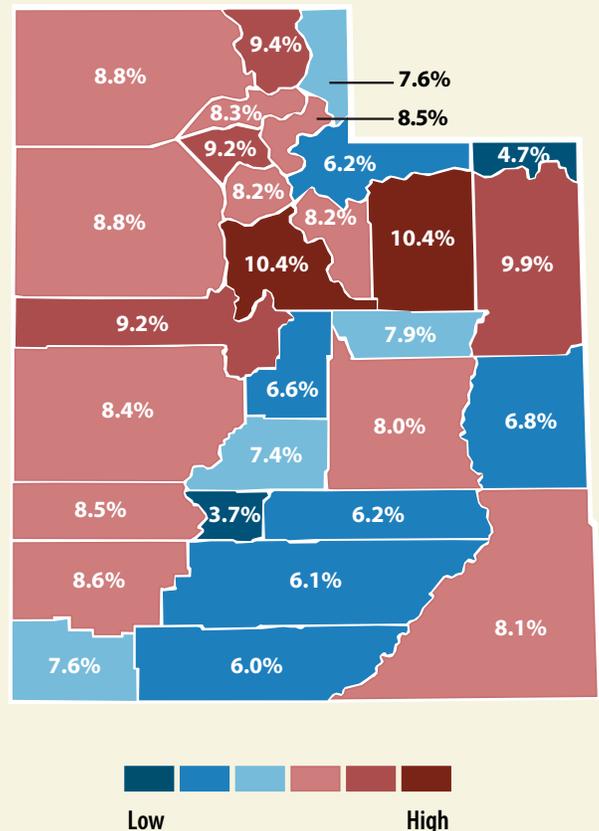
Source: U.S. Census Bureau Population Estimates.

Figure 2: 2013 Share of Population 65 Years and Older



Source: U.S. Census Bureau Population Estimates.

Figure 3: 2013 Share of Population Five Years and Younger



Source: U.S. Census Bureau Population Estimates.

(6 percent) does rank third-lowest in the state. Nevertheless, the proportion of residents under age five in Washington County measures relatively high (almost 8 percent) for a county with such a high percentage of seniors.

Time After Time

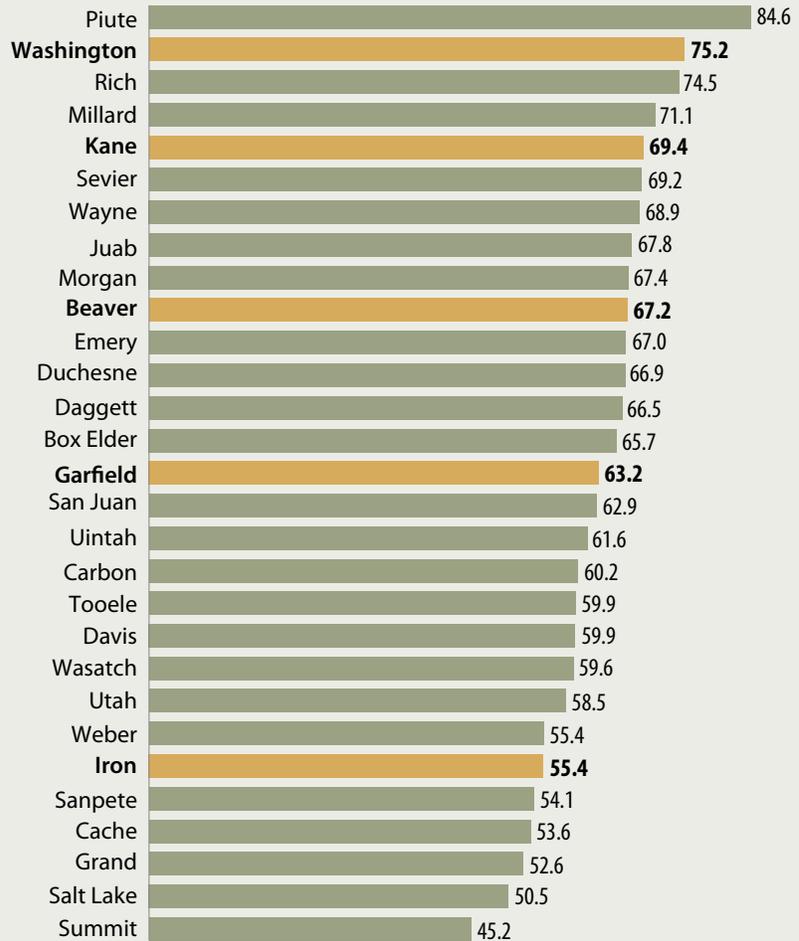
The age structure of a particular population changes relatively slowly over time. In the four years between the collection of Census data and 2014, alterations in the share of population in particular age ranges have proved minor. However, a few trends do emerge. Every county in the region showed a slight decline in its under-10 population share. This may be related to a slowdown in births during the recession. In addition, all southwest Utah counties experienced increases in the 60-and-older population as the first baby boomers started to reach retirement age. Beaver County's estimates showed the least age-related change and Washington County's estimates displayed the most dramatic transformation. In Washington County the share of the population 60 years and older increased from 22 percent in 2010 to 25 percent in 2014. In addition, Washington County exhibited a 4 percentage point decline in the share of the population under the age of 30.

Dependency Ratios

Economists and demographers often use dependency ratios to provide insight into the pressures on the productive portion of the population. In this article, the dependency ratio is expressed as the number of people aged 0-14 plus those ages 65 and older as a ratio of the population in the 15 to 64 age group. The higher the ratio, the greater is the supportive burden of working individuals. In a country, a very high dependency ratio could result a decline in productivity expansion and place pressures on government finances ultimately resulting in lower economic growth. While dependency ratios don't necessarily highlight the same issues on a local level, they provide insight into an area's population age structure.

The current Census population estimates easily lend themselves dependency ratio

Figure 4: 2013 Dependency Ratios* by County

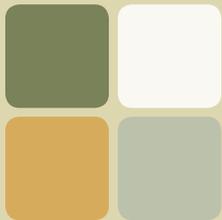


* Dependency Ratio equals (Population 0 to 14 years + Population 65 years and older) ÷ (Population 15 to 64 years).

Source: U.S. Census Bureau Population Estimates.

calculations by county. Washington County with its high share of seniors and moderate share of young residents showed the second highest dependency ratio in Utah during 2013 (75 individuals of nonworking age per 100 persons of working age). Kane County took fifth

place with a dependency ratio of 69. With its small senior population, Iron County displayed the lowest dependency ratio in southwest Utah (55). Garfield and Beaver counties both tended toward the middle of the pack with ratios of 63 and 67 respectively.



Current State of the Economy in Southwest Utah

BY LECIA LANGSTON, ECONOMIST

Beaver County

Beaver County's economy presented a mixed bag of indicators. Job growth slowed substantially and gross taxable sales contracted. On the other hand, unemployment levels continue to decrease and construction picked up. However, in the final accounting, the county must generate a higher level of employment growth to be considered economically healthy.

For the past half-decade, Beaver County's employment levels have fluctuated in tandem with the coming and going of green-energy construction projects. Although construction jobs bottomed out in the first quarter, the remaining industries failed to pick up the employment torch. Nevertheless, nonfarm jobs figures still stayed in the black with a 0.7 percent, 16-job year-to-year increase in March 2014. Mining and covered agriculture lost more than ten jobs each while retail trade and transportation added 19 and 15 positions respectively. The remaining industries experienced little change, adding a job here or losing a job there.

Beaver County's unemployment rate hasn't suffered from the slowdown in employment expansion. In June 2014, joblessness dropped to a mere 3.3 percent, certainly in the realm of full employment. The county's rate registered below both state (3.5 percent) and national (6.1 percent) averages.

Recently released construction permitting figures for 2013 indicated that while nonresidential permits dominated the figures, residential permitting started to recover. After decreasing for more than seven years, the county finally experienced an upswing in the number of permits for new dwellings.

Gross taxable sales seemingly took a beating in the first quarter of 2014 with a 10 percent year-over decline. However, that's

only because first quarter 2013 figures were over inflated due to business expenditures related to construction projects.

Garfield County

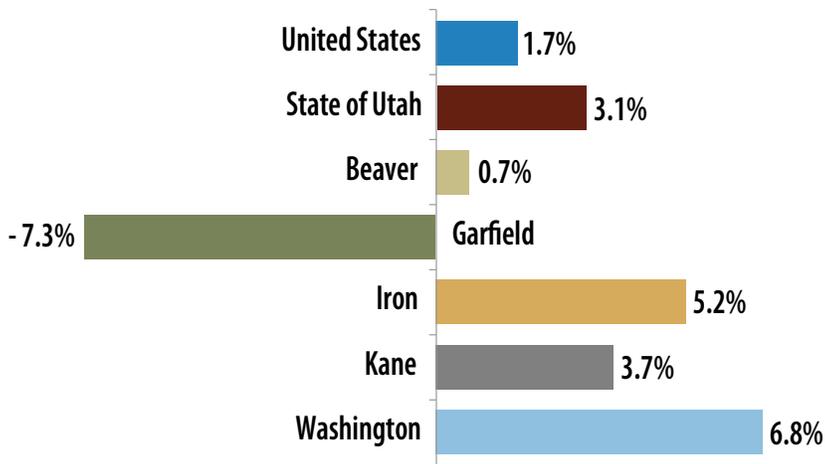
A shrinking job market continued to plague Garfield County in the first quarter of 2014. This fact coupled with little construction activity points to a less than healthy economy. Even the current drop in joblessness appears related to workers leaving the area. Only an increase in sales suggests the economy may be improving.

Garfield County remains the lone southwest Utah holdout in the jobs arena. The county has experienced steady declines since early 2013. Between March 2013 and March 2014, Garfield County lost almost 140 for a dispiriting 7.3 percent decline. The onus of the loss lies with leisure and hospitality services and healthcare/social services. However, construction, local government and wholesale trade also contributed to the overall job loss. No industry added a significant number of new jobs.

Despite this discouraging job news, Garfield County's unemployment rate continues to edge down, most likely due to out-migration from the area. In June 2014, the county's jobless rate at 8.0 percent still remained significantly higher than both the U.S. and Utah rates. The seasonal nature of the area's tourism-driven economy typically results in a higher-than-average seasonally adjusted unemployment rate.

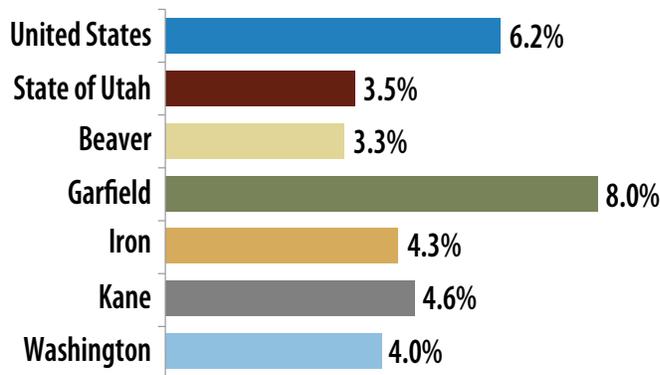
Construction permitting virtually stalled in 2013. Total construction values dropped 95 percent from already low 2012 figures. The brightest spot among Garfield County's economic indicators proved an 8 percent year-to-year increase in first quarter 2014 gross taxable sales.

Figure 5: Change in Nonfarm Jobs March 2012 to March 2013



Source: U.S. Bureau of Labor Statistics

Figure 6: Seasonally Adjusted Unemployment Rates (June 2014)



Source: U.S. Bureau of Labor Statistics

Iron County

At last Iron County seems to have broken free of its lackluster jobs performance of the last several years, and it is back with a vengeance. Add in expanding construction and sales activity and Iron County's economy appears to be back on the economic high road.

Between March 2013 and March 2014, Iron County generated roughly 790 net new jobs representing a robust growth rate of 5.2 percent. Construction, mining, manufacturing, healthcare/social services and leisure/hospitality services all contributed at least 100 new jobs to the county's labor market coffers. In addition, only two industries, information and professional/business services, suffered relatively minor hits.

Joblessness in the area continues to creep downward. In June 2014, the county's unemployment rate rang in at 4.3 percent, down from 5.4 percent just a year earlier.

Construction and sales definitely shared in the economic joy. Recently-released figures for 2013 show new home permits up a whopping 127 percent from 2012. Overall, construction permit values increased by an even stronger 148 percent. Gross taxable sales continued its strong improvement with a 7 percent gain between the first quarters of 2013 and 2014.

Kane County

Most of Kane County's current economic indicators suggest the area has found economic stability. Jobs and construction activity are up and unemployment is down. Plus, the drop in sales isn't a really current-quarter decline at all.

Employment growth in Kane County cranked up a notch in the first quarter of 2014. The county added more than 100 jobs between the March 2013 and March 2014 for a healthy year-over growth rate of 3.7 percent. Retail trade, leisure/hospitality services and health/care social services proved the major movers and shakers behind this uptick in growth rates.

Figure 7: 2013 Nonfarm Job Change by Industry March 2013 to March 2014

Industry	Beaver	Garfield	Iron	Kane	Washington
Mining	-12	*	120	*	22
Construction	1	-10	147	3	801
Manufacturing	5	-4	122	4	103
Trade/transportation/utilities	29	-19	88	36	726
Information	*	-5	-17	3	58
Financial activities	2	2	34	2	100
Professional and business services	2	0	-26	-2	21
Educational/health care/social services	-3	-25	126	21	240
Leisure and hospitality	-6	-61	109	40	726
Other services	2	*	19	28	115
Government	-4	-15	66	-35	505
Total	16	-138	788	102	3416

*Not available

Source: U.S. Bureau of Labor Statistics and Department of Workforce Services

With this improvement in employment it shouldn't be surprising that Kane County's jobless rate slipped from 5.4 percent in June 2013 to 4.6 in June 2014. While registering higher than the Utah figure (3.5 percent) it falls far below the national average of 6.1 percent.

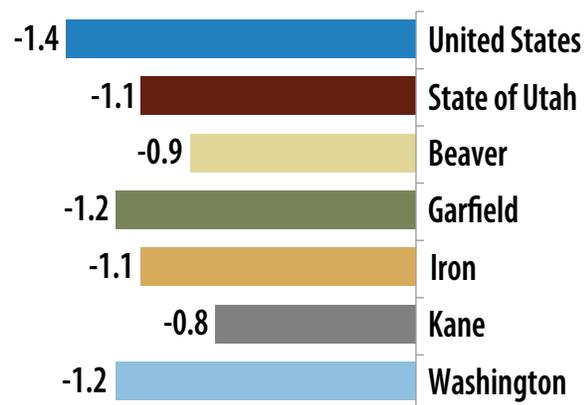
Construction added to Kane County's economic good news. Figures for 2013 show home permitting up 33 percent and total permit values up 42 percent. Gross taxable sales proved the one blotch on an otherwise shining picture. However, the 14 percent first quarter decline in sales resulted primarily because of an adjustment for a previous quarter.

Washington County

Washington County's economic indicators continue to paint a bright economic picture. Unemployment is down, jobs are growing, construction is expanding and sales are improving.

First quarter 2014 brought Washington County the best job growth rate since

Figure 8: Percentage Point Change in Seasonally Adjusted Unemployment Rate from June 2013 to June 2014



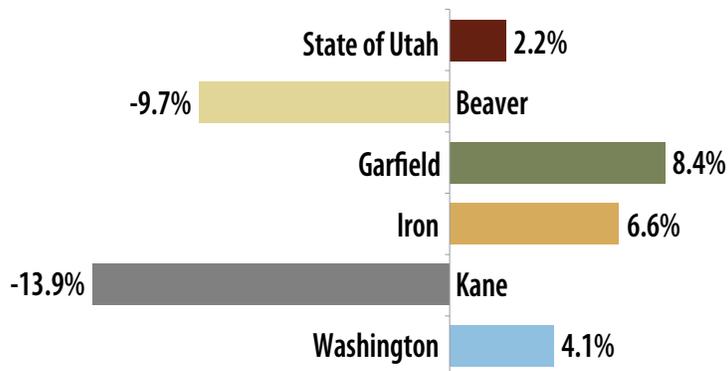
Source: U.S. Bureau of Labor Statistics

the recession. Between March 2013 and March 2014, the county generated more than 3,400 net new jobs, up almost 7 percent. Is the Washington County economy overheating? Probably not. However, if job growth starts moving closer to the 10 percent mark, concern might be warranted. Which industries ranked at the forefront of job creation? Construction and hospitality services added the highest number of new jobs. However, Government (state and local and public education), retail trade, healthcare/social services and transportation carried their job-creation weight. The only apparent major industry job loss (wholesale) wasn't a job loss at all, but a change in industry coding.

Rapid employment expansion walked hand-in-hand with contracting joblessness. By June 2014, the county's unemployment rate had tumbled to 4 percent, down more than a percentage point from last year.

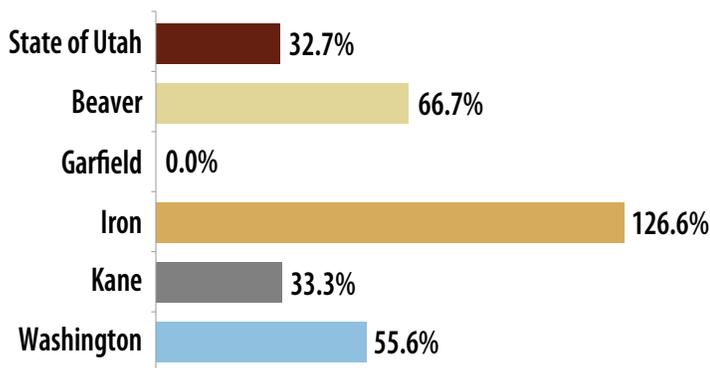
Construction and sales joined the robust economic bandwagon. In 2013, new home permits increased by 56 percent while first-quarter gross taxable sales produced a moderate 4 percent year-to-year gain.

Figure 9: Change in Gross Taxable Sales First Quarter 2013 to First Quarter 2014



Source: U.S. Bureau of Labor Statistics

Figure 10: Change Dwelling Unit Permits 2013



Source: U.S. Bureau of Labor Statistics

For up-to-date economic information and a more detailed analysis:

<http://utaheconomysouthwest.blogspot.com/>



Workforce Services
 Workforce Research and Analysis (WRA) Division
 140 E. 300 S. • Salt Lake City, UT 84111
 Equal Opportunity Employer/Programs

Presorted Standard
 US Postage
 PAID
 SLC, UT
 Permit # 4621



localinsights

jobs.utah.gov/wi/topjobs/

Executive Director: Jon Pierpont
Director, WRA: Carrie Mayne
Supervising Economist: Mark Knold
Editor: Nic Dunn
Designer: Reason Robles
Economist: Lecia Langston
 lecialangston@utah.gov • (435) 688-3115
 To subscribe or request a copy, please
 call: 801-526-9785

Labor Supply Can Sustain Utah's Growth

BY MARK KNOLD, SUPERVISING ECONOMIST

The Utah economy is growing, which means more jobs now than at this time last year. In order for an economy to add jobs, additional workers must be available. Without an adequate labor supply, an economy's growth potential becomes constrained. Fortunately, Utah has enough labor to sustain its current above-average job growth for several more years.

An economy gains workers through three avenues. One is a youthful supply aging into the job market every year—which isn't a problem for Utah. Our yearly net labor force gain (entrants minus retirements/deaths) is 20,000 to 23,000. Next, there are workers already of labor force age who either enter or re-enter the labor force. Lastly there is in-migration—labor that comes to Utah from other states or nations.

The recession caused no net Utah job growth between 2008 and 2013. At the same time, Utah's natural labor supply (births minus deaths) grew by approximately 100,000. That surplus labor embodies what the 2014 economy has to draw from, and is the fuel for sustaining Utah's current job growth over the next several years.

Currently, there is little evidence of a strong labor flow migrating into Utah, so most of the new jobs are filled in-house. Each year, roughly 20,000 additional young workers age into the labor force. Utah's economy is expected to expand by approximately 42,000 jobs in 2014. Therefore, our economy in 2014 will draw

upon than just these first-time entrants. About 24,000 of those recession-idled 100,000 must be drawn back to the job market. If this process were to be repeated for the next several years; on paper, all 100,000 recession-idled laborers would be returned to the Utah job market by 2018.

Utah still has a sizeable labor pool, and even without significant in-migration in the immediate future, Utah is in a position to sustain its current above-average job growth for several more years. Economic interaction doesn't remain static though. As the nation's economy improves, one expects that in-migration will be an increasing factor for Utah going forward, supplying even more workers for a potentially longer dynamic growth period.

While individual regions may experience variations from the above postulation—for example, the Uintah Basin may see more labor in-migration than other areas—the desire is that a growing Utah economy will experience sustained labor availability, and growth will find its way into all regions of the state.

"Without labor nothing prospers."

— *Sophocles, Classical Athenian Playwright*