

local insights

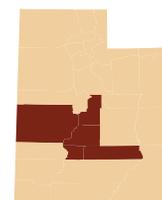


An economic and labor market analysis of the Central Utah Area

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 aligns with all the central Utah counties. Sanpete County (52.3 percent) ranks second and Piute County (51.5 percent) ranks fourth in the state for the share of population maintained by men. Millard (51.1 percent) and Sevier (50.9 percent) counties don't fall far behind in the rankings. Wayne County, where males outnumber females by just 0.2 percentage points, exhibits the closest male to female population split.

Age Versus Youth

Less-populated counties with fewer employment opportunities often show higher-than-average senior populations as young people move away to find jobs. Piute County certainly holds true to this pattern. In 2013, it displayed the

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Gauging whether Utah's labor supply can support our job growth.

"We are always the same age inside."

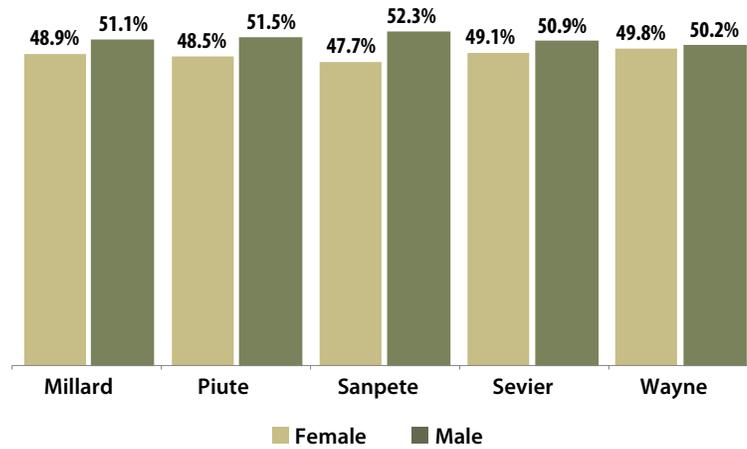
— Gertrude Stein



highest percentage of 65 and older population in the state. Almost one-fourth of the Piute County population can be categorized in the “retirement” years. Wayne (18 percent), Millard (16 percent) and Sevier (16 percent) counties also show relatively high senior populations. Sanpete County with its infusion of college-aged students ranks closer to the middle of the Utah pack with only 13 percent of its population 65 and older.

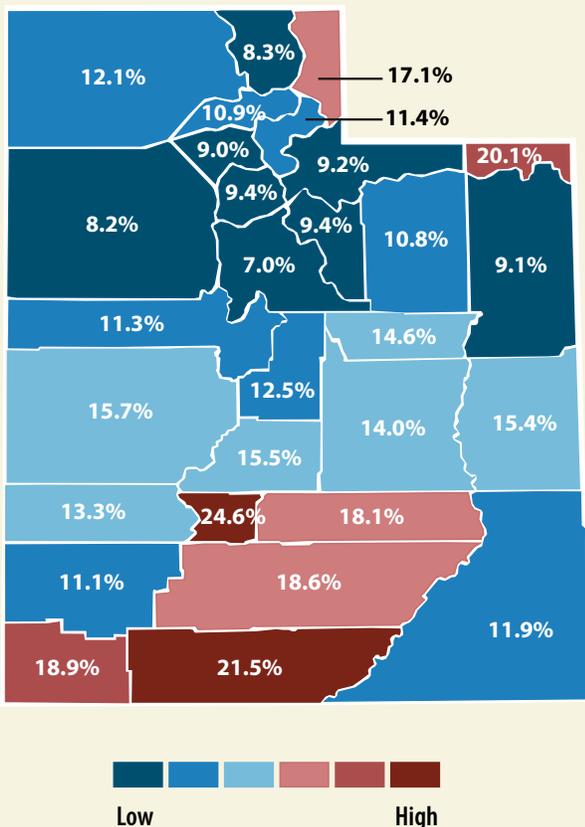
Do the older-than-average counties show lower-than-average youth populations? Some correlation did appear. Senior-dominated Piute County also displayed the smallest share of population under five years of age (4 percent). On the other hand, relatively “old” Millard County evidenced the largest share of

Figure 1: 2013 Population Estimate Shares by Gender



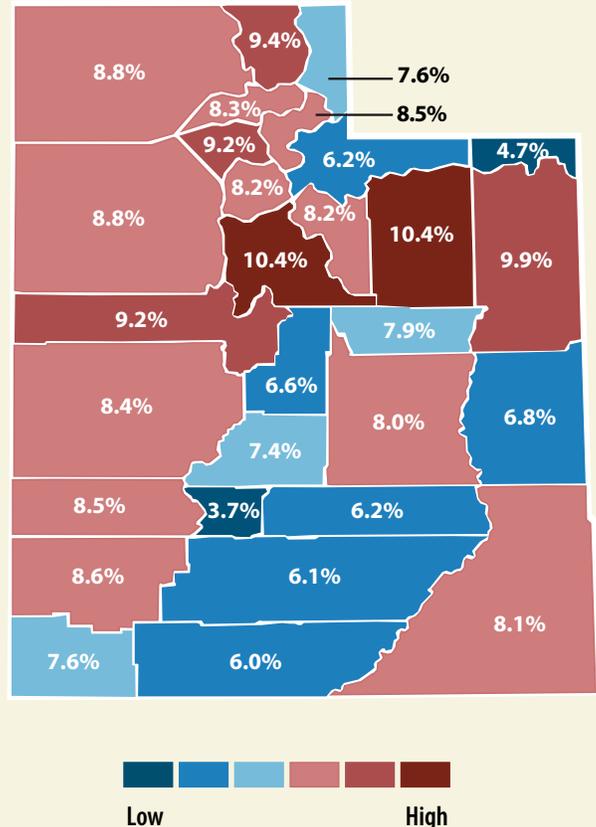
Source: U.S. Census Bureau Population Estimates.

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.

under-five population in central Utah (8 percent). Nevertheless, Millard County's share of under school-age population measured far lower than did front-runner Duchesne County (10 percent). Even Sanpete County with its relatively small share of seniors maintained only a small share of under-five population (less than 7 percent). Sevier and Wayne counties' proportion of population under five years measured 7 and 6 percent respectively.

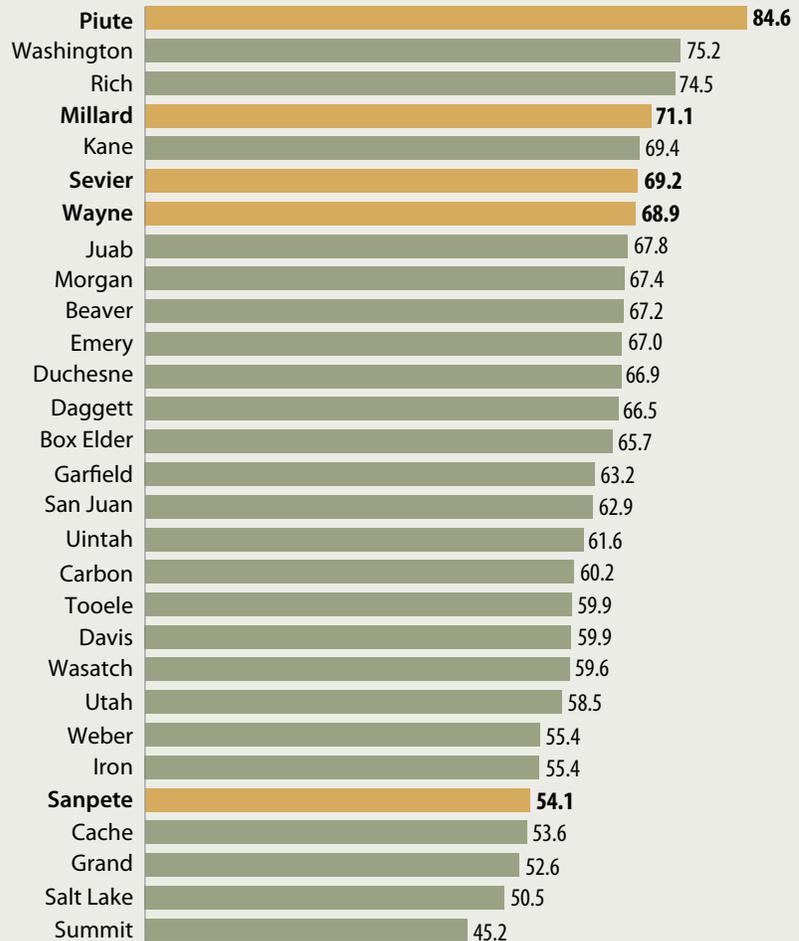
Time After Time

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 fairly 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. Wayne County, which recently lost its largest employer, experienced a particularly strong drop in its 10-and-under population. In addition, all central Utah counties saw increases in the 60-and-older population as the first baby boomers started to reach retirement age. Sevier and Millard estimates showed the least age-related change and Piute County's estimates displayed the most dramatic transformation. In Piute County the share of the population 60 years and older increased from 28 percent in 2010 to 33 percent in 2014. In addition, Piute County exhibited a 6 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 report, 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

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.

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 to dependency ratio calculations by county. In general, most

central Utah counties exhibited relatively high dependency ratios. Piute County with its extremely high share of seniors showed the highest dependency ratio in Utah during 2013 (85 individuals of nonworking age per 100 persons of working age). In addition, Millard (71.1), Sevier (69.2) and Wayne (68.9) counties ranked among eight counties with the highest dependency ratios. Only Sanpete County (54.1) with its strong college-age population registered a lower-than-average dependence ratio.



Current State of the Economy in Central Utah

BY LECIA LANGSTON, ECONOMIST

Millard County

For the most part, Millard County's economy started 2014 in the moderate zone preferred by most economists. The labor market showed healthy improvement, construction activity picked up and sales grew slightly.

Moderate job growth is a good thing. The county's job growth ended the first quarter of 2014 with moderate 3 percent year-to-year job growth. With 100 net new jobs, Millard County's economy expanded nicely over the past 12 months. Strongest employment gains occurred in the information, transportation, manufacturing and health/care social services industries along with the public sector. In other words, growth proved relatively broad-based, which is a positive sign for future growth. The only significant industry-level job loss occurred in retail trade.

Strong job growth continued to erode the county's unemployment rate. With a June 2014 jobless rate of 3.2 percent, Millard County sports one of the lowest unemployment shares in the state.

Sales and construction permitting evidenced a split economic personality. A strong 36 percent gain in 2013 construction permit values was softened by a negligible increase in year-to-year first quarter gross taxable sales.

Piute County

Around mid 2013, Piute County seemed to have finally escaped the nonfarm employment free fall that had been its lot since the

recession. However, the county has now returned to job loss. Between March 2013 and March 2014, Piute County lost 17 positions for a decline of 7 percent. The current decline can be traced to the public sector. Local government (which includes public education) accounted for almost all the job loss. On the flip side, no major industry generated any significant employment gains.

And, the county's jobless rate continues to slip. At 4.1 percent, the county's June 2014 jobless rate measures a full percentage point lower than it did in June 2013. Fortunately, out-migration coupled with a large out-commuting workforce have allowed Piute County's unemployment rate to decline in the midst of job loss.

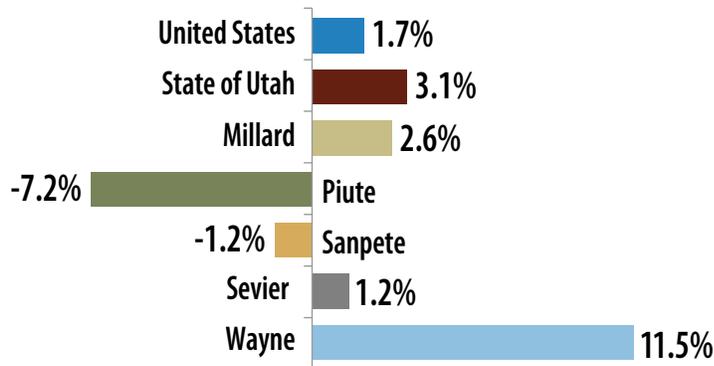
Gross taxable sales provide the one glossy piece of economic news in a rather dull tale. Between the first quarters of 2013 and 2014, Piute County gross taxable sales increased by a whopping 46 percent. Unfortunately, a huge portion of this gain can be attributed to a prior-quarter adjustment.

Sanpete County

Data for the county presented a muddled economic picture. Jobs continue to contract, but joblessness dropped. Construction permitting slipped, but the residential sector improved. The uptick in sales provided the best news and may signal a healthier upcoming economy.

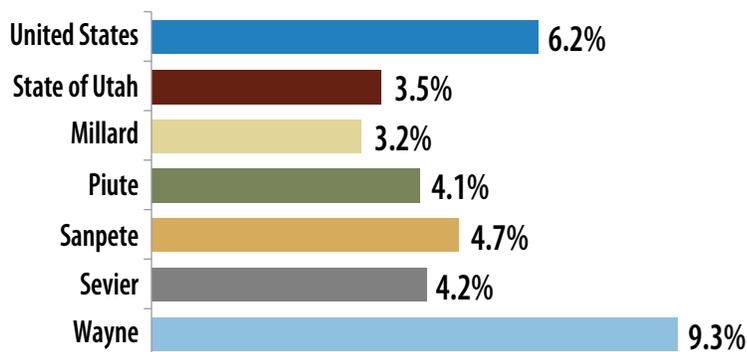
Sanpete County continued to shed jobs as the new year began. However, the losses do appear to be moderating, suggesting job

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

growth may resume in second quarter. Between March 2013 and March 2014, Sanpete County lost more than 80 nonfarm positions for a decrease of 1.2 percent. Unfortunately, three major industries can take the responsibility for the overall loss: mining, financial activities and the public sector. Fortunately, retail trade and professional/business services generated new jobs which partially offset the losses in other sectors.

Despite the recent employment contraction, the county's jobless rate continued to shrink. Down more than a full percentage point from June 2013, the June 2014 rate clocked in at 4.7 percent. Here, out-migration along with commuter jobs in other counties helped push down joblessness within the counties borders.

Recently released 2013 construction permitting data provides mixed economic clues. In total, construction values fell 30 percent in 2013. However, the residential building market showed signs of life with the first gains since the recession began. Gross taxable sales returned to the positive side of the ledger with a healthy 5 percent increase between the first quarters of 2013 and 2014.

Sevier County

The economy improved somewhat in Sevier County during the first quarter of 2014. Jobs slowly expanded and unemployment edged down. In addition, sales made strong gains. Together, these positive economic signs suggest the economy will continue to strengthen in the months ahead.

Sevier County economy continued to dig itself out of the job losses of 2013 as the year began. Between March 2013 and March 2014, jobs grew by a tepid 1.2 percent. However, the rate of expansion does appear to trend upward. On the job-winning side, professional/business services, retail trade, construction, manufacturing and mining all added significant numbers of new jobs. However, a notable decline in transportation and the public sector counteracted some of the aforementioned gains.

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

Industry	Millard	Piute	Sanpete	Sevier	Wayne
Mining	1	*	-41	16	*
Construction	9	*	-31	24	32
Manufacturing	16	*	-9	17	*
Trade/transportation/utilities	-8	-1	32	-30	32
Information	30	*	2	-2	*
Financial activities	4	*	-33	-2	-5
Professional and business services	6	2	25	70	2
Educational/health care/social services	14	*	0	13	18
Leisure and hospitality	15	-3	0	7	2
Other services	-9	*	-4	-2	1
Government	21	-15	-25	-20	-13
Total	99	-17	-84	91	83

*Not available

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

The county's jobless rate crept ever lower. By June 2014, Sevier County's unemployment rate measured 4.2 percent, nestled between the state (3.5 percent) and national (6.1 percent) averages.

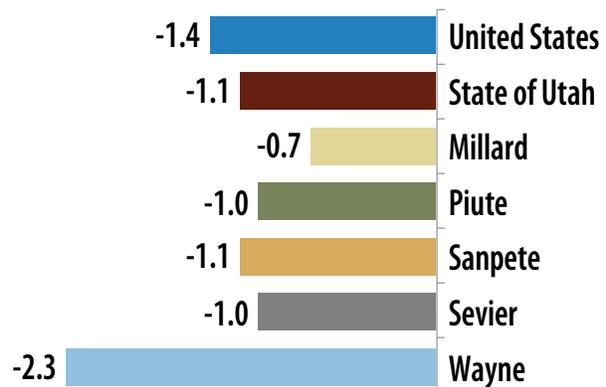
On the other hand, construction has yet to find its way to the economic light. Recently-released figures for 2013 show an ongoing decline in residential construction and an annual decrease in the nonresidential column. Fortunately, gross taxable sales provide a bright economic indicator with its 12-percent first quarter 2014 year-over increase.

Wayne County

Wayne County continued to pull itself out of the employment pit left by the closure of its largest employer. Strong employment gains, contracting joblessness, improving construction and sales all point to an economy that has begun to heal.

With the best performance in Utah, Wayne County's nonfarm employment

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



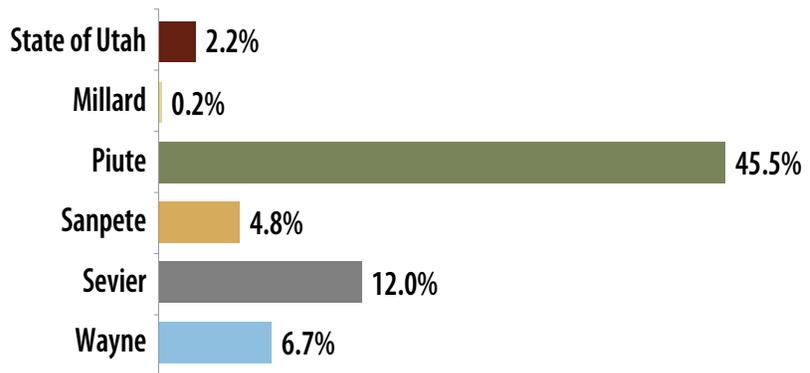
Source: U.S. Bureau of Labor Statistics

skyrocketed by almost 12 percent. Many of the 83 net new jobs could be traced to mining, construction, wholesale trade and healthcare/social services. Partially countering these employment gains, the public sector took a notable job hit.

Yes, Wayne County followed the rest of its central Utah peers in displaying an ever-shrinking unemployment rate. Although the county's jobless rate remained high at 9.3 percent during June 2014, it has dropped more than two full percentage points since June 2013.

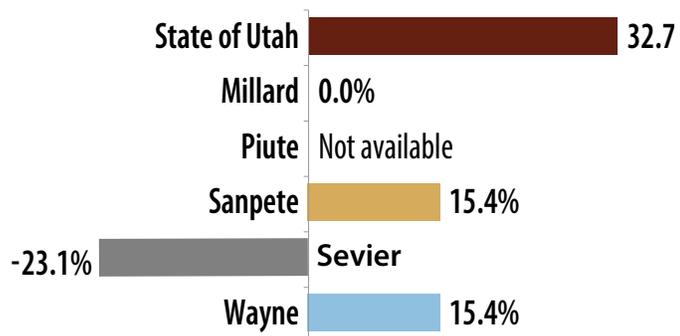
Construction and gross taxable sales joined the economic good news party. New residential permits and total permit values showed strong gains in 2013. Gross taxable sales generated its fifth straight robust gain. Between the first quarters of 2013 and 2014, Wayne County sales generated a robust 7 percent increase.

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://utaheconomycentral.blogspot.com/>



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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*