

local insights



An economic and labor market analysis of Southeast Utah

southeast



Job growth is up in Grand County, while job growth is down in Carbon, Emery and San Juan counties.



Carbon
Emery
Grand
San Juan

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Regional Payroll Employment Shrinks 1 Percent in the Third Quarter

By Tyson Smith, Economist

Broad-based economic growth does not always portend positive economic conditions in every community. Utah has seen significant labor market expansion over the last four years, growing at an annual rate of about 3 percent since 2011. And yet, economic recovery in the Castle Country and Southeast regions has been inconsistent.

Carbon and Emery counties—which make up Castle Country—have seen changes in the energy sector greatly impact the primary export industry (mining, quarrying and oil and gas extraction) of the region. Export industries generate new income and investment in a region, thus dramatic changes to a local economy’s exports will reverberate throughout the economy. The two counties in the Southeast region—Grand and San Juan—have moved in opposite directions since 2011. Grand County has been the best performing economy in the region, consistently adding employment over the last four years except for a brief period in 2013. San Juan County has consistently shed employment during the same period, except for a nine-month window from mid-2013 to early 2014.

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Carbon County

- Carbon County payroll employment fell in the third quarter of 2014 by an average annual rate of 2.2 percent, the fifth slowest year-over job growth in the state and 5 percentage points below the Utah average. In total, the county lost 196 jobs from third quarter 2013. Job losses in the mining industry subsided to a rate of 0.4 percent in the third quarter after falling 2.6 percent the previous period. The majority of the decrease in employment came from service providing industries like wholesale trade (down 25.6 percent) and transportation and warehousing (down 23.1 percent).
- The county seasonally adjusted unemployment rate remained at 4.7 percent in December, 1.2 percentage points above the state average. County unemployment rates are down nearly 1 percentage point from December 2013, and have consistently been between 4.6 and 4.9 percent since March.
- Initial unemployment insurance claims from January 2015 suggest that county unemployment rates will remain relatively stable. The five-week average of initial claims in 2015 was approximately 19 claims per week, compared to 21 claims per week during the same period in 2014.
- While employment in Carbon County waned over the last 12 months, average monthly wages increased 2.5 percent from third quarter 2013 to third quarter 2014. The increase in average wages likely reflects that the jobs lost during the year were lower paying than the jobs retained, which has a skewing effect on

the average. The increase in wages probably does not reflect a tightening of the job market, which might result in an increase in wages across the board.

- Third-quarter taxable sales in Carbon County jumped nearly 10 percent, an increase of \$9.7 million from last year. Sales in manufacturing surged by \$9.2 million (216.7 percent) from third quarter 2013, the largest annual increase in the county. These gains were slightly offset by a \$2.5 million decline in the taxable sales of wholesale durable goods.

Emery County

- Year-over payroll employment in Emery County shrank 3.5 percent in third quarter 2014 after growing 2.5 percent in the second quarter. The decline was driven by the goods-producing industries, which fell 13.9 percent (123 jobs). Mining was hit particularly hard, losing an annual average of 105 jobs from third quarter 2013. Private-sector, service-providing employment grew slightly during this period, adding 27 jobs over the year.
- Like Carbon County, Emery County had a relatively high seasonally-adjusted unemployment rate of 4.6 percent in December. Job growth in 2014 has been uneven, and with the impending closure of the Deer Creek coal mine it is unlikely that the jobless rate will reach pre-recession lows in the near future.
- The number of Emery County residents filing initial unemployment claims have been a bright spot for the county. Average weekly claims fell approximately 40 percent in the

current events

COUNTY COUNCIL RECOMMENDS GREAT LAKES

The Grand County Council and the Grand County Airport Board voted in February to recommend that the U.S. Department of Transportation (DOT) award the Essential Air Service (EAS) contract at Canyonlands Field to Great Lakes Airlines. If the DOT chooses Great Lakes, the carrier will provide two direct round-trip flights per day to Denver using a 30-passenger Brasilia aircraft, the same plane that current contract holder SkyWest is phasing out in its fleet this spring.

— *The Moab Times-Independent*

CONSTRUCTION UNDERWAY ON CANYON COUNTRY DISCOVERY CENTER

The Four Corners School of Outdoor Education has begun construction on the Canyon Country Discovery Center (CCDC), located just north of Monticello on Highway 191. After twelve years of planning, construction on the main building began in the fall of 2014. With the mild winter, the project is ahead of schedule. Four Corners School recently hired Michael McGlothlen and Ed Browning as Exhibits Director and Exhibits Coordinator. They bring a total of ten years of experience in exhibit design and building. Their temporary exhibit shop, located on Main Street, is open to the public.

— *The San Juan Record*



For more current events:

<http://utaheconomysoutheast.blogspot.com>

fourth quarter of 2014, and have continued their downward trend at the beginning of 2015. Falling claims signal that unemployment rates will likely decrease in January.

- Average monthly wage growth in third quarter 2014 reflected the weak employment record, decreasing 0.1 percent from 2013. Carbon County's wages grew 19.5 percent in the previous quarter, which underscores the variability of quarterly wage data. Wages in Emery County will not consistently have broad-based gains, so long as there remains considerable slack in labor market.
- Third quarter 2014 taxable sales in Emery increased for the fifth consecutive quarter, however at a slower rate. After increasing by over 15 percent in the first two quarters of 2014, taxable sales in the county edged up less than 1 percent in the third quarter. The manufacturing industry—the third largest industry by taxable sales—increased sales by \$911,000 from the previous year.

Grand County

- Grand County has been the exception among the Castle Country and Southeast counties in terms of payroll employment growth. The 2.9 percent year-over job growth in third quarter 2014 was above the state average, and the county has been consistently adding employment since July 2013. On average, the county added 158 jobs from third quarter 2013 to third quarter 2014. The educational, health and social services as well as the professional services industries were the big contributors, adding 70 and 46 employees, respectively.

- The recent momentum in the county's labor market has had a dramatic effect on the seasonally adjusted unemployment rate, which has fallen from 7.1 percent in December 2013 to 5.7 percent in December 2014. However, the 5.7 percent represents an upturn since September, and is still notably higher than the Utah average (3.5 percent).
- The recent rise in the county's unemployment rate is not reflected in the initial unemployment claims data. The number of initial weekly claims filed in fourth quarter 2014 was down 23.5 percent from 2013. Given the underlying trend of initial claims, the unemployment rate may stabilize in the short term.
- As the labor market continued its momentum in third quarter 2014, so did average wages in the county. Year-over average monthly wages grew 2.8 percent, or 1.3 percentage points faster than the Utah rate. The service-producing industries saw the largest increases, most notably in leisure and hospitality, which increased average quarterly wages 4 percent.
- Third quarter 2014 taxable sales in Grand County rose by 13.3 percent from 2013, the third largest increase in the state. Accommodation and mining increased sales by more than any other industry in the county, improving \$4.8 million and \$1.3 million, respectively, from third quarter 2013.

San Juan County

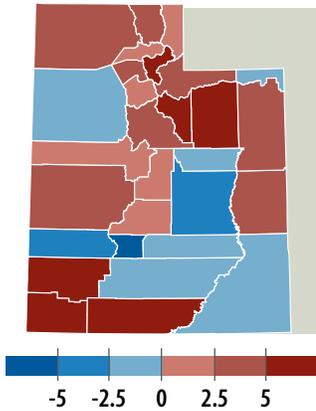
- San Juan County's employment growth continued to erode in third quarter 2014. The county shed a quarterly average of 47 jobs from third quarter 2013 to third quarter 2014, or approximately 1.1 percent.

This marked the second consecutive quarter of year-over job losses. The goods-producing industries—down 11.9 percent—accounted for the majority of the job losses. Mining employment fell 14 percent, which represents a quarterly average of 53 fewer jobs.

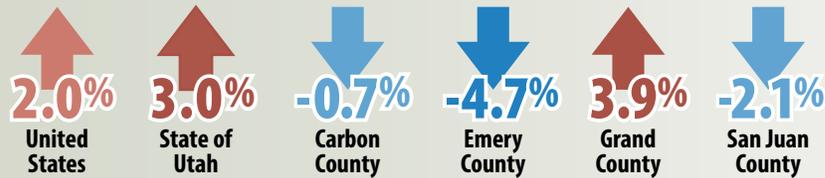
- As job growth stagnated in the county, the unemployment remained relatively high. The rate settled at 8 percent in December (up from 7.8 percent in August), which is the third highest among Utah's 29 counties. San Juan County's unemployment rate is still markedly higher than both the state and national averages.
- Fourth-quarter initial unemployment claims paint a more optimistic picture. During the last three months of 2014 the average number of initial weekly unemployment claims fell 24.6 percent from the same time last year. On the other hand, the first few weeks of 2015 show signs that the positive trend may be reversing as initial claims have risen by an average of five claims per week (up 53.2 percent from 2014).
- Average monthly wages in the county also declined slightly. Weakening in the service-providing industries, particularly retail trade, and government contributed to falling wages.
- Third quarter 2014 taxable sales in San Juan County fell 17 percent from third quarter 2013. The county experienced a drop in year-over taxable sales growth for the fourth time in the last five quarters. Taxable sales in mining, quarrying, and oil and gas extraction fell by \$3.5 million, more than any other industry.

Southeast Utah Economy

at a glance



Year-to-Year Change in Nonfarm Jobs Sept. 2014



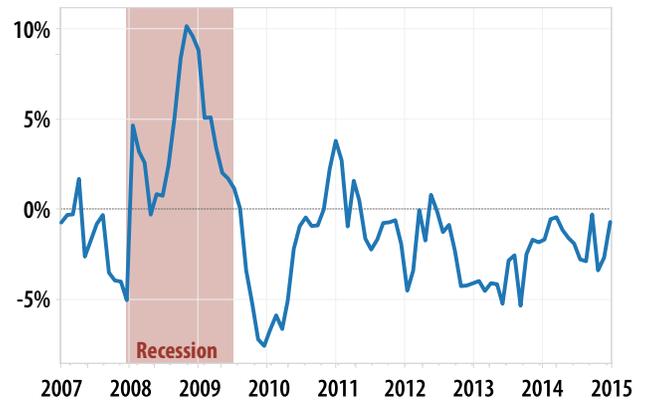
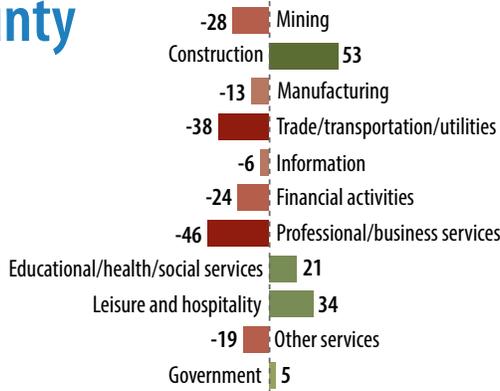
Carbon County

Job Growth

Sept. 2014



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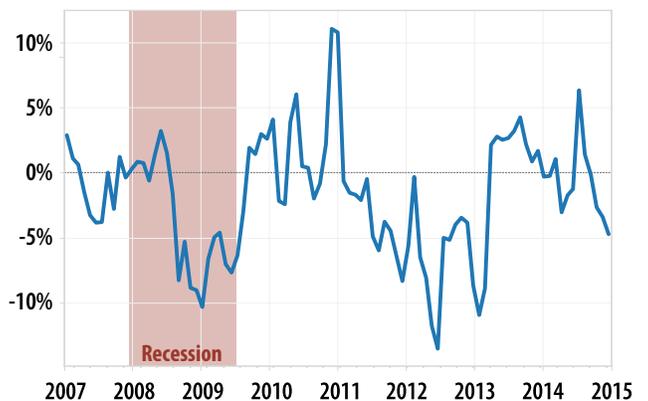
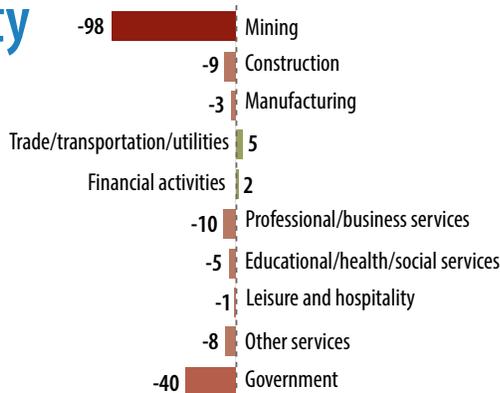
Emery County

Job Growth

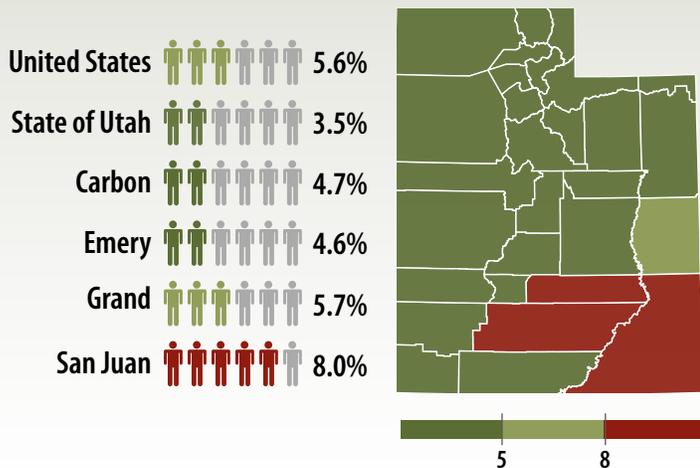
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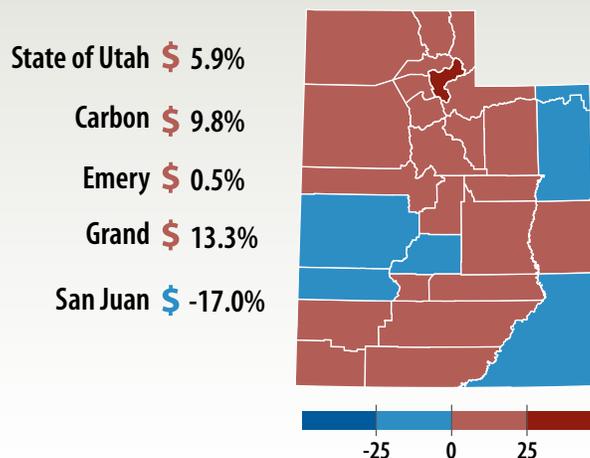
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Seasonally Adjusted Unemployment Rate Dec. 2014



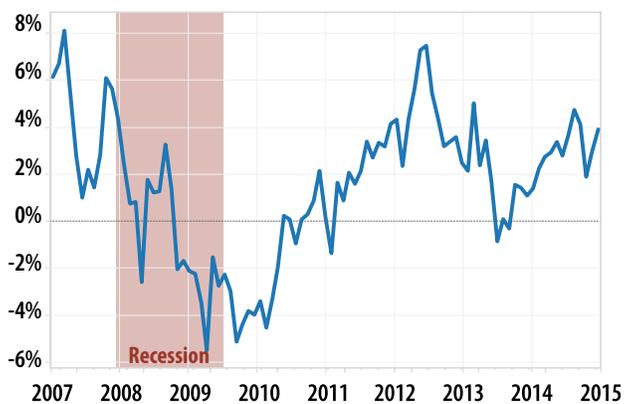
Year-to-Year Change in Gross Taxable Sales Sales 3rd QTR 2014



Grand County

Job Growth Sept. 2014

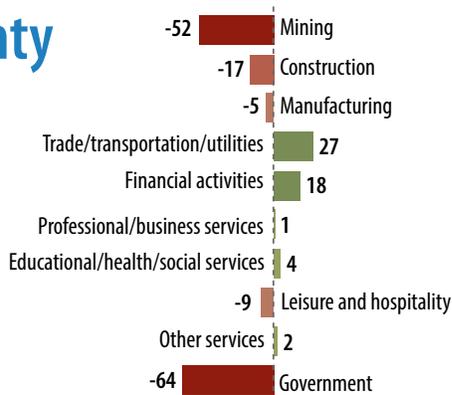
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San Juan County

Job Growth Sept. 2014

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The Changing Face of the Southeast Region

By Tyson Smith, Economist

The process of detailing the United States population is a tradition as old as the union itself. Article I, section II of the Constitution stipulates that “Representatives and direct taxes shall be apportioned among the several states which may be included within this union, according to their respective numbers...” In order to fulfill its constitutional duty, the federal government has collected domestic population data every 10 years since 1790 through the decennial census.

This issue of *Local Insights* will examine the changing characteristics of the counties in the Southeast region using data from the 1990 census, the 2000 census and the recently released five-year estimates from the 2009–2013 American Community Survey (ACS).

Carbon County

The population of Carbon County remained relatively stable between 1990 and 2000, growing 1 percent (state average was 29.6 percent). Estimates from 2009 to 2013 suggest that the county’s population growth rate picked up slightly over the subsequent decade increasing 3.9 percent (state average was 26 percent) to a total of 21,227 residents.

Population growth and aging translated into increases in the Carbon County labor force. The number of people employed or actively looking for work has increased by 18.5 percent since the 1990 census.

The percent of Carbon County residents 25 years and older to graduate from high school has increased dramatically over the past 20 years. In 1990, 74.3 percent of county residents had a high school diploma. By the most recent ACS estimate that number had risen to 86 percent.

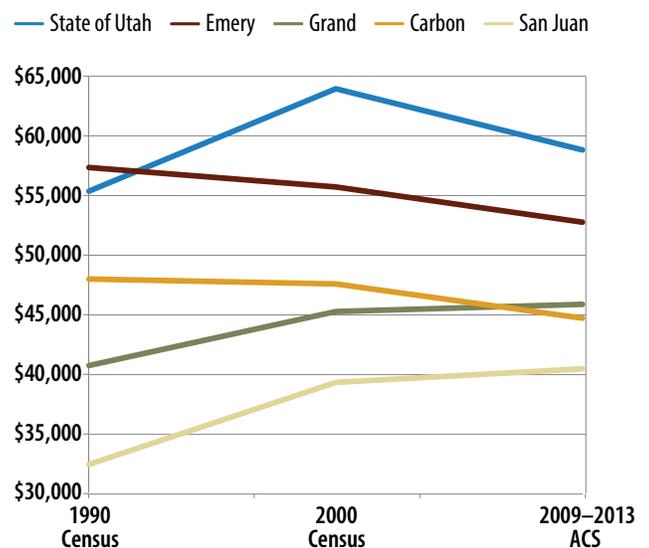
Despite the increased educational attainment among the county’s residents, household incomes have lost ground. Adjusting for inflation, household median incomes in the county are down from \$48,010 in 1990 to \$44,724 in the 2009–2013 ACS estimates.

Emery County

Emery County’s population has not grown considerably over the last decade, up 0.3 percent compared to 26 percent statewide. From 1990 to 2000, the population increased at a slightly quicker pace, growing 5.1 percent. Similar to Carbon County, Emery’s median population age increased significantly over the last two decades from 25.4 years in 1990 to 33.5 years in the 2009–2013 ACS estimates.

The county’s civilian labor force grew 16.5 percent from 1990 to the current estimates, compared to a 77.1 percent increase statewide. The majority of Emery County’s labor force gains came between 1990 and 2000. The labor force

Figure 1: Median Household Income (2013 Dollars)



participation rate has declined 4.3 percentage points over the last 20 years to 59.3 percent.

The percent of high school graduates in Emery County increased more than 7 percentage points from 1990 to current ACS estimates, and nearly matched the current Utah average of approximately 90 percent.

Despite the higher percentages of employed and educated labor in the county over time, real household income in Emery County fell 8 percent from 1990 to the 2009–2013 ACS estimates.

Grand County

Over the last 20 years, Grand County’s population increased by approximately 40 percent, significantly faster than any other county in the Southeast region. Even with substantial growth, the county is still the least populous in the region with an estimated 9,269 residents. Grand County’s median age—about 39.1 years from 2009–2013—is among the oldest in the state and has risen by 5.1 years since 1990.

The civilian labor force in the county jumped from 3,010 in 1990 to 5,109 in the recent estimates. The Grand County labor force participation rate also experienced the largest surge in the region, increasing 5.1 percentage points since 1990 to a current estimated rate of 68.5 percent.

Grand County boasts the highest levels of educational attainment in the region. The 2009–2013 estimates reported that 91 percent of the county’s residents graduated from high school and 25.2 percent of the residents hold a bachelor’s degree or higher.

Educational attainment is highly correlated with income and wages. The growth in the county’s more highly educated labor force may be

partially responsible for the rise in real household income. Since 1990, income in the county rose 12.6 percent to \$45,888 per year.

San Juan County

The second most populous county (estimated 14,795 residents) in the region had the second-fastest growing population from the 1990 census to the 2009–2013 ACS estimates. The county added nearly 2,200 residents over the last 20 years. Similar to the rest of the region, San Juan County became considerably older over the last few decades with the median age increasing from 24 years in 1990 to approximately 30.5 in the 2009–2013 estimates.

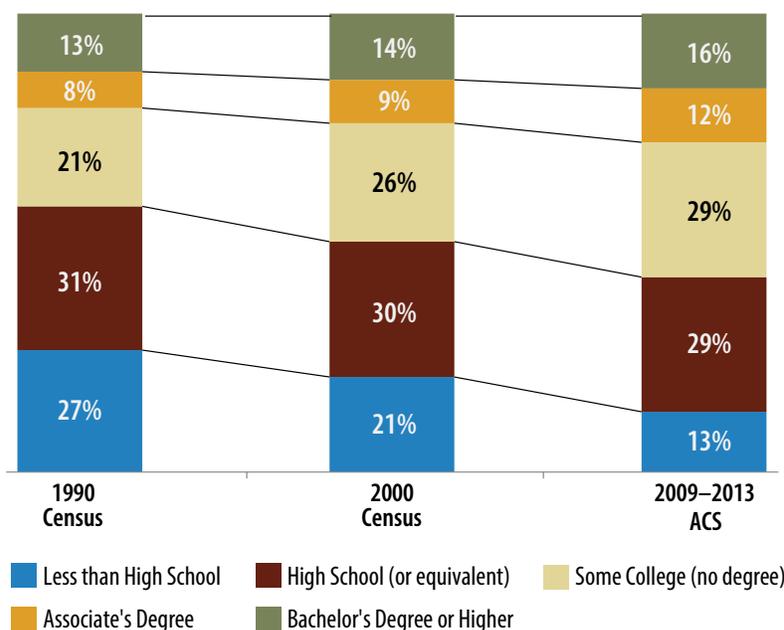
The civilian labor force grew at a comparable rate of 20.3 percent

over the same period. Furthermore, the percent of the labor force that identified as employed increased from 81.5 percent in 1990 to a current estimated rate of 91.1 percent. Conversely, the county’s labor force participation rate fell approximately 5.5 percentage points since 1990.

While the percentage of high school graduates in San Juan is estimated to be the lowest in the region at 82.8 percent, the county has made considerable progress in this area.

Real household income in the county has also progressed over the last few decades. The most recent ACS estimates suggest that household incomes in San Juan have risen 24.7 percent since 1990.

Figure 2: Southeast Educational Attainment (Population 25 Years and Older)



Source: U. S. Census Bureau



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Looking to the American Community Survey

By Mark Knold, Supervising Economist

"Sampling, statisticians have told us, is a much more effective way of getting a good census."

— Rob Lowe

The Rob Lowe quote is designed to be humorous. Is the best way to get answers about an entire population to not question the entire population but instead only part of it?

When we hear "census," we often think of the once-every-ten-year questioning as mandated by the Constitution. In that context though, we often think of "census" as an event instead of what it is—an enumeration.

A census targets an entire population. In contrast, if that is impractical or impossible, then a smaller portion (a survey) of the population needs serve as a viable substitute. Rob Lowe's humor stems from the idea that when we do the national decennial Census, much of the data comes from a survey. To him, that is an oxymoron.

The U.S. Constitution mandates the decennial Census for the purpose of allocating Congressional representation. That is fulfilled in our modern U.S. Census via the "short form," the portion that everyone gets and answers and thus makes it a census. That information is largely just a head count of people. Yet the Census event offers a great way to gather additional characteristic information about the U.S. population. That information formerly came from the now-deceased "long form"—a survey within the Census.

The long-form decennial survey has now been transformed into an ongoing exposé called the American Community Survey (ACS). From this rendering we get a wealth of U.S. population characteristics like educational achievement, income levels, poverty status and much more.

This issue of *Local Insights* is looking at Utah's recent ACS data and comparing some demographic variables of today to those same variables in the past. Have things changed in Utah's local economies over time? The frequency of the ACS makes these evaluations available in a more timely fashion.