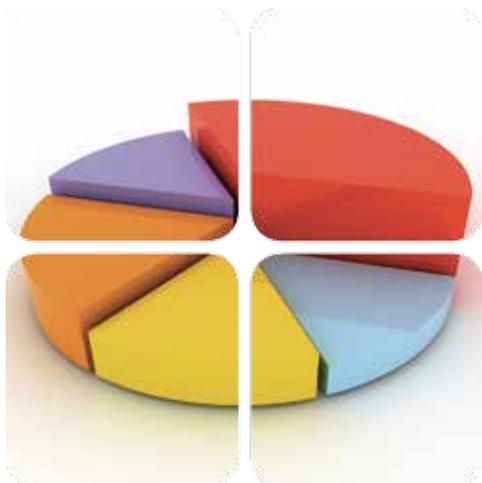


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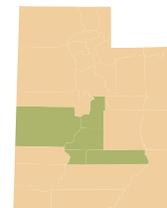
An economic and labor market analysis of the Central Utah Area

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In Economic Sickness and in Health:

Health Care and Social Assistance in Central Utah



BY LECIA PARKS LANGSTON, ECONOMIST

Over the past several decades, the health care and social assistance industry has consistently generated faster than average employment growth in most areas. While not recession-proof, the industry has certainly proved to be recession-resistant. This industry already accounts for a substantial percentage of employment in most regions. The greater health insurance inclusion created by the Patient Protection and Affordable Care Act and an aging baby boomer generation seem destined to create rapid demand-driven expansion in this industry in the years ahead. All in all,

the time seems ripe for a quick economic physical of privately owned businesses in the health care industry.

First, exactly what types of businesses are included in health care and social services? It is difficult to distinguish a boundary between health care and social assistance, so both groups are included in one sector. Businesses are arranged in a continuum that starts with those establishments that exclusively provide medical care, continuing to those that provide health care and social assistance and finishing with those that provide only social assistance, including health care practitioner's offices,

in this issue:

In Economic Sickness and in Health 1

The health care industry plays an increasingly significant role in the economy of Central Utah.

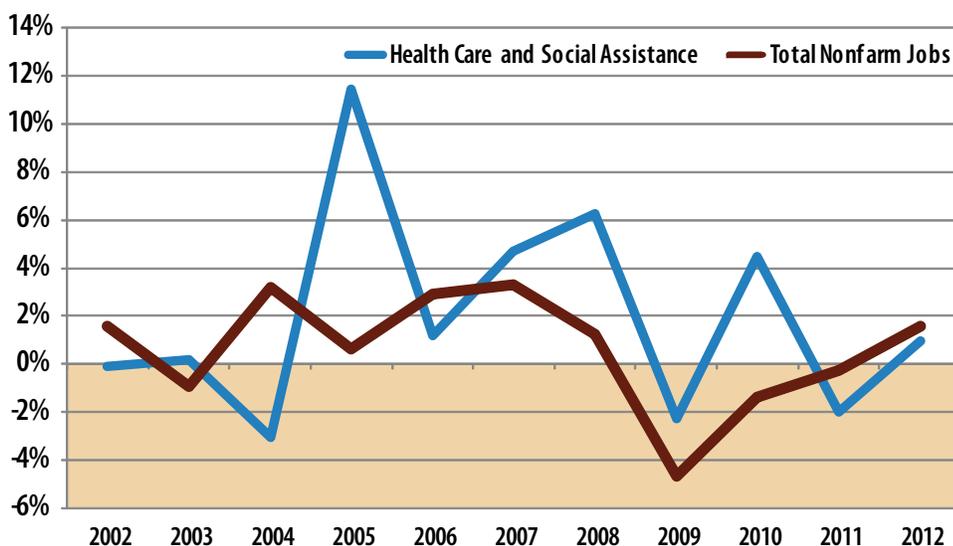
Signs of Economic Recovery in Central Utah..... 5

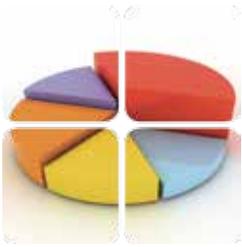
While only Sanpete County has gained a firm economic footing, the economy in Central Utah continues to improve.

The Dynamics of Industry Data 8

Collecting quarterly industry data through the QCEW program shows business dynamics through employment and wages.

Figure 1: Central Area Annual Employment Change





In Economic Sickness and in Health (continued)

hospitals, residential care, rehabilitation services and child day care.

Currently in Central Utah (Millard, Piute, Sanpete, Sevier and Wayne counties), employment in health care and social assistance totals almost 2,000 jobs. This means the industry incorporates almost 10 percent of the area's total nonfarm employment and makes it one of the larger major industrial sectors in the area. With more than \$59.4 million in payrolls, this sector also provides a similar share of total nonfarm wages: roughly 10 percent. Unlike many areas with higher than average health care and social services wages, Central Utah's industry average monthly wage measures only slightly higher than the total nonfarm average wage for the area.

Subindustries

Nursing and residential care facilities boast of the largest share (33 percent) of the industry's employment. Not only does this group include old-age homes, it encompasses residential rehab and troubled-teen facilities. In Central Utah, 6 of the 10 largest health care and social services employers congregate in this category.

With a 29-percent employment share, ambulatory health services ranks number two on the list of health care and social services employment. This subgroup runs the gamut from doctor and dentist offices to outpatient care centers to medical laboratories to home health. Hospitals comprise a smaller share at 21 percent, and social assistance employment adds the final 17 percent of employment to this sector.

Wages vary dramatically among the health care and social assistance subsectors.

Hospitals top the ranking with average monthly wages near \$3,700 followed by ambulatory health care services at \$2,900. Nursing and residential care facilities rank next with an average of \$1,900 per month. The high share of employment in this industry and its lower than average wage accounts for the lower health care and social assistance wage apparent in Central Utah. With an average monthly wage of less than \$1,400, social assistance manages the lowest status among the primary subsectors.

Locations

Not surprisingly, most of the area's health care and social assistance positions are located in its two largest counties. Sevier County generates almost half (46 percent) of the area's total health care and social assistance jobs while Sanpete County produces another third. Millard County's share of the pie measures 17 percent. Since both Wayne (4 percent) and Piute counties

(less than 1 percent) have lost residential care facilities in recent years, their shares of total health care and social assistance jobs have dropped dramatically.

Performance

In most areas, the health care and social assistance industry was not recession-proof, but it certainly appeared recession-resistant. However, in Central Utah the industry actually lost employment during the recession. Generally annual job growth rates in health care and social assistance topped those of the overall economy. The highest level of job growth appeared in 2005 at an annual rate of 11 percent. However, between 2001 and 2012, the industry experienced three separate years of declining employment. The first occurred in 2004. The worst year of the recession, 2009, also showed employment declines. And finally, in 2011 the closure of Wayne County's Aspen Health Group sent the

Figure 2: Central Health Care and Social Services Indicators as a Percentage of Total

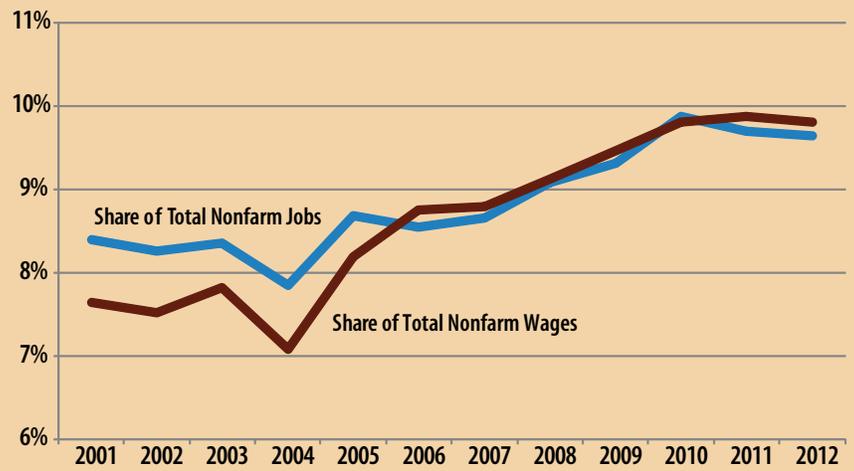


Figure 3: Central Area Health Care and Social Assistance Average Monthly Wage

as a Percent of Total Nonfarm Average Wage

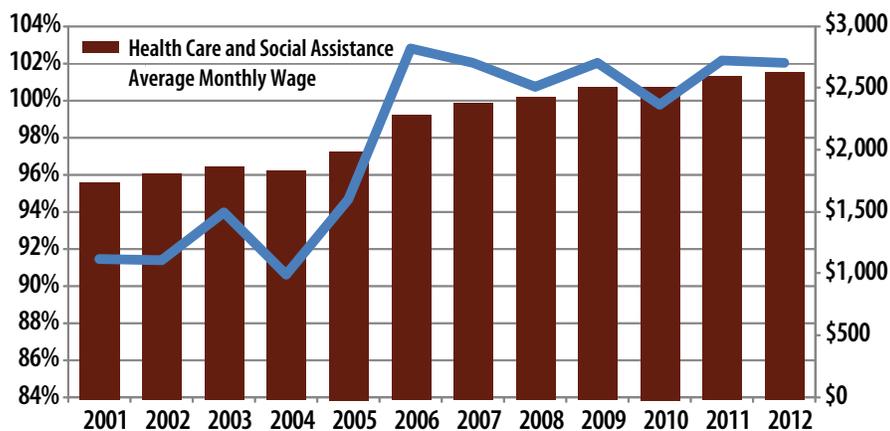
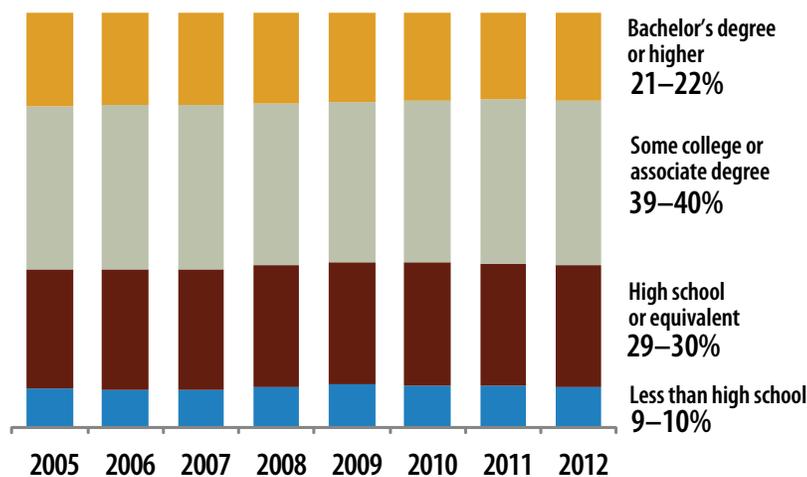


Figure 4: Central Area Health Care and Social Assistance Share of Employment by Educational Level*



*Workers 25 years and older
Source: U.S. Census Bureau; Local Employment Dynamics

industry into negative territory once again. In 2012, as parts of the Central Utah economy eased into recovery, health care and social services employment grew at a slightly slower rate (less than 1 percent) than the overall labor market (1.6 percent).

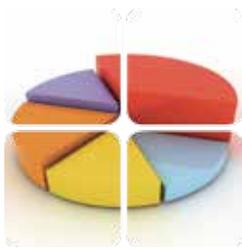
Although health care and social assistance employment has seen its ups and downs over the past decade, it has continued to account for a larger and larger share of total nonfarm employment. Since 2001 the share of employment this industry contributed to total nonfarm jobs increased from 8 percent to 10 percent by 2012. Of course, with faster than average growth rates over most of that time span, this is a logical progression. However, as other industries have begun growing once again in the wake of the current recovery, health care and social assistance has edged back just slightly.

The mix of subindustry health care and social services employment has shifted noticeably over the past decade as each category grew at different rates. Nursing and residential care facilities showed the strongest expansion, accounting for 28 percent of health care and social services employment in 2001. By 2012, it made up 33 percent of the industry total. Ambulatory health care also showed an increased share of employment — from 22 to 29 percent. On the other hand, the share of employment in hospitals actually contracted noticeably, while social assistance employment stayed virtually the same.

While overall employment was on the rise, the share of total payroll wages generated by health care and social assistance expanded also. In 2001, this industry contributed only 7.6 percent of total nonfarm wages, representing a smaller share than employment. By 2012, the industry had increased its share to almost 10 percent — almost identical to employment's portion.

Wages

Not only have total payrolls increased over time, but average wages have as well. In 2001, the industry's average monthly wage measured



In Economic Sickness and in Health (continued)

roughly \$1,600 compared to \$2,500 in 2012. Even after adjusting for inflation using the Consumer Price Index for All Urban Consumers, mean wages rose almost 18 percent over the time period.

Compared to total average wages, this industry has seen a varied history over the past decade. In the first half of the decade, health care and social assistance wages averaged less than the total average wage for the region. However, during the second half of the decade, health care and social services average wages generally registered slightly higher than the total average monthly wage. Currently, the average monthly wage in the health care social assistance industry measures 102 percent of the comparable nonfarm job figure.

Demographics

The recent addition of the Census Bureau's Local Employment Dynamics program allows the analysis of demographic data by industry. With health care requiring an ever increasing array of technical skills, one

might suspect that the educational levels of its workers would show an increasing trend over time. Not so. At least in Central Utah, educational levels have actually decreased between 2005 and 2011, possibly reflecting the current trend of giving more mundane health care professional duties to less-educated workers.

Despite the trend toward registered nurses acquiring more bachelor's degrees, the percentage of workers with a bachelor's degree or higher in the health care industry has actually declined in the last several years. In 2005 the share of workers with a bachelor's degree or higher measured 22 percent, which is not particularly high. By 2011, that share had dropped to 21 percent. From 2005 to 2011 the percentage of those with some college or an associate degree remained fairly steady, hovering around 39 to 40 percent. The percentage of workers with a high school education edged up slightly as did the share of workers with less than a high school education.

All three subsectors experienced the same trend. The share of employees with at least some college decreased as well as the share with a high school education or less. However, the trend was much more pronounced in ambulatory health care and social services.

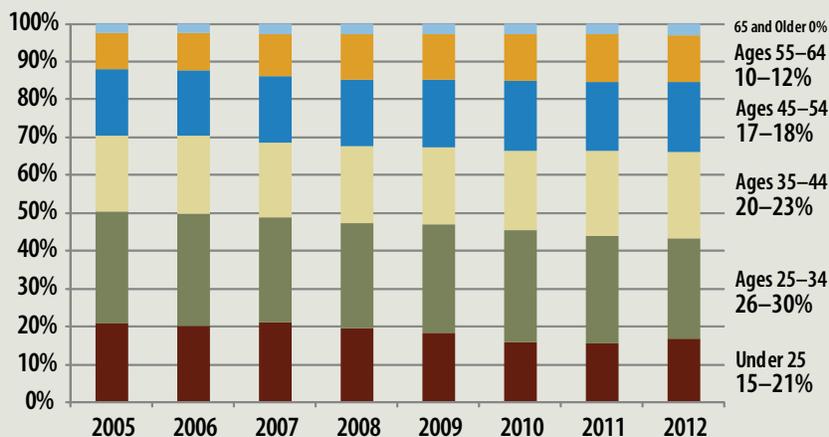
In Central Utah, the health care and social services industry appears to be aging. From 2005 to 2011, the share of workers 55 and older increased from 12 percent to 15 percent. Both the 35–44 and 45–54 age groups also showed increases in workforce share.

In contrast, workers under the age of 25 declined steadily from 21 percent in 2005 to only 18 percent in 2012. The share of 25- to 34-year-old workers also contracted from 30 percent to 26 percent. This lack of younger workers in the health care and social assistance industry may reflect the recessionary and recovery economy where older, more experienced workers are more readily available for hire. The various subsectors all showed similar patterns.

Conclusion

The health care and social services industry plays a significant role in Central Utah's labor market. Over the last decade its growth rates generally outpaced average industry growth. Unusually, compared to other areas, this industry did feel the effects of the recent recession, experiencing an actual decline in jobs. Total payroll dollars make up a similar share of the area's wages, as does employment. In addition, average health care and social services wages now run slightly higher than the average for all nonfarm jobs. In general, workers in the health care and social services industry are showing lower educational levels and older workers continue to make up a larger and larger share of the employment base.

Figure 5: Central Health Care and Social Assistance Share of Employment by Age



Source: U.S. Census Bureau; Local Employment Dynamics



Signs of Economic Recovery in Central Utah

BY LECIA PARKS LANGSTON, ECONOMIST

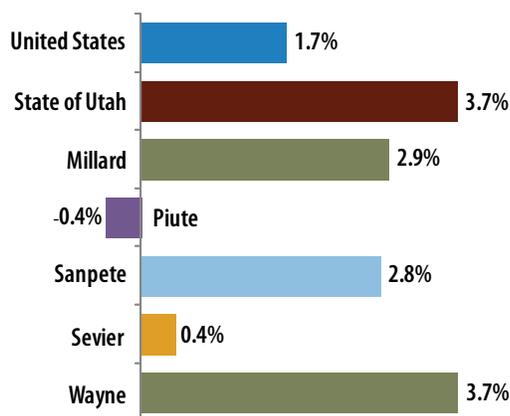
The central Utah economy continues to improve. However, housing has yet to make a comeback and Sanpete County remains the only area with a consistent job-growth record.

Millard County

New fourth quarter employment figures show Millard County departing the job-growth and job-loss roller coaster ride caused by the influx and outflow of jobs from major construction projects. The county exited that ride to find itself back in moderate job growth. Most other economic indicators show an improving economy. The lone exception? As in many rural areas, construction has yet to rebound.

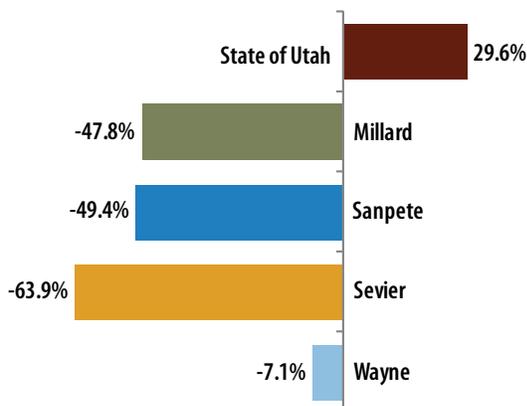
- Between December 2011 and December 2012, Millard County’s nonfarm jobs grew by roughly 3 percent, marking a net gain of more than 110 jobs.
- Most major industries added employment. The current broad-based expansion provides another sign of economic health. The few industry losses proved minor.
- Professional and business services created the largest number of new positions, with manufacturing, wholesale trade and the public sector contributing between 15 and 20 new jobs each.
- Joblessness continued to decline in response to an improved job market. In March 2013, the county’s unemployment rate clocked in at only 4.3 percent — unusually low for a rural county. In fact, Millard County’s jobless rate measures below the state average (4.9 percent).
- Construction remains the one holdout in the energizing economy. In Millard County, every single construction permitting category showed

Figure 6: Change in Nonfarm Jobs December 2011–December 2012



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

Figure 7: Annual Change in Dwelling Unit Permits, 2012



Source: Utah Bureau of Economic and Business Research

Signs of Economic Recovery in Central Utah (continued)

a decrease in values during 2012. Of course, although new home permits dropped by 48 percent in 2012, these figures are compared to a nice surge in new home construction that occurred in 2011.

- New nonresidential values also dropped by 42 percent. Overall, total permit-approved values declined by 45 percent.
- Fourth-quarter gross taxable sales increased by a healthy 8 percent year-over-year. While this is only the second straight gain in sales since early 2011, gross taxable sales also reflected up-and-down business spending connected to large construction projects.
- Millard County cars sales rose a whopping 44 percent in fourth quarter 2012, following a general improving trend.

Piute County

When is year-to-year job loss of 0.4 percent a good thing? When the last time your area experienced an employment gain was in December 2008. Piute County has struggled

with significant job losses for much of the past four and a half years. However, the recently released December 2012 year-to-year nonfarm job loss of one job provides no clear signal that the county's economy is improving. Other economic indicators represent a mixed bag of performances.

- Between December 2011 and December 2012, Piute County lost just one nonfarm job. In addition, little change was apparent in any of the area's industries.
- The loss of three jobs in trade, transportation and utilities and a two-job gain in construction marked the largest movements of note.
- The county's unemployment rate does continue to trend downward, primarily because so many Piute County workers have found employment outside of the county's boundaries. In March 2013, its jobless rate registered 5.2 percent — not all that much higher than the statewide rate of 4.9 percent.
- Fourth-quarter 2012 gross taxable sales for Piute County rose 10 percent compared to the same quarter in 2011.

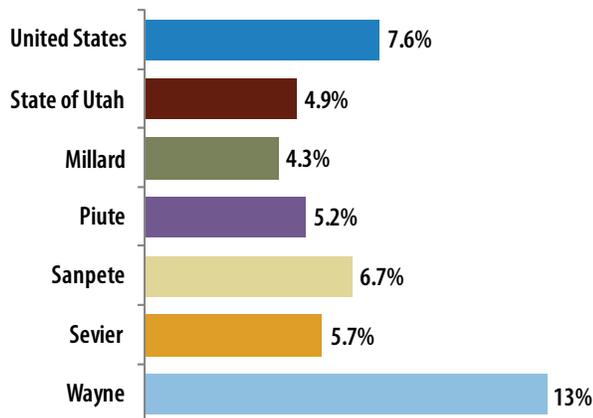
However, the previous two quarters showed declining sales.

Sanpete County Economic Update

Although its employment growth rates slowed somewhat in the fourth quarter, Sanpete County remains one of the few rural counties to display a fully expansionary economy. Job growth rates have decelerated from the county's peak figure of roughly 6 percent at midyear to closer to 3 percent in the fourth quarter. However, the current rate of expansion appears more sustainable in the long run than the earlier overheated speed. With the exception of construction, other economic indicators support the pattern in employment expansion.

- Between December 2011 and December 2012, Sanpete County's nonfarm employment grew by 2.8 percent, representing a net increase of almost 200 new jobs.
- While most major industries joined in the job creation club, a number slipped into job loss territory, most significantly retail trade.
- On the up side, manufacturing added more than 100 new positions, private education and social services contributed 60 jobs and construction increased payrolls by more than 40.
- Following the trend across most of Utah, Sanpete County's jobless rate continued to edge downward. In March 2013, the jobless rate measured 6.7 percent — down almost a full percentage point from March 2012.
- Fourth quarter 2012 gross taxable sales presented a nice moderate 4 percent increase compared to the same quarter in 2011. Sales in the county have improved steadily for the past seven quarters.
- Construction is the one lone holdout from the recession. Sanpete County home permits dropped 49 percent in 2012. The county did experience some

Figure 8: Seasonally Adjusted Unemployment Rates, March 2013



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

home-building improvement in 2010, but was unable to sustain the movement. On the other hand, while new nonresidential permitting dropped during 2012, nonresidential additions, alterations and repairs popped up by more than 280 percent, accounting for almost one-fourth of total permit values. Nevertheless, overall permit values contracted by 22 percent during the year.

Sevier County

Although Sevier County peeked out of the recessionary trough earlier than most rural counties, its economy spent most of 2011 in employment stagnation. During early 2012, employment growth improved, but by year-end recently released figures show job expansion ebbing once again. The remaining economic indicators also present a mixed bag suggesting that the county's economy has yet to find a firm expansionary footing.

- Between December 2011 and December 2012, Sevier County's nonfarm employment grew a meager 0.4 percent — only 34 net new jobs.
- Notable declines in mining and transportation employment put the primary drag on job expansion.
- On the positive side of the ledger, private education, health and social services, construction and leisure and hospitality services added at least 20 new jobs each.
- Despite the county's less-than-stellar job-creation performance, unemployment rates continue to trend down. In March

2013, the county's jobless rate registered 5.7 percent, down from 6.5 percent in March 2012.

- Construction has yet to shake off the effects of the recession. The number of new dwelling units permitted in the county dropped 64 percent in 2012 — the sixth straight year of home-permit contraction.
- Nonresidential permitting took up the slack. Sevier County was one of the few rural counties to show a year-to-year gain in total permit values (69 percent). One large permit for nonresidential additions, alterations and repair helped drive total values up substantially. In fact, this category accounted for two-thirds of total permit values.
- Sevier County's gross taxable sales have tended to bounce around in recent quarters. However, before fourth quarter 2012, the county had shown four quarters of positive gains. Fourth quarter 2012 put an end to that pattern with a slight 2-percent year-to-year decrease.
- New car and truck sales also took a 6-percent dip in the fourth quarter.

Wayne County

While the economic blow Wayne County suffered when its largest employer (Aspen Health) closed its doors has not dissipated, its effect on the year-to-year employment numbers has. Jobs figures for the fourth quarter of 2012 reveal moderate employment expansion in the county. In the

final month of 2012, Wayne County showed a year-over nonfarm job increase of almost 4 percent — a gain of almost 30 positions.

- Leisure and hospitality services, private education and health social services, and construction provided the primary sources of new employment.
- Not all major industries shared in the employment joy. In particular, retail trade showed a notable employment decline.
- The closure of the county's largest employer is definitely reflected in the county's rising unemployment rate. As of March 2013, Wayne County's jobless rate measured a whopping 13.0 percent, up more than a full percentage point from a year earlier for the highest rate in the state.
- Construction permitting for 2012 seems unlikely to spur much employment growth. However, while the number of dwelling units in the county dropped by 7 percent (just one permit), residential additions, alterations and repairs jumped 75 percent. Moreover, residential permitting still accounted for two-thirds of total permitted values.
- Nonresidential permitting declined notably, keeping total permit values down about 11 percent during 2012.
- Between the fourth quarters of 2011 and 2012, Wayne County's gross taxable sales increased by a mere 1 percent. However, in five of the last seven quarters, the county has generated year-over gains.

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The Dynamics of Industry Data

BY MELAUNI JENSEN, LMI ANALYST

Labor Market Information (LMI) is a powerful resource that provides people with a variety of information pertaining to the workforce. LMI can show information about an industry as well as current local economic conditions. It can help policy makers and economic developers understand the productivity of the workforce, economic activity and the overall health of the economy, information that is important for estimating tax revenue and modifying county or city services. It can also demonstrate to educators and economic developers the employment and wage outcomes of graduates and what industries are strongest in local areas.

Every state in the U.S. partners with the Bureau of Labor Statistics (BLS) to gather and produce complete employment and wage information that represents workers covered by state Unemployment Insurance (UI) laws. This data program is called the Quarterly Census Employment and Wages (QCEW). Used to track the establishment levels, these quarterly statistics are important to many other federal and state programs, as it is an accurate reflection of the size of the workforce. Employment data represents the number of covered workers who worked during the pay period or received pay. It does not include those in the military, those who are self-employed, domestic workers, unpaid family workers and railroad workers already covered by the railroad UI system. Wages represent total compensation paid during that quarter, regardless of whether the work was completed at that same period of time, and including vacation or other paid leave, bonuses and tips.

QCEW data is the most comprehensive and respected economic database available, giving the best picture of the economy. QCEW includes data on the number of business establishments and their monthly employment and wages for each quarter. The data is categorized by industry, county and ownership. In accordance with BLS policy, data is not published at the individual firm level, but instead is aggregated and reported for specific statistical uses.

Our economists analyze this data after collection using the North American Industry Classification System. NAICS, as it is often referred to, was developed with Canada and Mexico in an effort to improve the comparability of employment in industries, thus improving the reflected economic activities. This powerful coding system categorizes each establishment into a detailed industry profile based on what they produce or the service they provide and gives five levels of categorized detail.

QCEW data can be used to show the dynamics of businesses: how they open and close and how they expand and retract. It can also show job creation, terminations and layoffs. Here in Utah, we comply with an agreement with the federal government to disseminate this information in a variety of ways. The data is used in products such as FirmFind and Industry Employment and Wages, both interactive tools on our website at jobs.utah.gov/jsp/wi/utalmis/default.do. We also use this data in the Labor Market Information annual report and the analyses contained in this publication. For a further breakdown of NAICS, visit census.gov/eos/www/naics/.