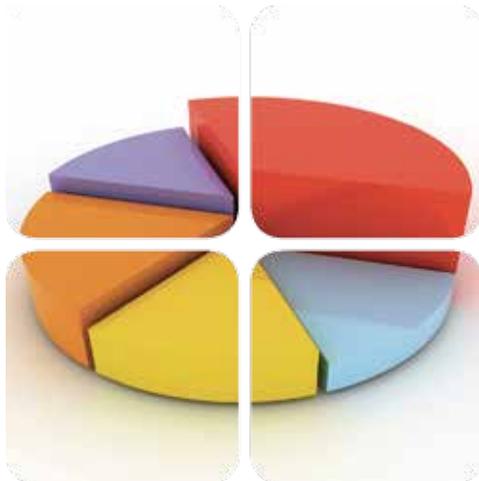


# local insights

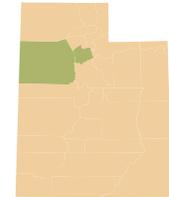


An economic and labor market analysis of the Wasatch Front South Area

vol. 2 issue 1 • jobs.utah.gov



## Important Industries in the Wasatch Front South



BY JIM ROBSON, ECONOMIST

Which major industries have the greatest employment and wage impacts in the Wasatch Front South (Salt Lake and Tooele Counties) regional economy? Which industries and firms are the primary drivers of economic activity? To make this determination, total nonfarm payroll employment for each county in the region fits into 23 major industry groups: 18 private sector and 5 government or public sector government industries. The five public sector industries are federal government, state education, other state government, local education and other local government. Data elements include total wages paid, the average annual number of jobs, the average monthly wage for 2012 and employment location quotients.

An employment location quotient is a ratio that compares an area's percentage of total jobs in an industry to that same industry percentage nationally. It is a comparative measure of the importance of each industry within an area with the importance of that industry on average in the U.S. For example, if construction accounts for 5.1 percent of jobs in Salt Lake County and 4.3 percent of jobs in the U.S., the ratio of 5.1 divided by 4.3 is 1.19; construction is 19 percent (1.19 minus 1 times 100) larger relative to the total number of jobs in Salt Lake than is the case nationally.

Figure 1 and Figure 2 show the most important industries for Salt Lake and Tooele counties respectively. The 23

industries are sorted from highest to lowest in terms of total wages paid in 2012 (columns 4 and 5).

### Salt Lake County

In 2012, there were 603,945 payroll jobs and \$27.7 billion in payroll wages paid in Salt Lake County, accounting for almost half of the jobs (48.4 percent) and 54.6 percent of wages paid within Utah. There are 1.26 million residents in the county or 37.3 percent of the state's population.

In Salt Lake County the four industries that paid the most total wages in 2012 were manufacturing at 10.5 percent, or \$2.93 billion; professional, scientific and technical services at 10.2 percent, or \$2.84 billion; finance and insurance at 8.8 percent or \$2.45 billion and health care and social services at 8.5 percent or \$2.37 billion.

Together these four major industries account for \$10.58 billion in total wages or 38.2 percent of all wages paid in 2012 (Figure 1). These industries provide 31.1 percent of all payroll jobs in the county (columns 1 and 2). The top three industries — manufacturing; professional, scientific and technical services; and finance and insurance — pay a greater percentage of total wages than the percentage of total jobs. This is because they paid above-average wages. Column 8 gives the average wage of each industry as a percent of the statewide 2012 average monthly wage (AMW) of \$3,387. Finally, the fourth

continued on page 4

### in this issue:

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*In 2012, the wages paid in Salt Lake County accounted for almost half of the jobs and wages paid within the state of Utah, as residents in the county make up more than one third of the state's population.*

#### The State of the Economy in Wasatch Front South ..... 5

*Expansion and an improving labor market will characterize economic conditions during 2013 with job growth of about 3.0 percent for Wasatch Front South.*

#### The Dynamics of Industry Data ..... 8

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



Important Industries in Wasatch Front South (continued)



Figure 1: Salt Lake County 2012  
Employment and Wages by Industry

| Industry   | Average Annual Jobs | Percent of Total Jobs | Top 10 Rank | Total Wages*            | Percent of Total Wages | Top 10 Rank | Average Monthly Wage (AMW) | Percent of Statewide AMW | Top 10 Rank | U.S. Location Quotient 2011 | Top 10 Rank |
|--|---------------------|-----------------------|-------------|-------------------------|------------------------|-------------|----------------------------|--------------------------|-------------|-----------------------------|-------------|
| Manufacturing                                    | 52,505              | 8.7%                  | 3           | \$2,925,109,799         | 10.5%                  | 1           | \$4,643                    | 137.1%                   | 8           | 0.96                        |             |
| Professional, Scientific and Technology Services | 40,654              | 6.7%                  | 6           | 2,836,483,054           | 10.2%                  | 2           | 5,814                      | 171.6%                   | 4           | 1.09                        | 10          |
| Finance and Insurance                            | 37,559              | 6.2%                  | 7           | 2,451,442,265           | 8.8%                   | 3           | 5,439                      | 160.6%                   | 6           | 1.48                        | 4           |
| Health Care and Social Services                  | 57,257              | 9.5%                  | 2           | 2,369,521,680           | 8.5%                   | 4           | 3,449                      | 101.8%                   |             | 0.75                        |             |
| Retail Trade                                     | 64,152              | 10.6%                 | 1           | 2,003,099,433           | 7.2%                   | 5           | 2,602                      | 76.8%                    |             | 0.91                        |             |
| Wholesale Trade                                  | 31,161              | 5.2%                  | 8           | 1,935,674,024           | 7.0%                   | 6           | 5,177                      | 152.8%                   | 7           | 1.19                        | 8           |
| Construction                                     | 30,531              | 5.1%                  | 9           | 1,511,696,314           | 5.5%                   | 7           | 4,126                      | 121.8%                   |             | 1.19                        | 9           |
| Admin Support/Waste Mgmt                         | 43,461              | 7.2%                  | 4           | 1,318,733,965           | 4.8%                   | 8           | 2,529                      | 74.6%                    |             | 1.19                        | 7           |
| Management of Companies                          | 16,200              | 2.7%                  |             | 1,312,471,734           | 4.7%                   | 9           | 6,751                      | 199.3%                   | 3           | 1.80                        | 2           |
| Transportation and Warehousing                   | 27,118              | 4.5%                  | 10          | 1,207,157,304           | 4.4%                   | 10          | 3,710                      | 109.5%                   |             | 1.41                        | 5           |
| State Government Education                       | 19,447              | 3.2%                  |             | 1,009,024,790           | 3.6%                   |             | 4,324                      | 127.6%                   | 10          | 2.16                        | 1           |
| Other State Government                           | 20,217              | 3.3%                  |             | 1,003,965,604           | 3.6%                   |             | 4,138                      | 122.2%                   |             | 1.63                        | 3           |
| Information                                      | 17,466              | 2.9%                  |             | 947,877,680             | 3.4%                   |             | 4,523                      | 133.5%                   | 9           | 1.34                        | 6           |
| Other Local Government                           | 19,212              | 3.2%                  |             | 726,571,968             | 2.6%                   |             | 3,152                      | 93.0%                    |             | 0.68                        |             |
| Local Government Education                       | 23,656              | 3.9%                  |             | 721,536,126             | 2.6%                   |             | 2,542                      | 75.0%                    |             | 0.67                        |             |
| Accommodation and Food Services                  | 42,529              | 7.0%                  | 5           | 702,216,536             | 2.5%                   |             | 1,376                      | 40.6%                    |             | 0.79                        |             |
| Federal Government                               | 10,265              | 1.7%                  |             | 692,487,441             | 2.5%                   |             | 5,622                      | 166.0%                   | 5           | 0.82                        |             |
| Other Services                                   | 18,533              | 3.1%                  |             | 593,130,165             | 2.1%                   |             | 2,667                      | 78.7%                    |             | 0.89                        |             |
| Real Estate and Rental and Leasing               | 9,165               | 1.5%                  |             | 406,479,068             | 1.5%                   |             | 3,696                      | 109.1%                   |             | 1.04                        |             |
| Educational Services                             | 10,766              | 1.8%                  |             | 370,000,494             | 1.3%                   |             | 2,864                      | 84.5%                    |             | 0.89                        |             |
| Mining   | 3,652               | 0.6%                  |             | 344,302,524             | 1.2%                   |             | 7,857                      | 232.0%                   | 1           | 0.97                        |             |
| Arts, Entertainment and Recreation               | 6,891               | 1.1%                  |             | 204,907,670             | 0.7%                   |             | 2,478                      | 73.2%                    |             | 0.74                        |             |
| Utilities  | 1,531               | 0.3%                  |             | 133,311,679             | 0.5%                   |             | 7,254                      | 214.2%                   | 2           | 0.62                        |             |
| <b>TOTAL</b>                                     | <b>603,945</b>      | <b>100.0%</b>         |             | <b>\$27,728,052,142</b> | <b>100.0%</b>          |             | <b>\$3,826</b>             | <b>112.9%</b>            |             | <b>1.00</b>                 |             |

\*Table sorted by total wages.

**Figure 2: Tooele County 2012  
Employment and Wages by Industry**

| Industry   | Average Annual Jobs | Percent of Total Jobs | Top 10 Rank | Total Wages*         | Percent of Total Wages | Top 10 Rank | Average Monthly Wage (AMW) | Percent of Statewide AMW | Top 10 Rank | U.S. Location Quotient 2011 | Top 10 Rank |
|--|---------------------|-----------------------|-------------|----------------------|------------------------|-------------|----------------------------|--------------------------|-------------|-----------------------------|-------------|
| Administrative Support and Waste Management      | 1,734               | 11.0%                 | 1           | \$117,000,759        | 17.4%                  | 1           | \$5,623                    | 166.0%                   | 3           | 2.14                        | 2           |
| Federal Government                               | 1,636               | 10.3%                 | 4           | 111,880,795          | 16.6%                  | 2           | 5,701                      | 168.3%                   | 2           | 5.08                        | 1           |
| Manufacturing                                    | 1,707               | 10.8%                 | 3           | 91,104,147           | 13.5%                  | 3           | 4,448                      | 131.3%                   | 6           | 1.14                        | 6           |
| Local Government Education                       | 1,625               | 10.3%                 | 5           | 49,356,274           | 7.3%                   | 4           | 2,531                      | 74.7%                    |             | 1.69                        | 4           |
| Transportation and Warehousing                   | 942                 | 6.0%                  | 8           | 42,564,761           | 6.3%                   | 5           | 3,767                      | 111.2%                   | 10          | 1.76                        | 3           |
| Professional, Scientific and Technology Services | 666                 | 4.2%                  |             | 42,424,849           | 6.3%                   | 6           | 5,306                      | 156.7%                   | 4           | 0.66                        |             |
| Health Care and Social Services                  | 1,267               | 8.0%                  | 6           | 42,275,897           | 6.3%                   | 7           | 2,780                      | 82.1%                    |             | 0.60                        |             |
| Construction                                     | 749                 | 4.7%                  | 10          | 37,582,684           | 5.6%                   | 8           | 4,180                      | 123.4%                   | 8           | 1.03                        | 8           |
| Retail Trade                                     | 1,725               | 10.9%                 | 2           | 37,386,644           | 5.6%                   | 9           | 1,806                      | 53.3%                    |             | 0.89                        | 9           |
| Other Local Government                           | 925                 | 5.8%                  | 9           | 29,066,030           | 4.3%                   | 10          | 2,619                      | 77.3%                    |             | 1.20                        | 5           |
| Accommodation and Food Services                  | 1,174               | 7.4%                  | 7           | 14,108,657           | 2.1%                   |             | 1,002                      | 29.6%                    |             | 0.79                        |             |
| Finance and Insurance                            | 200                 | 1.3%                  |             | 10,646,146           | 1.6%                   |             | 4,443                      | 131.2%                   | 7           | 0.32                        |             |
| Other Services                                   | 373                 | 2.4%                  |             | 9,527,714            | 1.4%                   |             | 2,129                      | 62.8%                    |             | 0.65                        |             |
| Other State Government                           | 179                 | 1.1%                  |             | 8,346,284            | 1.2%                   |             | 3,895                      | 115.0%                   | 9           | 0.53                        |             |
| Information                                      | 172                 | 1.1%                  |             | 5,869,422            | 0.9%                   |             | 2,848                      | 84.1%                    |             | 0.66                        |             |
| Arts, Entertainment and Recreation               | 266                 | 1.7%                  |             | 5,667,953            | 0.8%                   |             | 1,775                      | 52.4%                    |             | 1.09                        | 7           |
| Wholesale Trade                                  | 127                 | 0.8%                  |             | 5,404,376            | 0.8%                   |             | 3,542                      | 104.5%                   |             | 0.19                        |             |
| Mining   | 74                  | 0.5%                  |             | 4,562,148            | 0.7%                   |             | 5,149                      | 152.0%                   | 5           | 0.87                        | 10          |
| Real Estate and Rental and Leasing               | 110                 | 0.7%                  |             | 2,815,353            | 0.4%                   |             | 2,133                      | 63.0%                    |             | 0.44                        |             |
| Educational Services                             | 127                 | 0.8%                  |             | 2,581,587            | 0.4%                   |             | 1,694                      | 50.0%                    |             | 0.39                        |             |
| Utilities  | 27                  | 0.2%                  |             | 2,130,880            | 0.3%                   |             | 6,701                      | 197.8%                   | 1           | 0.38                        |             |
| State Government Education                       | 5                   | 0.0%                  |             | 216,532              | 0.0%                   |             | 3,609                      | 106.5%                   |             | 0.02                        |             |
| Management of Companies                          | 13                  | 0.1%                  |             | 176,262              | 0.0%                   |             | 1,175                      | 34.7%                    |             | 0.05                        |             |
| <b>TOTAL</b>                                     | <b>15,823</b>       | <b>100.0%</b>         |             | <b>\$672,707,636</b> | <b>100.0%</b>          |             | <b>\$3,543</b>             | <b>104.6%</b>            |             | <b>1.00</b>                 |             |

\*Table sorted by total wages.



## Important Industries in Wasatch Front South (continued)

industry listed, health care and social services, has the highest percent of total jobs (9.5 percent) of the top four industries but somewhat less of total wages at 8.5 percent. This is because the health care and social services AMW is below average for the county. While health care has highly paid doctors other professionals, there are many technicians, aids and caretakers that bring the AMW down below the overall county average.

Of the first four industries, finance and insurance has the largest location quotient (LQ) of 1.48, which illustrates the importance of this industry to Salt Lake County. Professional, scientific and technical services is somewhat higher than average with an LQ of 1.09, and manufacturing is close to the U.S. relative share at 0.96.

Despite the importance of health care and social services with 9.5 percent of county jobs and reasonably good wages, the LQ is relatively low at just 0.75. This is due to our young population in Salt Lake County relative to a much older average population nationally. An older population requires significantly more health care services.

Within manufacturing's 52,505 jobs, the largest sub-industries are computer and electronic product manufacturing (9,423 jobs), medical equipment and supplies manufacturing (6,050 jobs), food manufacturing (4,864 jobs) and fabricated metal product manufacturing (4,668 jobs). Large firms within manufacturing include L-3 Communications, Merit Medical Systems, Ultradent Products, Varian Medical Systems and Old Home Bakery.

Professional, scientific and technical services had a total of 40,654 jobs with large sub-industries of computer systems design (9,550 jobs), architecture and engineering services (7,076 jobs), legal services (5,977 jobs), management and technical consulting (4,526 jobs) and accounting and bookkeeping (4,456 jobs). Some firms in these PSTS subindustries include EMC,

3M Health Information Systems, Nelson Laboratories, Kirton and McConkie, Ray, Quinney & Nebeker, ADP Dealer Services and H & R Block.

Of the total 37,559 jobs in finance and insurance, the largest sub-industries are credit intermediation banks, credit unions and other depository and nondepository credit services (19,758 jobs), insurance carriers (11,528 jobs) and securities, commodity contracts and investments (4,465 jobs). Notable firms include Zions Bank, Wells Fargo Bank, American Express, Goldman Sachs, Fidelity Brokerage Services and Mountain America Credit Union.

Private health care and social services employment totals 57,257, with the largest sub-industries of ambulatory health care — offices of doctors, dentists, outpatient care — and laboratories (25,186 jobs), hospitals (15,740 jobs) and social assistance (7,806 jobs). Large firms in these sub-industries include Intermountain Health Care, ARUP Laboratories, St. Marks Hospital, and Salt Lake Regional Medical Center.

Two prominent health care institutions within government are the University of Utah Hospital and the Veterans Administration Hospital.

### Tooele County

In 2012, three important industries paid almost one half of all wages at 47.6 percent and provided close to one third of all jobs (32.1 percent). In terms of total wages, administrative support and waste management paid \$117.0 million, or 17.4 percent of the county total; federal government jobs paid \$111.9 million, or 16.6 percent; and manufacturing paid \$91.1 million, or 13.5 percent.

The total number of jobs in Tooele County averaged 15,823 during 2012. The three top industries listed above accounted for 11.0, 10.3 and 10.8 percent of total jobs, respectively. The fourth industry, local

government education, also provides over 10 percent of jobs. All three of the top industries have a relatively high AMW.

The top five industries have an LQ greater than one. The LQ for federal government jobs really stands out with a value over five — five times the national average. The administrative support and waste management location quotient of 2.14 is also noteworthy and is mostly a result of waste disposal activities from the Deseret Chemical Depot that is in the process of closing down and the Energy Solutions site in Clive.

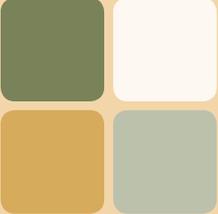
Of the 1,734 jobs in administrative support and waste management, 72.7 percent of the jobs are in waste treatment and disposal, with the three most prominent businesses being EG & G Defense Materials, Energy Solutions and Clean Harbors.

In Tooele County, there were 1,436 civilian employees of the Department of Defense or 84.3 percent of the total 1,734 federal government jobs in 2012.

Manufacturing, with 1,707 jobs are primarily within three subindustry groups: primary metal manufacturing (730 jobs), machinery manufacturing (364 jobs) and food manufacturing (309 jobs). Important firms are US Magnesium, ATI Titanium, Detroit Diesel Remanufacturing, Morton Salt and Cargill.

### Conclusion

By analyzing just a few labor market variables — total wages, average employment and the average monthly wage—we see that a few major industries provide a significant proportion of income and job opportunities. These important industries have prominent firms whose products and services are often exported. These industries and the many individual businesses within provide the economic activity that sustains household incomes, with better than average wages and job opportunities for workers in the area.



# The State of the Economy in Wasatch Front South

BY JIM ROBSON, ECONOMIST

The Wasatch Front South labor market continued to improve through the end of 2012. Employment growth averaged 3.5 percent for the year compared to 2011, and the region's unemployment rate averaged 5.5 percent in 2012. The unemployment rate has continued to decline into the spring of 2013 below 4.8 percent. The economy should continue to expand with healthy job growth and even lower unemployment. Labor market conditions have mended considerably over the past two years. Continuing job growth occurred across all major industry groups with the exception of federal government employment,

which continues to shed jobs. An improving labor market will continue to characterize economic conditions into the summer of 2013.

## Salt Lake County

Employment opportunities have been expanding in most of the major industrial sectors with average employment growth of 3.6 percent in 2012. The 20,947 new jobs increased total employment to 603,945, surpassing the previous record of 602,859 in 2008. Many of the new jobs are being created in trade, professional and business services, leisure and hospitality services and manufacturing.

**Figure 3: Wasatch Front South Nonfarm Payroll Employment 2011–2013**

| Super Sector Industry             | Annual Average Jobs |             |                | Change in Jobs from Prior Year |             |                | Percent Change in Jobs |             |                |
|-----------------------------------|---------------------|-------------|----------------|--------------------------------|-------------|----------------|------------------------|-------------|----------------|
|                                   | Actual 2011         | Actual 2012 | Forecast 2013r | Actual 2011                    | Actual 2012 | Forecast 2013r | Actual 2011            | Actual 2012 | Forecast 2013r |
| <b>Total Nonfarm Payroll Jobs</b> | 598,928             | 619,768     | 638,304        | 12,028                         | 20,840      | 18,536         | 2.0%                   | 3.5%        | 3.0%           |
| Mining                            | 3,299               | 3,726       | 3,299          | 594                            | 427         | (427)          | 22.0%                  | 12.9%       | -11.5%         |
| Construction                      | 30,194              | 31,280      | 32,525         | (110)                          | 1,086       | 1,245          | -0.4%                  | 3.6%        | 4.0%           |
| Manufacturing                     | 52,833              | 54,212      | 54,498         | 1,139                          | 1,379       | 286            | 2.2%                   | 2.6%        | 0.5%           |
| TTWU*                             | 121,061             | 126,783     | 132,139        | 1,916                          | 5,722       | 5,356          | 1.6%                   | 4.7%        | 4.2%           |
| Information                       | 16,468              | 17,638      | 18,300         | (35)                           | 1,170       | 662            | -0.2%                  | 7.1%        | 3.8%           |
| Financial Activities              | 46,449              | 47,035      | 48,334         | 821                            | 586         | 1,299          | 1.8%                   | 1.3%        | 2.8%           |
| Professional/Business Svcs.       | 98,193              | 102,727     | 107,398        | 4,197                          | 4,534       | 4,671          | 4.5%                   | 4.6%        | 4.5%           |
| Ed/Health Care Services**         | 67,768              | 69,417      | 71,354         | 1,206                          | 1,649       | 1,937          | 1.8%                   | 2.4%        | 2.8%           |
| Leisure and Hospitality           | 48,656              | 50,859      | 52,616         | 709                            | 2,203       | 1,757          | 1.5%                   | 4.5%        | 3.5%           |
| Other Private Services            | 18,247              | 18,906      | 19,478         | 135                            | 659         | 572            | 0.7%                   | 3.6%        | 3.0%           |
| Federal Government                | 12,478              | 11,901      | 11,612         | (376)                          | (577)       | (289)          | -2.9%                  | -4.6%       | -2.4%          |
| State Government***               | 38,521              | 39,848      | 41,000         | 719                            | 1,327       | 1,152          | 1.9%                   | 3.4%        | 2.9%           |
| Local Government***               | 44,762              | 45,418      | 45,753         | 1,113                          | 656         | 335            | 2.6%                   | 1.5%        | 0.7%           |

\*Trade (Wholesale & Retail)/Transportation/Warehousing/Utilities

\*\* Private Education/Health Care/Social Services

\*\*\* State government includes higher education and local government includes public education

r = revised

**The State of the Economy in Wasatch Front South (continued)**

Of course, the construction industry suffered the most significant job losses during the recession. It has added jobs throughout 2012 compared to levels recorded in 2011. Admittedly, while construction is growing, it is expanding from a level of total employment that is far below the level reached before the recession. In 2012, construction jobs had grown by 1,042, or 3.5 percent above the level recorded in 2011.

Of the major industrial groups, only one lost jobs from 2011 to 2012: federal government employment declined by 3.8 percent, a drop of 401 jobs.

**Unemployment**

The seasonally adjusted unemployment rate in Salt Lake County peaked in November 2009 at 8.1 percent as a result of the recession. Over the past three years, the unemployment rate has declined gradually and at times paused briefly and then continued its downward trend. By March 2013 it had dropped to 4.6 percent with about 26,000 residents unemployed. Initial claims for unemployment benefits, while still above the incredibly low levels seen prior to the recession, are at their lowest level in four years.

The stabilization, improvement and expansion in the Salt Lake County labor market since mid-year 2010 have been reflected in gross taxable sales figures. For ten consecutive quarters, second quarter 2010 through third quarter 2012, Salt Lake County year-over sales tax collections have been positive. The third quarter 2012 year-over taxable sales were up by 8.7 percent.

**Construction Activity**

As discussed earlier, construction has been the hardest hit industry with the most significant job losses during the recession.

Salt Lake County construction activity hit bottom in 2010. While it is true that construction employment levels did not increase during 2011, overall measures of activity were off the bottom. In 2011, housing unit permits and valuations were up 9.7 percent and 20.7 percent, respectively. Admittedly these were not increases in single family homes but in multi-family dwellings. In 2011, non-residential permitted valuations were up by 103 percent and total construction valuations were up by 49.9 percent over 2010 levels.

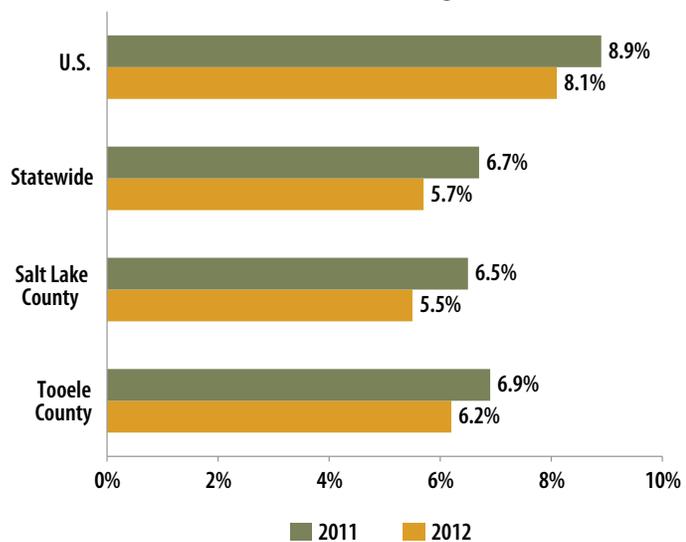
In 2012, overall construction activity, as measured by total permitted value of construction compared to 2011, is up by 1.4 percent. There has been less activity in

commercial, industrial, apartments and condominiums compared to 2011. As noted earlier, construction employment has actually increased in 2012 in Salt Lake County, which can be attributed to an increase in single-family home permits of 67.2 percent with 2,072 permits in 2012 compared to 1,239 for 2011. The valuation of the single-family permits is 56.3 percent higher in 2012.

**Tooele County**

As was the case along most of the Wasatch Front, the recession slide halted and year-over job growth returned to Tooele County in the last six months of 2010. In 2011 Tooele County averaged employment gains of 366 new jobs or growth of

**Figure 4: Unemployment Rate Comparison with Wasatch Front South Counties, Annual Average 2011–2012**



2.3 percent. This growth was led by new manufacturing and construction jobs of 197 and 125 respectively. During 2012, overall employment receded by 157 jobs, a decline of 1.0 percent as job gains in other industries were overwhelmed by significant reductions in professional and business services (-290 jobs) and the federal government (-177 jobs). Part of these losses are due to the ongoing closure of the Deseret Chemical Depot.

The five industries that added the most jobs in 2012 were retail trade (+107), accommodation and food services (+60), construction (+44), transportation and warehousing (+50) and manufacturing (+47).

### Economic Sluggishness

The Deseret Chemical Depot (DCD) finished its assignment, the destruction of the largest stockpile of U.S. chemical weapons. This does not mean that this facility is closed. It will take over two years to decommission the facility and close it down. However, related job losses have occurred in 2012 and will continue at various stages throughout 2013 and 2014.

Direct job reductions will impact waste management; professional, scientific and technical services; and federal defense industries. The loss of about 1,000 direct jobs, with associated declines in incomes and expenditures, will result in reductions of about 300 to 500 additional jobs throughout Tooele County and the larger regional economy.

The current economic sluggishness in Tooele County is the result of several factors: the past recession, the closing of DCD, federal job cuts, reductions in the waste management services industry and county government budget and personnel cuts.

The labor market outlook for Tooele County in the next few years could be

contraction. Business and government leaders will be working hard to generate new and compensating economic activities and growth. Tooele is, of course, part of the greater Salt Lake Metropolitan area and has access to this wider labor market. Between 40 to 50 percent of county residents with payroll jobs commute to the Salt Lake area for employment. The current relative strength in the Salt Lake County labor market should provide support to Tooele County residents during this period of transition.

The current difficulties in the Tooele County economy are reflected in a somewhat higher unemployment rate, averaging 6.3 percent during 2012 compared to the 5.5 percent rate in Salt Lake County.

With a little luck and some increasing strength from growing industries cited above, Tooele County may actually add a few jobs in 2013, with forecasted growth of 29 jobs or 0.2 percent increase.

### Outlook

Overall for the Wasatch Front South (Salt Lake and Tooele Counties), continuing job growth and a gradually improving labor market will characterize economic conditions during 2013 with job growth of about 3.0 percent. Enough employment growth was generated in 2012 to bring the average regional nonfarm payroll job total to 619,767, which is above the previous high of 618,385 achieved on average in 2008.

The improving labor market should continue to gradually bring down the unemployment rate to around 4.5 percent in 2013. Because of the considerable slack created in the labor market during the recession and subsequent slow recovery, the unemployment rate will likely continue to range between 4.3 and 5.0 percent in 2013.

Employment  
growth in 2012  
topped the  
previous peak in  
2008.



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# The Dynamics of Industry Data

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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](http://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/](http://census.gov/eos/www/naics/).