

local insights

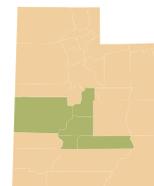


An economic and labor market analysis of the Central Utah Area

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Hot or Not? A Look at New Occupational Projections for Central Utah



BY LECIA PARKS LANGSTON, ECONOMIST

Every two years, like clockwork, the Utah Department of Workforce Services releases occupational projections for the next decade. The goal is to provide guidance to both the educational community who prepares our workforce and those who are making career choices. In addition, these projections provide valuable insight into the current and future nature of Utah's labor force.

In an effort to provide more localized information, a larger number of substate projections were produced for the 2010 to 2020 projections. Now instead of being lumped in with a large number of rural counties, central Utah has its own set of occupational projections. The central Utah area includes Millard, Piute, Sanpete, Sevier and Wayne counties. However, especially for these less-populated areas, smaller-area substate projections result in a limited number of occupations with publishable projections. Fewer

detailed occupational projections can be released due to both survey confidentiality concerns and smaller sample sizes.

Projections Timing

Projections follow federal timing requirements which necessitate the completion of both national and state projections before tackling substate areas. To ensure area comparability, all three levels of projections (federal, state, local) use the same time frame. The 2010 to 2020 projections used the most recent data available at the time of computation. Finally, occupational trends remain relatively stable over time.

Business Cycle Effects

How has the recent recession and recovery affected the projections? The most recent two sets of occupational projections have been complicated by economic boom, recession and recovery. Growth rates for some large occupational groups have changed

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Local occupational projections provide estimates about the distribution of occupations through 2020. Which Central Utah jobs are predicted to be promising?

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Occupational projections provide users with guidance to make more informed decisions about long-term goals.

"Prediction is very difficult, especially if it's about the future."

Nils Bohr, Nobel Laureate in physics





Hot or Not? Continued

dramatically. Keep in mind that the base year of these projection marks the beginning of recovery, so employment is basically at a cyclical low. Moreover, in an effort to improve our projections, we used newly available data sources to estimate employment for certain occupations outside the normal scope of our survey process. Larger-than-average data differences for

certain occupations may be apparent in the two projections time periods.

Projections Definitions

What do “total openings” represent? Job openings can be divided into two categories. The first category includes openings that result from growth. In other words, these “new” openings result when a company starts up or moves to Utah and hires workers or when an existing company generates a net addition of new employees.

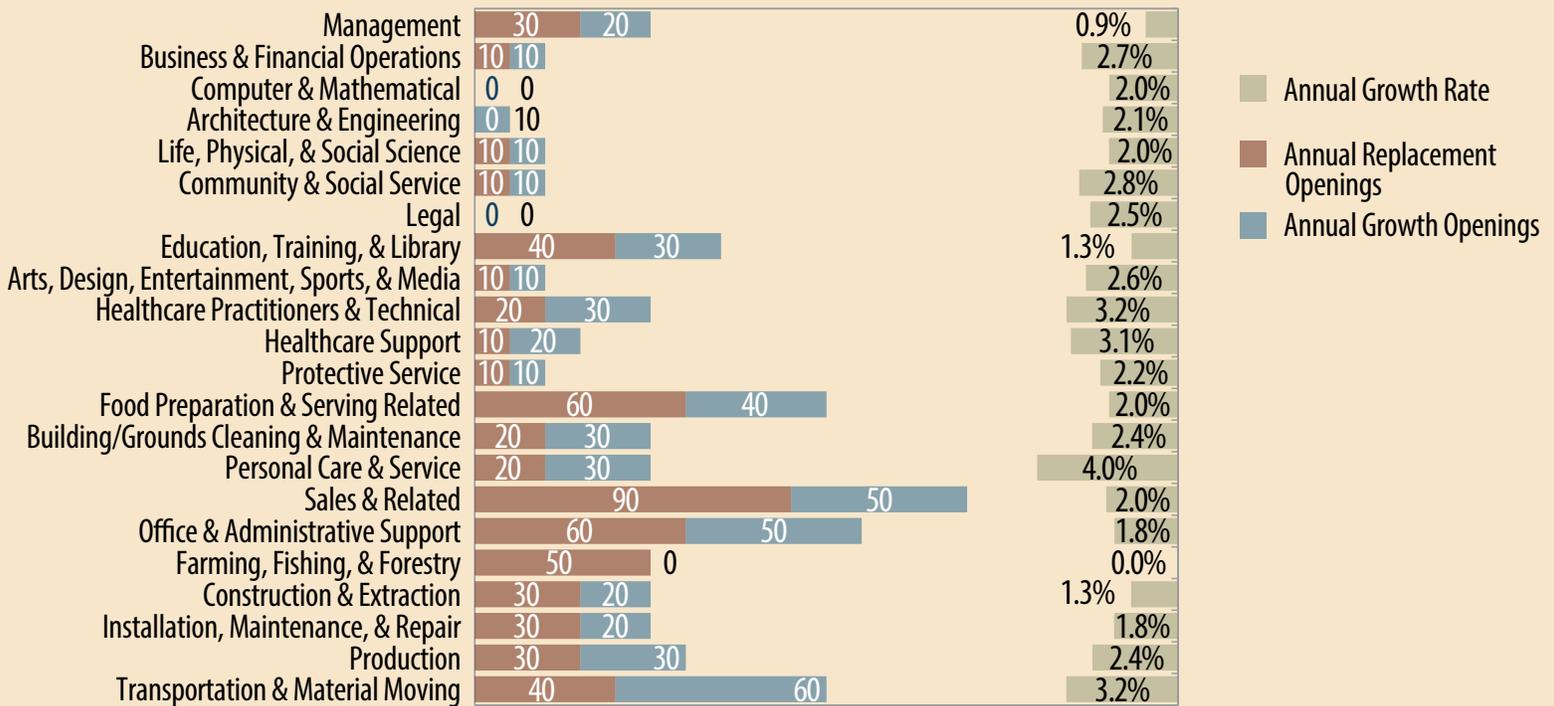
However, the “openings” story doesn’t end with growth. Total openings also include replacement openings. These opportunities occur when individuals leave an occupation for any reason. These replacement openings may be created because individuals retire, move up into management, take employment in another occupation or

leave the labor force. For many low-skilled occupations, replacements will often outnumber growth as a source of openings. Keep in mind that “turnover” only creates replacement openings if the individual moves to a different occupation—not just a different employer.

Tracking Indicators

Which is the most important indicator? The growth rate or the number of openings? The “annual average growth rate” simply represents the average percent change in employment over the 10-year period between 2010 and 2020. Of course, in the natural flow of a business cycle, employment in the various occupations will grow at varying rates for each year. The average annual growth rate merely corresponds to the growth rate between 2010 and 2020, divided by ten.

Figure 1: Central Utah Projections by Major Occupational Group 2010 - 2020



* Millard, Piute, Sanpete, Sevier and Wayne Counties.

The rate of employment growth reveals how rapidly a particular occupation or occupational group is expanding. It embodies the best indicator of change or movement in the economy. However, this figure may be misleading. Due to mathematics alone, small numeric changes in occupations with little employment can result in large percentage changes. When this occurs, growth rates may reveal little about true projected demand for an occupation.

On the other hand, very large occupations with rather leisurely growth rates may add thousands of new openings. In this case, the number of average annual openings provides a better measure of demand for the occupation. However, both statistics have something to say about the expected employment change of a particular occupational group or occupation.

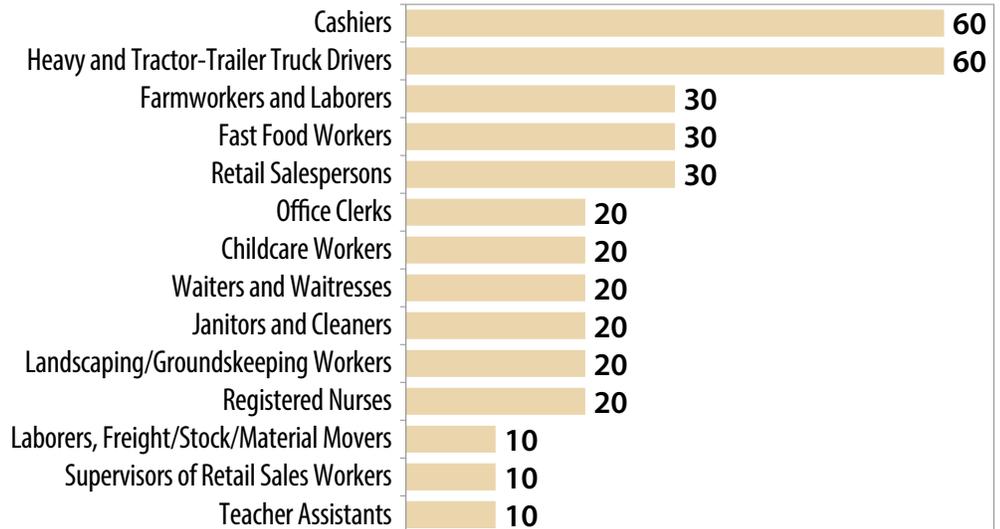
Educational Levels

Educational levels are assigned based on research by the Bureau of Labor Statistics and represent the typical education needed to enter an occupation. These assignments represent requirements of the job rather than educational levels of people in the occupation. While most occupations in Central Utah require a high school education or less, occupations requiring higher educational levels are growing more rapidly than those with lower educational requirements.

Shortages

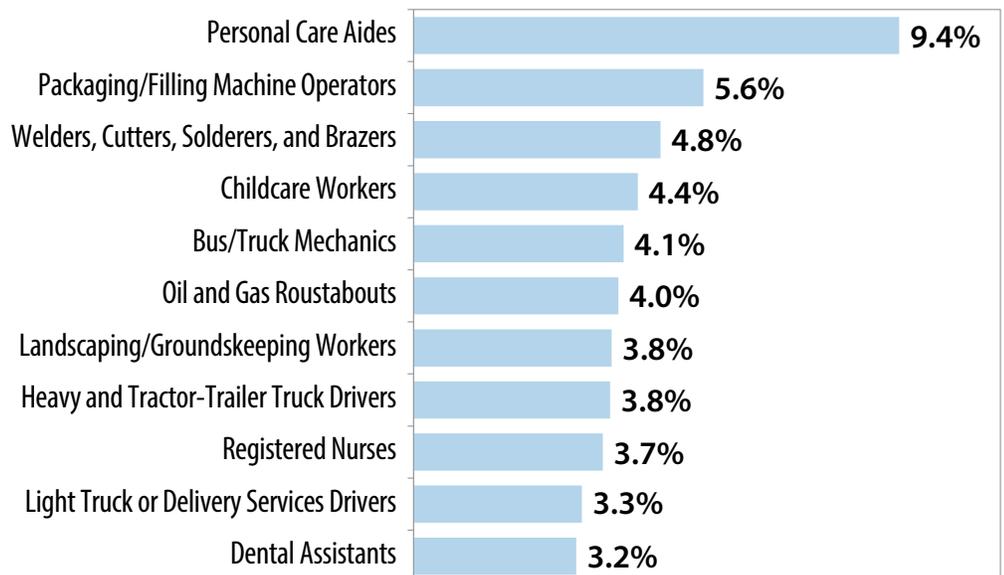
Shortages of job openings and job seekers can exist depending on the occupation and labor market conditions. There are many occupations where individuals with a particular skill outnumber the positions available. For example, more workers have the skill to run a cash register than there are cashier jobs available. In contrast, some highly-skilled occupations may have ample openings but a limited number of workers trained.

Figure 2: Central Utah Occupations with Highest Average Annual Projected Openings 2010 - 2020



* Millard, Piute, Sanpete, Sevier and Wayne Counties.

Figure 3: Central Utah Fastest-Growing Occupations with at least 10 Average Annual Openings 2010 - 2020



* Millard, Piute, Sanpete, Sevier and Wayne Counties.



Hot or Not? Continued

Central Utah Occupational Projections

Current occupational projections suggest that, on average, central Utah will produce roughly 1,100 openings each year between 2010 and 2020. The resulting average annual growth rate should register just below 2 percent, slightly lower than the statewide average of 2 percent. Because central Utah industries and occupations are currently distributed differently than for the state, central Utah can also expect to see a different pattern of occupational growth than the state in the future.

Major Occupational Groups

With an annual average of 140 job openings each year during the projections time frame, sales-related occupations are expected to create the highest number of job opportunities in central Utah. This occupational group currently ranks second in terms of employment behind office/administrative support occupations. Not only does the sales-related occupational group start with a large base, its growth rate is projected to measure slightly higher than the figure for all occupations. Moreover, this occupation generates high replacement demands. Replacement openings should account for almost 63 percent of total openings.

Transportation/material moving occupations are expected to generate the highest number of openings due to growth in central Utah. With an average annual growth rate of 3.2 percent (the second-fastest of any occupational category), projections suggest this occupational group will add 60 positions every year due to expansion alone. Here growth openings will outnumber replacement openings.

Currently, office and administrative support occupations show the highest

employment level in central Utah. Not surprisingly, this group ranks second in terms of average annual openings (110 positions) and second in terms of new-growth openings. On the other hand, its rate of expansion is expected to fall slightly below the average for all occupations.

Major occupations groups expected to generate few openings include arts/design/entertainment/media, architecture/engineering, computer/mathematical and legal occupations. Each of these groups is projected to add fewer than 20 positions each year. Two groups (computer/mathematical and legal) should produce far fewer than 10 annual openings on average.

The personal care/service occupational group is anticipated to show the fastest growth rate (4 percent) in the 2010 to 2020 time period. In this occupational group, childcare workers are projected to add a notable number of positions at a rapid rate of growth. Although this is a swiftly growing occupational group, it should produce relatively few average annual openings. With fewer than 50 openings

per year, it falls far behind sales-related occupations in opening-generation power.

The two healthcare occupational groups (practitioners/technical and support) mimic state and national trends with faster-than-average growth rates (3.2 and 3.1 percent, respectively). Aging baby boomers will require additional medical care in the future, increasing the need for these occupations. Additionally, expanded medical care coverage in upcoming years will expand demand for medical services.

While the number of farming/fishing/forestry occupations is expected to decline in central Utah over the 2010 to 2020 time frame, this occupational group will still create job openings. Farming (particularly self-employed farming) maintains one of the oldest workforces. As farmers retire and/or leave the occupation, employment opportunities will appear.

Individual Occupations

Unremarkably, individual occupations with the highest number of expected

Figure 4: Central Utah Occupations with the Best Employment Outlook and Higher-than-Average Wages, 2010 - 2020

Accountants and Auditors
Bus/Truck Mechanics
Correctional Officers and Jailers
Electrical and Electronics Repairers
Elementary School Teachers
General and Operations Managers
Heavy and Tractor-Trailer Truck Drivers
Middle School Teachers
Police and Sheriff's Patrol Officers
Registered Nurses
Roustabouts, Oil and Gas
Secondary School Teachers
Supervisors of Office Workers
* Millard, Piute, Sanpete and Wayne counties.

openings generally reflect occupations that currently maintain a large employment base. Cashiers, heavy truck drivers and farmworkers are expected to create the largest number of annual openings in central Utah. They are also the occupations with the largest employment base in the area.

Not only is the top of the openings ranking populated with already-large occupations, most of these occupations have high replacement needs. Heavy-truck drivers, where growth is expected to generate more openings than replacements, offers the lone

exclusion. The vast majority of occupations with high openings require little education or skills. Registered nurses prove the exception to the rule here.

Rapidly-growing occupations exhibit a mixed bag of careers. Occupations with the fastest expected growth rates (and at least 10 annual openings) include personal care aides, packaging machine operators, welders and childcare workers.

What occupations in central Utah offer the best employment outlook and higher-than-average wages? Several of the

occupations are found primarily in the public sector: correctional officers, school teachers and police officers/sheriff patrol officers. Some require higher educational attainment: accountants and registered nurses. A few require managerial skills, including general/operations managers and supervisors of office workers. Some of the occupations are firmly in the blue collar camp such as bus/truck mechanics, electrical repairers, heavy truck drivers and roustabouts. For more detailed information on these occupational projections, see: Jobs.utah.gov/wi/pubs/outlooks



Two Steps Forward and One Step Back

BY LECIA PARKS LANGSTON, ECONOMIST

Since the national economic expansion began, central Utah has danced around its own recovery. Most counties added jobs at some point, only to lose employment as time progressed. Second quarter 2013 found just one county of five in the job-winning column. However, April marked the first month since the beginning of the recession that Piute County added jobs on a year-over basis. While Millard County created employment at a rather tepid rate, at least it showed gains in this most-important indicator. The remaining counties (Sanpete, Sevier and Wayne) all displayed rather minor year-to-year employment losses.

Millard County

Millard County's economy is currently expanding. Yet, it still hasn't found itself on sound job-creation footing.

The area recovered from the vacillation in jobs as a large construction project came and went and is now adding employment at a rather tepid rate. Between June 2012 and June 2013, Millard County's nonfarm jobs increased by 2 percent, a gain of more than 80 jobs. Wholesale trade and the public sector (mostly local government) proved the primary drag on the overall job picture; both lost roughly 30 jobs. On the plus side, professional/business services created the largest number of net new positions (more than 70). Additionally, mining, manufacturing, private education/health/

social services, leisure/hospitality services and other services each added at least 10 new jobs each.

Despite a very slight increase in joblessness related to the temporary government shutdown, Millard County's unemployment rate registered 4.2 percent in October 2013, lower than the statewide average of 4.6 percent.

Other economic indicators show rock-solid expansion. Both sales and construction permitting experienced strong recent improvement. For the first four months of the year, dwelling unit permits are up 40 percent. In addition, gross taxable sales gains continued their four-quarter winning streak with a hefty 17-percent year-to-year increase. New light truck and car sales also displayed a vigorous 23-percent year-over increase for second quarter 2013.

Piute County

Piute County's economy should be poised for improvement in the months ahead. Although it has yet to keep its head above water in the employment arena, it appears to be edging ever closer to an expanding economy.

In April, Piute County generated its first year-to-year nonfarm employment gains since the recession began. However, by quarter-end, the county had reverted to its stagnant ways. Piute County has



Two Steps Forward and One Step Back Continued

lagged noticeably behind its neighbors in the job-creation. Between June 2012 and June 2013, Piute County lost one nonfarm jobs. In this small county, even a one-job loss translates into a 0.4 percent decline.

Most major industries either added employment or remained stable. Retail trade and local government were the primary movers and shakers of job creation. However, losses in transportation and leisure/hospitality services more than offset those gains.

Not surprisingly, joblessness ticked up a notch—even more than the slight job loss would suggest. In October 2013, Piute County unemployment rate registered 5.9 percent—higher than the Utah average (4.6 percent) but below the U.S. figure (7.3 percent).

With best economic news, gross taxable sales displayed a healthy increase. After three straight quarters of contraction, Piute County pulled out a vigorous 9-percent year-over gain in second quarter 2013.

Sanpete County

Sanpete County's economy appears more fragile this year than last.

It's a story of employment rags to riches. In 2012, Sanpete County produced one of the strongest job-growth performances in the region. However, employment now basically treads water. Sanpete County's nonfarm jobs declined by 11 positions between June 2012 and June 2013. The accompanying rate of decline measured a mere 0.1 percent. Although the total number of jobs remained almost unchanged, a majority of industries lost employment. In particular, the public sector (including federal, state and local levels) showed the largest employment declines. Mining and retail trade also contributed noticeably to the county's job losses. Nevertheless, construction

and private education/health and social services generated enough new positions to almost counteract other industry losses.

Joblessness continues to edge downward. Sanpete County's October 2013 unemployment rate of 6.1 percent registers 1.3 percentage points lower than it did just twelve months earlier.

Since home-building had basically come to a standstill in 2012; a relatively small number of new dwelling unit permits in 2013 generated an excessive growth rate. Yet, given the gains in nonresidential permitting values, the county's construction picture certainly appears much brighter than in 2012.

Gross taxable sales mirrored the weakness in the labor market. Gross taxable sales took a turn for the worse in second quarter. After two years of expansion, second quarter sales dropped a slight 1 percent on a year-over basis.

Sevier County

Despite its early post-recession recovery, Sevier County now struggles to return to expansion. To be pronounced economically fit, the county must generate

new jobs and present a solid front among its other economic indicators.

Sevier County lost employment between the second quarters of 2012 and 2013. While the losses proved fairly minor (less than 1 percent in June), job losses are still indicative of a contracting economy. In the year following June 2012, Sevier County's nonfarm jobs dropped by about 80 positions. The largest employment losses can be traced to mining (down 40 jobs) and professional/business services (down 60 positions). Only three major sectors added jobs and healthcare/social services experienced the only net gain of note (74 jobs). Covered agriculture (numbers not included in the nonfarm job totals) contributed roughly 20 additional jobs to the economy.

Sevier County joblessness continues to drift lower and lower. In October 2013, joblessness measured 5.5 percent, down from 6.3 percent in October 2012.

Other indicators produced mixed economic signals. Sevier County is finally showing improvement in home permitting. The first four months of

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

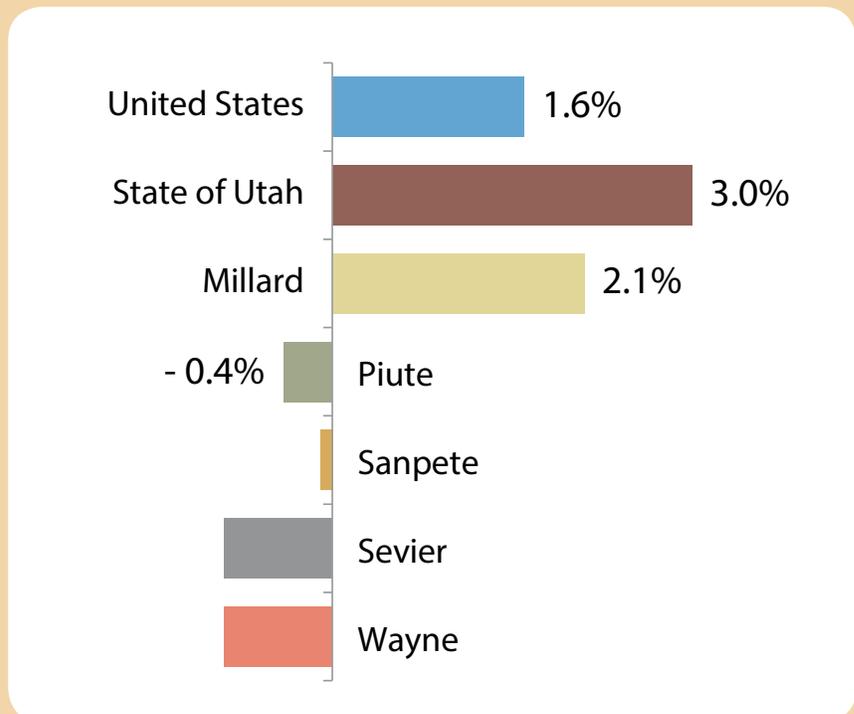


Figure 6: June 2012 to June 2013 Change in Construction Industry Employment

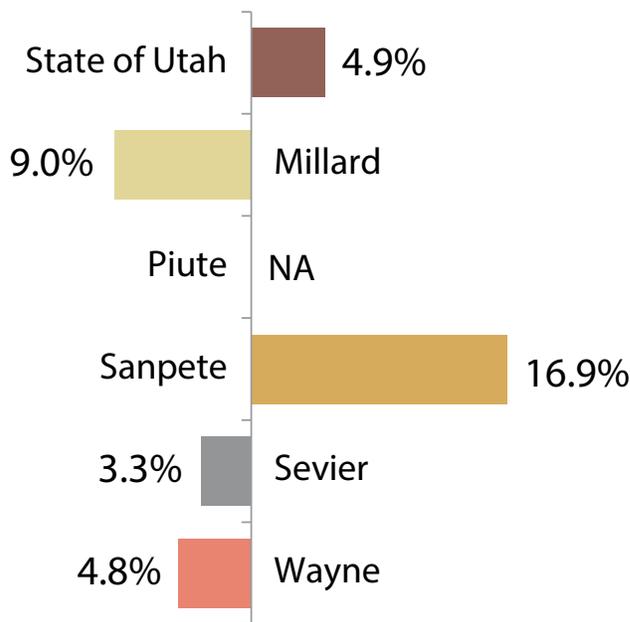
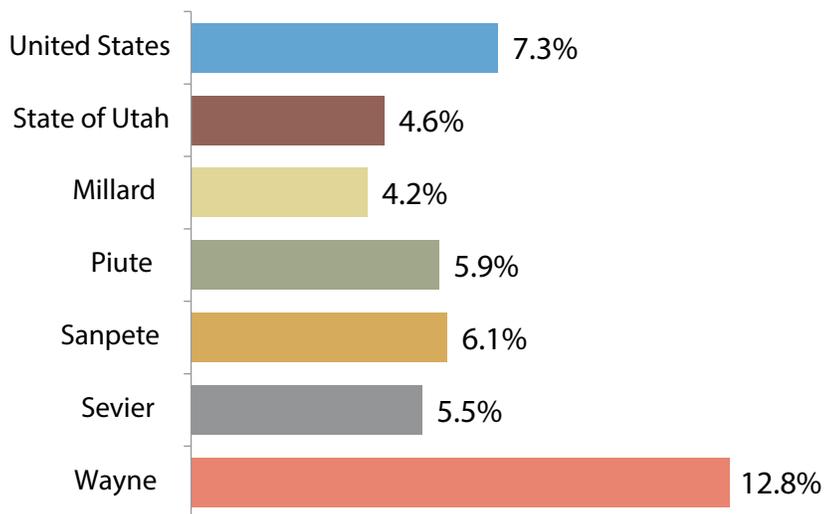


Figure 7: October 2013 Seasonally Adjusted Unemployment Rates



2013 display a 40-percent gain over the same time period in 2012. However, the number of new permits remains small and it's early days yet. Nonresidential permitting is down substantially compared to last year resulting in an overall decline in total permitted values.

Between the second quarters of 2012 and 2013, gross taxable sales showed a languid 2-percent gain. That's just another symptom of a less than robust economy. Sales of new light trucks and cars made the best economic news of the quarter. On the heels of a 44-percent year-to-year gain in first quarter, second quarter sales rose 38 percent.

Wayne County continues to feel the aftereffects of the loss of its largest employer. Jobs are down this quarter and a clean bill of economic health demands employment growth.

After a brief fling with job growth in late 2012, Wayne County found itself in job loss territory as 2013 progressed. Data for second quarter 2013 show the area is still losing employment ground. Wayne County's nonfarm employment declined by 10 positions in the twelve months following June 2012. The accompanying disappointing rate of employment contraction (just under 1 percent) is just the latest in a spate of poor employment performances.

The public sector can take most of the blame for the current contraction although construction and manufacturing also lost noticeable numbers of positions. On the positive side, several industries did tally gains; specifically, leisure/hospitality services, private education/health/social services and trade.

In concert with contracting employment, unemployment rates remain high and actually edged up in recent months, partially as a result of the temporary federal government shutdown. In October 2013, Wayne County jobless rate measured a whopping 12.8 percent and has increased noticeably since April 2013.

Fortunately, total construction permitting is up as are gross taxable sales. Figures for the first four months of 2013 exhibit a home-building market in continued distress. A noteworthy increase in new nonresidential construction provided a boost to construction permitting activity. Gross taxable sales remain one of the best-performing economic indicators. Between the second quarters of 2012 and 2013, sales increased by a healthy 7 percent.



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

The Making of Occupational Projections

BY MELAUNI JENSEN, LMI ANALYST

Every state is required to produce projections by the Bureau of Labor Statistics (BLS), the source of national long-term industry and occupational projections. Every two years, the Department of Workforce Services (DWS) Economists offer long-term industry and occupational projections. The occupational projections discussed in this issue of Local Insights reveal trends for growth or decline of workers by occupational groups and specific occupations. The ten-year period provides guidance for the public to make more informed decisions about their long-term goals. The projections contain valuable information about the likely future number of job openings and wages.

As you may know, industries represent businesses providing or producing the same products or services, while occupations describe work that requires certain tasks, duties or responsibilities. Occupations are coded using the Standard Occupational Coding (SOC) system that contains standardized and occupation-specific descriptors, requirements and worker attributes. This system is used for the entire nation and helps to better identify the occupation a worker may be looking to obtain. These are also grouped with similar occupations with comparable duties, called occupational groups. Approximately 5,000 employers receive the annual Occupational Employment Statistics (OES) survey from DWS in Utah, making it the largest and best wage and occupational survey in the state. This survey provides data on occupational staffing patterns that are established and applied or distributed for most industries, giving the economists the data they need to develop employment estimates for roughly 700

identified occupations and are prepared at a statewide level and for eight sub-state areas.

The first step in developing occupational projections is to generate industry projections using the Long-Term Industry Projections System (LTIP) provided by BLS. DWS Economists produce employment estimates for about 95 different industries in the state. After producing industry projections, economists then create the occupational projections by analyzing the results from the OES survey. In addition to the employment estimates from the OES survey, the MicroMatrix software system used by all states generates estimates of the number of annual average job openings expected to occur during the projections period. Growth occurs when positions are created, while replacement happens when workers leave an occupation therefore needing to be replaced. The education, work experience or job training generally required for the occupations are also included in the occupational projections to provide even more information. These are provided by BLS and contain information about the typical education and training requirements for an occupation.

DWS Economists have used time-tested economic theory along with economic tools to provide occupational projections and do not promise 100 percent accuracy. They are made with the understanding that major events can happen with policies, demographic trends or even natural disasters to tip the trends of the economy. By using these resources to “tell the future”, it provides more consistent and valid projections.