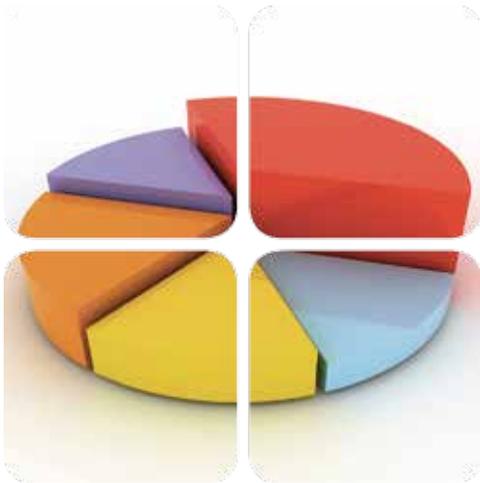


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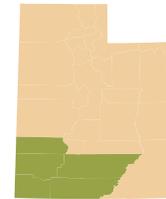


An economic and labor market analysis of the Southwest Utah Area

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In Economic Sickness and in Health: Health Care and Social Assistance in Southwestern Utah



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

in this issue

In Economic Sickness and in Health: Health Care and Social Assistance in Southwestern Utah 1

The health care industry plays a significant role in the Southwest Utah economy and seems destined to become even more important.

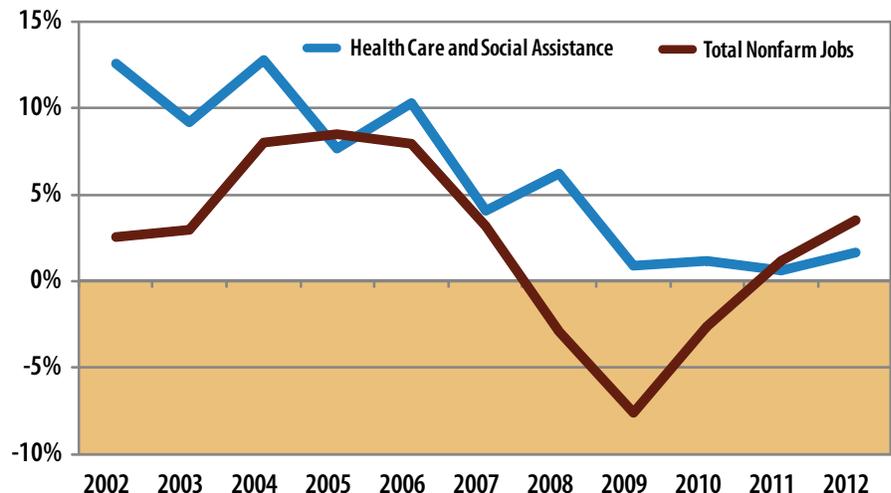
A Brighter Economic Picture in Southwestern Utah 5

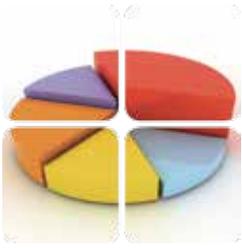
Most Southwest county-level economies continue to improve as we move away from the peak of the recession.

The Dynamics of Industry Data 8

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

Figure 1: Southwest Annual Employment Change





In Economic Sickness and in Health (continued)

Currently in Southwestern Utah (Beaver, Garfield, Iron, Kane and Washington counties), employment in health care and social assistance totals almost 9,900 jobs. This means the industry incorporates almost 14 percent of total nonfarm employment, making it one of the larger major industrial sectors in the area. Moreover, with more than \$359 million in payrolls, this sector provides an even greater share of total nonfarm wages: roughly 17 percent. Not surprisingly, 2012 average monthly wages for health care and social services (\$3,038) outpaces average total wages (\$2,464) for the area.

Subindustries

Ambulatory health care services boasts of the largest subsector share (36 percent) of the industry's employment. This subgroup runs the gamut from doctor and dentist offices to outpatient care centers to medical laboratories to home health. Hospitals comprise only a slightly smaller share, at 30 percent. Nursing and residential care facilities, including those for troubled teens, account for roughly 23 percent of health care and social services employment. Caring for troubled teens is big business in Southwestern Utah. Five of these troubled-teen enterprises are among the 11 largest health care and social service employers. Social assistance employment adds the final 11 percent of employment.

Wages vary dramatically among the health care and social assistance subsectors. Hospitals top the ranking, with average monthly wages near \$4,200, followed by ambulatory health care services, at \$3,200. With an average monthly wage of less than \$1,100, social assistance ranks lowest among the primary subsectors.

Locations

Not surprisingly, most (80 percent) of the area's health care and social assistance positions are located in Washington County. On the other hand, Washington County accounts for only 68 percent of total nonfarm employment. Iron County chimes in with another 16 percent. Together, the remaining counties (Beaver, Garfield and Kane) contribute less than 4 percent of total private health care and social services employment. Washington County's prominence as a regional health care hub undoubtedly contributes to its higher-than-average share of sector employment. In addition, its notable number of teen residential care centers helps bulk up its share of the employment total.

Performance

While not recession-proof, the health care and social assistance industry proved the only major industrial sector in Southwestern Utah to survive the recent recession without job loss. On the other hand, the industry's level of job gain did decline dramatically as the business cycle flipped from boom to bust. Generally, annual job growth rates in health care and social assistance topped those of the overall economy. Since 2000, the peak of health care and social assistance expansion occurred in 2004 at almost 13 percent. By the trough of the recession in 2009, employment growth had slipped to less than 1 percent. Of course, during that same year, total nonfarm employment decreased by almost 8 percent. Interestingly, as the Southwestern Utah economy (particularly Washington County) found its way back to healthy job gains in 2011 and 2012, the health care and social services industries displayed slower-than-average increases.

Health care and social assistance employment didn't always play such an important role in the southwestern economy. Since 2001, the portion of employment this industry contributed to total nonfarm jobs increased from 9 percent to 14 percent in 2012. With faster-than-average growth rates over that time span, this is a logical progression. However, as other industries began growing once again in the wake of the current expansion, health care and social assistance share has edged back just slightly.

A major hospital expansion in St. George and blooming pre-recession business in the care of troubled teens helped add to the health care and social assistance industry's growing importance. Indeed, hospitals increased their share of health care and social services employment from 26 percent in 2001 to 30 percent in 2012. Social assistance also has produced faster-than-average growth. Its share of industry-wide employment increased from 8 percent in 2001 to 11 percent in 2012. The share of residential care employment increased nicely until the recent recession hit and has declined since that point.

While overall employment was on the rise, the share of total payroll wages generated by health care and social assistance expanded even more rapidly. In 2001, this industry contributed 11 percent of total nonfarm wages and, by 2012, had increased its share to 17 percent.

Wages

Not only have total payrolls increased over time, but average wages have as well. In 2001, the industry's average monthly wage measured less than \$2,200 compared to

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

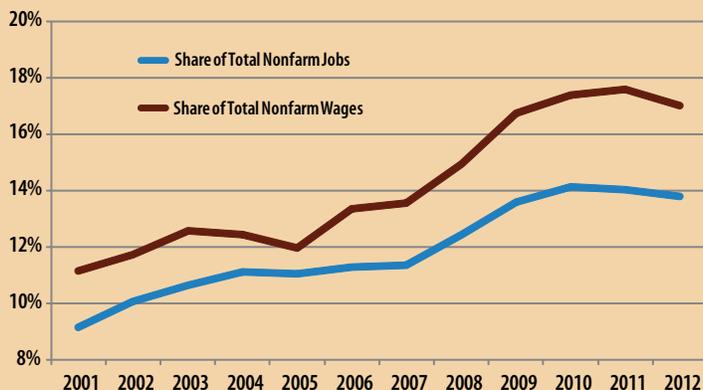


Figure 3: Southwest Area Health Care and Social Assistance Average Monthly Wage as a Percent of Total Nonfarm Average Wage

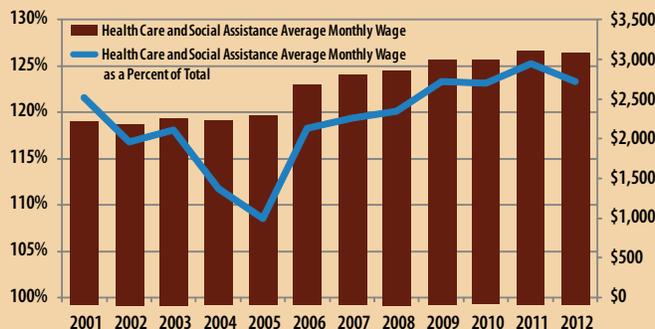
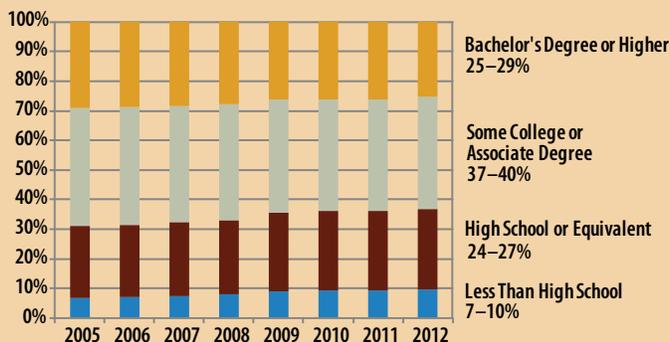


Figure 4: Southwest Health Care and Social Assistance Employment by Educational Level*



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

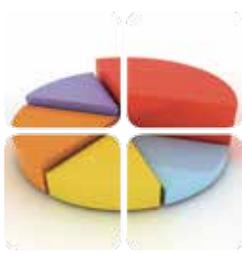
\$3,040 in 2012. Even after adjusting for inflation using the Consumer Price Index for All Urban Consumers, mean wages rose almost 8 percent over the time period.

Compared to total area average wages, this industry has seen a varied history over the past decade. In the first half of the decade when the total average wage was being driven up by a labor shortage, health care and social assistance wages dropped from 122 percent of the average to 109 percent of the average. However, once the recession took hold, wages in this sector started to gain ground. Currently the average monthly wage in the health care and social assistance industry measures 123 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 Southwestern 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 29.1 percent. By 2011, that share had dropped to 26 percent and edged even lower to 25



In Economic Sickness and in Health (continued)

percent in the first quarter of 2012. From 2005 to 2011, the segment of those with some college or an associate degree slipped from 40 percent to 38.

On the other hand, the percentage of workers with only a high school education increased from 24 percent to more than 27. Even the portion of workers with less than a high school education increased from 7 to almost 10 percent.

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.

Despite concern about the need to replace older health care workers, the market in Southwestern Utah seems to be adjusting easily. From 2005 to 2011, the share of workers age 55 and older varied little from 14 percent. Those 35–44 also showed only slight changes in workforce share, measuring between 19 and 20 percent.

In contrast, workers under the age of 25 declined steadily from 24 percent in 2005 to only 18 percent in 2012. This lack of younger workers in the health care and social assistance industry may reflect the recessionary or recovery economy where older, more experienced workers are more readily available for hire. The share of workers in the 45–54 age group also showed a slight decline in employment share.

In fact, the only age segment to show an increasing portion of the industry’s workers was 25- to 34-year-olds. This trend seems to support the suggestion that the labor market is drawing in sufficient young workers to offset any projected retirement replacement needs.

The various subsectors show notably different trends. For example, hospitals and ambulatory care do display an increasing

share of 55 and older workers. Even so, 25- to 34-year-old workers have increased their share of total employment dramatically.

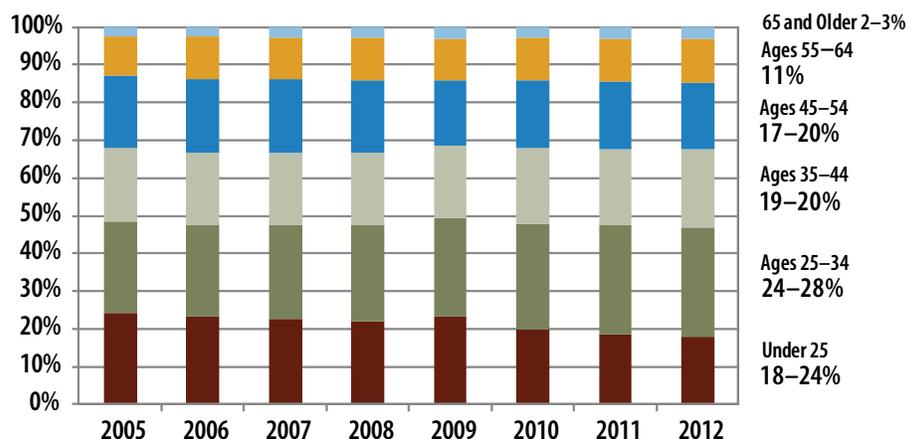
Conclusion

The health care and social services industry plays a significant role in Southwestern Utah’s labor market. That role has also increased substantially over the last decade as its growth rates in general outpaced average industry growth. While this industry did feel the effects of the recent recession, it never actually experienced a decline in jobs. Total payroll dollars make up an even larger share of the area’s wages than does employment. In addition, average health care and social services wages run higher than the average for all nonfarm jobs.

In general, workers in the health care and social services industry are showing lower educational levels. Workers age 25–34 continue to make up a larger and larger share of the employment base.

The health care and social services industry never actually experienced a decline in jobs during the recent recession.

Figure 5: Southwest Health Care and Social Assistance Employment by Age



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



A Brighter Economic Picture in Southwestern Utah

BY LECIA LANGSTON, ECONOMIST

Although most southwestern Utah economies continue to improve, only Washington County has truly found a firm expansionary footing.

Beaver County

In recent years, Beaver County's nonfarm job indicator has been overshadowed by the coming and going of wind farm construction. In mid-2012, the county escaped the most current round of wind farm completion job losses and found itself expanding at a robust rate. Of all Beaver County's economic indicators, only construction permitting has failed to demonstrate a decided improvement.

- In the final month of 2012, Beaver County displayed a healthy year-to-year growth rate of 6.6 percent.
- The current expansion remains a virtual one-industry wonder as the reopening of the copper mine helped mining create almost all of the net new 135 jobs. Construction, manufacturing, leisure and hospitality services, and retail trade also helped, with roughly 10 new jobs each.
- On the downside, transportation and government shed employment.
- New employment helped drive the county's jobless rate down to 4.8 percent in March 2013 — slightly below the statewide figure of 4.9 percent.
- Construction permitting has yet to join the expansionary party. Beaver County's overall construction-permit values dropped by a whopping 70 percent in 2012. Of course, 2011 figures included one very large nonresidential permit. New home permits have yet to show any signs of recovery.

- Now that gross taxable sales figures are no longer dwarfed by the comings and goings of construction-related business expenditures, Beaver is showing expansion here, too. Between the fourth quarters of 2011 and 2012, gross taxable sales increased by a vigorous 10 percent.

Garfield County

Although Garfield County experienced a post-recession job expansion earlier than most, it slipped into job-loss territory through most of 2011 and 2012. Current job figures indicate the county had tepid 1.5 percent year-to-year expansion in December 2012. However, the prior two quarters displayed employment contraction. In other words, the county hasn't quite obtained a sustainable-growth footing. With the exception of construction permitting, most of the area's economic indicators are improving, hopefully portending a better economy in 2013.

- Between December 2011 and December 2012, Garfield County added just fewer than 30 net new jobs to the labor market.
- The county's bread-and-butter industries — retail trade as well as leisure and hospitality services — provided the primary impetus for this expansion.
- A notable number of major industries lost employment ground, specifically wholesale trade, information and the public sector.
- Unemployment in Garfield County contracted and expanded in fits and starts throughout the past year and a half. As of March 2013, joblessness stood at 9.9 percent, far higher than both state (4.9 percent) and national (7.6 percent) averages.

- Garfield County's home-building market has yet to show signs of improvement. During 2012, Garfield County marked its fifth straight year of contracting home permits. Unfortunately, total permit values dropped almost 40 percent during 2012 as every single permit category lost ground.

- In contrast, Garfield County managed its fifth straight quarter of improving gross taxable sales by year-end. Excluding an adjustment for a previous time period, Garfield County's fourth-quarter gross taxable sales increased at a moderate 3.5 percent rate.

Iron County

Nonfarm jobs figures for Iron County continue to illustrate an economy stuck in the stagnant no man's land of economic expansion. Although the county exhibited employment improvement in some months, it kept sinking into job loss territory on a regular basis during the past two years. This behavior is indicative of an economy that is in recovery but can't quite move into full expansion. Fortunately, other indicators are showing growth and may presage improvement in the economy's most important employment sector.

- Between December 2011 and December 2012, Iron County lost roughly 40 jobs for a decline of 0.2 percent.
- Despite the overall decline, most major industries added employment. However, significant job losses in manufacturing, leisure and hospitality services, and the public sector more than offset these gains.
- Construction, financial activities, professional and business services, private education, and health and social services all supplemented the labor



A Brighter Economic Picture in Southwestern Utah (continued)

market with 30–40 jobs each. Until the county can show consistent industry gains, it will have difficulty entering the expansionary phase of the business cycle.

- Notwithstanding the county’s spotty employment performance, unemployment rates continue to trend down. This suggests that individuals have found work elsewhere, left the labor market, or moved out of the area. In March 2013, Iron County’s jobless rate measured 6.4 percent, down from 7.5 percent one year earlier.
- At 45 percent, Iron County’s new home permit increase proved the third fastest in the state for 2012 and marked the first year of improvement since 2005.
- Gross taxable sales also reflect an improving economy. While fourth quarter’s year-to-year gain proved relatively modest at 2 percent, sales have improved for six straight quarters.
- In particular, car sales have taken a decided jump. In 2012, the county’s car and truck sales increased by 30 percent, the third best performance in the state.

Kane County

Employment numbers for the fourth quarter of 2012 show Kane County’s jobs growing at a moderate rate. However, Kane County appeared in this position before the economic recovery began only to slip back into job loss. Only time will tell if 2013 will mark the beginning of sustained expansion. Other indicators do seem to point to a better 2013.

- Between December 2011 and December 2012, Kane County added 80 net new jobs for a growth rate of 3 percent. However, for the fourth quarter as a whole, year-to-

year job growth measured only half that figure and the county actually lost a few jobs in November.

- Most major industries actually lost employment in December. True, the declines appeared relatively minor, but they place a decided drag on the labor market.
- Leisure and hospitality services performed as the prime mover and shaker behind the December growth with a little help from the public sector and private education, health and social services.
- In March 2013, Kane County’s unemployment rate measured 6.0 percent, down 1.4 percentage points since February 2012.
- Construction permitting holds for the hope for higher employment levels in

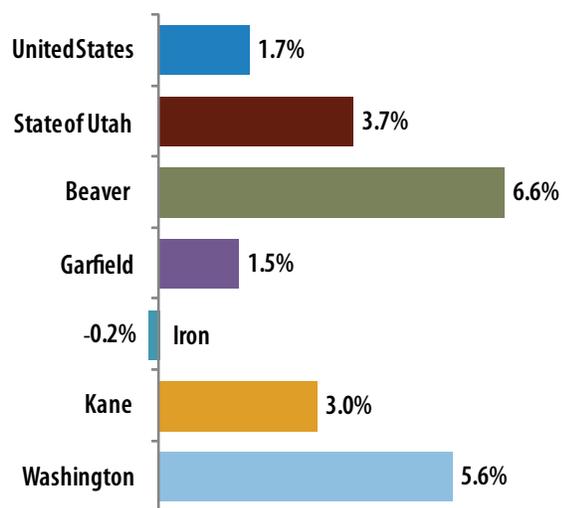
2013. Kane County home-building permits showed their first revival since 2005. Between 2011 and 2012, the number of newly approved dwelling units increased by about 20 percent.

- Kane County also received a nice boost in to total values (up 11 percent) from a surge in nonresidential additions, alterations and repair permits.
- Kane County’s fourth quarter 2012 gross taxable sales produced a robust 14-percent gain. Six out of the last seven quarters have shown gross taxable sales improvements.

Washington County

Washington County ended 2012 with a full year of 5 to 6 percent job growth under its belt. This level of employment

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



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

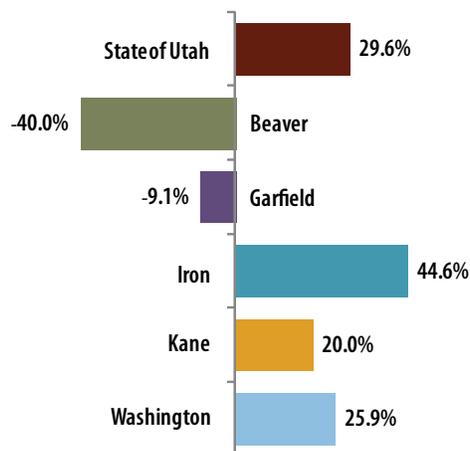
For up-to-date reports on the southwestern Utah economy, check out our blog: economyutah.blogspot.com/search/label/Region--Southwest

expansion falls within the “Goldilocks” range: near the county’s long-term average and not too fast, not too slow, but just right. In other areas, this rate of nonfarm expansion would appear excessive. All indicators point to an economy well into its expansionary phase.

- An improving economy and pent-up demand have also spurred an increase in new car sales. Washington County’s new car and truck sales increased by 24 percent in 2012.

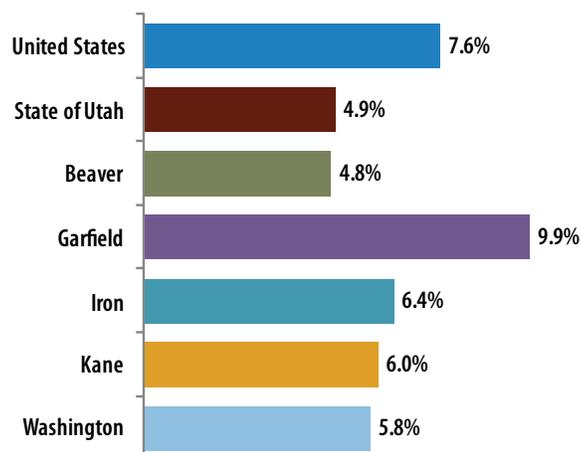
- In December 2012, nonagricultural jobs grew by 5.6 percent compared to December 2011, a net gain of almost 2,700 positions. Most industries shared in the current economic joy, making this a broad-based and therefore sustainable expansion. Only transportation experienced a notable decline.
- Industries showing employment gains of at least 300 jobs included professional and business services, leisure and hospitality services, construction and private education, health and social services.
- Professional and business services managed a whopping 28-percent expansion. In addition, construction sector employment is up by 12 percent.
- As of March 2013, Washington County’s jobless rate stood at 5.8 percent, down more than a percentage point from March 2012.
- In 2012, total construction values increased 1.5 percent — decimal dust in the capricious world of construction permitting. However, the true story lies in the 26 percent increase in new home permits. At 1,065, the number of new dwelling unit permits marks the highest figure since the boom year of 2007.
- In the fourth quarter of 2012, gross taxable sales rose by a moderate 4.5 percent year-to-year. This gain marks the second straight year of quarterly sales gains.

Figure 7: Annual Change in Dwelling Unit Permits, 2012



Source: Utah Bureau of Economic and Business Research

Figure 8: Seasonally Adjusted Unemployment Rates, March 2013



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



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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)s. 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/.