



March 2014 Employment Situation Report—Analysis and Insights

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THE UTAH LABOR MARKET

Utah's economy continues its path of expansion, despite the slight uptick in the unemployment rate. With the addition of almost 36,000 jobs compared to March of 2013, the total number of payroll jobs in the state has now reached 1,310,200. Additions were seen in every private sector industry and in public employment as well. Fourth quarter 2013 data from the Quarterly Census of Employment and Wages is now available and shows that establishment survey data (what is highlighted in the monthly Employment Situation Report and this monthly analysis document) significantly underestimated employment growth in the state at the end of the year. The annual average growth rate from the QCEW is 3.3, more than one full percentage point above what had been estimated in the monthly data release.

A breakdown of the labor force components shows that the increase in the unemployment rate in March was a result of the growth in unemployment outpacing the growth in employment by a slight margin. It has been over a year since the state experienced a month-over increase in the number of unemployed workers. It is interesting to note that while some interpret the increase in unemployed as a negative, others see a positive. The increase can be interpreted as a sign of discouraged workers coming back to the labor force to search for a job. This positive interpretation of unemployment growth is supported in this instance, as the total labor force grew by 9,000 and the labor force participation rate jumped from 69.4 to 69.7.

INDUSTRY EMPLOYMENT

Natural Resources and Mining added 100 jobs year-over in March of 2014 which is very small relative to the Utah economy as a whole, but since the trend for this industry has been flat or slightly negative for the last year, any growth is significant. Regardless, current statistics on natural resource prices indicate it will likely be quite some time before this industry will see its growth trend accelerate.

The **Construction** industry seems to be generating stronger growth momentum in 2014, with a year-over gain of 4,300 jobs. Despite signs the industry was ready to expand significantly in 2013, those indicators never came to fruition. Construction is one of a handful of industries that hasn't reached its pre-recession peak employment. This year may bring it closer to that peak, although it could be argued that reaching that level is not desirable as it was simply a product of the overheated housing market.

Jobs in **Manufacturing** continued its steady post-recession climb, adding another 3,600 jobs to the industry's payroll in March. Although both the durable and non-durable goods subsectors both showed year-over growth, the majority of jobs were added in non-durable manufacturing.

Over 8,400 jobs were added in the **Trade, Transportation, and Utilities** industry from March 2013 to March 2014, bringing the industry total employment level to 250,000. While wholesale trade, retail trade, and transportation showed net increases in employment, utilities remained flat year-over.

Information grew 1.5 percent compared to March of 2013. Overall employment levels are strong in the industry, but the strength is masked by year-over comparisons with 2013 when the industry experienced significant growth due to the addition of new companies and expansions by existing companies.

Employment gains in the **Financial Activities** industry measured an additional 1,100 jobs over the past 12 months and were close in magnitude between in the finance and insurance portion of the industry (600 jobs) and the portion in real estate, rental and leasing (500 jobs).

Professional and Business Services continues to post puzzling estimates from the establishment survey. Employment census data from the fourth quarter of 2013 shows that preliminary monthly estimates were far below the true growth, and that pattern seems to continue in 2014 with a mere 0.9 percent growth estimated from March 2013 to March 2014. Current economic conditions seem to indicate this industry is likely growing at a significantly faster rate.

Driven by population growth and steady demand for services, **Education and Health Care** posted growth of 2.1 percent over the last 12 months ending March, 2014. A total of 3,600 positions were added in the areas of private sector education, ambulatory health care, hospitals, residential care facilities, and social assistance.

The **Leisure and Hospitality** industry has experienced a strong year thus far, with 6,500 new jobs in March, compared to March 2013. Growth occurred in both the arts, entertainment and recreation subsector as well as in accommodation and food services.

Overall employment in **Government** grew by 2.0 percent year-over, with losses in federal employment being countered by additions at the state and local levels. State government employment growth was driven primarily by state schools, which added 2,800 jobs in March.