

local insights

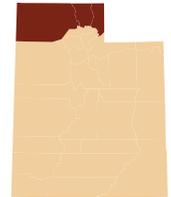


An economic and labor market analysis of the Bear River Area

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Bear River's Dynamic Population



BY TYSON SMITH, ECONOMIST

The population of any geography never remains static. Individuals and families move from one location to another for several reasons, and every location experiences natural changes in population due to births and deaths of its citizenry.

The U.S. Census Bureau tracks both geographical mobility—or migration—and natural growth through a variety of different surveys. Recently, the Census released the 2013 Annual Estimates of the Components of Population Change. Analyzing the Bear River region using these newly released data, along with the 2007 to 2011 County-to-County Migration Flows tables,¹ provides insights into to the dynamics of the region's population.

Economic Impact

The relationship between population growth and regional economic health provides the most compelling reason for examining changes in Bear River's population.

Local economies grow when an expanding population necessitates an

increase in the production of goods and services to meet the needs of its residents. In this case, even newborn babies create consumer demand for items like diapers, formula and other home goods. The increase in consumption resulting from population growth promotes positive economic activity.

Conversely, the production of goods and services can necessitate population growth. If the producers of goods and services increase their demand for regional labor—especially in high-paying occupations—there will be incentive for workers to relocate to the area. Simply put, labor growth contributes significantly to economic growth, and the amount of labor available is largely a function of the size of the population.

Net Migration and Natural Increase in Bear River

Net migration calculates the total number of residents that move into a geography, minus the total number of residents that move away from that same geography.

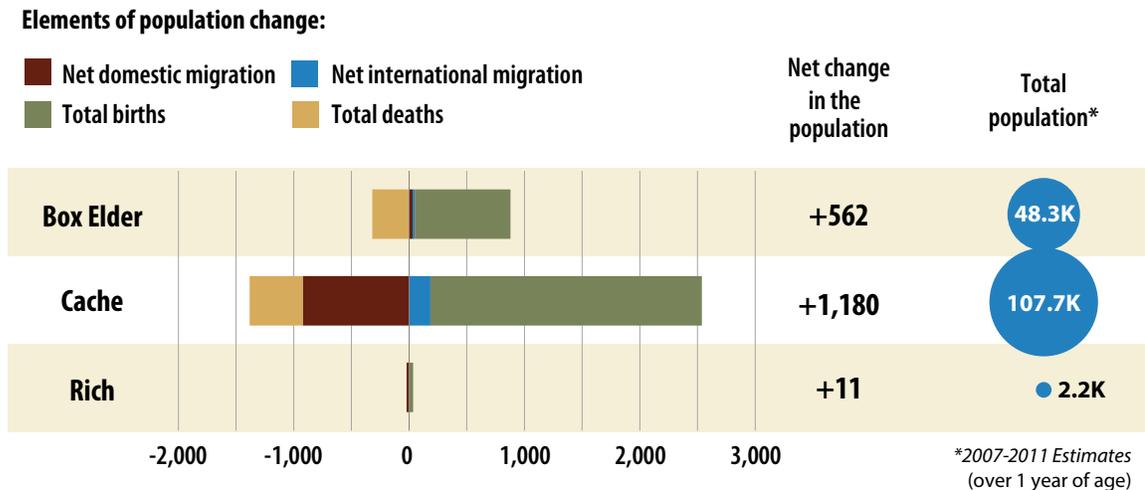
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Gauging whether Utah's labor supply can support our job growth.

The vast majority of geographic mobility in Bear River counties occurred domestically.



Figure 1: Annual Estimates of the Components of Population Change from 2012 to 2013



Source: U.S. Census Bureau Population Estimates.

Similarly, natural population growth subtracts the number of deaths from the number of births in a given region. The sum of net migration and net natural growth produces the net change in the population² (Figure 1).

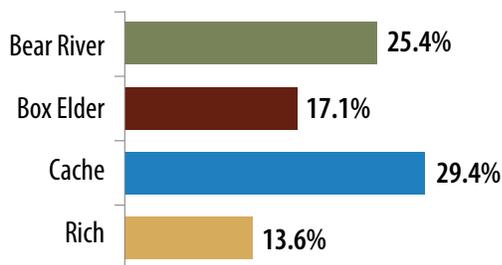
The 2013 annual estimates split net migration into two categories: domestic and international. The vast majority of geographic mobility in Bear River counties occurred domestically. Cache and Rich counties experienced net-negative domestic migration, shedding a total of 922 and 21 citizens, respectively. On the other hand, Box Elder County added 31 residents from other states and counties in the U.S., though net domestic migration made up a much smaller percentage of the total population in Box

Elder compared to the other counties in Bear River (0.1 percent compared to 0.9 percent for both Cache and Rich counties).

In most Utah counties, international net migration represents a negligible portion of total population change, and given the margin of error, these estimates should be examined with a healthy amount of skepticism. It is worth noting that Cache County had an estimated net international migration total of 185 residents. The draw of higher education through Utah State University contributes significantly to the influx of international citizens.

In Utah, births make up the majority of new residents in a county. This trend holds true for Bear River where 93.2 percent of the net increases to the population came from births. In 2013 Cache County had an estimated 2,353 births, Box Elder County had 830 and Morgan County had 35, compared to 460, 319 and 3 deaths, respectively.

Figure 2: Share of Resident Population that Moved in the Previous Year from 2007 to 2011



Source: U.S. Census Bureau, American Community Survey

Moving Where?

According to the American Community Survey (ACS) an estimated 25.4 percent of the residents in Bear River experienced a move from the previous year from 2007 to 2011 (Figure 2).

The percentage of movers varied dramatically from county to county with the highest proportion of moves occurring in Cache County (29.4 percent). Cache County is home to

¹ Collected through the American Community Survey (ACS)

² Total population change includes a residual that cannot be attributed to any specific demographic component (<http://www.census.gov/popest/about/terms.html>)

the largest city in the area, which promotes migration for economic reasons, because there are more job opportunities in urban centers like Logan. Utah State University's student population also adds to the transient nature of the county. Large universities attract thousands of new residents every year; after graduation much of the student population moves away from the area to pursue careers elsewhere.

While the ACS estimated that a quarter of the population in Bear River moved between 2007 and 2011, 42.0 percent of those residents remained in the same county. Figure 3 shows the destination of Bear River residents that moved in the previous year. Movers that left Bear River went to a different state at a slightly higher rate than those that went to a different county in Utah. Movers that came to Bear River were more likely to come from a different county within the state.

As one would expect, the major migration destinations for Bear River residents are nearby metropolitan areas across the Wasatch Front. Salt Lake, Utah, Davis and Weber counties attracted the highest number of residents that moved from Bear River. The same counties also contributed the highest number of in-state migration to the region.

Most Bear River residents that moved out of state chose nearby destinations like Franklin and Bannock County, Idaho, or Lincoln County, Wyoming. However, there were a few distant landing spots, including Polk County, Oregon and San Diego County, California, which absorbed 315 and 150 Cache County residents, respectively from 2007 to 2011.

Southern Idaho and western Wyoming also contributed heavily to out of state migration into Bear River, though Los Angeles County, California, Maricopa County, Arizona and Clark County, Nevada added significantly to the population of the region.

Figure 3: Bear River Population that Moved in the Previous Year from 2007 to 2011

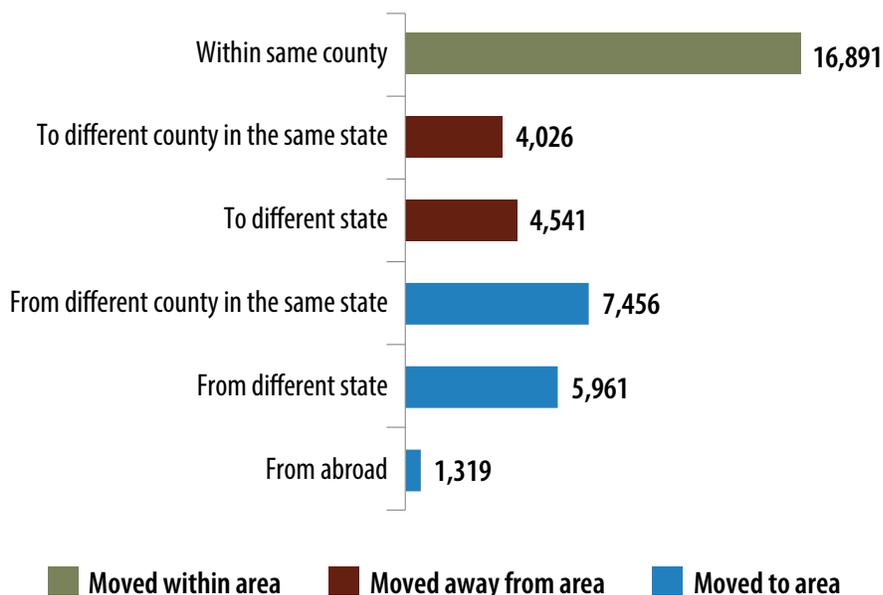
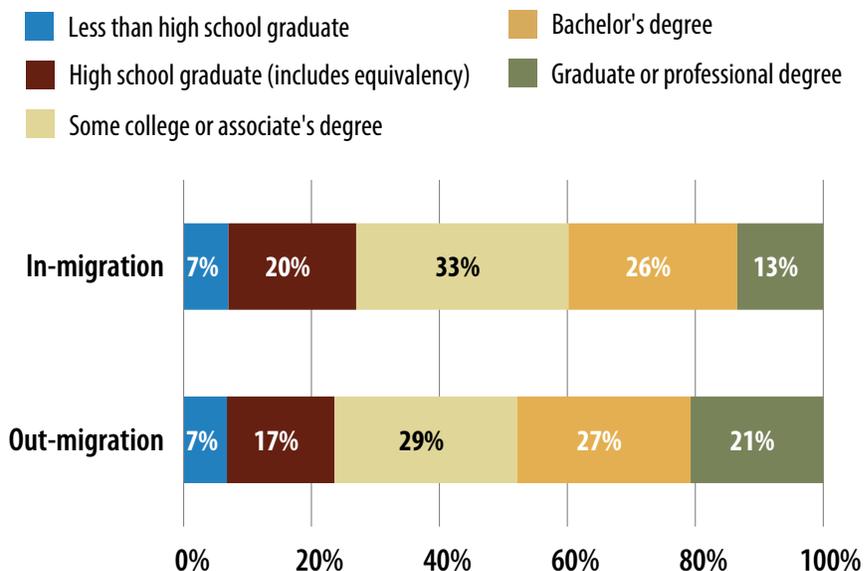


Figure 4: Educational Attainment of Migrating Population to and from Bear River (2007 to 2011)



Source: U.S. Census Bureau, American Community Survey



Private Sector Growth Continues to Outpace Government

BY TYSON SMITH, ECONOMIST

Regional Overview

First-quarter employment in the Bear River region grew 3.3 percent from 2013 to 2014. The region added an average of 2,252 nonfarm jobs year-over-year for a quarterly total of 70,746 employees. Bear River increased employment at a faster rate than the rest of the state, which grew 3.1 percent over the same period. Annual growth in Bear River accelerated from the 2.9 percent rate in fourth quarter.

Aligning firms and organizations that perform similar functions provides a construct for examining employment and the economy. Total nonfarm employment contains 12 industry groups that can be clustered into two sectors: goods-producing (mining, construction and manufacturing) and service-providing (trade/transportation/utilities, information, financial activities, professional/business services, educational/health/social services, leisure/hospitality, other services, non-classified, and government).

Private Goods-Producing Employment: In the first quarter of 2014, 27.0 percent of total nonfarm employment was in goods-producing jobs. In contrast, the state average is 15.6 percent. Private employment in this sector grew at a rate of 4.1 percent per year, adding 759 jobs. Construction grew at the fastest rate (11.0 percent), while manufacturing added the most jobs (441).

Private Service-Providing Employment: Over 50 percent of the nonfarm jobs in the region are categorized in the service-providing sector. Private service-providing employment increased by an average of 1,339 jobs, or 3.9 percent, from the

first quarter of 2013 to the first quarter of 2014. The professional/business services, educational/health/social services and trade/transportation/utilities industries added 407, 306 and 196 new jobs, respectively; the largest numerical increases in the region.

Government Employment: In Bear River, government jobs represent almost one-fourth of the employment of the region. Total

Figure 5: Change in Total Nonfarm Employment Q1 2013 to Q1 2014

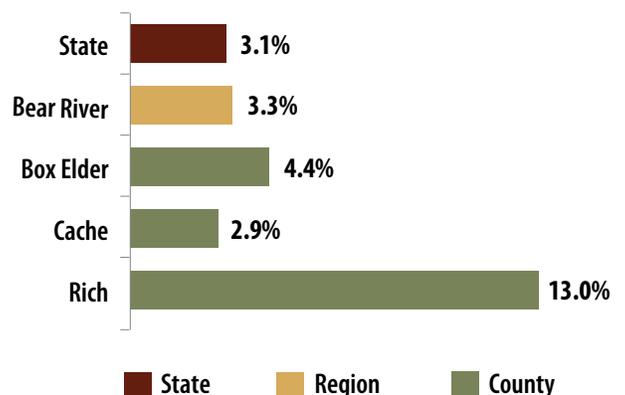
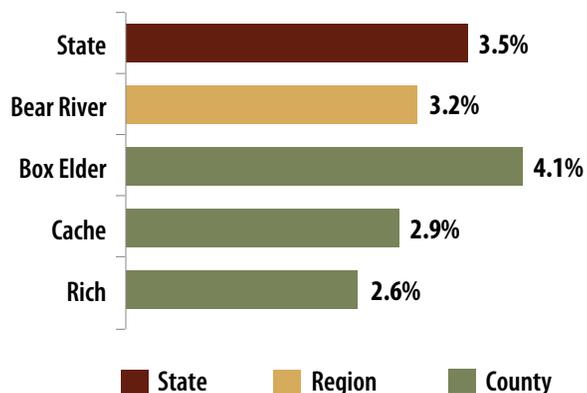


Figure 6: Unemployment rates (June 2014)



government employment grew by 1.0 percent year-over-year. Local and state government employment increased by a total of 165 employees over the year, while the number of federal government jobs decreased by 11.

Likewise, unemployment rates over the last year have fallen as employment has grown. In June 2013, the seasonally adjusted unemployment rate for the region measured 4.0 percent, compared to 3.2 in 2014. The 0.8 percentage-point difference represents an estimated 605 fewer people unemployed. Over the last four months, the unemployment rate has remained relatively stable, decreasing by less than half a percentage point from March to June. In June, the Bear River unemployment rate registered 0.3 percentage points below the state average of 3.5 percent.

The average number of unemployed people filing initial unemployment insurance claims also decreased from the second quarter of 2013 to the second quarter of 2014, suggesting that the labor market in the area continues to improve toward full employment. Approximately 19 fewer weekly initial unemployment claims were filed during the second quarter, year-over year.

Economic growth and increased employment helped foster an increase in consumption in the first quarter of 2014. Taxable sales for Bear River increased 4.7 percent year-over-year to a total of approximately \$491.9

million. As labor market conditions continue to improve, consumption will also increase.

Box Elder County

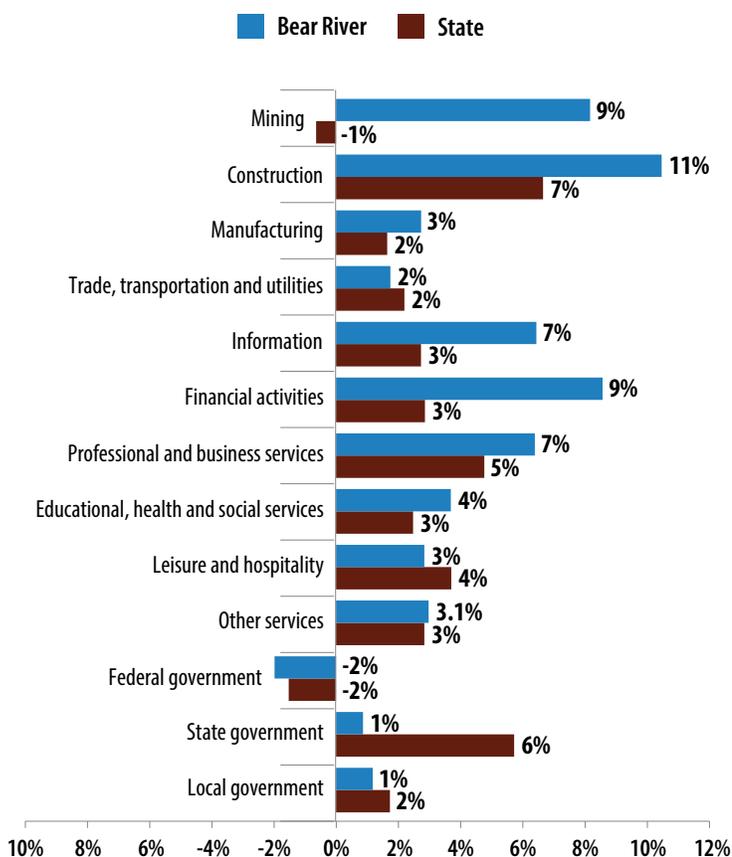
Total nonfarm employment in Box Elder County increased 4.4 percent year-over-year in the first quarter of 2014. Over that time, Box Elder County added 715 jobs, resulting in total nonfarm employment equal to 17,121.

Private Goods-Producing Employment: Increased 7.3 percent, or 415 jobs, from the first quarter of 2013. Manufacturing, the county's largest industry, added 253 jobs.

Private Service-Providing Employment: Added 212 jobs year-over-year, a growth rate of 2.6 percent. The professional/business services and leisure/hospitality industries tallied 66 and 54 new jobs, respectively.

Government Employment: First-quarter government employment grew 3.3 percent from 2013 to 2014. The local

Figure 7: Year-over-Year Changes in Industry Group Employment Q1 2013 to Q1 2014



government represented 96 percent of the government employment increase, adding 85 jobs. The federal government added three jobs, which represents the additional 4 percent of government employment.

The Box Elder County unemployment rate settled at 4.1 percent in June, which represents a 0.1 percentage point decrease from May. Over the last 12 months the county unemployment rate has fallen 1.0 percentage points. Box Elder County's unemployment rate measured 0.6 percentage points higher than the state average in June.

On average, the number of initial unemployment claims filed per week in the second quarter decreased by five claims from 2013 to 2014. The average number of weekly claims in the second quarter was down by approximately 40 claims per week from the peak of 62 in 2009.

First-quarter taxable sales in the county increased 2.2 percent from 2013 to 2014, the same rate as the state average. In the first quarter of 2014 taxable sales were approximately \$141.7 million, which was an increase of approximately \$2.9 million from the previous year.

Cache County

First-quarter total nonfarm employment in Cache County grew 2.9 percent from 2013 to 2014. Cache County added 1,472 nonfarm jobs year-over-year, resulting in total employment equal to 53,062.

Private Goods-Producing Employment: Increased by 344 jobs, or 2.7 percent, from the first quarter of 2013. Manufacturing and construction—the primary contributors to goods-producing employment—increased by 189 and 152 jobs, respectively.

Private Service-Providing Employment: Grew 4.1 percent year-over-year, adding 1,074 jobs from first-quarter 2013 to first-quarter 2014. Professional/business services and educational/health/social services increased by 300 and 255 jobs, respectively.

Government Employment: First-quarter government employment rose from

13,020 in 2013 to 13,074 in 2014, 0.4 percent. The state government added 70 employees, while local and federal government lost a total of 16 jobs.

The unemployment rate in Cache County was 2.9 percent in June, remaining unchanged since March. This low rate of joblessness certainly suggests the county is at or near “full employment.” Further constriction in the labor market could start putting upward pressure on wages. Since June 2013, the county unemployment rate has fallen 0.7 percentage points. Cache County's unemployment rate was relatively low when compared to the state average of 3.5 percent in June. The average number of initial unemployment claims filed per week in the second quarter of 2014 was 42 claims, 14 fewer than 2013 and 49 fewer than 2010.

Year-over changes in taxable sales increased faster than state averages in the first quarter. Taxable sales in the county rose 5.6 percent from 2013 to 2014. In the first quarter of 2014 taxable sales were approximately \$351.9 million, which was an increase of approximately \$18.8 million from the previous year.

Rich County

First-quarter total nonfarm employment in Rich County increased 13.0 percent year-over-year. Rich County's total quarterly employment was 563, a 65-job increase from the same period in 2013.

Private Goods-Producing Employment: Increased by just one job, from the first quarter of 2013. Construction, which makes up 95 percent of all goods producing jobs in the county, added 11 jobs from 2013 to 2014.

Figure 8: Changes in Box Elder County Employment (Q1 2013 to Q1 2014)

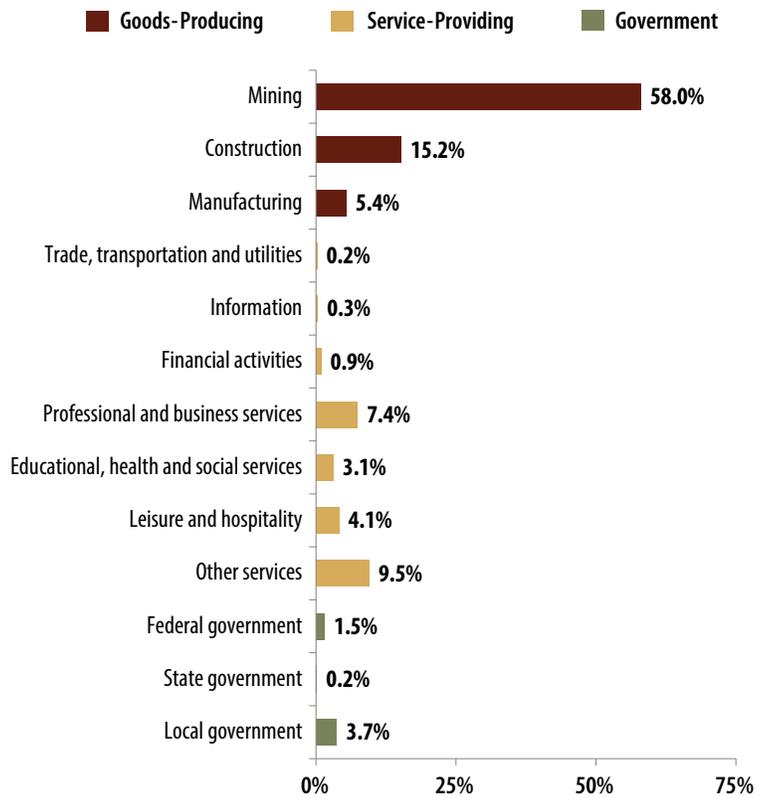


Figure 9: Changes in Cache County Employment (Q1 2013 to Q1 2014)

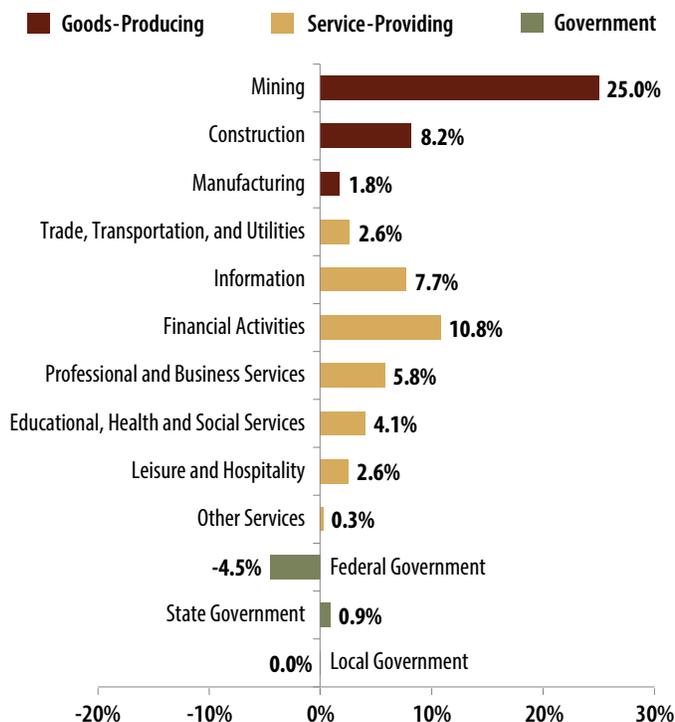
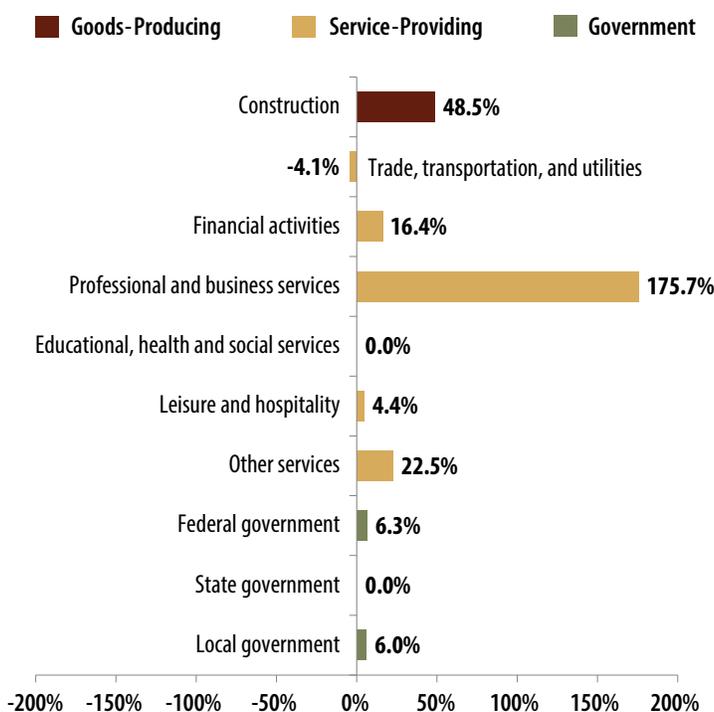


Figure 10: Changes in Rich County Employment (Q1 2013 to Q1 2014)



Private Service-Providing Employment:

Added 53 jobs, a growth rate of 21.0 percent from the previous year. The professional/business services industry increased by 41 jobs, by far the largest year-over industry employment increase.

Government Employment:

Grew by 11 positions from the first-quarter 2013 to the second-quarter 2014. Local government contributed to the majority of the growth, adding an average of 10 employees over the year.

June's unemployment rate for Rich County was 2.6 percent, which represents a 0.1 percentage point decrease from the prior month. Over the last year, the county unemployment rate has fallen 0.9 percentage points. Rich County was also 0.9 percentage points lower than the state average in June. In Rich County, the weekly average of initial unemployment claims was approximately zero in the second quarter of 2014.

First-quarter taxable sales in the county increased 6.0 percent from 2013 to 2014, nearly three times the state average. In the first quarter of 2014 taxable sales were approximately \$4.2 million, which was an increase of \$241,551 from the previous year.



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Labor Supply Can Sustain Utah's Growth

BY MARK KNOLD, SUPERVISING ECONOMIST

The Utah economy is growing, which means more jobs now than at this time last year. In order for an economy to add jobs, additional workers must be available. Without an adequate labor supply, an economy's growth potential becomes constrained. Fortunately, Utah has enough labor to sustain its current above-average job growth for several more years.

An economy gains workers through three avenues. One is a youthful supply aging into the job market every year—which isn't a problem for Utah. Our yearly net labor force gain (entrants minus retirements/deaths) is 20,000 to 23,000. Next, there are workers already of labor force age who either enter or re-enter the labor force. Lastly there is in-migration—labor that comes to Utah from other states or nations.

The recession caused no net Utah job growth between 2008 and 2013. At the same time, Utah's natural labor supply (births minus deaths) grew by approximately 100,000. That surplus labor embodies what the 2014 economy has to draw from, and is the fuel for sustaining Utah's current job growth over the next several years.

Currently, there is little evidence of a strong labor flow migrating into Utah, so most of the new jobs are filled in-house. Each year, roughly 20,000 additional young workers age into the labor force. Utah's economy is expected to expand by approximately 42,000 jobs in 2014. Therefore, our economy in 2014 will draw

upon than just these first-time entrants. About 24,000 of those recession-idled 100,000 must be drawn back to the job market. If this process were to be repeated for the next several years; on paper, all 100,000 recession-idled laborers would be returned to the Utah job market by 2018.

Utah still has a sizeable labor pool, and even without significant in-migration in the immediate future, Utah is in a position to sustain its current above-average job growth for several more years. Economic interaction doesn't remain static though. As the nation's economy improves, one expects that in-migration will be an increasing factor for Utah going forward, supplying even more workers for a potentially longer dynamic growth period.

While individual regions may experience variations from the above postulation—for example, the Uintah Basin may see more labor in-migration than other areas—the desire is that a growing Utah economy will experience sustained labor availability, and growth will find its way into all regions of the state.

"Without labor nothing prospers."

— *Sophocles, Classical Athenian Playwright*