

# local insights

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An economic and labor market analysis of the Southwest Utah Area

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



BY LECIA LANGSTON, ECONOMIST

Every two years, like clockwork, the Utah Department of Workforce Services releases occupational projections for the next decade. Our 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. For the southwestern corner of the state, two areas now present occupational projections—Washington County and the remaining “southwest” counties: Beaver, Garfield, Iron and Kane. 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.

As with most data, occupational projection information may seem complicated to the uninitiated. Before

delving into the data itself, some answers to common questions seem in order.

### Projections Timing

Why are the projections so old? The current set of projections covers the years 2010 to 2020. The figures may seem outdated, however projections follow federal timing requirements which necessitate the completion of both national and state projections before tackling substate areas.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 current set of 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 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

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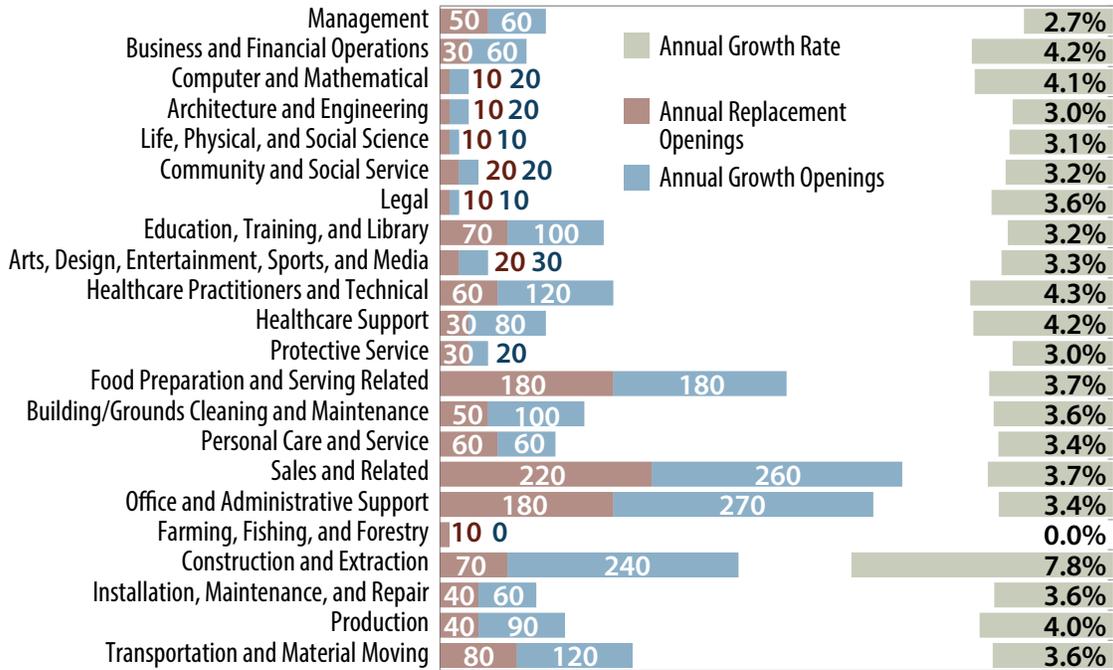
*What do the most recent economic indicators tell us about southwest Utah?*

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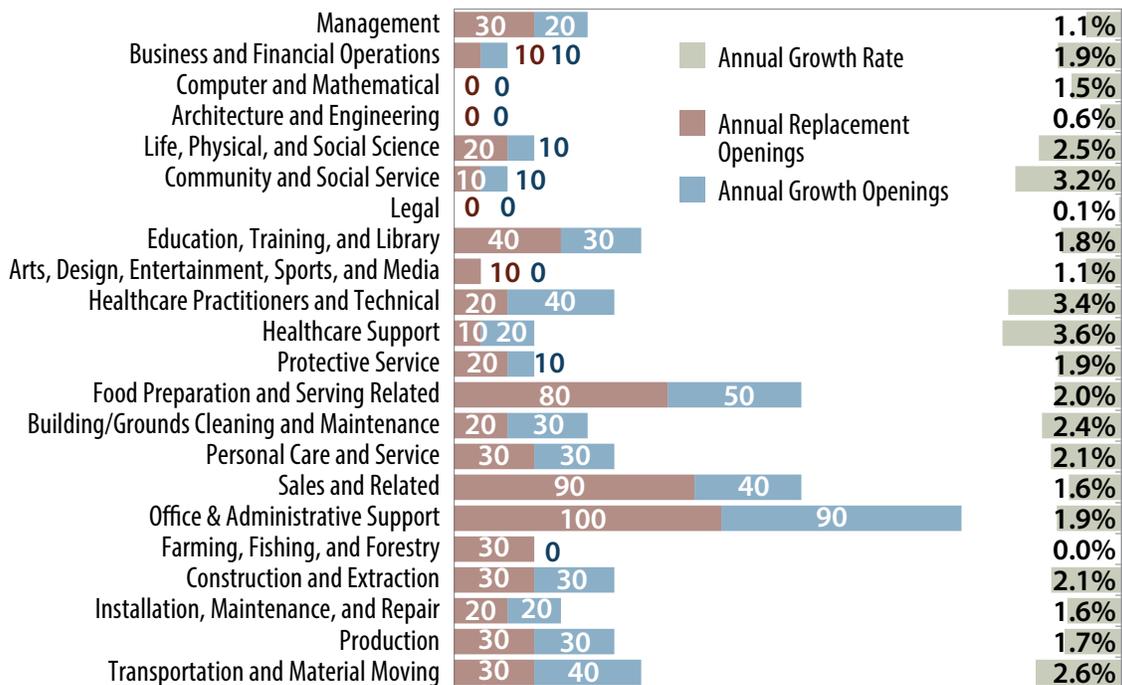
*Occupational projections provide users with guidance to make more informed decisions about long-term goals.*



**Figure 1: Washington County Projections by Major Occupational Group 2010 to 2020**



**Figure 2: Southwest Utah Projections by Major Occupational Group 2010 to 2020**



\* Beaver, Garfield, Iron and Kane Counties.



## Hot or Not? Continued

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.

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

What do the educational levels represent? 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 the area 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.

### Washington County Occupational Projections

Between 2010 and 2020, Washington County’s employment is expected to increase on average by 3,170 positions each year. With an average annual growth rate of 3.8 percent, Washington County is expected to return to its dominant job-producing history. The comparable Utah growth rate is estimated to measure only 2.4 percent.

Projections suggest that sales-related occupations will show the highest number of available opportunities with roughly 480 total openings each year. Just under half of these new openings should result because of the need to replace individuals who have left the occupation. Indeed, this occupational group is expected to demand the highest number of replacement openings of any major group. With an annual average growth rate of 3.7 percent, sales-related employment should grow just slightly slower than the labor market overall.

Office/administrative support occupations are expected to create the largest number of growth-related openings, an average of 270 per year. When replacement needs are added in, this occupational group should generate an average of 450 openings each year. Employment for this group should expand on average 3.4 percent each year, somewhat slower than the rate for all occupations.

Resurgence in the building industry should shove construction/extraction occupations to the top of the growth-rate list. Projections put construction employment expansion at a whopping 7.8 percent. Given the industry’s current expansion, this rate is certainly within the bounds of reality. Annual

*“Prediction is very difficult, especially if it’s about the future.”*

Nils Bohr, Nobel Laureate in physics



### Hot or Not? Continued.

openings should also prove substantial with the addition of 310 openings each year.

Projections indicate that healthcare practitioners/technical occupations, business/financial operations, healthcare support and computer/mathematical occupational groups should all show robust annual expansion of 4 percent or greater over the projections time frame. Not only is Washington County a regional healthcare hub, but an older population, aging baby boomers and expansion of healthcare coverage will increase the demand for health care services. The county isn't alone in this trend. Rapid growth is expected for health-related occupations in Utah and throughout the nation. Note that while computer/mathematical occupations are expected to show a strong rate of expansion, the number of average new openings should remain relatively small (about 30 per year).

Occupational groups expected to show relatively few openings include farming, legal, life/physical/social science and architecture/engineering.

Retail salespersons and cashiers are projected to show the largest number of openings of the individual occupations. However, these are also the occupations with the largest employment in Washington County and they require a high number of replacements.

Most of the high-opening occupations require lower skill levels and training. Again, they are typically the largest occupations in the area and have high replacement demands. The registered nurse occupation, which requires at least an associate degree, and carpenters, which require an apprenticeship, prove the exceptions.

Individual occupations with the best employment outlook and higher-than-

average wages for Washington County include heating/air conditioning mechanics, construction worker supervisors, general/operations managers and registered nurses.

### Southwest Occupational Projections

Projections for the four counties included in the southwest projections area suggest that employment will grow annually by 1,100 jobs between 2010 and 2020. The region's average annual growth rate, 1.9 percent, is expected to measure notably lower than that of the state as a whole (2.4 percent).

The office/administrative support occupational group is expected to produce the highest number of new openings over the projections decade. The outlook indicates more than 180 average openings per year for this group resulting in a yearly average growth rate of 1.9 percent. More than half of these openings should be derived from the need to replace individuals who have left the occupation.

Food preparation/serving occupations are likely to produce the next largest number of openings per year (130). As with clerical occupations, food preparation/serving occupations should grow at the same rate (1.9 percent) as the overall labor market. However, in this major occupational group,

replacement needs are expected to dictate 62 percent of total openings.

Healthcare occupations, both practitioners/technical (3.4 percent) and support (3.8 percent) categories are expected to show the fastest growth of the major occupational groupings. This strong showing in healthcare follows state and national trends resulting from aging baby boomers and the expansion of healthcare coverage.

Major occupational groups expected to generate few openings include legal, architecture/engineering and computer mathematical occupations.

Cashiers, fast food workers and maids are the individual occupations expected to generate the highest numbers of new openings. These occupations also rank among the largest occupations in terms of employment. Moreover, these occupations also present very high replacement requirements.

Individual occupations with the best employment outlook and higher-than-average wages for the southwest projection area include general/operations managers, school teachers and registered nurses.

For more detailed information on these occupational projections, see [jobs.utah.gov/wi/pubs/outlooks](http://jobs.utah.gov/wi/pubs/outlooks)

**Figure 3: Occupations with the Highest Projected Annual Average Openings 2010 to 2020**



\* Beaver, Garfield, Iron and Kane Counties.



## A Tale of Two Economies

BY LECIA LANGSTON, ECONOMIST

Recent indicators suggest that some southwest Utah county-level economies are thriving while others continue to wrestle with job loss. However, all economies in the area are certainly much improved since the end of the recession. The preeminent indicator of local economic well-being, the year-to-year change in nonfarm jobs, reveals robust economies in both Beaver and Washington counties. Iron County sits the fence with less than exuberant job growth. However, it managed its best labor market performance since the recession's end. Garfield County's job-performance continues to run more in the red than black and Kane County's nonfarm jobs edged down slightly. Interestingly, county-level construction industry employment performances portend overall job growth.

### Beaver County

Beaver County currently shows all the symptoms of a healthy economy.

Happy is the small county with an 8.5 percent job growth rate. A substantial portion of the jump in Beaver County jobs can be traced to the reopening of a local copper mine. On the other hand, this expansion isn't a one-industry employment wonder. Beaver County added more than 180 nonfarm jobs between June 2012 and June 2013. In addition to new copper-mining jobs, construction, manufacturing, transportation and utilities also contributed to the overall employment expansion. Nevertheless, a few industries experienced limited employment contraction.

The county's unemployment rate continues to trend down and remains relatively low. As of October 2013, Beaver County's unemployment rate stood at only 4.3 percent. That's lower than the statewide average and down 1.2 percentage points from October 2012.

The remaining indicators fall in line with the labor market good news. As of the first four months of 2013, Beaver County's home-building industry had yet to make a comeback. However, new nonresidential permitting improved noticeably. During the second quarter of 2013, the county produced a strong 13-percent gain in

sales. In the past, gross taxable sales have been dominated by the ebb and flow of large capital expenditures.

### Garfield County

Garfield County's economy continues to fall noticeably short of full economic health.

After an exuberant 2010, fate seems to have mostly thwarted Garfield County's job creation efforts. While the county flirted with job gains in the first part of 2013, second quarter found the area in job-loss territory once again. Between June 2012 and June 2013, Garfield County displayed a net decline of 94 jobs. The accompanying 3-percent deterioration came primarily at the hands of the county's bread-and-butter industry, leisure/hospitality services. In addition, most major sectors landed in the jobs' "red" column. Both retail trade and government lost a notable number of positions. Somewhat counterbalancing losses in other industries, private education/health/social services employment gains counterbalanced a portion of jobs lost in other industries.

Job loss and the temporary government shutdown seem apparent in the current uptick in Garfield County unemployment. As of October 2013, the county's jobless rate increased to 10.3 percent.

Other economic indicators present a mixed bag. The first four months of 2013 produced no construction permitting activity in Garfield County. Of course, that situation could change dramatically as the year progresses. In contrast, gross taxable sales rose by 4 percent between the second quarters of 2012 and 2013.

### Iron County

When it comes to economic recovery, Iron County may have felt it was "always the bridesmaid, never the bride." However, current figures certainly seem to foreshadow a brighter economic outlook.

Although the county has maintained its employment levels fairly well for the last several years, it just hasn't been able to break through to full-fledged expansion. Nevertheless, jobs figures for



## A Tale of Two Economies Continued

second quarter 2013 seem to suggest the county is poised to take the plunge. Between June 2012 and June 2012, Iron County produced its best employment performance since the beginning of the recession

Between June 2012 and June 2013, Iron County's nonfarm jobs increased by 290 positions. Yet, not all industries shared in the current gains. Notably, manufacturing, retail trade, information and professional/business services each lost 30 jobs or more. On the positive side, the public sector added the largest number of new positions followed by leisure/hospitality services and construction. Private education/health/social services also contributed a substantial number of new jobs.

In October 2013, the county's jobless rate measured 5.8 percent. Unemployment continues to slowly drift downward and measures notably below the October 2012 figure of 7.3 percent.

Both construction and sales reflect a stronger economic position. Construction permitting mirrors the strong increase in construction employment. Total permitted values for the first four months of 2013 show a whopping 435-percent year-to-year increase. Both new residential and nonresidential permits contributed to the overall gain. In addition, Iron County's second quarter gross taxable sales showed a healthy 5-percent year-to-year increase, the eighth straight quarter of improvement. Second quarter new light truck and cars sales are also up 3-percent.

### Kane County

Based on current indicators, Kane County's economy cannot be given a clean bill of health.

After flirting with a higher level of employment expansion, Kane County was left treading water at the end of second

quarter 2013. Between June 2013 and June 2012, Kane County's nonfarm employment totals declined slightly by 5 jobs and 0.1 percent. Although the county's employment track record has proved erratic in recent years, it has typically managed to create jobs.

Most major industries showed contracting employment. None of the losing industries demonstrated a loss of greater than 8 positions. However, together the losses combined to place a major drag on the labor market. On the other hand, private education/health/social services made the strongest job contributions to the labor market. This industry was joined by wholesale trade and professional/business services in the job winning column.

The county's remaining economic indicators showed a similarly disappointing performance during recent months. In October 2013, the county's jobless rate measured 5.7 percent. The current uptick,

resting firmly on the shoulders of the temporary federal government shutdown should evaporate in upcoming months.

After a nice bounce-back in the Kane County homebuilding industry in 2012, early approvals for new dwelling units are down for the first four months of 2012. On the other hand nonresidential permit values took a healthy upswing during the same time period.

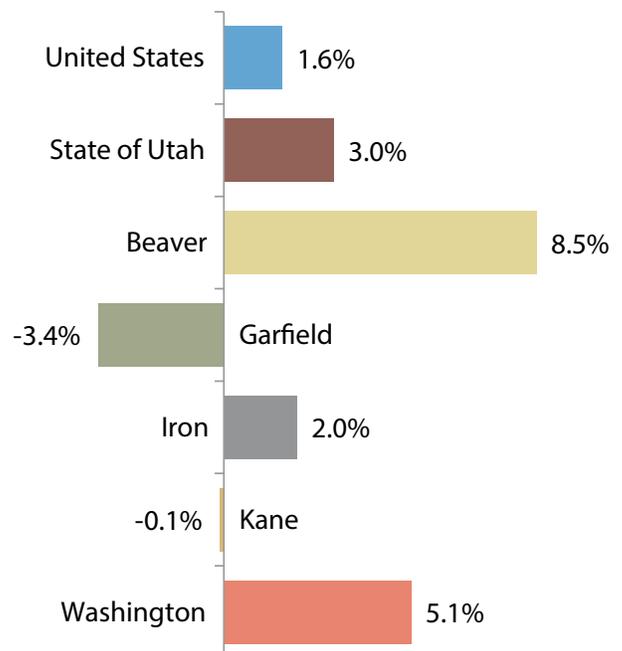
Gross taxable sales mirrored the slowdown in jobs with a 4-percent year-to-year decline for the second quarter of 2013. Similar to the jobs performance, most quarters have shown increasing sales over the past two years.

### Washington County

In Washington County, the good economic news (like the hits) just keeps on comin'.

Second quarter jobs figures show the county remained in its sweet spot, growing between 5 and 6 percent on a year-to-year basis.

Figure 4: June 2012 to June 2013 Change in Nonfarm Jobs



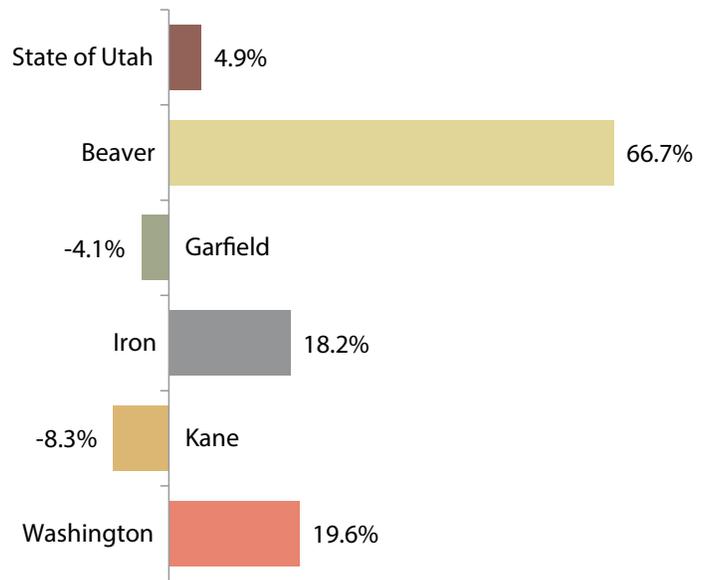
Source: Utah Department of Workforce Services and U.S. Bureau of Labor Statist.

Between June 2012 and June 2013, nonfarm employment in Washington County expanded by a vigorous 5.1 percent (2,600 positions). Moreover, the full ramp-up of Family Dollar distribution employment has yet to hit the numbers.

Most industries shared in the county's economic joy. Particularly strong gains proved apparent in the leisure/hospitality services industry. The construction industry is back with a 20-percent increase in jobs (700 positions) between June 2012 and June 2013. Not surprisingly, June marks the county's best construction employment performance since the economy tanked. Private education/health/social services, professional/business services and financial activities also generated notable numbers of new jobs.

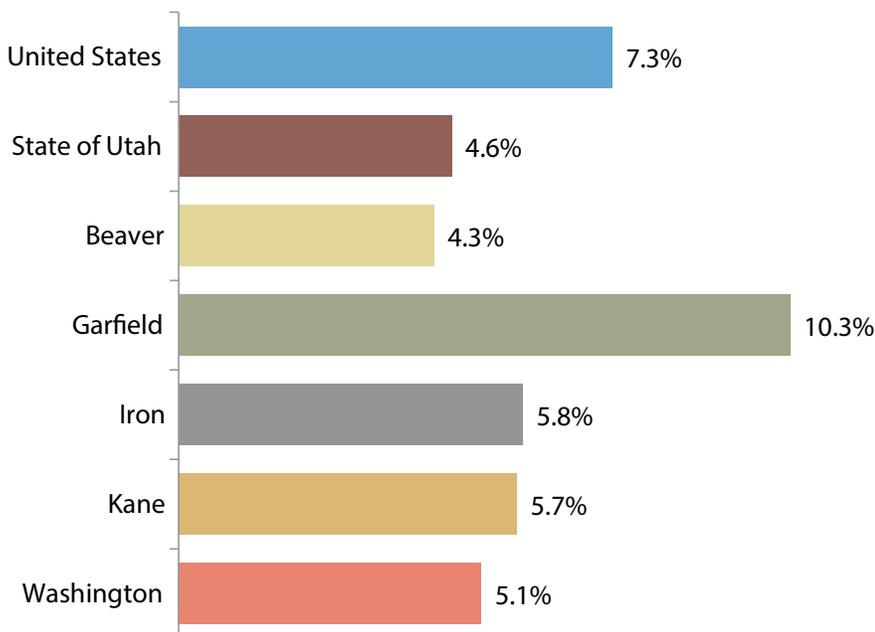
On the slower end of the scale, manufacturing employment held steady despite the closure of Viracon during the

**Figure 5: June 2012 to June 2013 Change in Construction Industry Jobs**



Source: University of Utah – Bureau of Business and Economic Research

**Figure 6: October 2013 Seasonally Adjusted Unemployment Rates**



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

second quarter. And, some job loss did occur. The transportation sector showed a loss of more than 70 jobs. Plus, mining and information lost a negligible number of positions.

Not surprisingly, joblessness continues to contract. In October 2013, the county's unemployment rate measured 5.1 percent, the lowest level in almost five years. Just since October 2012, the county's unemployment rate has dropped 1.5 percentage points.

Other indicators jumped on the economic bandwagon. During the first four months of 2013, new home permits showed a spirited 47-percent increase in Washington County. Moreover, new nonresidential permit values rose substantially. In addition, gross taxable sales continued its ten-quarter improvement streak. Between the second quarters of 2012 and 2013, sales increased by more than 9 percent. Not to be outdone, new car and light truck sales in Washington County increased by 36 percent in the second quarter of 2013.



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# 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.