

Beyond the Numbers

Exploring the Real-Life Impact of Labor Market Indicators in Greater Cache Valley

Michael Jeanfreau – Senior Economist

Utah Department of Workforce Services

2023 Greater Cache Valley Economic and Business Summit

April 19, 2023



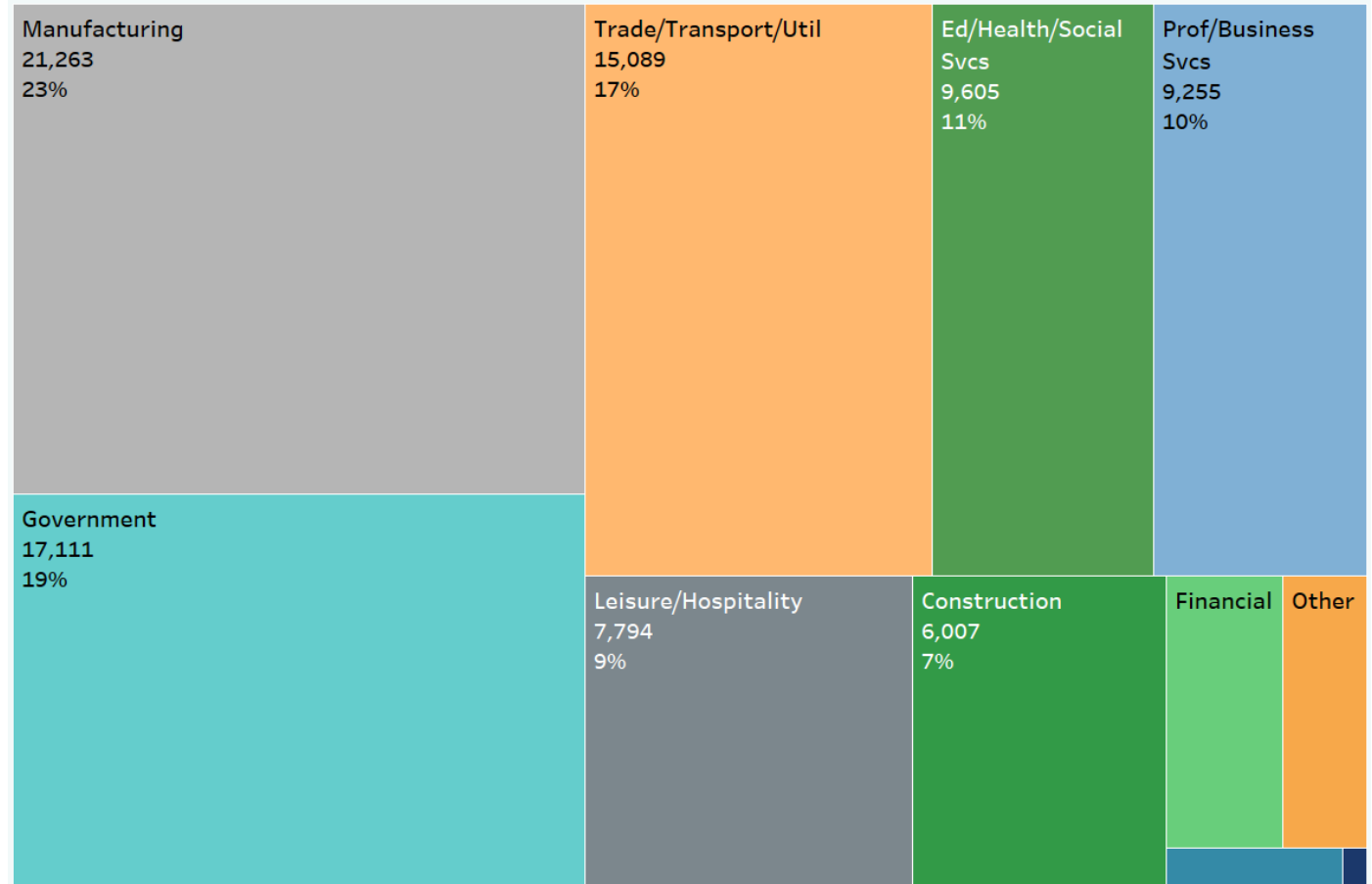
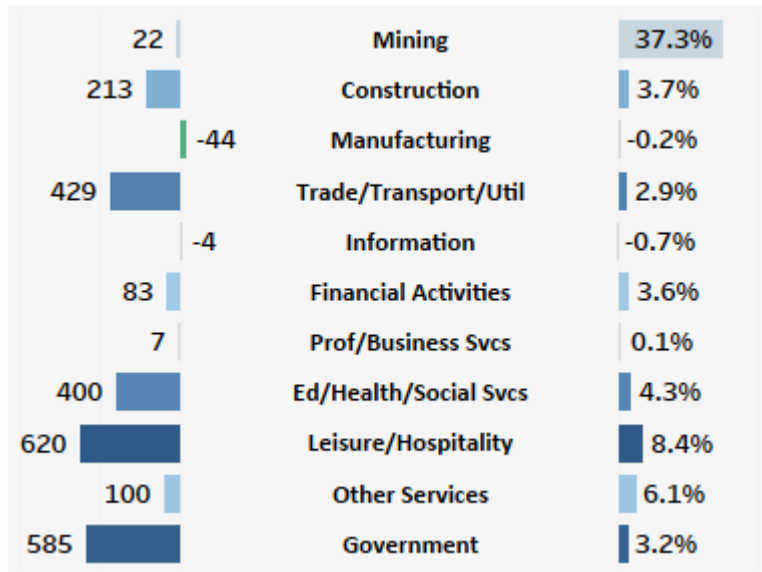
Overview

- **Cache Valley LM Update**
 - Local/State Labor Market Metrics
 - Objectives for Cache Valley
- **Facing Uncertainty**
 - Inflation/FFR
 - Housing affordability
 - Labor shortage

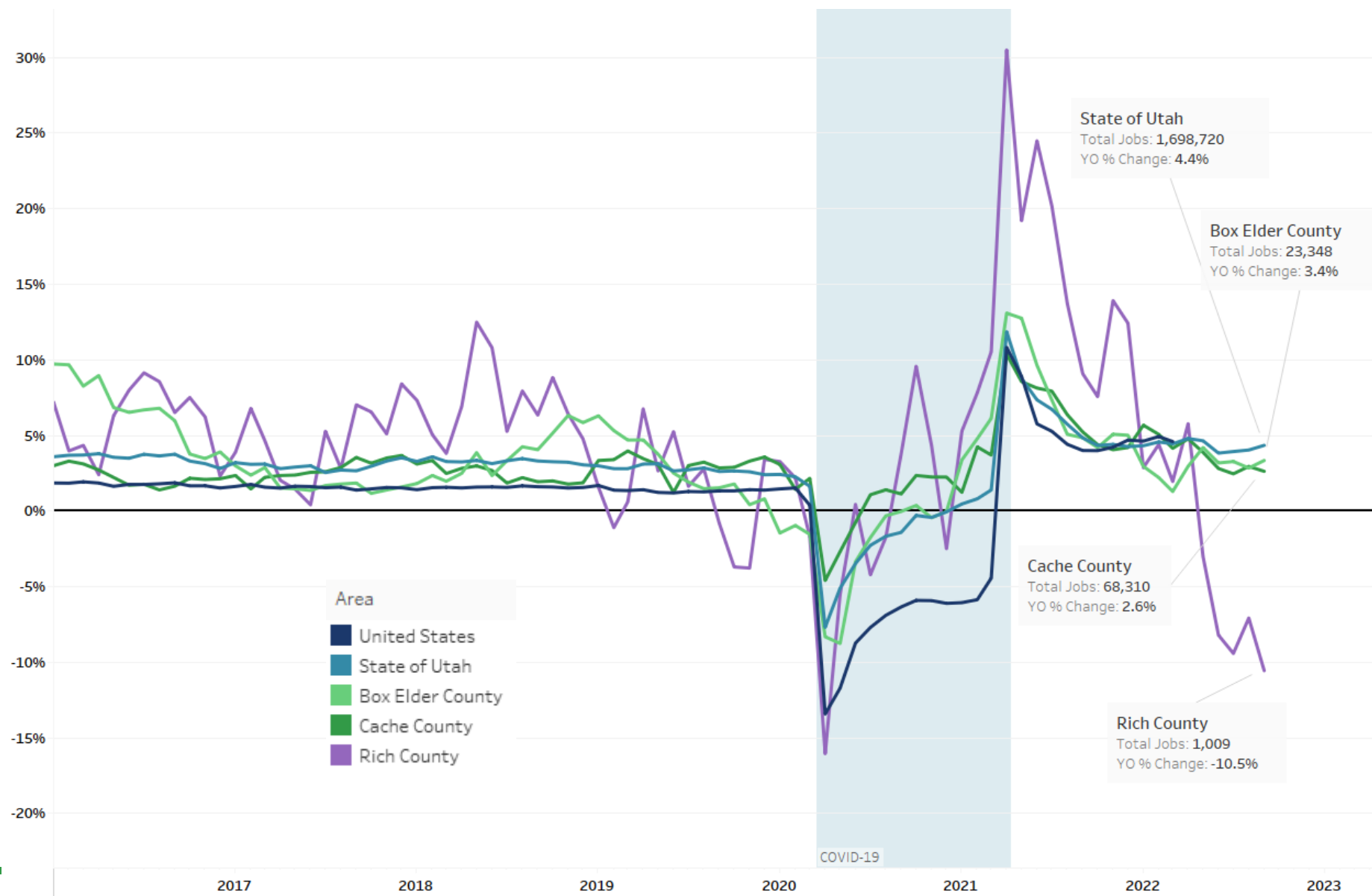


Great Cache Valley Overview

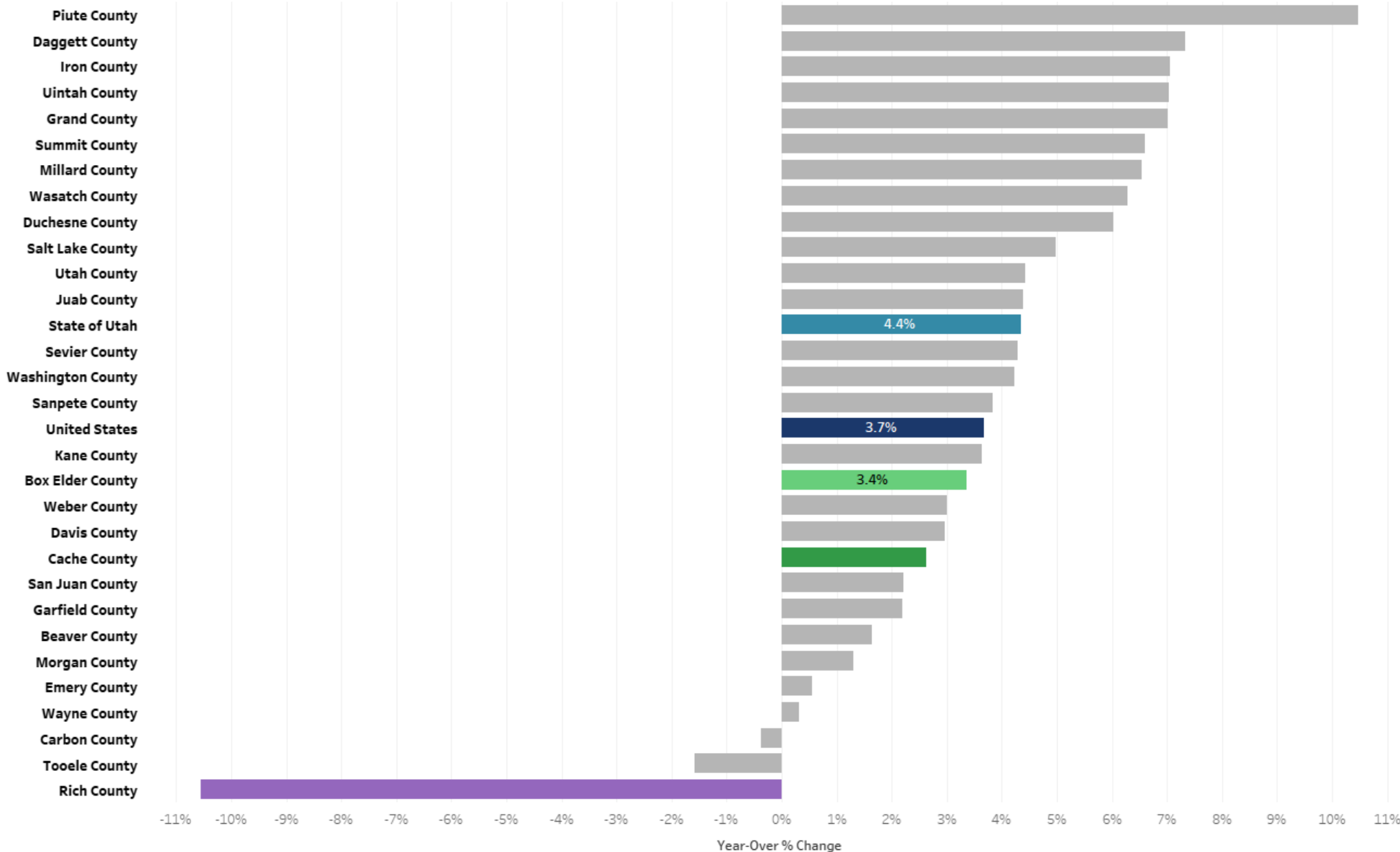
Year-to-Year Change in Nonfarm Jobs September 2022 ↑ 757



Greater Cache Valley YO % Change

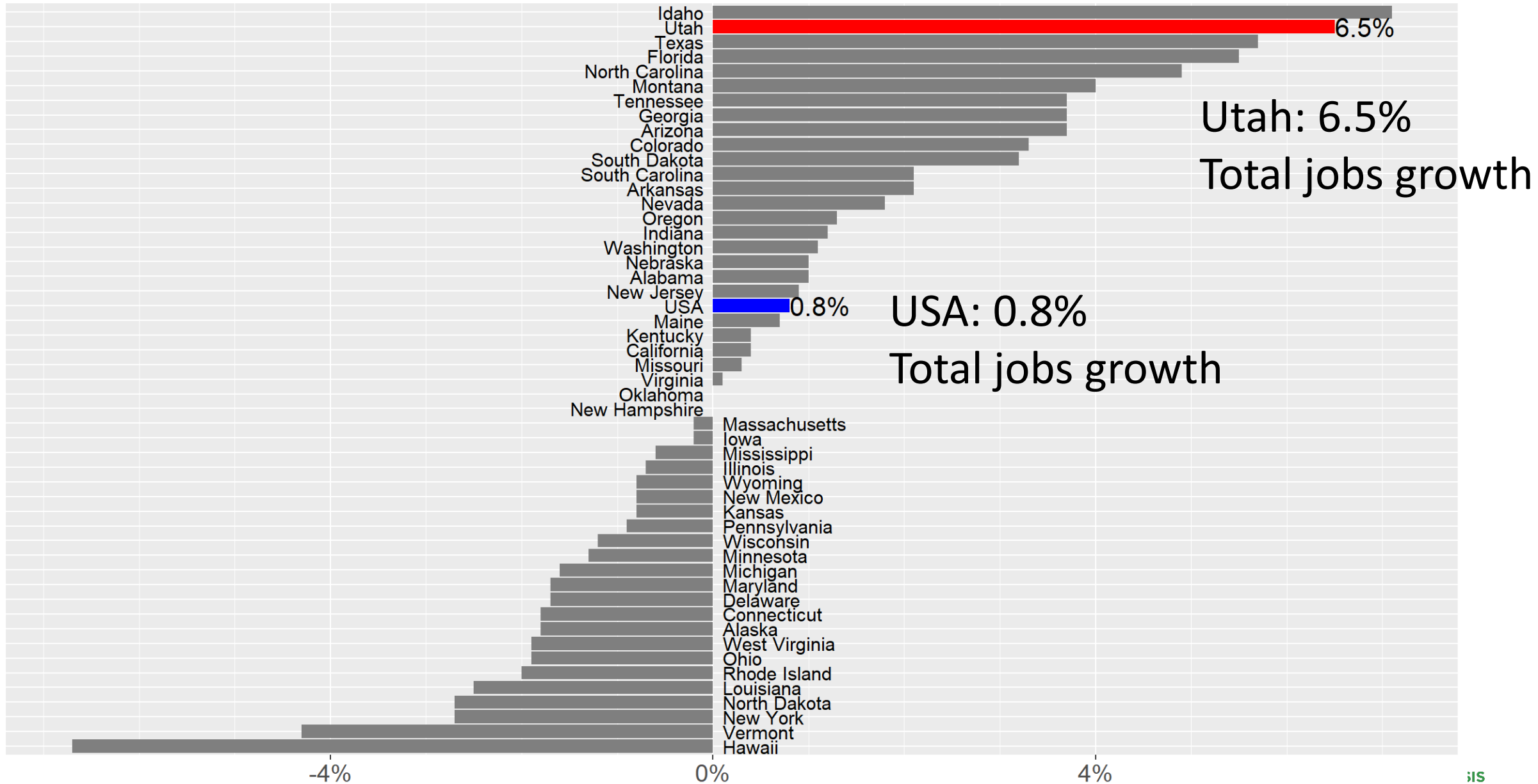


County Comparison (YO % Change)

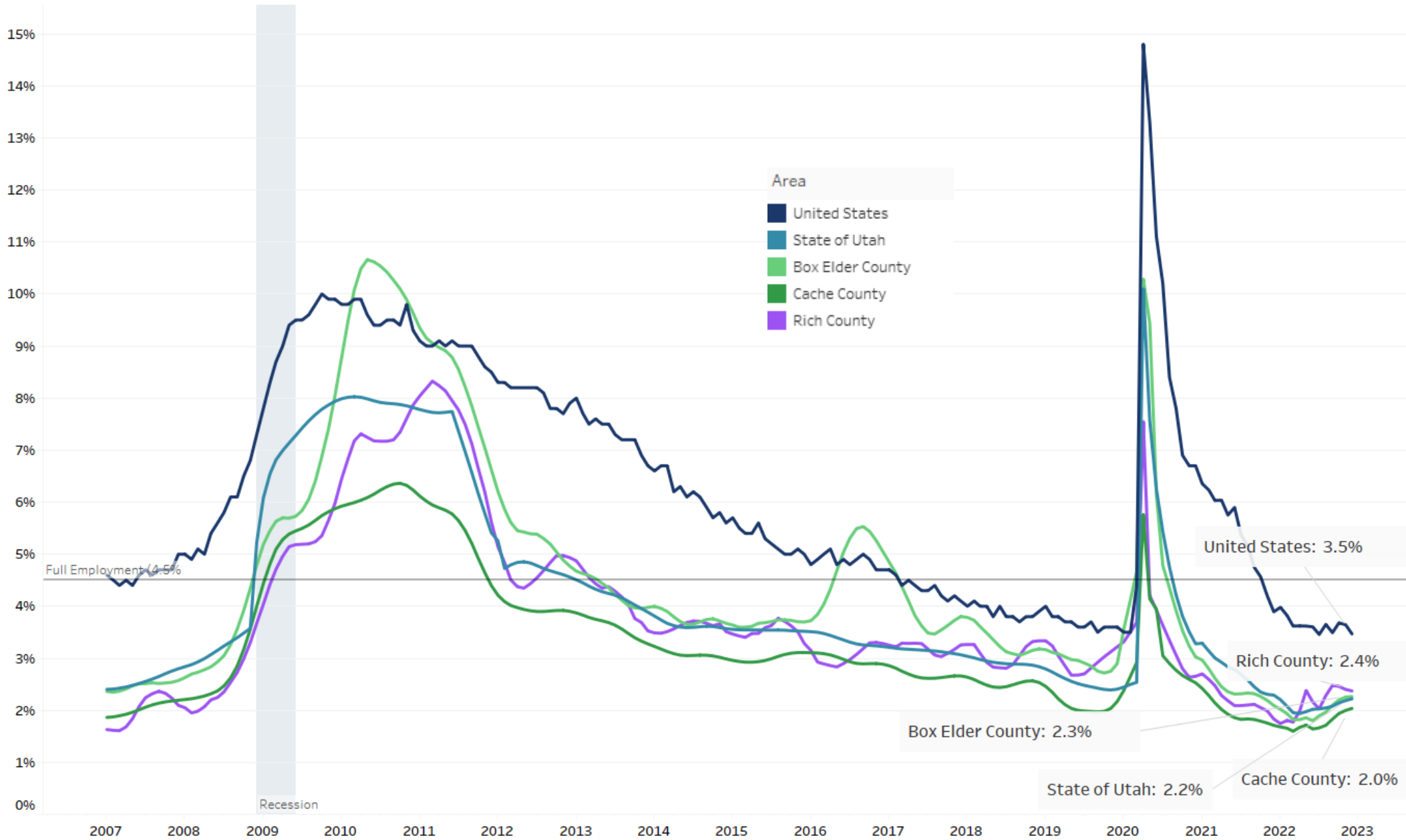


Utah near top in job growth since COVID hit

Change in Nonfarm Jobs: Feb 2020 to Dec 2022



Very Tight Labor Market



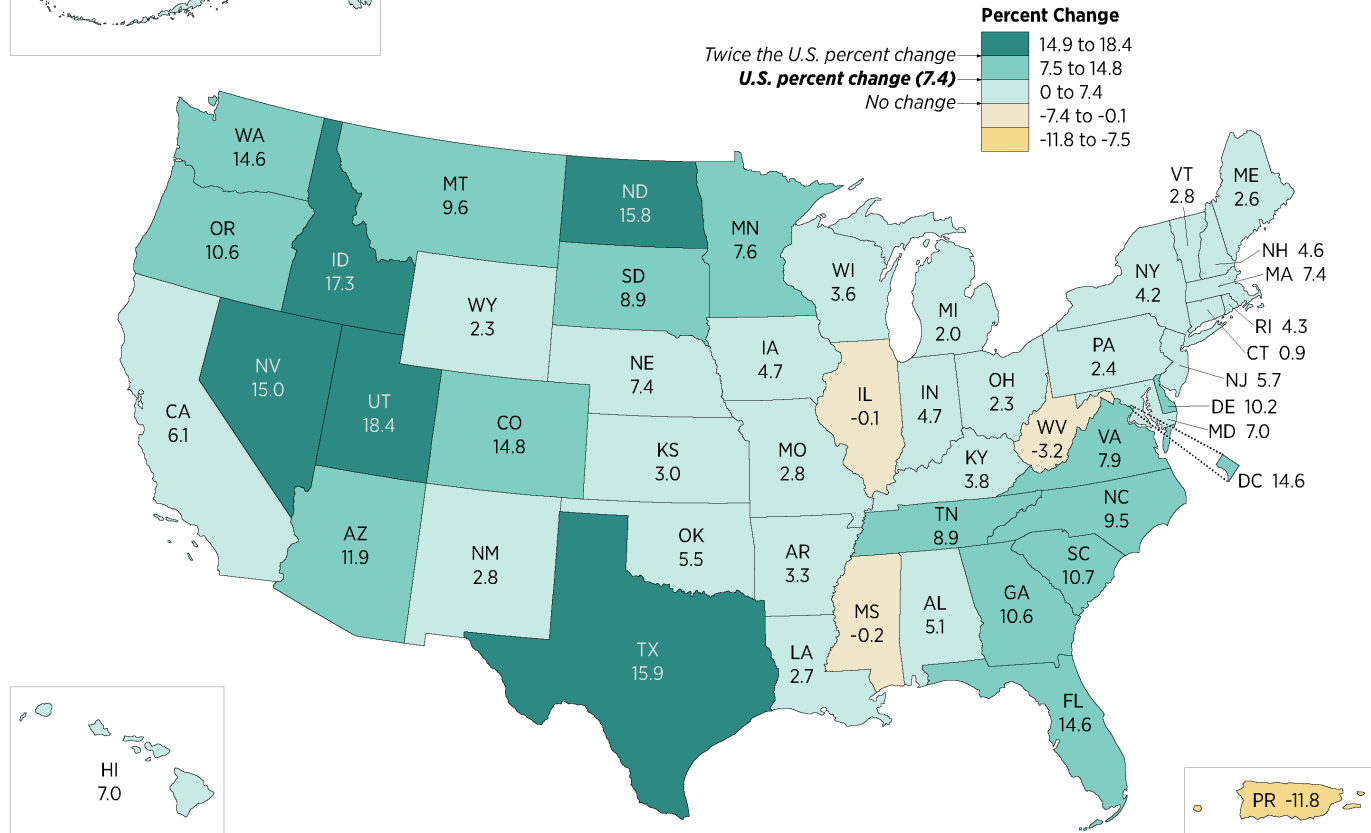
Cache Valley Economic Objectives

- 1. Continue healthy and consistent growth**
 - a. Below state average, but healthy and historically normal.
 - b. Avoid (extended) unemployment.
- 2. Increase quality of life for Box Elder Residents.**
 - a. Wages v. Inflation
 - b. Housing Affordability
- 3. The Labor Shortage**
 - a. Domestic In-Migration
 - b. Demographic labor shortage

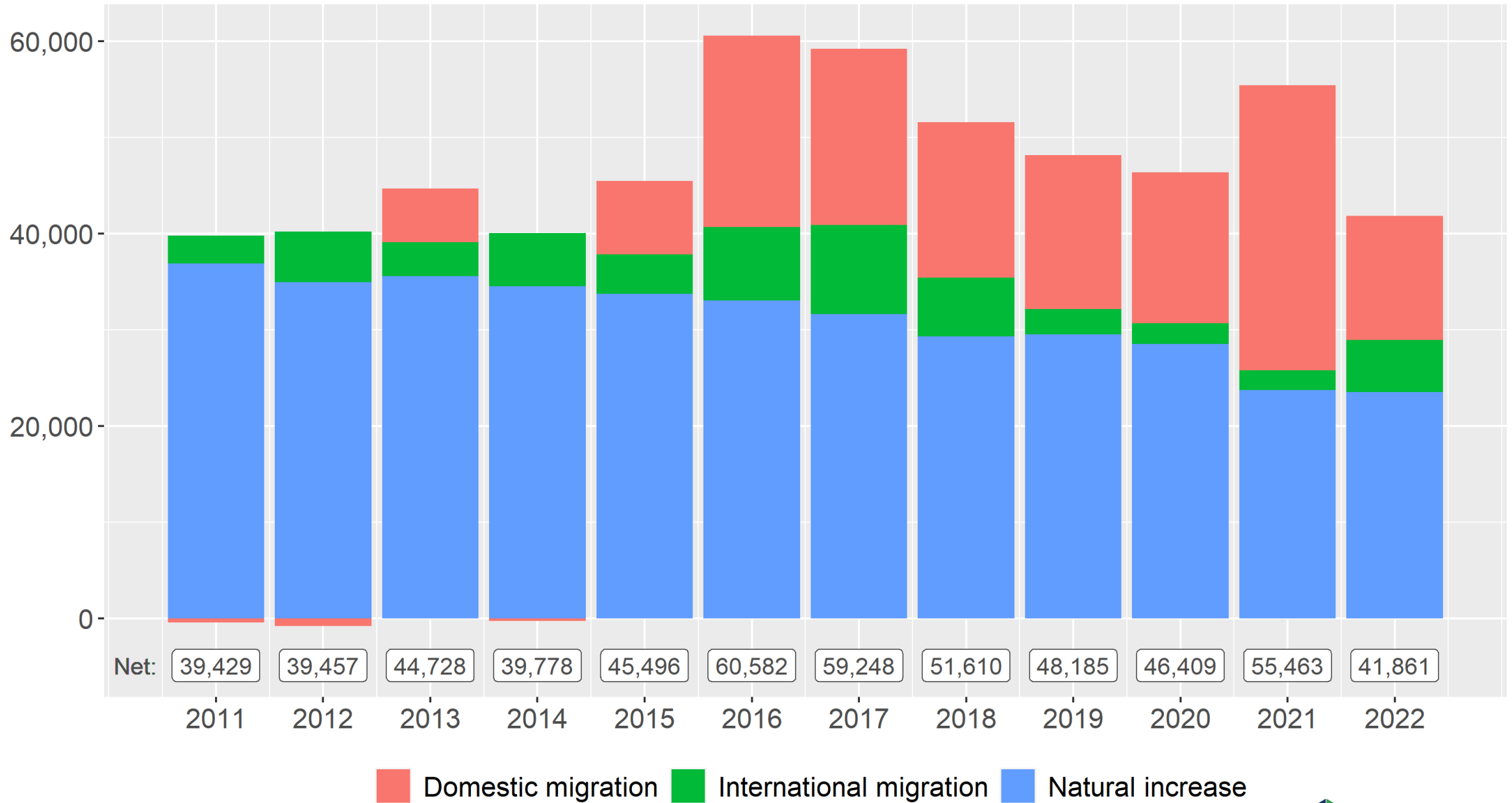
Utah near top in population growth in US



Percent Change in Resident Population for the 50 States, the District of Columbia, and Puerto Rico: 2010 to 2020

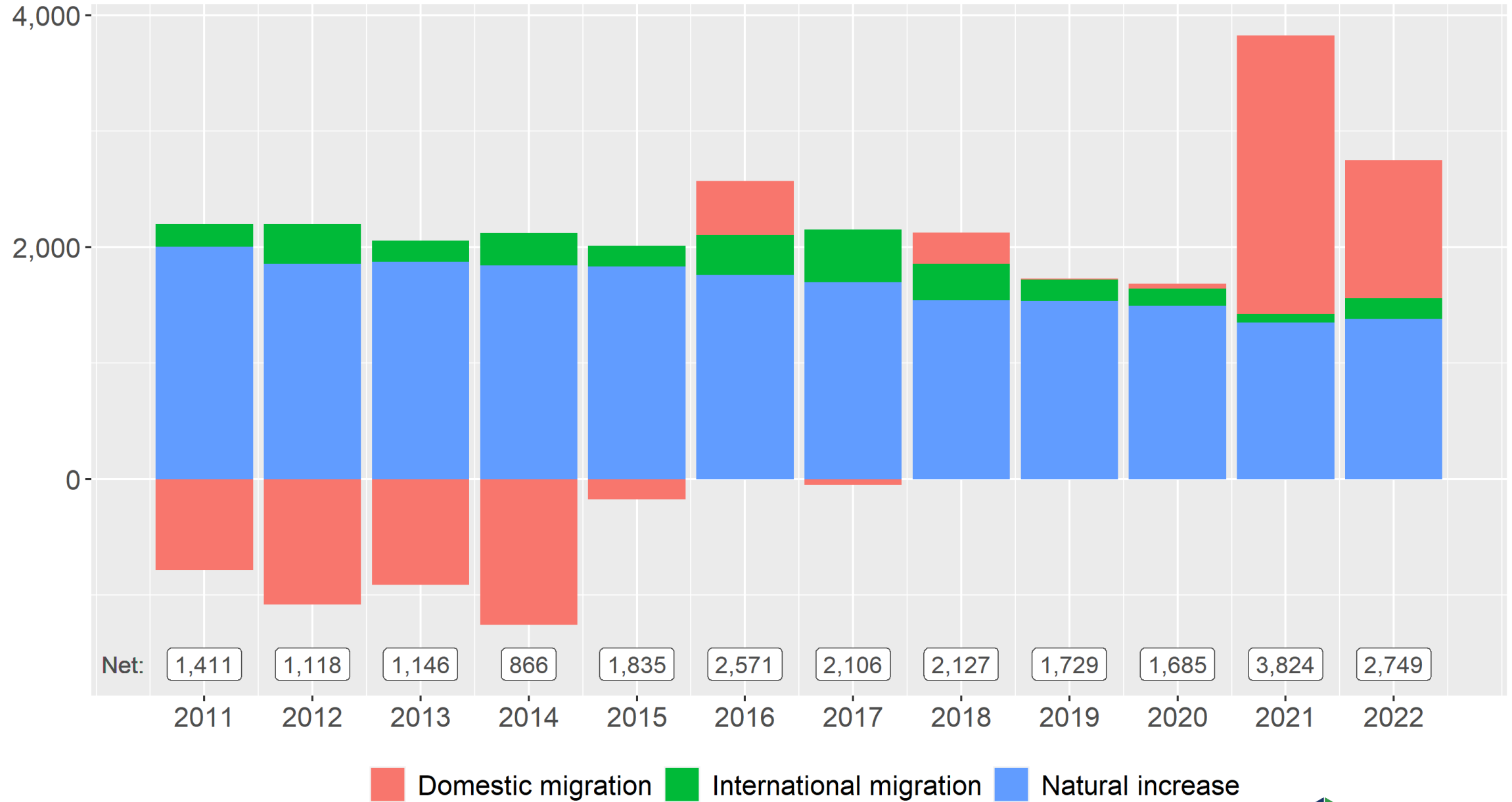


Utah: Components of population change



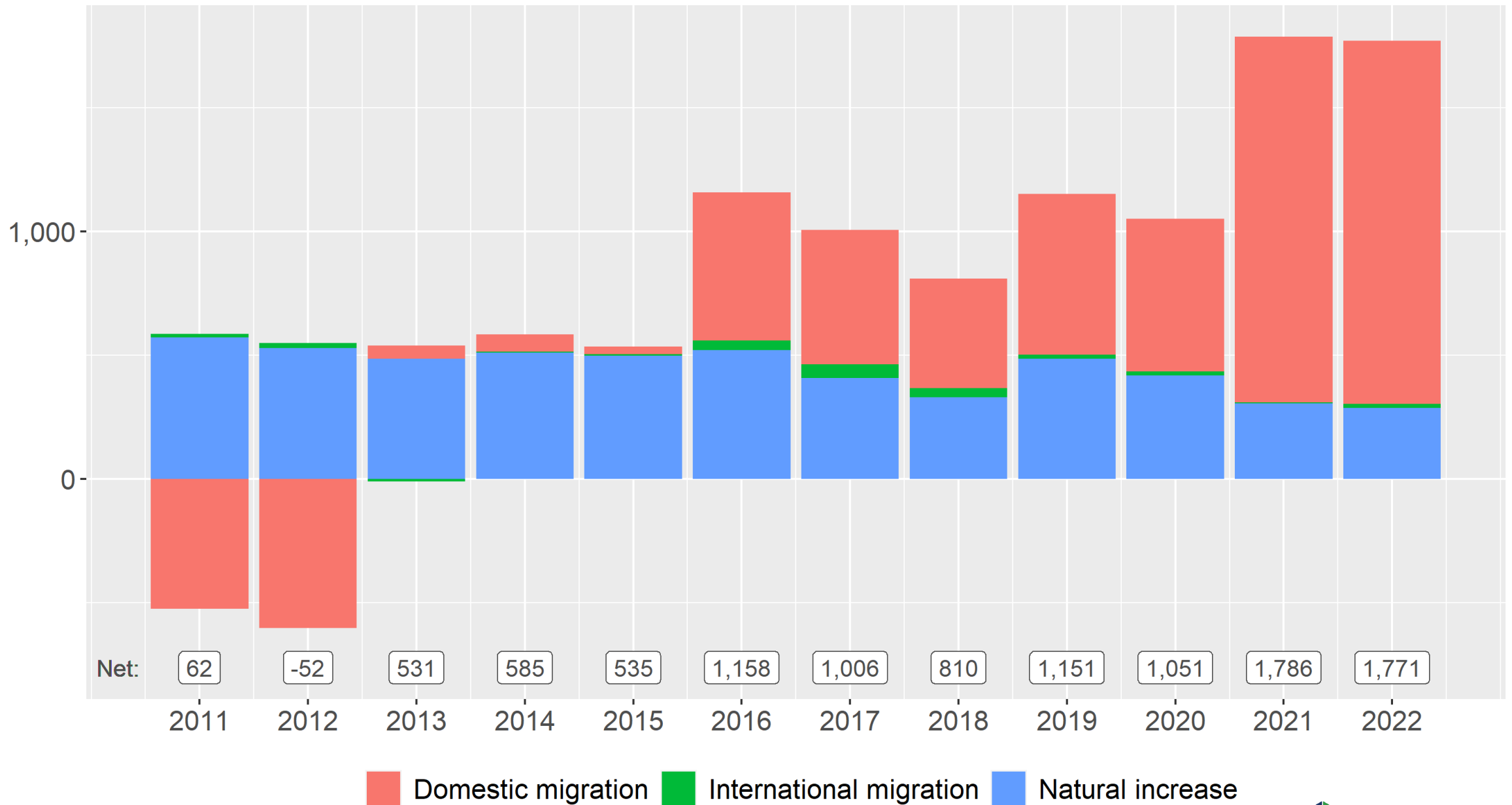
Source: U.S. Census Bureau, Population Division

Cache County: Components of population change



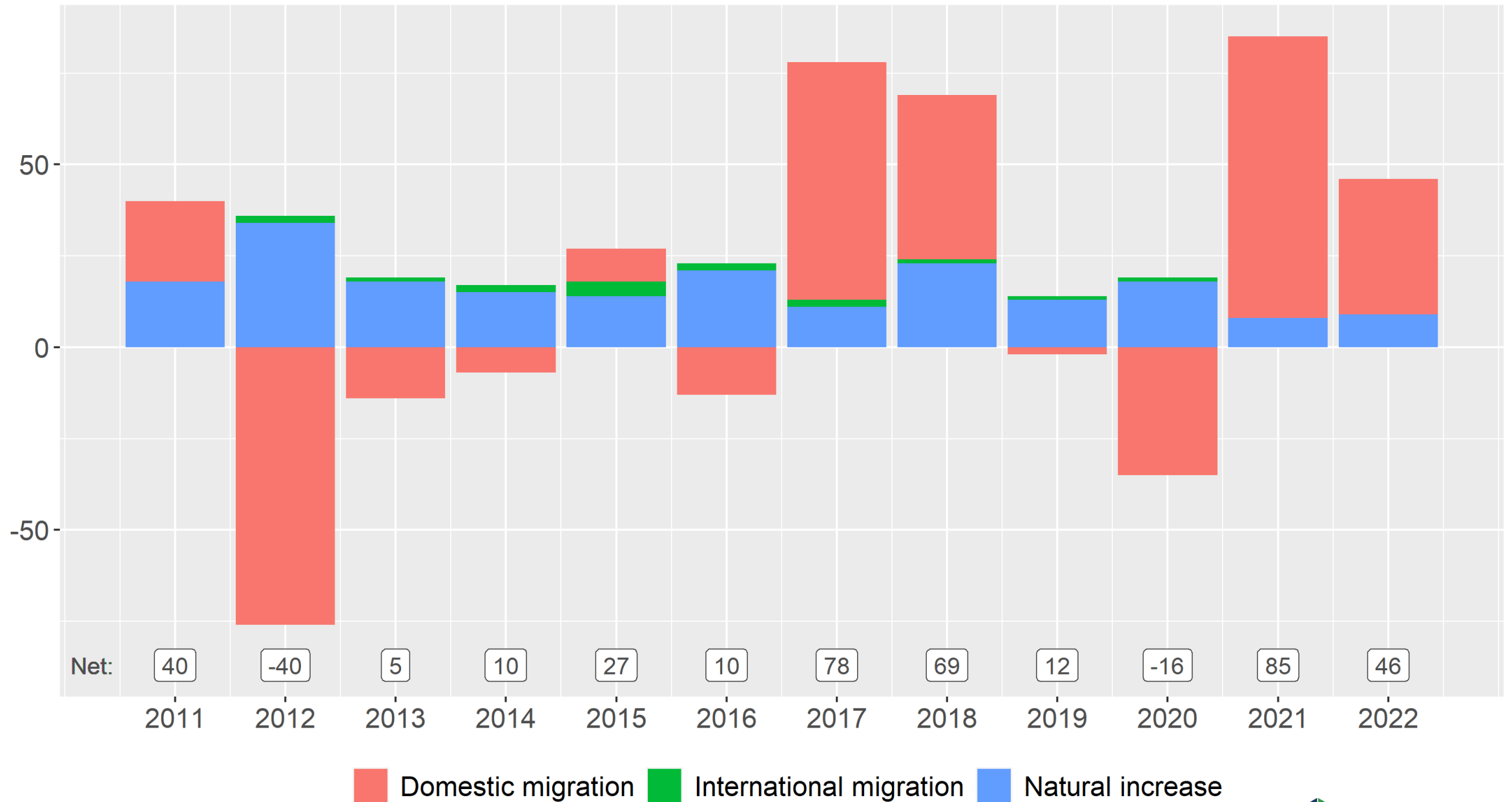
Source: U.S. Census Bureau, Population Division

Box Elder County: Components of population change



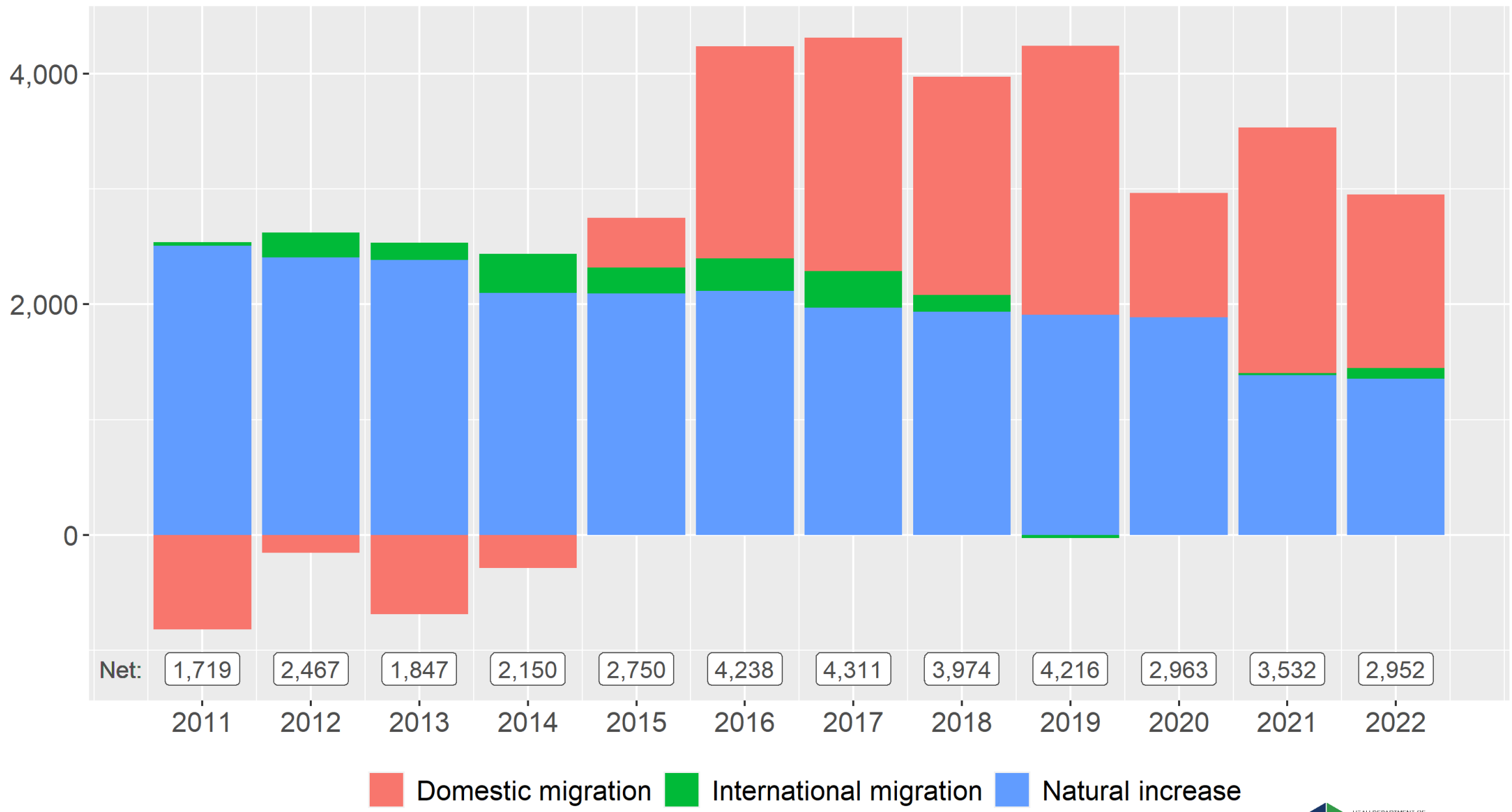
Source: U.S. Census Bureau, Population Division

Rich County: Components of population change



Domestic migration International migration Natural increase

Weber County: Components of population change

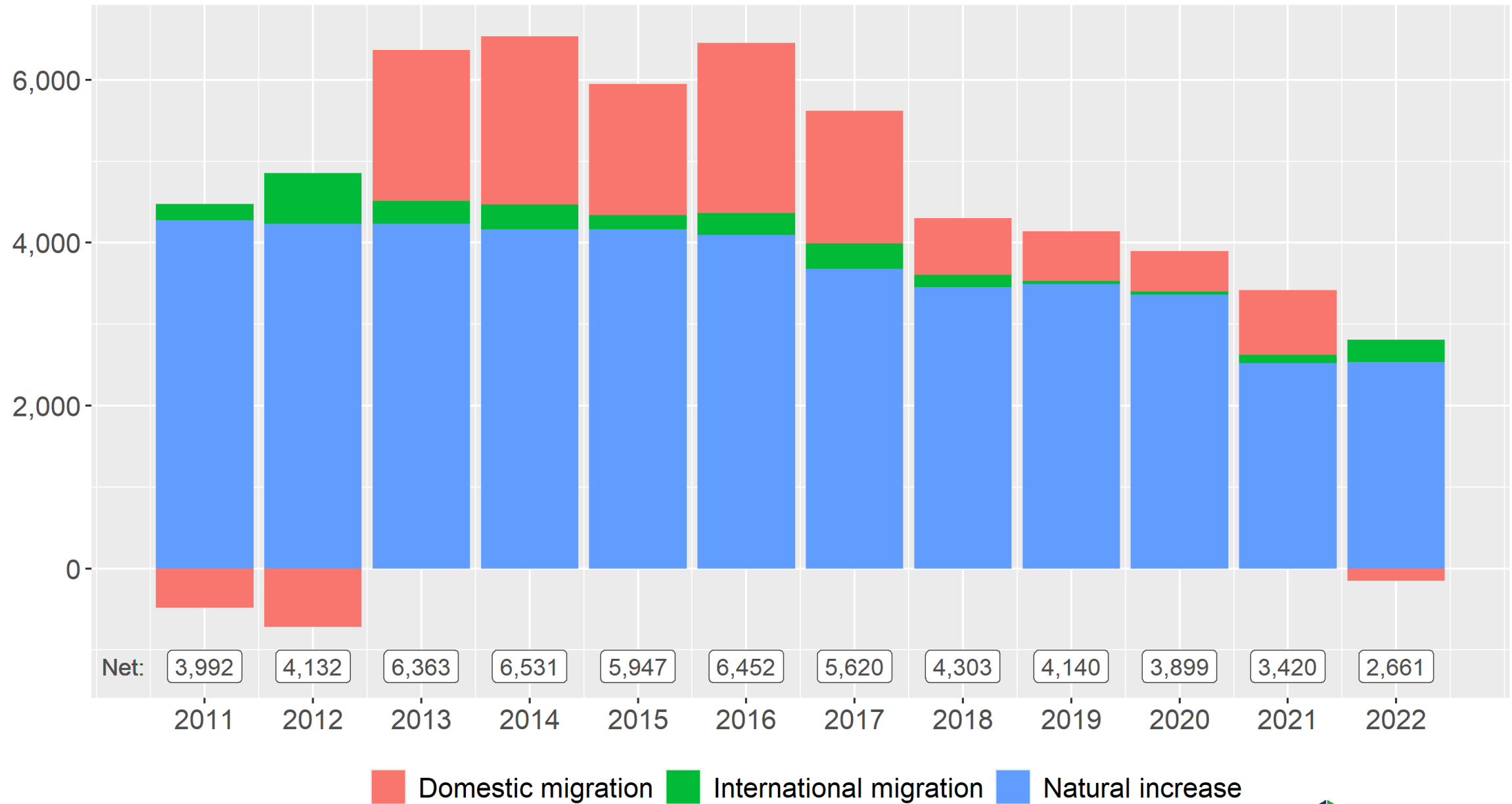


■ Domestic migration
 ■ International migration
 ■ Natural increase

Source: U.S. Census Bureau, Population Division

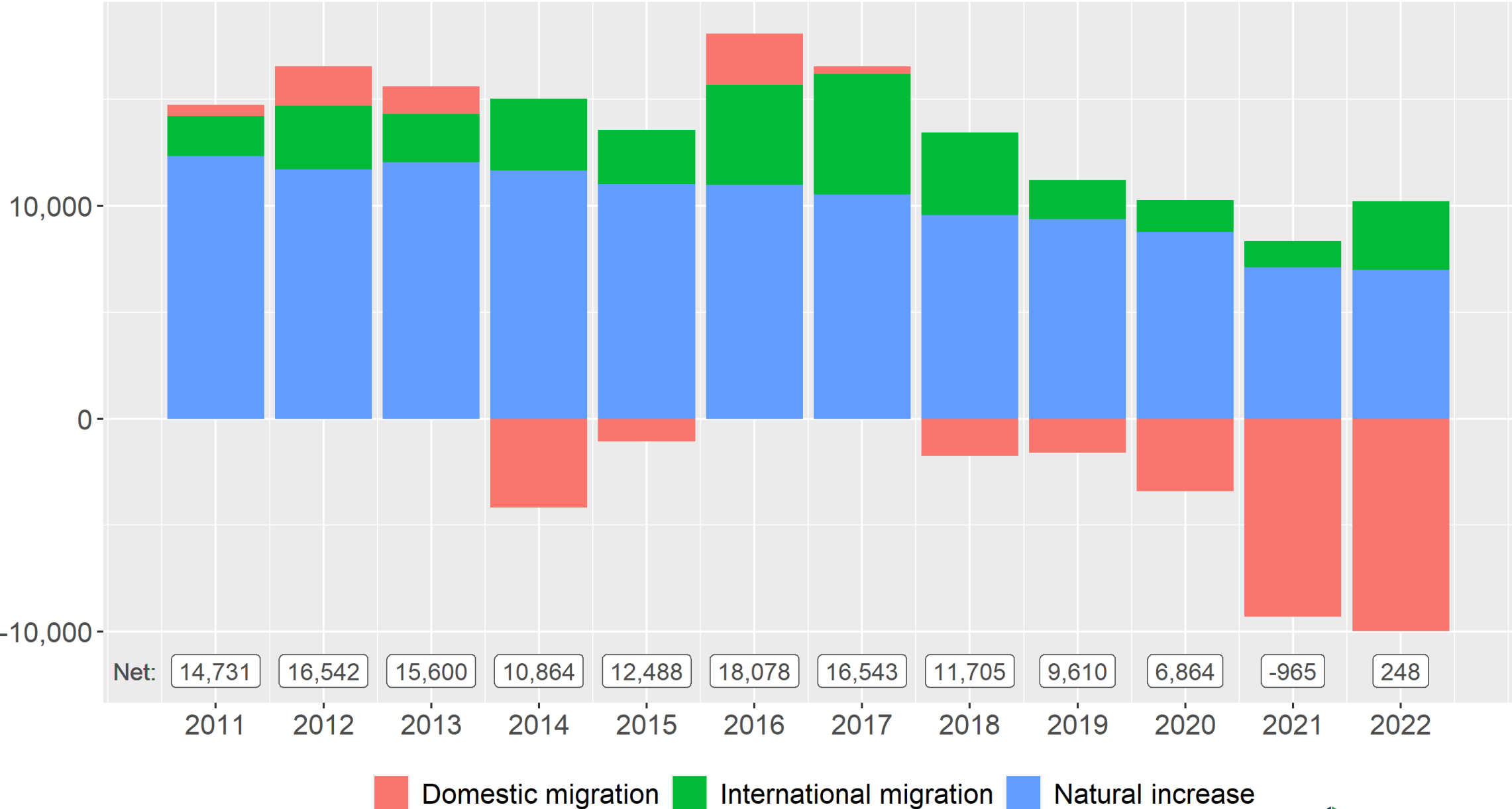


Davis County: Components of population change



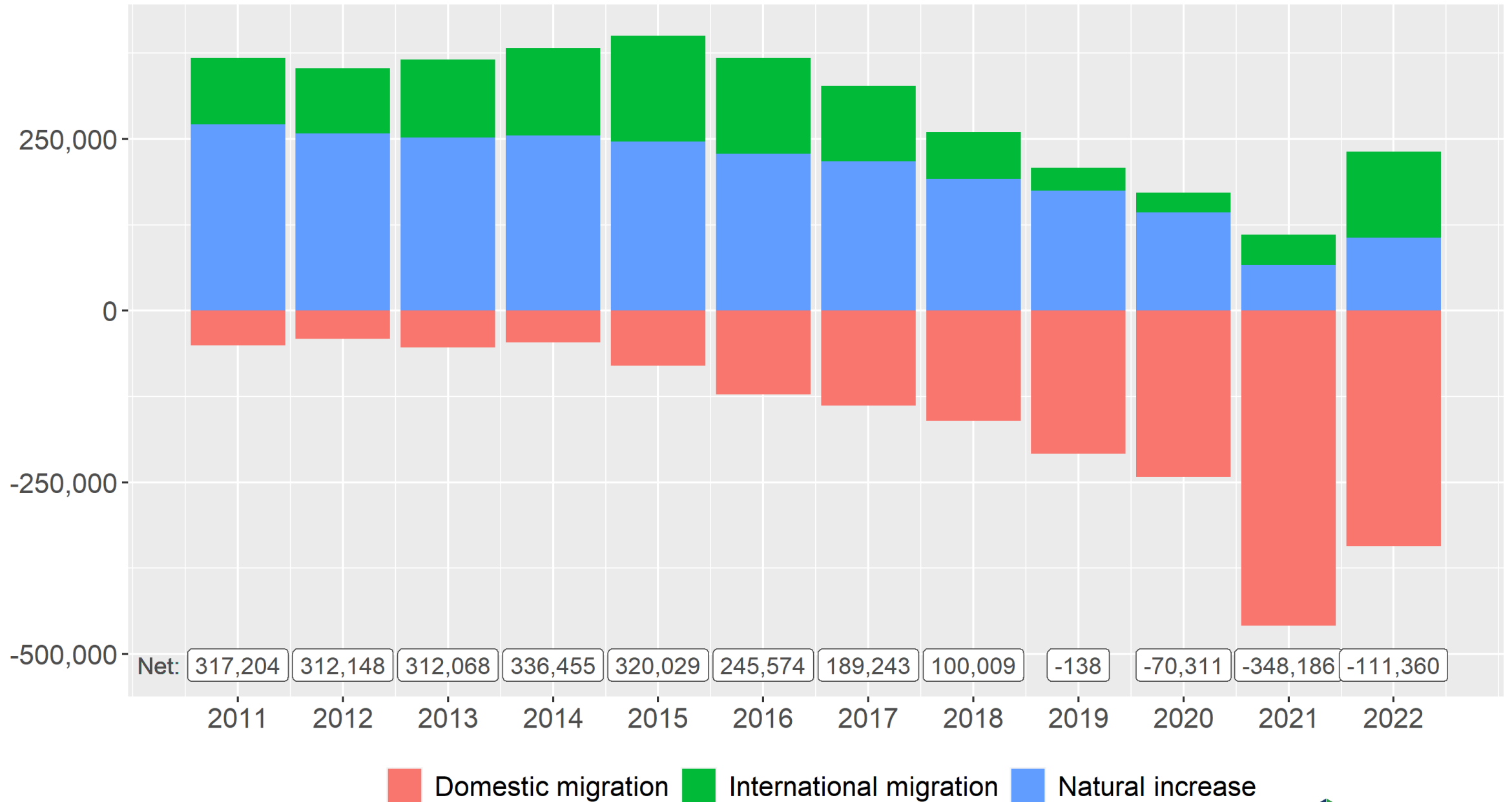
Source: U.S. Census Bureau, Population Division

Salt Lake County: Components of population change



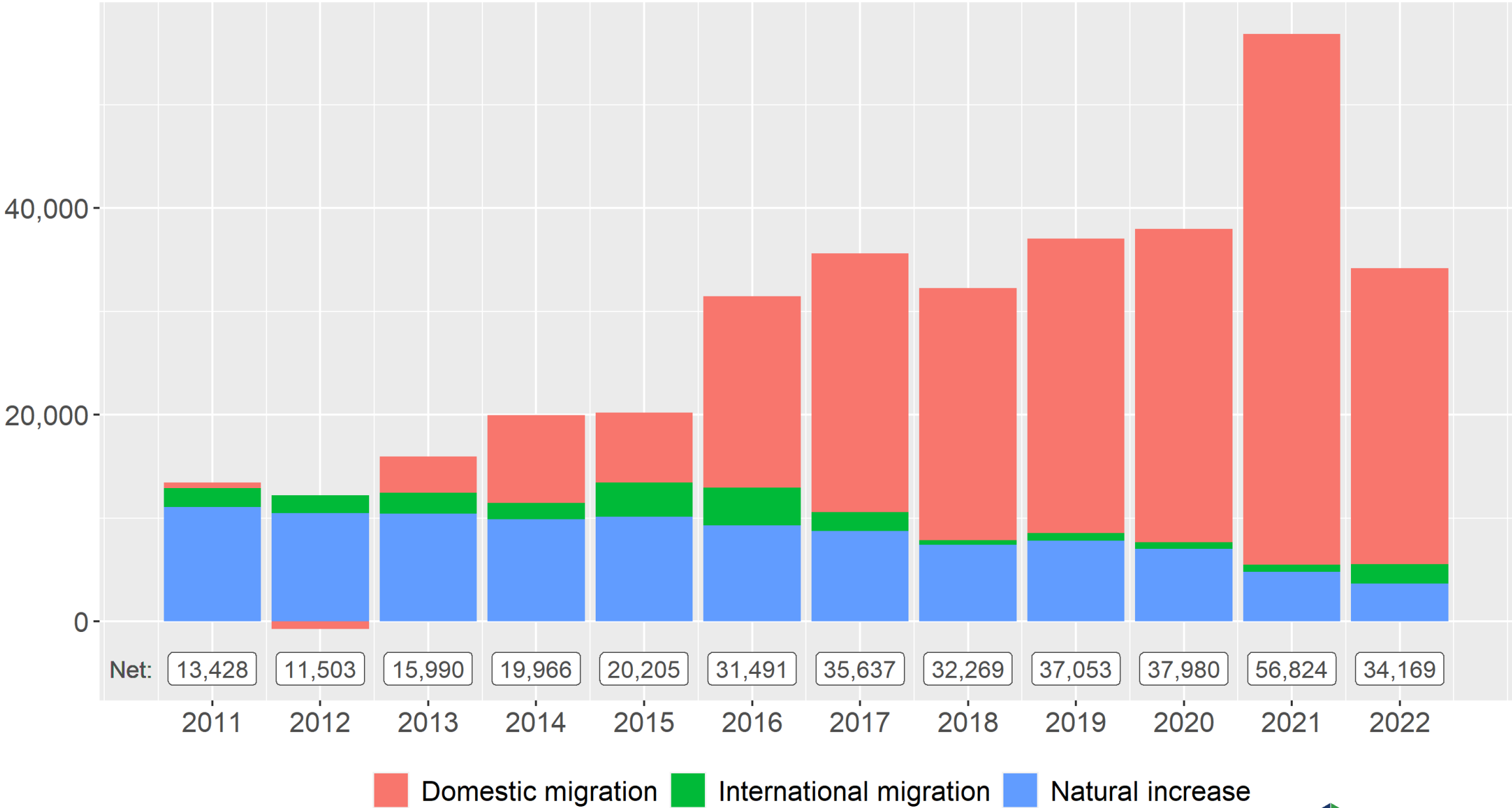
Source: U.S. Census Bureau, Population Division

California: Components of population change



Source: U.S. Census Bureau, Population Division

Idaho: Components of population change



Source: U.S. Census Bureau, Population Division

	2021 YTD	2022 YTD	+ / -	2021 YTD	2022 YTD	+ / -
Beaver County	81	79	- 2.5%	\$244,500	\$275,000	+ 12.5%
Box Elder County	777	646	- 16.9%	\$365,000	\$425,000	+ 16.4%
Cache County	1,429	1,340	- 6.2%	\$375,000	\$430,625	+ 14.8%
Carbon County	318	245	- 23.0%	\$180,000	\$225,000	+ 25.0%
Daggett County	22	20	- 9.1%	\$278,000	\$255,250	- 8.2%
Davis County	4,873	4,058	- 16.7%	\$454,770	\$520,000	+ 14.3%
Duchesne County	339	240	- 29.2%	\$201,000	\$289,500	+ 44.0%
Emery County	88	66	- 25.0%	\$192,250	\$245,750	+ 27.8%
Garfield County	53	29	- 45.3%	\$289,950	\$400,000	+ 38.0%
Grand County	195	121	- 37.9%	\$479,000	\$625,000	+ 30.5%
Iron County	1,495	1,244	- 16.8%	\$323,700	\$375,750	+ 16.1%
Juab County	155	133	- 14.2%	\$341,000	\$400,000	+ 17.3%
Kane County	82	59	- 28.0%	\$390,000	\$445,000	+ 14.1%
Millard County	96	87	- 9.4%	\$235,500	\$288,000	+ 22.3%
Morgan County	103	112	+ 8.7%	\$594,500	\$697,500	+ 17.3%
Piute County	11	11	0.0%	\$215,000	\$285,000	+ 32.6%
Rich County	136	146	+ 7.4%	\$513,305	\$544,476	+ 6.1%
Salt Lake County	18,029	13,324	- 26.1%	\$460,000	\$528,000	+ 14.8%
San Juan County	77	40	- 48.1%	\$325,000	\$266,250	- 18.1%
Sanpete County	296	292	- 1.4%	\$322,105	\$350,000	+ 8.7%
Sevier County	266	244	- 8.3%	\$268,000	\$310,000	+ 15.7%
Summit County	2,257	1,552	- 31.2%	\$1,150,000	\$1,300,000	+ 13.0%
Tooele County	1,519	1,297	- 14.6%	\$405,000	\$474,950	+ 17.3%
Uintah County	777	456	- 41.3%	\$204,900	\$261,000	+ 27.4%
Utah County	11,555	9,762	- 15.5%	\$455,000	\$523,640	+ 15.1%
Wasatch County	1,214	1,066	- 12.2%	\$800,000	\$960,000	+ 20.0%
Washington County	5,421	4,180	- 22.9%	\$460,000	\$554,843	+ 20.6%
Wayne County	37	15	- 59.5%	\$360,000	\$485,000	+ 34.7%
Weber County	4,474	3,738	- 16.5%	\$366,788	\$422,000	+ 15.1%
Entire State	56,175	44,602	- 20.6%	\$443,036	\$510,000	+ 15.1%

Local Market Updates by County December 2022



Pressure in the Labor Force



April 19, 2023

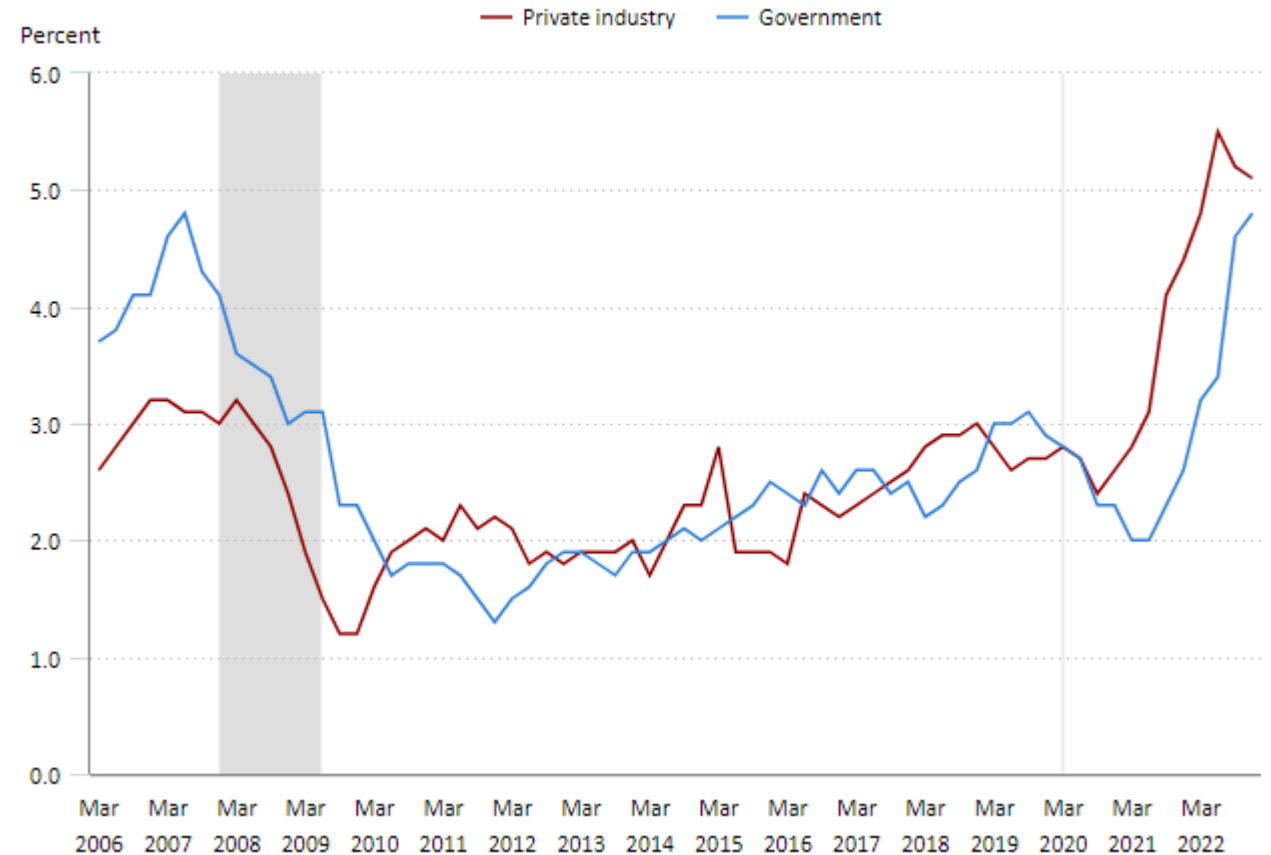
Under Pressure Wage Gains

Competition for workers leads to wage gains.

Wages gains aren't spread evenly.

- Industry matters (high specialization/high versatility)
- Wage gains decrease value of tenure/seniority.
- Wages are fighting to outpace inflation.

Compensation in private industry and state and local government, 12-month percent change, not seasonally adjusted



Under Pressure

Historic Inflation

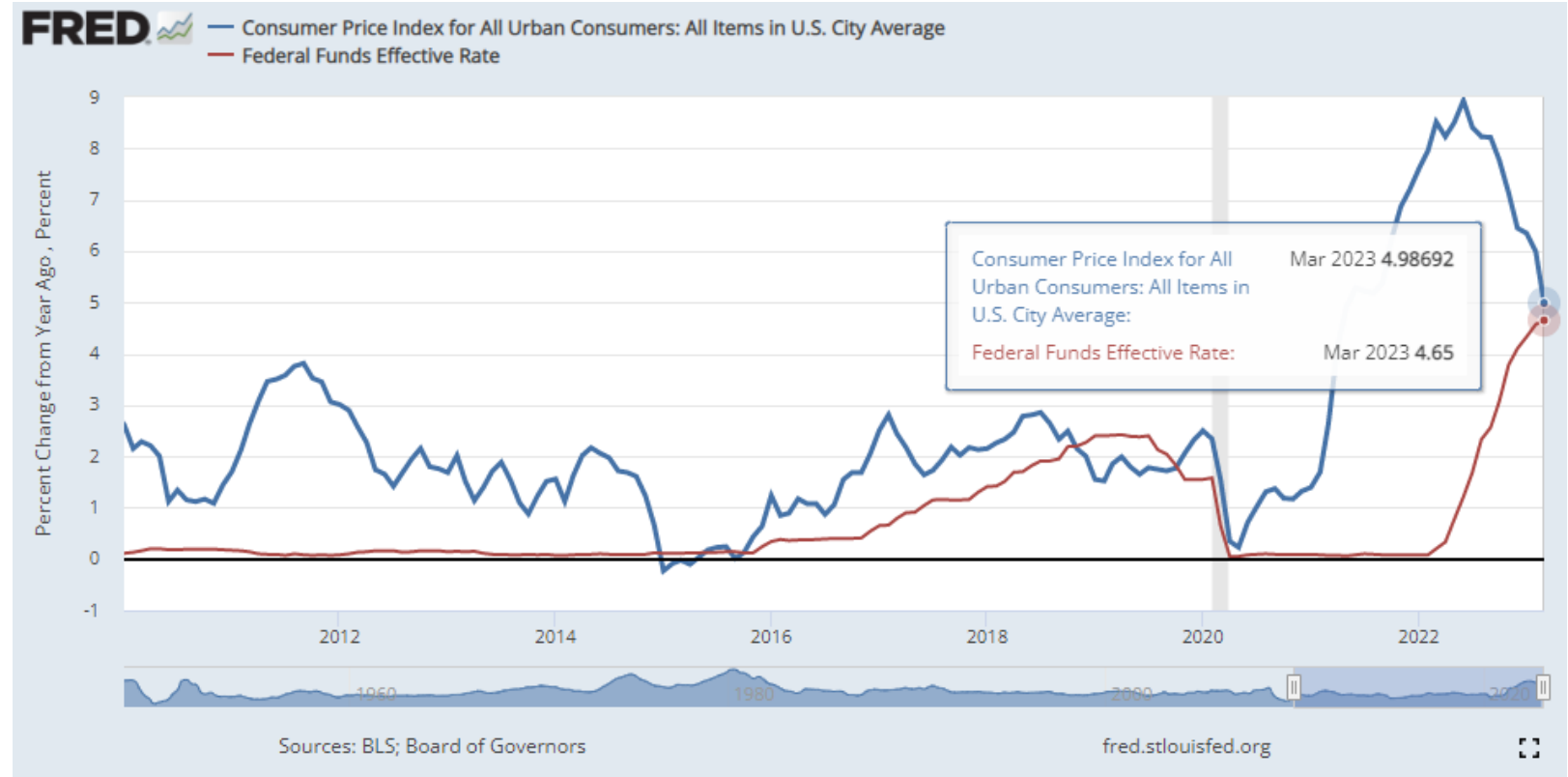
Inflation = (More) money chasing (fewer) goods

Multiple sources....

1. Federal aid from pandemic
2. High demand for goods post-pandemic
3. Supply chain disruption/
Ukraine War
4. Labor shortage

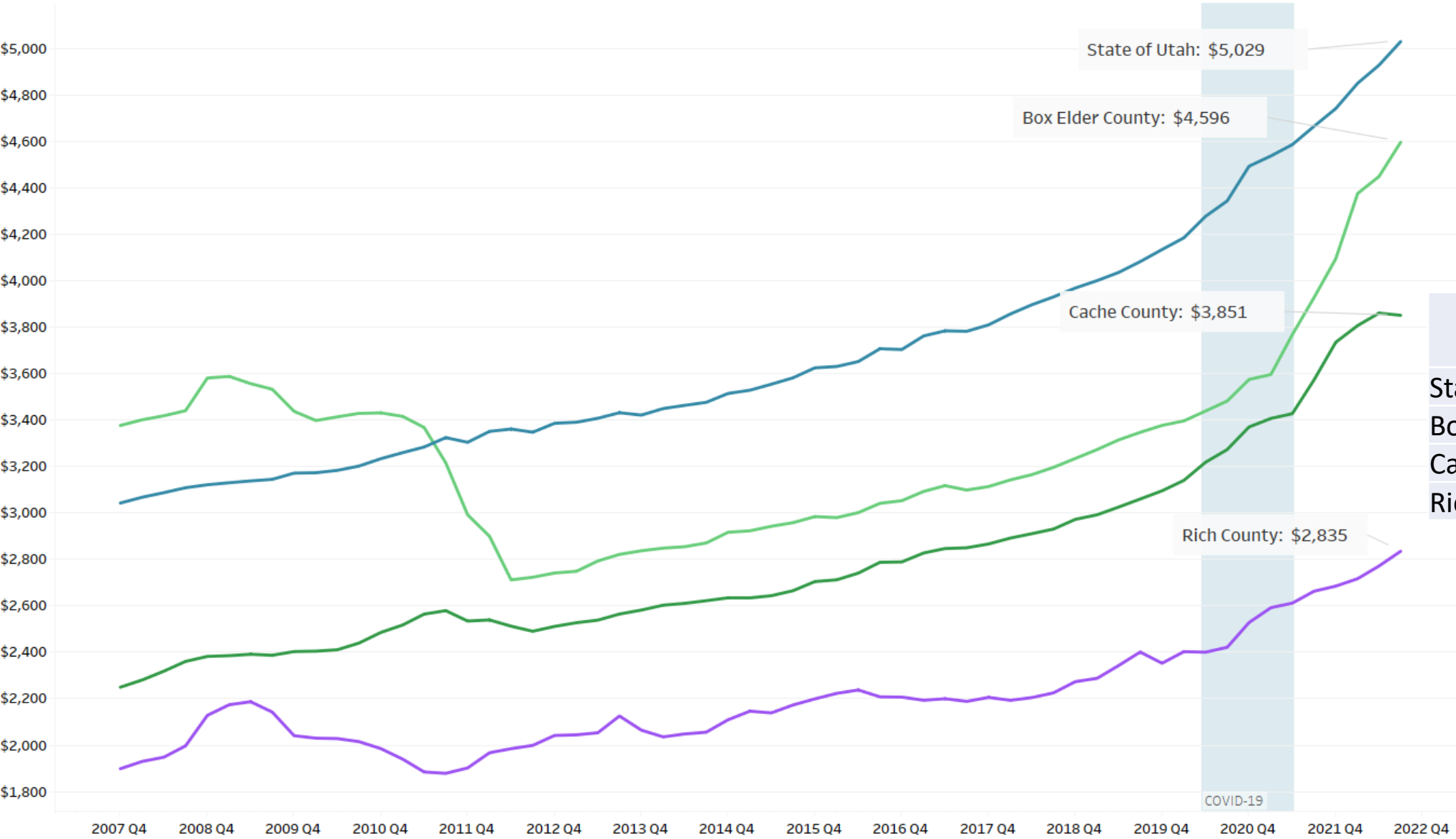
Is inflation always bad?

March 2023 – 5.0% YO.



Local wage gains are strong

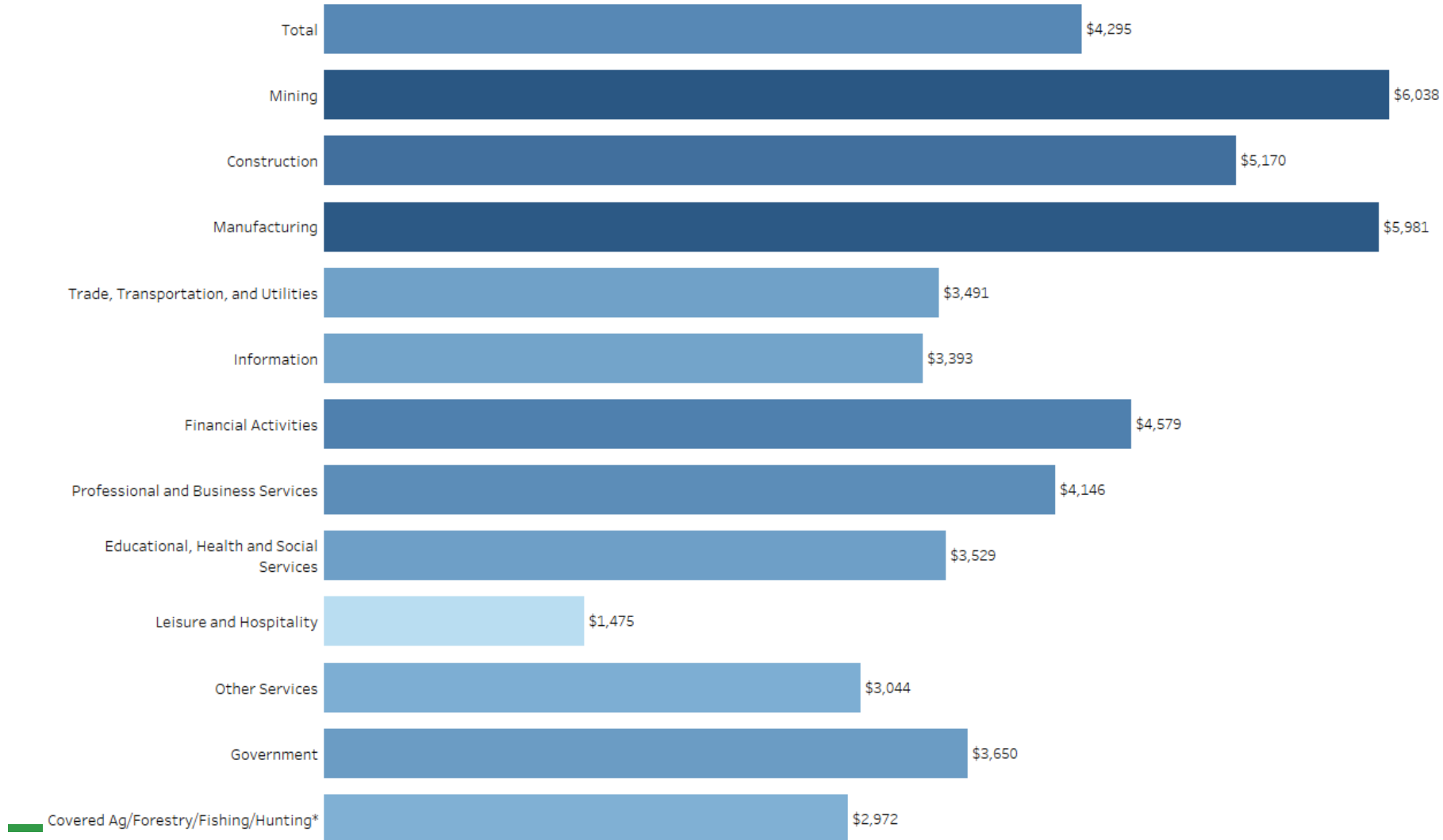
Four-Quarter Moving Average (Q3 2022)



Area	YO % Change
State of Utah	7.8%
Box Elder County	17.1%
Cache County	7.8%
Rich County	6.5%

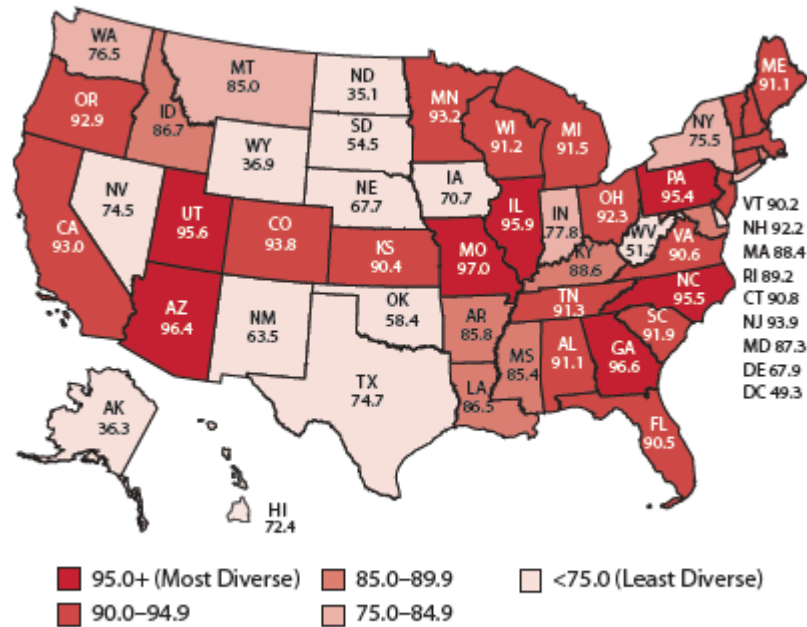
Northern Utah Average Monthly Wage by Industry

Average Monthly Wage*
Third Quarter 2022



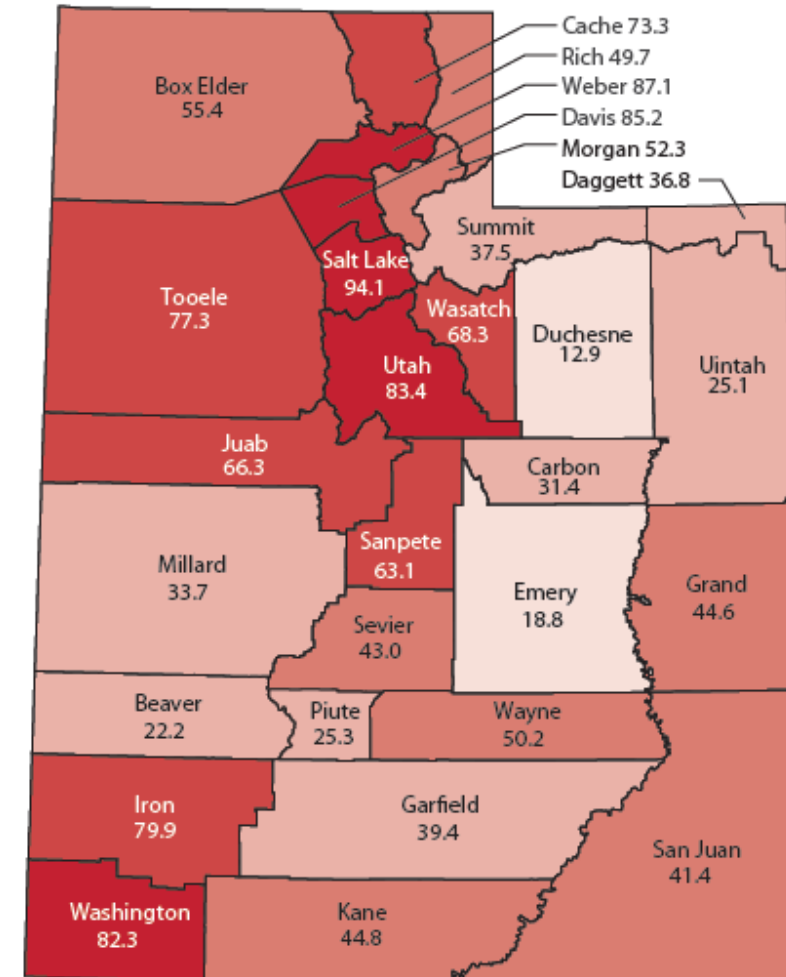
Economic Diversity – The Hachman Index

Figure 1: Hachman Index Scores for the States, 2021



Source: Kem C. Gardner Policy Institute analysis of U.S. Bureau of Economic Analysis GDP data

Figure 2: Hachman Index Scores for Counties in Utah, 2021



80+ (Most Diverse) 40.0 - 59.9 <20.0 (Least Diverse)
60.0-79.9 20.0 - 39.9

Exploring the US Labor Shortage

A shortage 65 years in the making.

Questions?

April 19, 2023

Diving Deeper Long Term Demographic Change

Millennials are now the largest generation in the labor force.

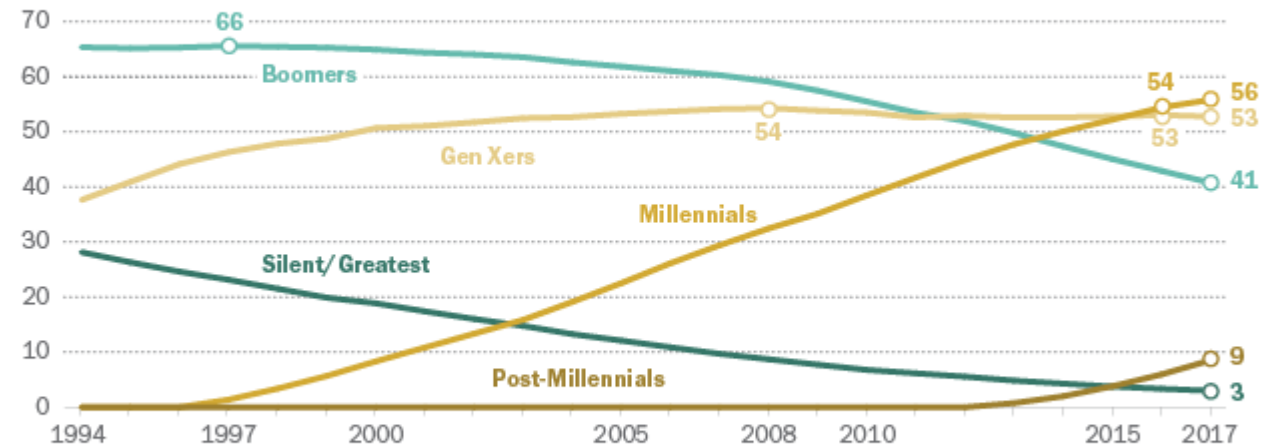
Baby Boomers are retiring too quickly. We don't have enough natural births and immigration to correct it.

This all feeds into

- Higher inflation (more dollars chasing fewer goods produced).
- Hard to buy houses (like St. George).
- Hard to replace workers/managers (especially in blue collar work).
- In, 2022 Social Security had its largest COLA of 8.7% since 1981. It is pegged to CPI.

Millennials became the largest generation in the labor force in 2016

U.S. labor force, in millions



Note: Labor force includes those ages 16 and older who are working or looking for work. Annual averages shown.
Source: Pew Research Center analysis of monthly 1994-2017 Current Population Survey (IPUMS).

PEW RESEARCH CENTER

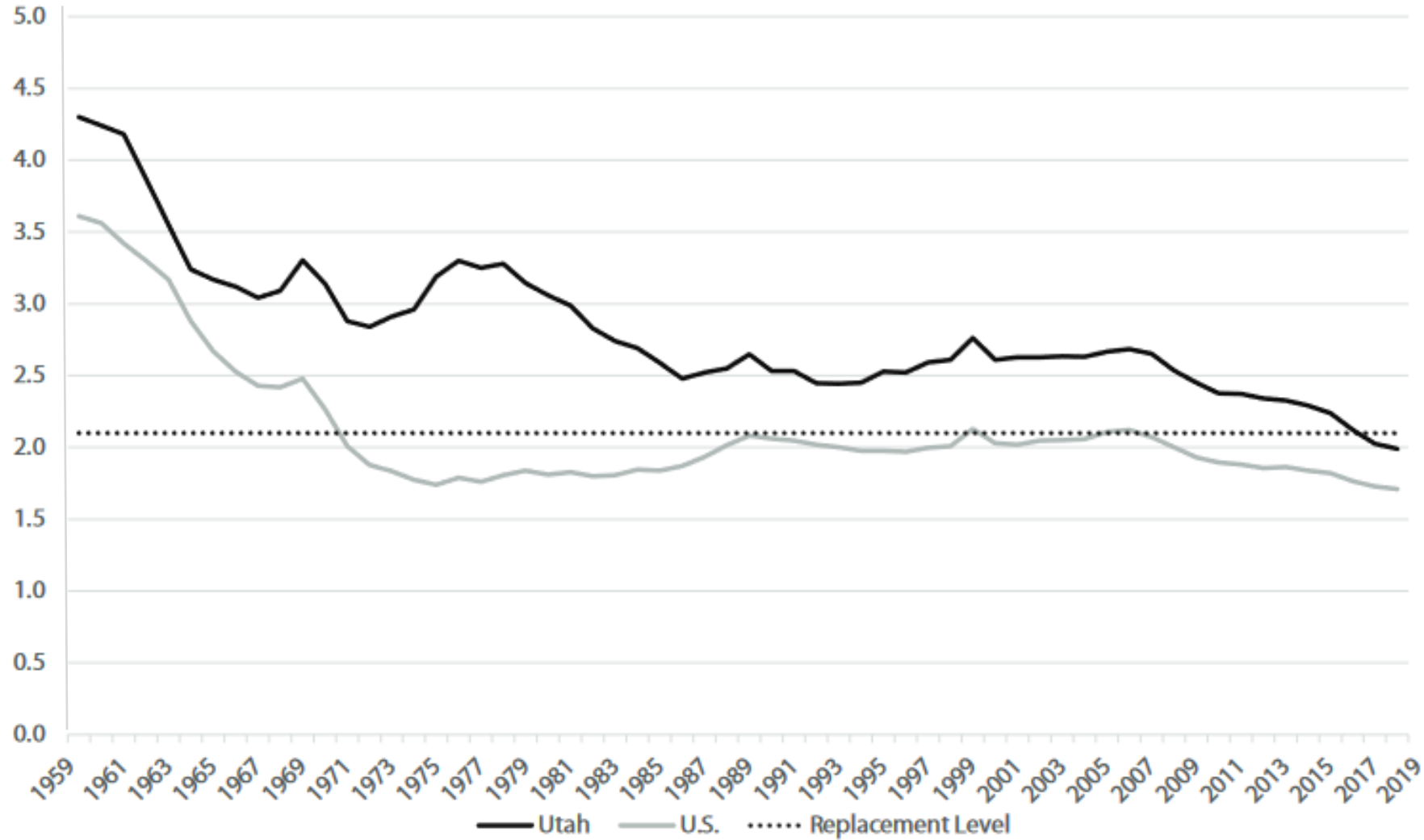
Table 1. States with highest growth and negative growth for decades 1990-2000, 2000-2010, and 2010-2020

Fastest growing states*						
1990-2000		2000-2010		2010-2020		
1	Nevada	66.3%	Nevada	35.1%	Utah	18.4%
2	Arizona	40.0%	Arizona	24.6%	Idaho	17.3%
3	Colorado	30.6%	Utah	23.8%	Texas	15.9%
4	Utah	29.6%	Idaho	21.1%	North Dakota	15.8%
5	Idaho	28.5%	Texas	20.6%	Nevada	15.0%
6	Georgia	26.4%	North Carolina	18.5%	Colorado	14.8%
7	Florida	23.5%	Georgia	18.3%	Washington	14.6%
8	Texas	22.8%	Florida	17.6%	Florida	14.6%
States with negative growth*						
1990-2000		2000-2010		2010-2020		
1	(none)	Michigan	-0.6%	West Virginia	-3.2%	
2				Mississippi	-0.2%	
3				Illinois	-0.1%	

* Percent growth over the decade; excludes the District of Columbia

Source: William H. Frey analysis of US decennial censuses 1990, 2000, 2010 and 2020.

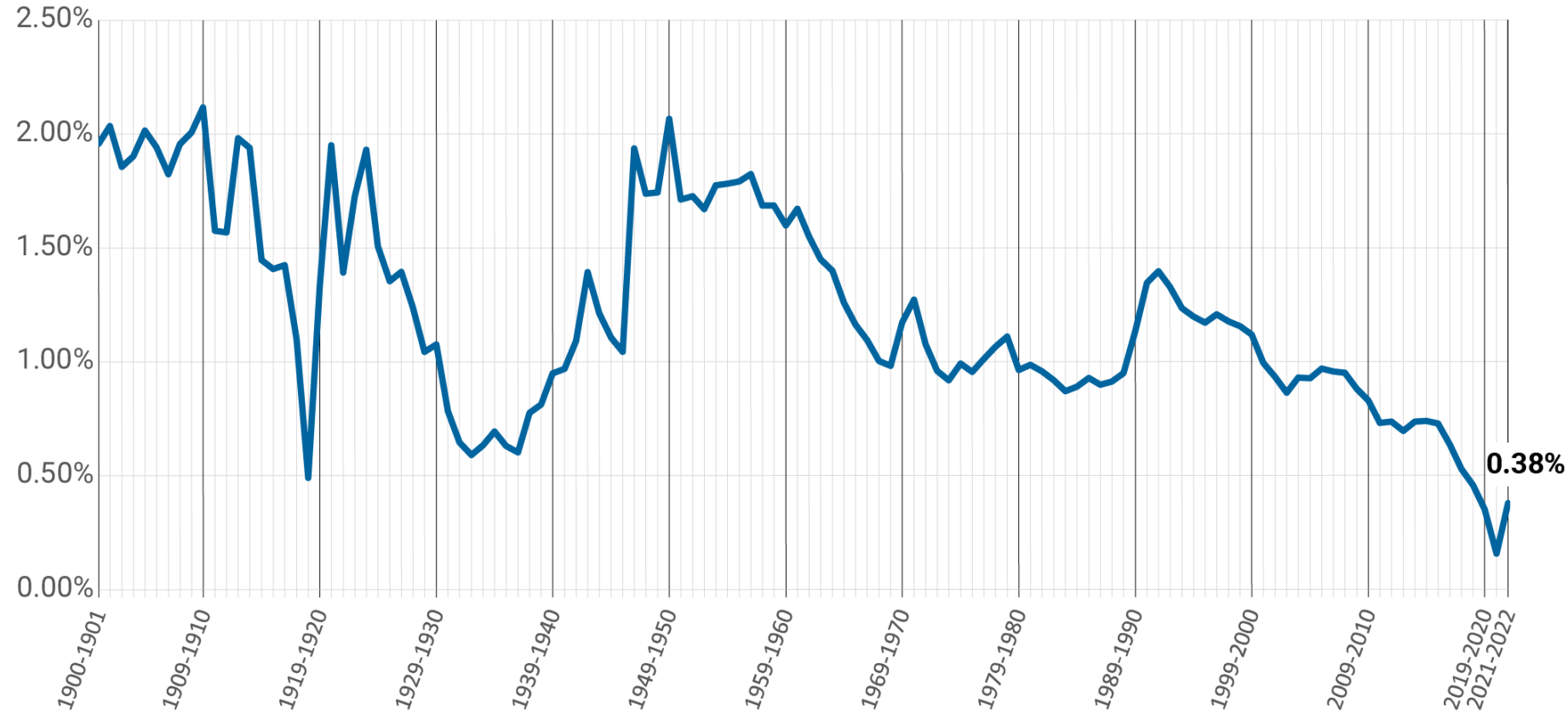
Total Fertility for Utah and the United States



Note: The Replacement Level is the fertility level at which the current population is replaced.

FIGURE 1

US annual population growth, 1900-01 to 2021-22*



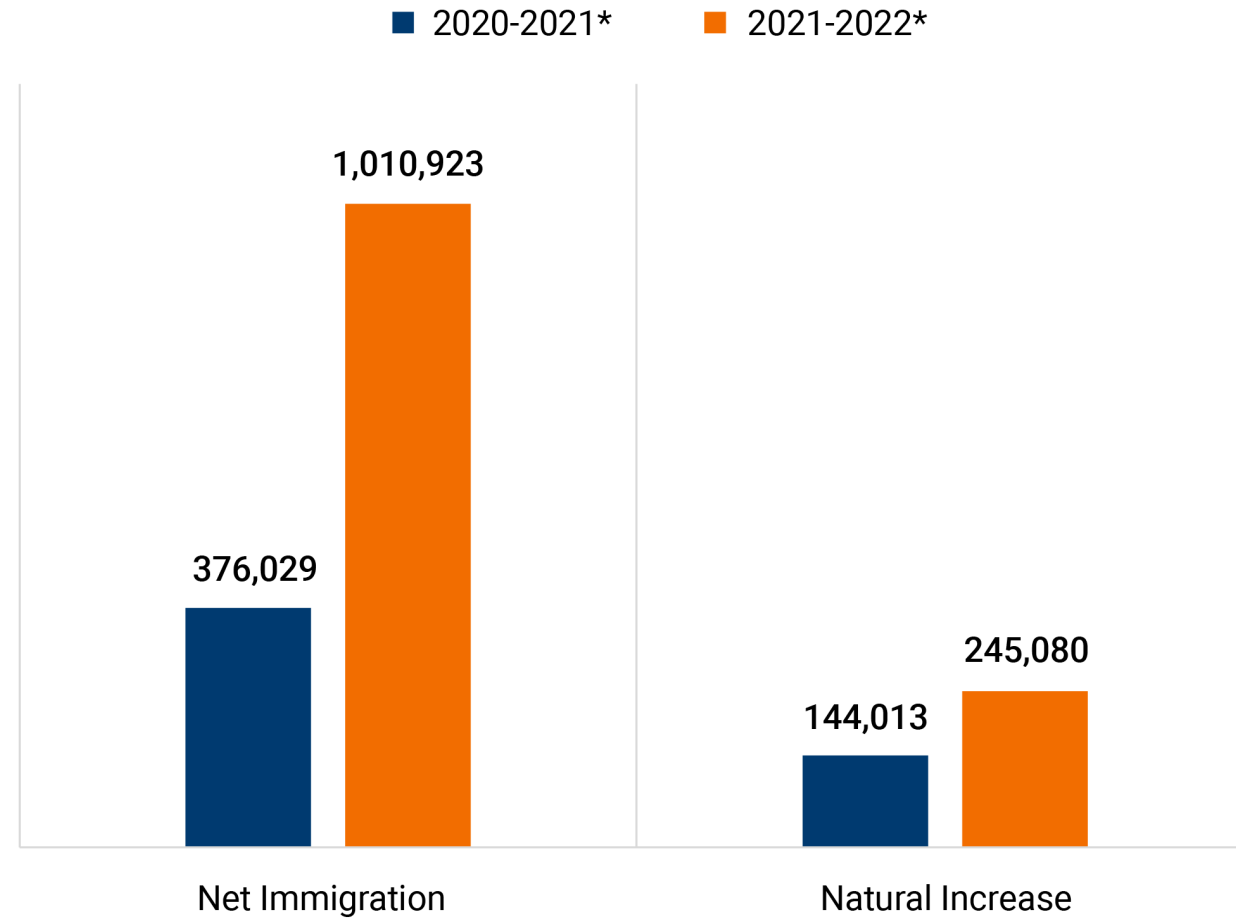
*July 1 to July 1 of each year

Source: William H. Frey analysis of U.S. Census Bureau historical population estimates, including 2020-22 annual estimates released December 22, 2022

Population Change and the Components Change 2001-2021

FIGURE 2

Net immigration and natural increase, 2020-21 and 2021-22



*July 1 to July 1 of each year

Source: William H. Frey analysis of U.S. Census Bureau population estimates released December 22, 2022

Many excess retirements since the outbreak of the pandemic



Source: Montes, Joshua, Christopher Smith, and Juliana Dajon (2022). [“The Great Retirement Boom: The pandemic-era surge in retirements and implications for future labor force participation.”](#), Federal Reserve Board.



Six Plausible/Combined Macro Solutions to the Long-Term Labor Shortage

1. Incentivize or pressure the Baby Boomers to remain in the labor force.
2. Import products/meet demand.
3. Import labor from other countries/lower age restrictions.
4. Offset the departing labor with automation and artificial intelligence.
5. Incentivize births.
6. Let the economy naturally shrink.

In Conclusion

- **Strong labor market with low unemployment rates and wage growth across industries.**
- **Mixed results in manufacturing, but labor market should absorb unemployed.**
- **Domestic migration into the area contributing to economic growth, but rising housing prices are a challenge.**
- **The cost of doing business is rising, requiring innovation and adaptation from employers.**
- **A continued labor shortage is a concern, and talent attraction and retention remain a top priority.**
- **While the current economic outlook is positive, there are indications that a recession may be on the horizon, making it important to prepare for potential challenges ahead.**



Questions?

Contact Information:

Michael Jeanfreau

Senior Economist

mjeanfreau@utah.gov

jobs.utah.gov/wra

All data, projections and opinions are as of the date of this report and subject to change.

Exhibit 1A: Uniquely Funded.

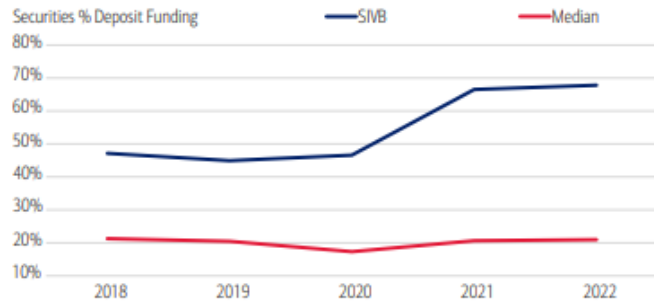
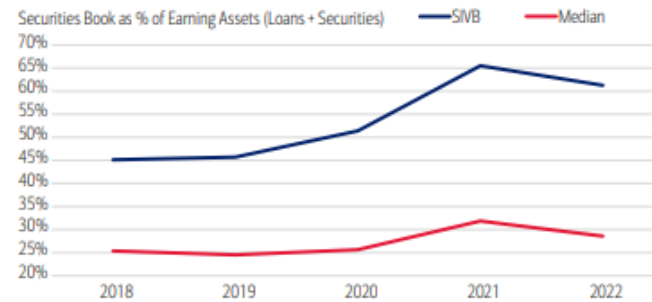
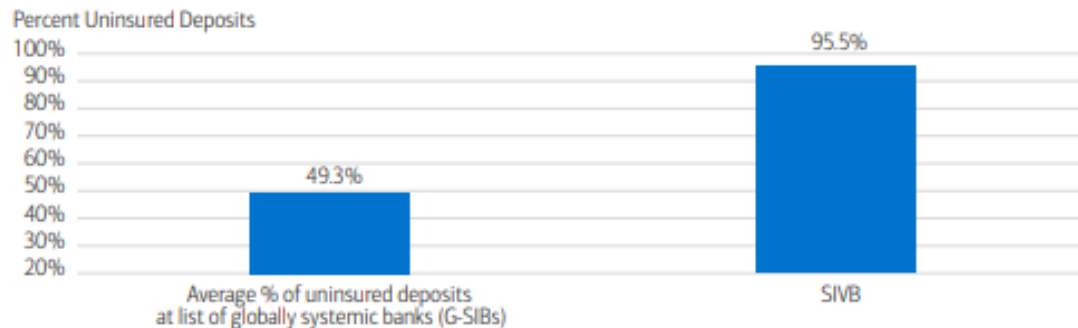


Exhibit 1B: Unique Asset Mix.



Source: S&P Capital Data as of March 12, 2023.

Exhibit 2: Uninsured Deposit Mix.



Source: BofA Global Research. Data as of 2022.

What are the odds and concerns for further contagion?

Herd mentality during times of uncertainty and stress can be very difficult to predict and we expect sentiment to be on heightened alert throughout the resolution period of SVB. Beyond the banks, investor, business and consumer sentiment extends to other areas and the broader market itself. Near-term concerns pivot on other possible "look-a-like" institutions, the extent of any potential fallout in the VC community and the economic effect of a tech-led growth slowdown. Cash-burning startups are expected to face liquidity challenges in the near-term, although how this filters into the overall macro backdrop via rising unemployment, lost income, etc., remains to be seen. As a point of reference, the Technology sector accounts for only 2% of private sector employment, so headline-grabbing tech layoffs in the weeks ahead might not have an outsized effect on the overall U.S. employment picture. The risk is more to deteriorating investor sentiment.

In the coming days and weeks, we expect sentiment to remain fragile but eventually volatility should subside as it becomes clear that our highly regulated and capitalized banking system dominated by superior, well-diversified and strongly risk-managed large banks is very different than the unique situation that developed surrounding SVB.

And the situation today is significantly different from 2008. The large banking institutions today have very high-quality assets, significant excess liquidity, low exposure to high-growth start-up entities and significantly higher levels of capital by a wide margin.