



January 8, 2020

Economic Conditions Report

Apache, Gila and Navajo Counties

FOR FURTHER INFORMATION:

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ABOUT THIS REPORT

This report was created to assist Arizona Local Workforce Development Areas in completing their 2020-2024 Local Workforce Development Plans. The report summarizes key demographic, labor market, and workforce trends in the state and local economy. The information provided in this report is intended to be a resource for local workforce information board members and workforce practitioners during the local workforce planning process.

ABOUT THE ARIZONA OFFICE OF ECONOMIC OPPORTUNITY

The Office of Economic Opportunity (OEO) was created to strengthen the analytical capabilities of the state's workforce and economic development initiatives. OEO serves as Arizona's workforce planning coordinator, and in this role, provides operational, strategic and research support to the Workforce Arizona Council and other key workforce partners. OEO produces official statewide data for population, employment, and wage estimates including the official Arizona employment and population projections. OEO also functions in an advisory capacity by providing economic expertise to state and local government agencies and officials.

OVERVIEW

Northeastern Arizona's economy includes a wide range of industries offering opportunities for individuals seeking employment of all types.

Several positive economic and workforce trends were recorded in Northeastern Arizona including:

- From 2013 to 2018, seven of the ten major industry sectors recorded positive year-over-year employment growth.
- Within Northeastern Arizona, total employment is projected to increase by 1.0 percent annually from Q3 2018 through Q2 2020.
- From 2017 to 2018, labor force participation grew in Gila and Apache County.
- From 2017 to 2018, two of the three counties in Northeastern Arizona had positive employment growth.
- From 2013 to 2018, there was an increase of 2,789 private sector jobs.

Other less favorable economic and workforce challenges were recorded in Yuma County including:

- Since 2009, Northeastern Arizona's unemployment rate has been higher than Arizona and the United States.
- From 2013 to 2018, three of the ten major sectors reported negative year-over-year growth (Professional and Business Service, Information, and Financial Activities).
- Northeastern Arizona has a dramatically higher rate of families in poverty when compared with the state.
- From 2017 to 2018, four of the ten major sector reported negative year-over-year growth.

POPULATION

Population Growth by County, 2013-2018

Area	Population Estimate (2013)	Population Estimate (2018)	Numeric Change (2013-2018)	Annualized Percent Change (2013-2018)
Arizona	6,634,999	7,171,646	536,647	1.6%
Apache County	72,341	71,818	-523	-0.1%
Cochise County	129,608	126,770	-2,838	-0.4%
Coconino County	136,713	142,854	6,141	0.9%
Gila County	53,022	53,889	867	0.3%
Graham County	37,454	38,072	618	0.3%
Greenlee County	8,908	9,483	575	1.3%
La Paz County	20,532	21,098	566	0.5%
Maricopa County	4,019,019	4,410,824	391,805	1.9%
Mohave County	203,158	209,550	6,392	0.6%
Navajo County	107,145	110,445	3,300	0.6%
Pima County	997,437	1,039,073	41,636	0.8%
Pinal County	385,656	447,138	61,482	3.0%
Santa Cruz County	46,991	46,511	-480	-0.2%
Yavapai County	214,426	231,993	17,567	1.6%
Yuma County	202,589	212,128	9,539	0.9%
United States	316,057,727	327,167,434	11,109,707	0.7%

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates
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Changes in population can have a large impact on a local economy. An area experiencing population growth, particularly growth in working-age populations, may experience an increase in economic activity¹ and workforce diversity.

- Arizona had one of the fastest growing populations in the United States from 2013-2017, ranking 9th among all U.S. states
- From 2017 to 2018, all three counties in Northeastern Arizona reported population growth, with Navajo County having the largest growth (1.2 percent).
- In 2018, Northeastern Arizona represented 1.7 percent of Arizona's total population.

¹ Headey, D., & Hodge, A. (2009). The Effect of Population Growth on Economic Growth: A Meta-Regression Analysis of the Macroeconomic Literature. *Population and Development Review*, 35(2), 221-248. Retrieved from www.jstor.org/stable/25487661

Population projections provide useful insight into an area’s future demand for resources and services. An area experiencing population declines may choose to focus efforts on filling current job positions, while an area experiencing population growth may choose to focus on job creation. Further analysis into the composition of growing or declining populations can be a useful next step.

- Arizona is projected to add more than 406,032 people to its population from 2019-2022, growing by an annualized rate of 1.0 percent.

Apache County Population Projections, 2018

Year	Population Estimate (2018)	Projected Numeric Change	Projected Percentage Change	Projected Natural Change ¹	Projected Total Net Migration ²
2018	73,330	-----	-----	251	366
2019	73,612	282	0.4%	234	48
2020	73,551	-61	-0.1%	210	-271
2021	73,477	-74	-0.1%	187	-261
2022	73,388	-88	-0.1%	164	-252

¹ Natural Change = Births – Deaths

² Net Migration = (Domestic In Migration – Domestic Out Migration) + (Foreign In Migration – Out Migration)

Source: Office of Economic Opportunity, Population Projections Medium Series

- From 2020 through 2022, Apache’s population growth is projected to be negative.
- Apache’s negative population growth is projected to be due to a lack of people moving to the county.

Gila County Population Projections, 2018

Year	Population Estimate (2018)	Projected Numeric Change	Projected Percentage Change	Projected Natural Change ¹	Projected Total Net Migration ²
2018	54,946	-----	-----	-232	231
2019	54,999	53	0.1%	-241	293
2020	55,100	102	0.2%	-252	354
2021	55,184	84	0.2%	-264	348
2022	55,256	72	0.1%	-275	348

¹ Natural Change = Births – Deaths

² Net Migration = (Domestic In Migration – Domestic Out Migration) + (Foreign In Migration – Out Migration)

Source: Office of Economic Opportunity, Population Projections Medium Series

- All of Gila’s population growth is projected to come from people migrating into the county from other Arizona counties, U.S. states or foreign countries.

Navajo County Population Projections, 2018

Year	Population Estimate (2018)	Projected Numeric Change	Projected Percentage Change	Projected Natural Change ¹	Projected Total Net Migration ²
2018	112,746	-----	-----	365	1,115
2019	113,749	1,003	0.9%	342	661
2020	114,265	516	0.5%	310	206
2021	114,752	487	0.4%	284	203
2022	115,213	462	0.4%	259	203

¹ Natural Change = Births – Deaths

² Net Migration = (Domestic In Migration – Domestic Out Migration) + (Foreign In Migration – Out Migration)

Source: Office of Economic Opportunity, Population Projections Medium Series

- Navajo County is projected to grow 2,467 people from 2019 to 2022, with 52 percent of that population coming from people migrating into the county from other Arizona counties, U.S. states or foreign countries.

Northeastern Arizona Population Characteristics, 2018

Indicator	Apache	Gila	Navajo	Arizona	United States
Population 16 and Over	54,045	43,569	82,143	5,498,826	257,754,872
Civilian Labor Force Participation Rate 16 and Over	39%	46%	48%	60%	63%
Median Household Income	\$32,963	\$42,092	\$40,054	\$56,213	\$60,293
Families in Poverty	28%	15%	22%	12%	10%
Median Age	34.7	49.7	36.4	37.4	37.9
Individuals 16 and Over with a Disability	15%	22%	18%	13%	13%
Veterans	6%	13%	9%	9%	8%
Uninsured	24%	11%	14%	11%	9%

Source: U.S. Census Bureau, American Community Survey, 2018 5-Year Estimates
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It is important to understand the employment barriers faced by those served when developing workforce strategies. Population characteristics can help illuminate vulnerable segments of an area's population. An area with population characteristics that are significantly different than state or national averages, may need to consider specific approaches on how best to meet the needs of their unique population.

- Median age was substantially higher in Gila County when compared with the Arizona and the United States.
- The rate of uninsured people in Apache County was more than double the uninsured rate in Arizona.
- All counties in Northeastern Arizona have a poverty rate higher than Arizona. Apache County's poverty was the highest among the three counties, and was over double the statewide rate.
- Across all three counties, the labor force participation rate was substantially lower when compared with Arizona or the United States. All three counties having a higher than average

amount of individuals with a disability, likely contributing to lower labor force participation.

Northeastern Arizona Public Assistance Households, 2018

Indicator	Apache	Gila	Navajo	Arizona	United States
TANF (Temporary Assistance for Needy Families)	5%	1%	3%	2%	2%
Food Stamps/SNAP	27%	17%	22%	11%	12%
SSI (Supplemental Security Income)	14%	6%	9%	5%	5%
Medicaid/AHCCCS Individuals	31%	23%	33%	17%	15%

NOTE: TANF, SSI, and SNAP proportions are based on households, Medicaid/AHCCCS proportions are based on individuals.
 Source: U.S. Census Bureau, American Community Survey, 2018 1-Year Estimates
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- Northeastern Arizona used public assistance at rates higher than the Arizona and the United States. Although public assistance rates in Northeastern Arizona are much higher when compared with Arizona, Northeastern Arizona's rates were similar to other rural areas.
- Apache County residents use SNAP at over double the statewide rate.

Highest Education Achieved, 2018, Population 25 and Older

Indicator	Apache	Gila	Navajo	Arizona	United States
Less than High School	20%	15%	17%	13%	12%
High School Graduate (includes equivalency)	33%	29%	30%	24%	27%
Some College, no degree	28%	30%	29%	25%	21%
Associate's Degree	7%	8%	8%	9%	8%
Bachelor's Degree	8%	12%	9%	18%	19%
Graduate or Professional Degree	4%	7%	7%	11%	12%

Source: U.S. Census Bureau, American Community Survey, 2018 5-Year Estimates
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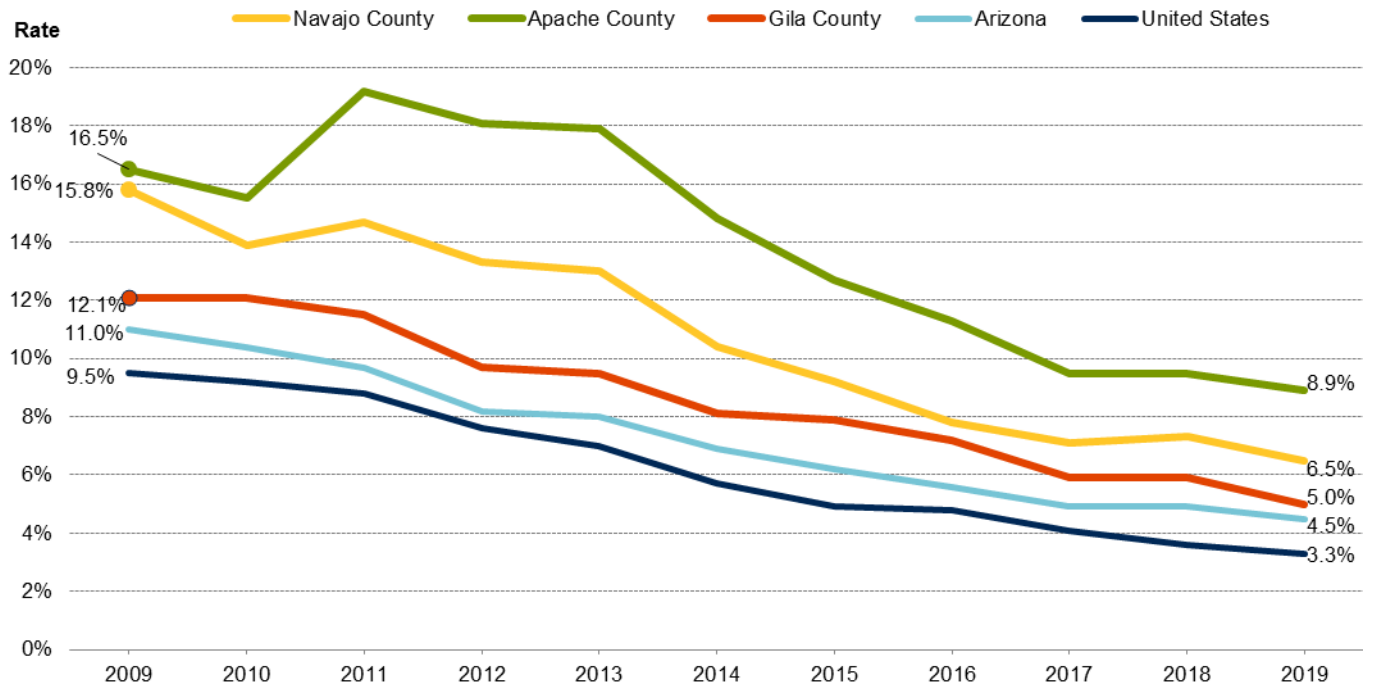
Understanding the current educational attainment of your local area's available workforce is a crucial step in identifying job seeker and business needs. Education is an important element in determining job success, and, oftentimes, can lead to higher-paying jobs and lower rates of unemployment.²

- In all three counties, the rate of residents with at least a high school diploma is lower than the statewide rate of 86.8 percent.
- In all three counties in Northeastern Arizona, the rate of people with some college and no degree is higher than the statewide rate. Despite Northeastern Arizona residents attending college, the rate of completion to a bachelor's degree is lower when compared with the national and statewide rates.

² U.S. Bureau of Labor Statistics. (2019) "Unemployment Rates and Earnings by Educational Attainment." Retrieved from <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>.

WORKFORCE

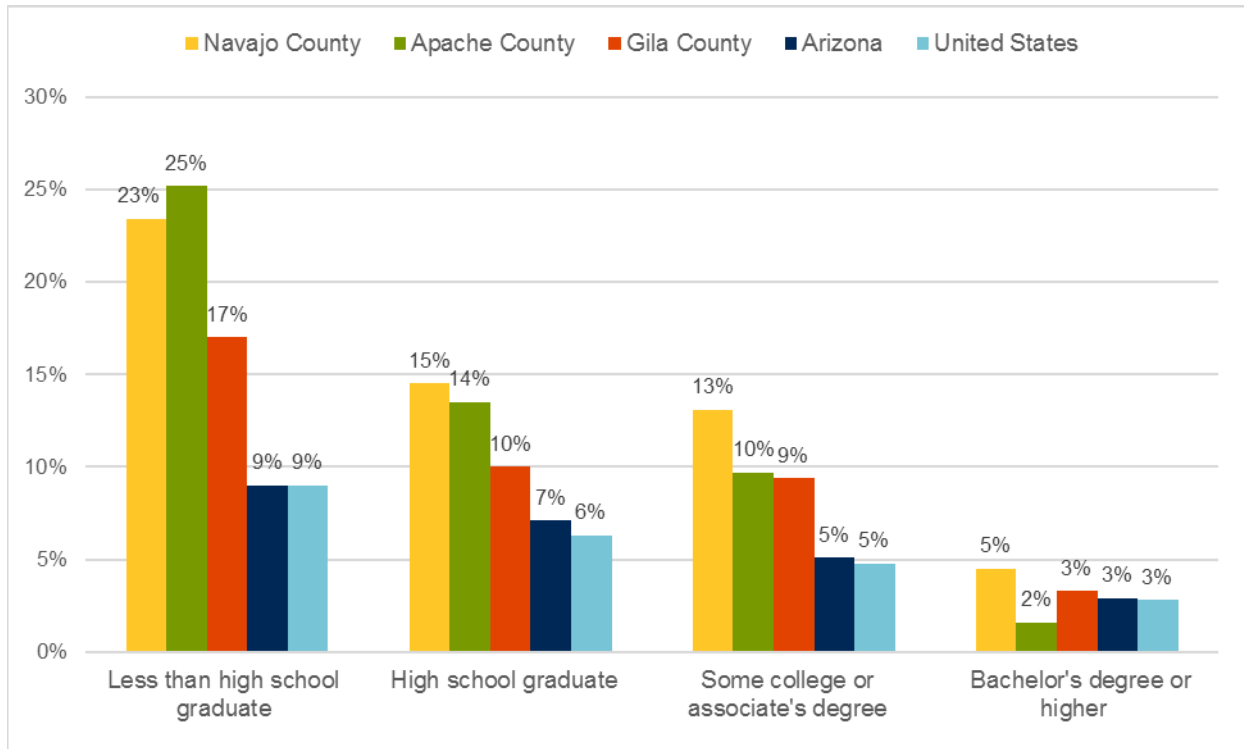
Unemployment Rate Comparisons, Sept. 2009-Sept. 2019, Not-Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics
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- From 2009 to 2018, unemployment rates in Northeastern Arizona have been substantially higher than the statewide rate.
- Despite higher unemployment rates, the number of people in Northeastern Arizona's labor force increased from an average of 82,539 in 2017, to 87,781 in 2018, an increase of 252 people.
- In 2018, there was an average of 6,499 unemployed individuals in Northeastern Arizona.
- From 2017 to 2018 there was a decrease in unemployed individuals in Apache and Gila County.

Unemployment Rate by Educational Attainment, 2018, Ages 25-64

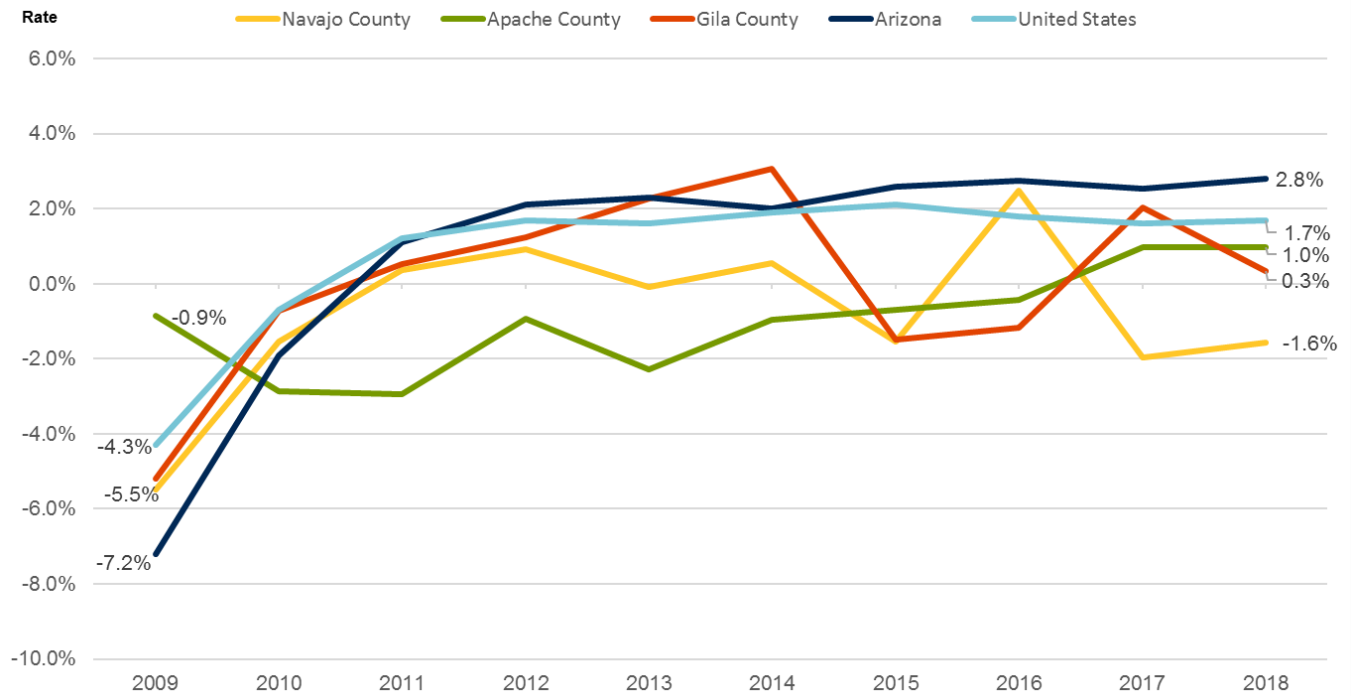


Source: U.S. Census American Community Survey, 2018 5-Year Estimates
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Historically, higher educational attainment levels lead to lower levels of unemployment. Understanding the relationship between unemployment and education can help determine which education levels are most in need of targeted workforce efforts.

- With the exception of those with a bachelor's degree or higher, all educational levels have higher unemployment when compared with Arizona.
- The unemployment rate for those without a high school diploma in Apache and Navajo County is dramatically higher than the nation and the state.
- Similar to other rural counties, Navajo County's unemployment rates across all educational levels were significantly higher when compared with Arizona and the United States.

Nonfarm Employment Year-Over-Year Percentage Change, 2009-2018, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics
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- From 2009 to 2018, Arizona's average total nonfarm employment increased by 1.8 percent.
- Across all three counties in Northeastern Arizona, only Gila County experienced job growth within this period, increasing by 900 jobs or 0.7 percent.
- In Apache County, total employment decreased by 1.0 percent, or 1,800 jobs. In Navajo County, there was a less dramatic decrease of 0.3 percent or 700 jobs.

Northeastern Arizona Private Sector Industry Employment, 2013-2018

Industry	Employment (2013)	Employment (2018)	Numeric Growth (2013-2018)	Annualized Percentage Growth (2013-2018)
Construction	2,103	2,165	62	0.6%
Education and Health Services	8,310	8,806	496	1.2%
Financial Activities	1,261	1,231	-30	-0.5%
Information	1,374	419	-955	-21.1%
Leisure and Hospitality	4,531	6,621	2,090	7.9%
Manufacturing	1,433	1,619	186	2.5%
Natural Resources and Mining	961	2,164	1,203	17.6%
Other Services	687	720	33	0.9%
Professional and Business Services	2,025	1,564	-461	-5.0%
Trade Transportation and Utilities	7,775	7,940	165	0.4%

NOTE: Employment reflects 4th quarter levels and private employment only.

Source: Quarterly Census of Employment and Wages

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- Employment growth during this time was led by Natural Resource and Mining (17.6 percent) and Leisure and Hospitality (7.9 percent).
- During this time period, there was a dramatic employment decrease in Information (-21.1 percent) and Professional and Business Services (-5.0 percent)

Projected Area Employment, 2018-2020

Area	Projected Employment (2018)	Projected Employment (2020)	Projected Numeric Growth (2018-2020)	Annualized Percentage Growth (2018-2020)
Arizona	3,015,242	3,180,933	165,691	2.7%
City of Phoenix	984,294	1,025,152	40,858	2.1%
Maricopa Workforce Area*	1,149,559	1,247,158	97,599	4.2%
Coconino County	70,609	72,920	2,311	1.6%
Mohave and La Paz	62,236	65,596	3,360	2.7%
Northeastern Arizona	65,904	67,190	1,286	1.0%
Pima County	398,986	410,891	11,905	1.5%
Pinal County	67,567	69,560	1,993	1.5%
Santa Cruz County	15,145	15,246	101	0.3%
Southeastern Arizona	61,057	61,638	581	0.5%
Yavapai County	71,809	75,770	3,961	2.7%
Yuma County	67,951	69,817	1,866	1.4%

NOTE: Maricopa Workforce Area includes Maricopa County excluding the City of Phoenix.

Source: Office of Economic Opportunity, Quarterly Census of Employment and Wages

- All Arizona local workforce areas are projected to record positive employment growth from 2018 to 2020.

- Northeastern Arizona is projected to have a growth rate of 1.0 percent through 2020, below the statewide growth rate.

Northeastern Arizona Projected Industry Employment, 2018-2020

Area	Projected Employment (2018)	Projected Employment (2020)	Projected Numeric Growth (2018-2020)	Annualized Percentage Growth (2018-2020)
Construction	2,576	2,547	-29	-0.6%
Education and Health Services	15,902	16,212	310	1.0%
Financial Activities	1,649	1,727	78	2.3%
Government	14,175	14,734	559	2.0%
Information	484	475	-9	-0.9%
Leisure and Hospitality	8,411	8,642	231	1.4%
Manufacturing	1,639	1,696	57	1.7%
Natural Resources and Mining	3,099	3,228	129	2.1%
Other Services	2,177	2,185	8	0.2%
Professional and Business Services	2,127	2,099	-28	-0.7%
Trade Transportation and Utilities	10,419	10,221	-198	-1.0%

Source: Office of Economic Opportunity, Quarterly Census of Employment and Wages

Job skills are constantly evolving with the emergence of new technologies and changing consumer habits. Job seekers can better prepare themselves by gaining skills within industries projected to have large employment needs.

- Financial Activities is projected to record the largest growth rates, increasing by 2.3 percent through 2020.
- Seven of the ten industries in Northeastern Arizona are projected to have positive growth through 2020.
- Education and Health Services is projected to remain the industry that employs the most people in Northeastern Arizona.

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