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# Economic Conditions Report

Santa Cruz County

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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 occurring within 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

The economy in Santa Cruz includes of a wide range of industries offering opportunities for individuals seeking employment of all types.

Positive economic and workforce trends were recorded in Santa Cruz County include:

- Labor force participation grew in 2018, increasing by 231 people, or 1.2 percent from 2017.
- In 2018, six out of seven major industry sectors in Santa Cruz recorded positive year-over-year employment growth.
- Manufacturing grew by 7.2 percent, and Other Services, which grew by 4.3 percent led employment gains in 2018.
- Santa Cruz's total employment is projected to increase by 0.3 percent annually from Q3 2018 through Q2 2020.
- Santa Cruz's population is expected to grow from 2019 to 2022.

Other less-favorable economic and workforce trends recorded in Santa Cruz County include:

- An unemployment rate higher than the statewide and national rates.
- A below-average percentage of residents with a bachelor's degree or higher (22.1 percent) compared to Arizona (28.4 percent).
- In 2018, one of the seven major industry sectors (Construction) in Santa Cruz County reported a year-over-year employment decline.
- From 2013 to 2018, population continued to decline.

# 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%
<b>Santa Cruz County</b>	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, 1-Year Estimates  
Office of Economic Opportunity

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 development activity<sup>1</sup> and workforce diversity.

- Arizona had one of the fastest growing populations in the U.S. from 2013-2017, ranking 9<sup>th</sup> among all U.S. states.
- From 2013 to 2018, the population in Santa Cruz decreased 480 people, or -0.2 percent.
- From 2017 to 2018, Santa Cruz's population decreased by 125 people, or -0.3 percent.

<sup>1</sup> Heady, D. 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, 221-248.

## Santa Cruz County Population Projections, 2018

Year	Population Estimate	Projected Numeric Change	Projected Percentage Change	Projected Natural Change <sup>1</sup>	Projected Total Net Migration <sup>2</sup>
2018	52,390	-----	-----	346	537
2019	53,136	746	1.4%	343	403
2020	53,742	606	1.1%	338	269
2021	54,340	598	1.1%	331	268
2022	54,928	588	1.1%	323	266

<sup>1</sup> Natural Change = Births – Deaths

<sup>2</sup> Net Migration = (Domestic In-Migration – Domestic Out-Migration) + (Foreign In-Migration – Out Migration)

Source: Office of Economic Opportunity, Population Projections Medium Series

Population projections provide useful insight into an area's future demand for resources and services.<sup>2</sup> 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 406,032 people to its population from 2019-2022, growing by an annualized rate of 1.0 percent.
- From 2019 to 2022, 53 percent of population is projected to come from natural change, with the remaining 48 percent coming from migration into the county.
- 26 percent of Santa Cruz's population growth from 2019 to 2022 is projected to come from foreign migration, likely due to its proximity to the border.

## Population Characteristics, 2018

Indicator	Santa Cruz	Arizona	United States
Population 16 and Over	35,433	5,498,826	257,754,872
Civilian Labor Force Participation Rate 16 and Over	53%	60%	63%
Median Household Income	\$40,467	\$56,213	\$60,293
Families in Poverty	20%	12%	10%
Median Age	36.6	37.4	37.9
Individuals 16 and Over with a Disability	12%	13%	13%
Veterans	5%	9%	8%
Uninsured	12%	11%	9%

Source: U.S. Census Bureau, American Community Survey, 2018 5-Year Estimates  
Office of Economic Opportunity

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

<sup>2</sup> Kaneda, T. & Bremer, J. (2014). "Understanding Population Projection: Behind the Numbers. Population Reference Bureau". Retrieved from <https://www.prb.org/united-nations-population-projections/>

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 household income in Santa Cruz County was dramatically lower than in Arizona. However, median family grew in 2018, increasing to \$40,467 from \$39,630 in 2017.
- The labor force participation rate was lower in Santa Cruz County when compared with the United States and Arizona.
- In Santa Cruz, the percentage of families in poverty was twice as large as the United States rate.

### Santa Cruz County Public Assistance Households, 2018

Indicator	Santa Cruz	Arizona	United States
TANF (Temporary Assistance for Needy Families)	8%	2%	2%
Food Stamps/SNAP	27%	11%	12%
SSI (Supplemental Security Income)	7%	5%	5%
Medicaid/AHCCCS Individuals	28%	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 5-Year Estimates Office of Economic Opportunity*

- Santa Cruz County used public assistance programs at a substantially higher rate when compared with the state.
- When compared with the state and the nation, Santa Cruz County used SNAP and AHCCCS at dramatically higher rates.

### Highest Educational Achieved, 2018, Population over 25 years of age

Indicator	Santa Cruz	Arizona	United States
Less than High School	24%	13%	12%
High School Graduate (includes equivalency)	27%	24%	27%
Some College, no degree	22%	25%	21%
Associate's Degree	6%	9%	8%
Bachelor's Degree	14%	18%	19%
Graduate or Professional Degree	7%	11%	12%

*Source: U.S. Census Bureau, American Community Survey, 2018 5-Year Estimates Office of Economic Opportunity*

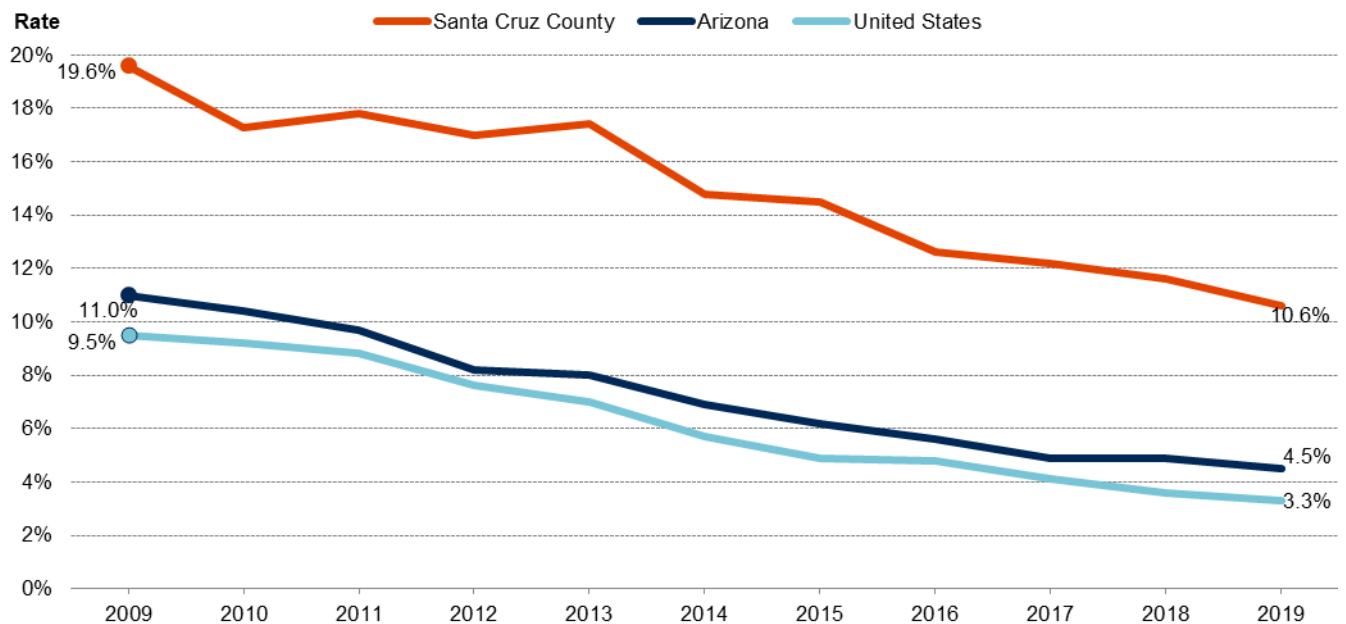
Understanding the current educational attainment of your local area's available workforce is a crucial step in identifying job seeker and business needs. Education is an important element in determining job

success, and, oftentimes, can lead to higher-paying jobs and lower rates of unemployment.<sup>3</sup>

- 75.6 percent of all Santa Cruz residents are at least high school graduates, lower than the statewide rate of 86.8 percent.
- From 2017 to 2018, the percentage of residents in Santa Cruz with less than a high school education decreased from 24.6 percent to 24.3 percent.

## WORKFORCE

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

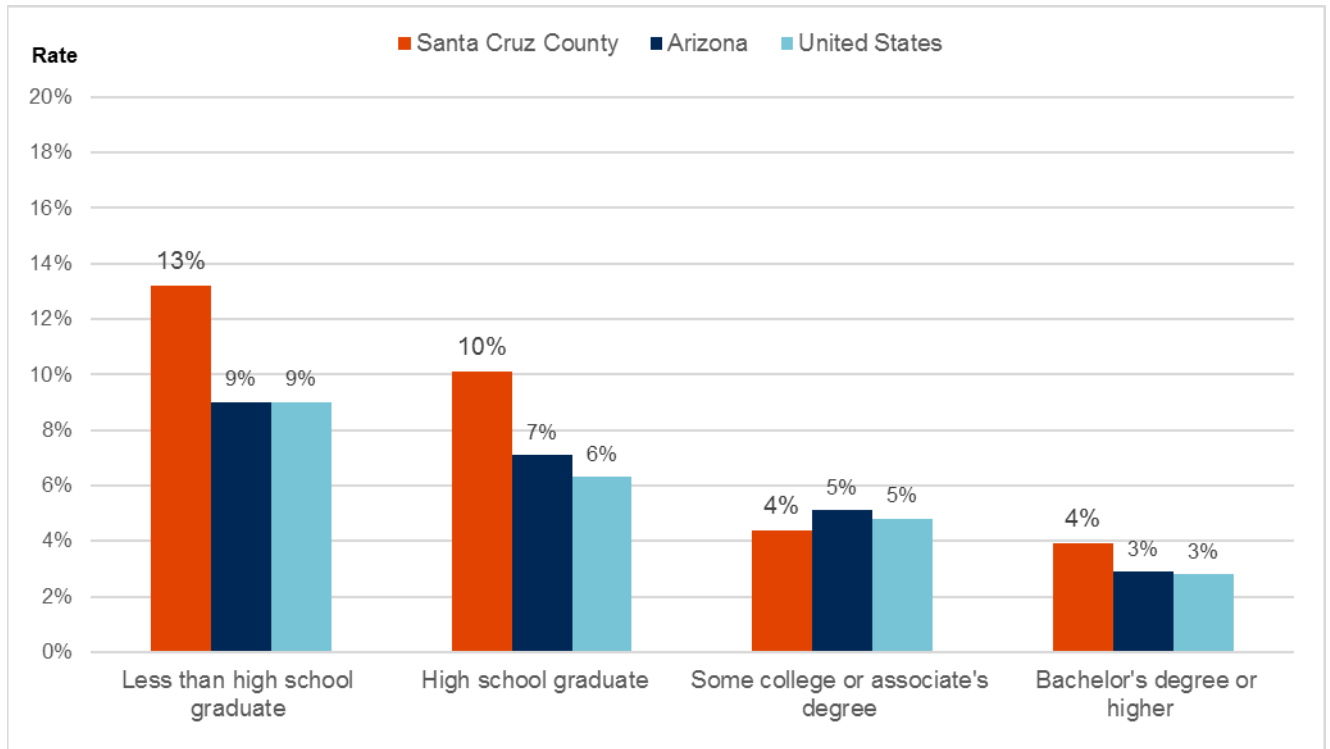


Source: U.S. Bureau of Labor Statistics  
Office of Economic Opportunity

- For the past ten years, Santa's Cruz's unemployment rate has been nearly double the statewide unemployment.
- In 2018, there was an average of 1,803 unemployed individuals in Santa Cruz County.
- From 2017 to 2018, labor force levels increased 231 people, or 1.2 percent.

<sup>3</sup> "Unemployment Rates and Earnings by Educational Attainment." U.S. Bureau of Labor Statistics. U.S. Bureau of Labor Statistics, September 4, 2019. <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>.

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



Source: U.S. Census American Community Survey, 2018 5-Year Estimates  
Office of Economic Opportunity

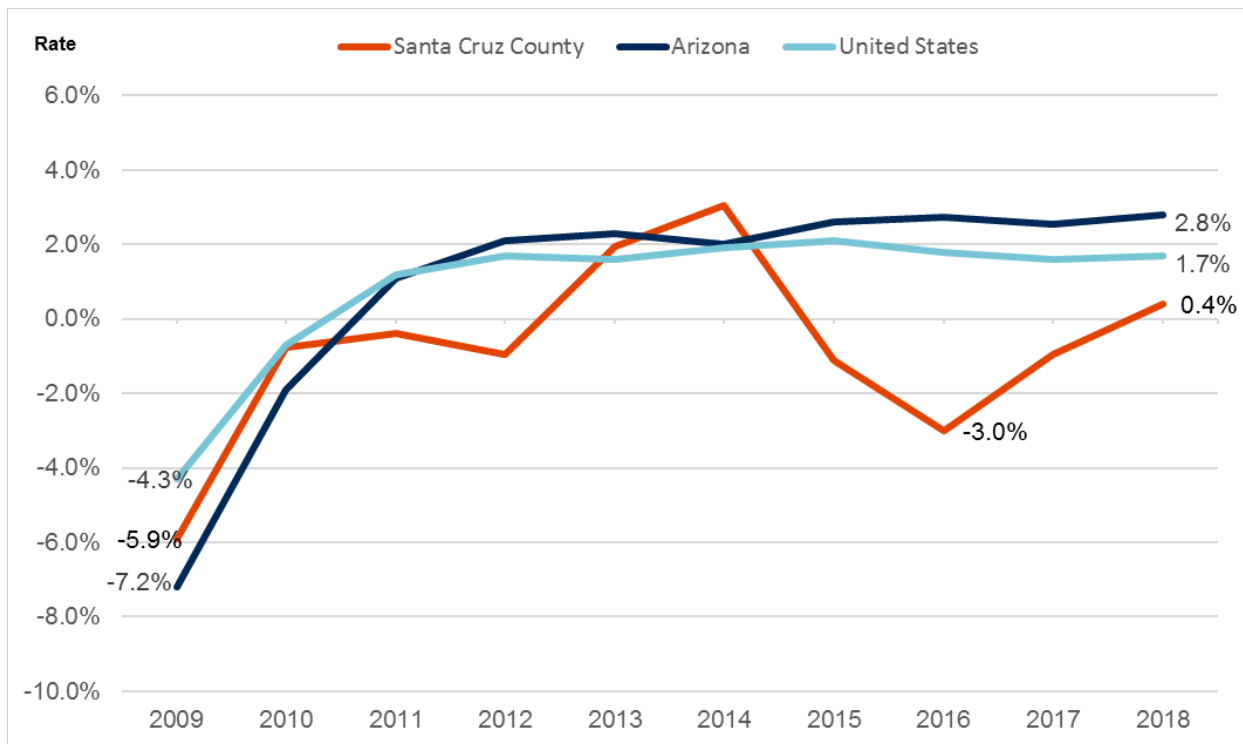
Historically, higher educational attainment levels lead to lower levels of unemployment.<sup>4</sup> Understanding the relationship between unemployment and education can help determine which education levels are most in need of targeted workforce efforts.

- Unemployment rates for those with a high school diploma or less were substantially higher in Santa Cruz County when compared with Arizona.

<sup>4</sup> National Center for Educational Statistics. (2019). "Employment and Unemployment Rates by Educational Attainment." Retrieved from [https://nces.ed.gov/programs/coe/indicator\\_cbc.asp](https://nces.ed.gov/programs/coe/indicator_cbc.asp)



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



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics  
Office of Economic Opportunity

- Total nonfarm employment decreased by 300 jobs from 2009 to 2018, an annualized decrease of 0.2 percent over this nine-year period. Over this same period, Arizona average total nonfarm employment increased by 1.8 percent annually.
- Santa Cruz County's job growth has fluctuated since the recession, but has generally remained below, or slightly above zero percent growth.

## Santa Cruz County Private Sector Industry Employment, Annual Averages

Industry	Employment (2013)	Employment (2018)	Numeric Growth (2013-2018)	Annualized Percentage Growth (2013-2018)
Construction	205	201	-4	-0.4%
Education and Health Services	691	734	43	1.2%
Financial Activities	373	314	-59	-3.4%
Information	171	73	-98	-15.7%
Leisure and Hospitality	1,147	---	---	---
Manufacturing	467	490	23	1.0%
Other Services	211	221	10	0.9%
Trade Transportation and Utilities	2,400	5,569	3,169	18.3%

NOTE: This includes private employment only.

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

- From 2013 to 2018 in Santa Cruz County, four out of seven industries recorded positive employment growth.
- In Santa Cruz, employment growth was led by Trade, Transportation, and Utilities, which grew annually by 18.3 percent or 3,169 jobs.

## Projected Industry 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 through 2020.
- Santa Cruz County is projected have 0.3 percent annualized growth from 2018 through 2020.

## Santa Cruz Projected Industry Employment, 2018-2020

Area	Projected Employment (2018)	Projected Employment (2020)	Projected Numeric Growth (2018-2020)	Annualized Percentage Growth (2018-2020)
Construction	215	210	-5	-1.2%
Education and Health Services	1,866	1,896	30	0.8%
Financial Activities	357	348	-9	-1.3%
Government	2,432	2,410	-22	-0.5%
Leisure and Hospitality	1,328	1,291	-37	-1.4%
Manufacturing	477	458	-19	-2.0%
Natural Resources and Mining	790	807	17	1.1%
Other Services	359	375	16	2.2%
Professional and Business Services	506	520	14	1.4%
Trade Transportation and Utilities	5,798	5,871	73	0.6%

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.

- In Santa Cruz County, Other Services is projected to record the largest annual growth rate at 2.2 percent.
- In 2020, Trade, Transportation, and Utilities is projected to be the industry that employs the most people.
- In Santa Cruz County, Professional and Business Services is the industry projected to have the greatest numeric growth.

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