

RECESSION AND RECOVERY: RECENT CHALLENGES FOR UTAH'S WORKFORCE

Many papers and publications have been written about job trends by industry sector and periodic employment figures, but the meaning behind these numbers is often little understood. This paper will delve into the pertinent facts and figures relating to this issue and seek to define the trends and challenges faced by Utah's workforce.

LABOR FORCE PARTICIPATION

At the height of the national labor market boom in 2000, the labor force participation rate (all working-age persons 16 and older either working *or actively looking for work*) was 74.7%, significantly higher than the national average of 67.1%. According to the Center for Labor Market Studies, the year 2000 labor force participation rate for the U.S. was the highest for the entire post World-War II era. In addition, the working-age employment to population ratio, or E/P ratio, (all working-age persons 16 or older *who are working*) for the year 2000 was 64.4%, the highest in the nation's history. The working-age E/P ratio for Utah was even higher at 69.9% (Figure 2). The average unemployment rate in 2000 for Utah was 3.2%.

UNEMPLOYMENT PARADOX

Job growth in Utah since the 2001 recession has been low. Interestingly, the unemployment rate also remained relatively low. How to explain this?

One factor is that many workers are "waiting out" the downturn before they come back into the workforce to look for employment. Unemployment numbers only count those who are actively looking for work. Hence, if someone stops looking for work, he or she is not considered part of the labor force. From 2000 to 2003, the working age population increased from 1.53 million to 1.66 million, a growth of 8.7%. Meanwhile, the labor force only grew only 3.9%.

SELF EMPLOYMENT

Another factor in the unemployment paradox is an increase

Figure 1: Labor Force Participation Rates

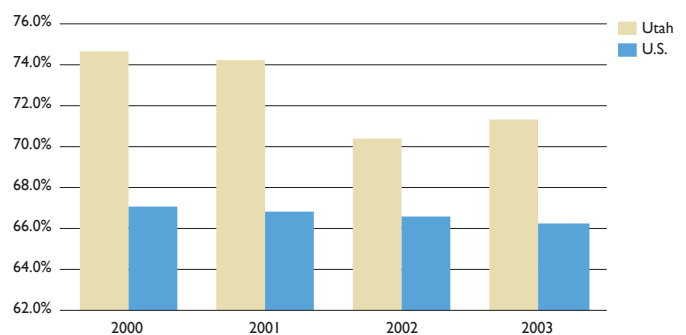
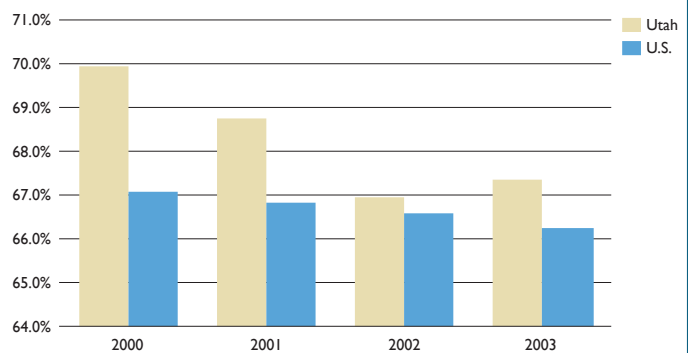


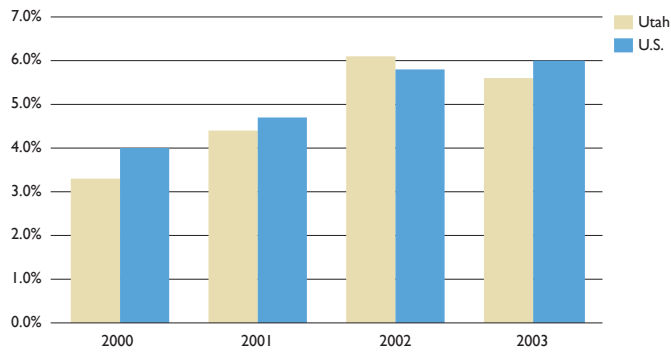
Figure 2: Employment/Population (E/P) Ratios



Source: Bureau of Labor Statistics (BLS)

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Figure 3: Unemployment Rates

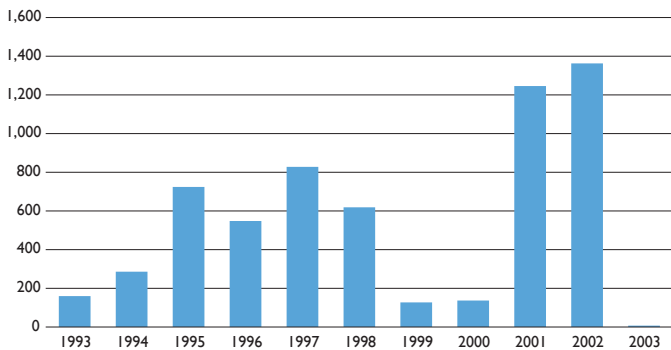


Source: Bureau of Labor Statistics (BLS)

in the number of people working for themselves, and thus not being counted in the official job numbers. The “self-employed” encompass a wide array of individuals: classic entrepreneurs attempting to establish new businesses; workers who are now working on their own after having been displaced from their previous career jobs; and early retirees who are working part-time on their own after accepting early retirement from their former employers.

The self-employment trend in Utah during the last recession seems to be in accord with the national trend. Between 2000 and 2002 the number of Utah establishments with no employees (basically self-employed persons) saw unprecedented growth, increasing from 6,849 to 9,458, a 38.1% increase (Figure 4). In fact, the growth in Utah establishments with no employees accounted for 49.6% percent of the total growth in establishments of any size in 2001, and rose to an astonishing 82.7% of overall growth in 2002. During the 1990s this percentage of overall growth never rose above 28.5% (1995). However, in 2003, the number of establishments with no employees grew by a negligible 7 establishments, less than 1% of total growth, which may indicate that the job climate has begun to warm.

Figure 4: Growth in Number of Utah Establishments with No Employees, 1993 to 2003



Source: Utah Department of Workforce Services (DWS)

MULTIPLE EMPLOYMENT

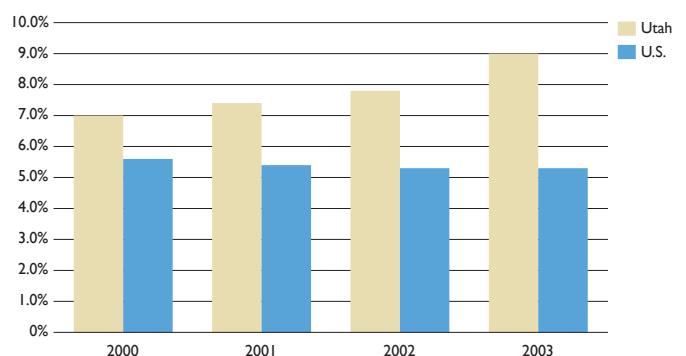
Another factor in the unemployment paradox is highlighted by the fact that in 2003, Utahns were the third most likely population in the U.S. to hold multiple jobs (Figure 5). BLS data shows that multiple jobholders accounted for 9.0% of the

Figure 5: Multiple Jobholders as a Percent of Total Employment by State, 2000 to 2003

State	2000	Rank	2001	Rank	2002	Rank	2003	Rank
Alabama	5.1	35	4.1	50	3.8	49	4.0	48
Alaska	7.6	15	8.1	9	7.5	13	7.7	12
Arizona	4.9	40	5.4	31	5.8	25	5.5	27
Arkansas	5.4	32	5.0	33	5.3	31	6.0	22
California	4.8	42	4.5	43	4.5	43	4.5	45
Colorado	6.0	25	5.8	25	5.7	27	6.2	18
Connecticut	6.5	19	6.4	20	5.9	22	4.9	36
Delaware	5.7	29	5.2	32	4.7	39	4.3	46
District of Columbia	6.2	24	4.5	43	5.2	33	5.0	34
Florida	3.9	51	4.2	48	3.9	47	4.0	48
Georgia	4.2	48	4.1	50	3.8	49	3.9	50
Hawaii	9.3	4	9.8	3	8.2	8	7.6	13
Idaho	7.9	13	8.0	11	6.9	15	8.1	10
Illinois	5.4	32	4.9	35	4.7	39	4.6	42
Indiana	6.0	25	6.2	21	6.1	20	5.4	29
Iowa	8.1	10	8.1	9	8.1	9	7.5	14
Kansas	8.0	11	8.3	8	8.1	9	8.6	5
Kentucky	4.7	44	5.7	26	5.7	27	5.8	25
Louisiana	4.2	48	4.2	48	3.7	51	4.6	42
Maine	8.6	8	7.1	16	7.2	14	7.9	11
Maryland	5.8	27	5.6	27	6.7	16	5.9	23
Massachusetts	5.8	27	4.8	36	4.9	36	4.9	36
Michigan	5.3	34	5.6	27	5.5	30	5.3	30
Minnesota	8.4	9	8.4	7	9.2	2	8.5	7
Mississippi	4.3	47	4.5	43	5.0	35	4.9	36
Missouri	7.6	15	6.5	19	5.9	22	6.5	16
Montana	9.8	3	9.3	4	8.8	6	8.5	7
Nebraska	10.3	1	10.4	1	10.3	1	9.4	2
Nevada	5.0	38	4.8	36	4.5	43	3.9	50
New Hampshire	6.3	22	7.0	17	6.5	17	6.2	18
New Jersey	4.2	48	4.6	42	4.1	46	4.7	41
New Mexico	4.8	42	4.3	47	5.2	33	5.2	32
New York	5.0	38	4.8	36	4.8	38	4.2	47
North Carolina	4.9	40	5.0	33	4.9	36	4.8	39
North Dakota	10.0	2	9.9	2	9.2	2	9.7	1
Ohio	6.3	22	6.2	21	5.9	22	6.2	18
Oklahoma	6.4	20	6.0	24	6.5	17	5.6	26
Oregon	6.4	20	6.1	23	6.0	21	5.9	23
Pennsylvania	5.7	29	5.6	27	5.6	29	5.5	27
Rhode Island	7.8	14	7.2	15	6.2	19	6.4	17
South Carolina	4.5	46	4.7	40	4.4	45	5.1	33
South Dakota	9.0	6	8.7	6	8.9	4	8.6	5
Tennessee	5.1	35	5.5	30	4.7	39	5.3	30
Texas	4.7	44	4.7	40	4.7	39	4.8	39
Utah	7.0	18	7.4	14	7.8	11	9.0	3
Vermont	9.2	5	7.8	13	8.9	4	8.9	4
Virginia	5.6	31	4.8	36	5.3	31	5.0	34
Washington	7.6	15	6.7	18	5.8	25	6.1	21
West Virginia	5.1	35	4.4	46	3.9	47	4.6	42
Wisconsin	8.0	11	8.0	11	7.6	12	7.3	15
Wyoming	8.8	7	9.1	5	8.7	7	8.3	9
United States	5.6		5.4		5.3		5.3	

Source: BLS

Figure 6: Multiple Jobholders as a Percent of Total Employment, 2000 to 2003

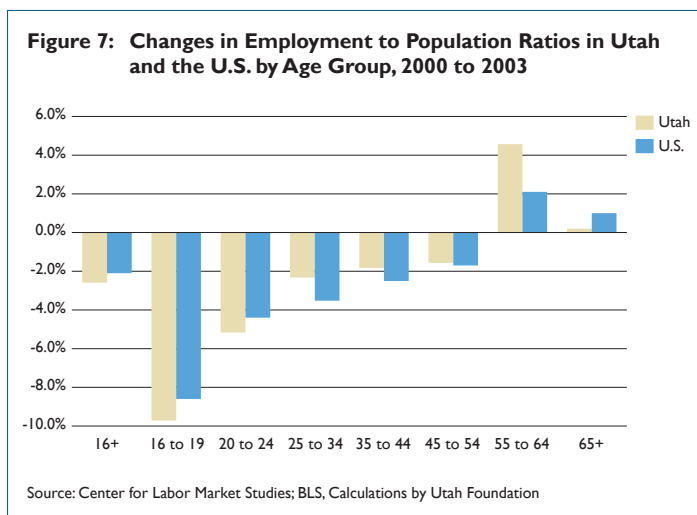


Source: BLS

total employment in Utah, which is up from 7.8% in 2002 (Figures 5 & 6). The national average on the other hand was only 5.3% in 2002 and 2003. Economist Jim Campbell of BLS states that during this period, “Idaho and Utah experienced the largest increases in multiple jobholding rates (+1.2 percentage points each).” Since 1996, the national trend has been a decline in multiple jobholding rates, falling from 6.2% to 5.3%. However, Utah was among the five states that experienced an increase. In fact, Campbell states that Utah was the only state that “experienced an increase in multiple jobholding greater than 0.4 percentage points over this span (+1.1%).”

EMPLOYMENT BY AGE

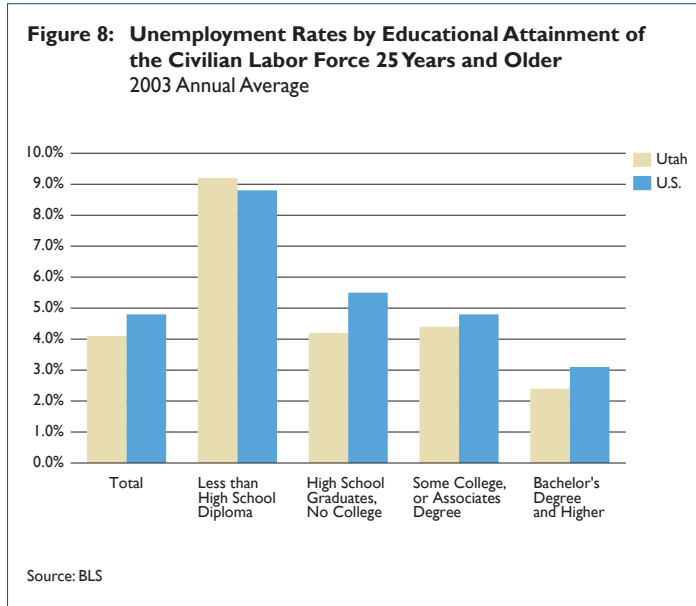
All groups of workers 55 years of age and under experienced declines in their E/P ratio during the recessionary and jobless recovery between 2000 and 2003. However, the trend was that the younger the age group, the more substantial the decline in their E/P ratio. Figure 7 details how each age group fared during this period. Utah teens and young adults aged 20 to 24 experienced the sharpest declines in employment and fared worse than their national counterparts. The E/P ratio for teens fell 9.7 percentage points, while young adults aged 20 to 24 saw a decline of 5.2 percentage points. According to the Center for Labor Market Studies, the 37% E/P ratio for the nation’s teens in 2003 was the lowest recorded since 1948. Surprisingly, those aged 55 to 64 years saw a significant gain of 4.6 percentage points in their E/P ratio during this period. Richard Johnson, a research associate at the Urban Institute, points to a recent study showing that the number of jobs with little or no physical demands increased significantly in the 1990s. This increase has enabled older populations to continue working and to not accept early retirement.



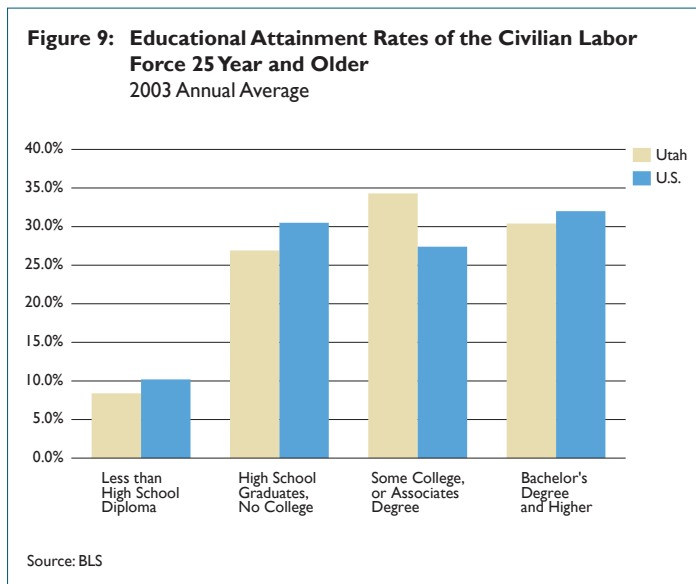
EDUCATIONAL ATTAINMENT

Educational attainment is another factor to consider. Based on 2003 CPS data, the statewide unemployment rate for persons 25 years and older with less than a high school diploma was 9.2% in 2003 (26th lowest in the U.S.), compared to the

national average of 8.8% (Figure 8). For those 25 years and older with high school diplomas, the jobless rate significantly decreases to 4.2% (10th lowest in the U.S.). Interestingly, unemployment rises to 4.4% (30th in the U.S.) for those who have some college experience or an associate’s degree. However, the unemployment rate dips down to 2.1% (14th lowest in the U.S.) for those with at least a bachelor’s degree.



This trend may not be complimentary to the educational attainment strengths of Utah’s labor force. 34.3% of Utah’s labor force has an associate’s degree or some college experience (Figure 9). In this, Utah ranks fourth in the U.S. However, Utah only ranks 22nd in the country when it comes to bachelor’s or higher degrees attained (30.4%). The significantly low unemployment rate for bachelor’s or higher degree holders may suggest that Utah’s labor force is not as educated as employers would like the labor force to be.



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