



November 15, 2021

Economic Conditions Report

Apache, Gila and Navajo Counties

FOR FURTHER INFORMATION:

Doug Walls, Labor Market Information Director, 602.771.1258

Sam Briggs, Economist, 602.364.0430

www.laborstats.az.gov

ABOUT THIS REPORT

This report was created to assist Arizona Local Workforce Development Areas in completing their PY2020-PY2023 Local Workforce Development Plan Modifications. 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:

- All three Northeastern counties saw positive population growth from 2015 to 2020.
- Both Gila and Navajo Counties are projected to see population growth. Navajo County is projected to see the largest population growth out of the Northeastern counties, growing by 2,467 people.
- The median age in Apache County is lower when compared with the United States and Arizona.
- Compared to the state and nationwide rates, a higher percentage of the population in all three Northeastern Counties have achieved either a high school diploma or attended some college.
- Apache County has a lower unemployment rate for individuals who have a Bachelor's degree or higher when compared to Arizona or the United States.
- Six of the ten major private sector industries in the Northeastern region recorded positive employment growth from 2014 to 2019.
- Ten of the eleven industries are projected to see increased employment growth from 2020 to 2022. The Northeastern Counties are projected to increase employment by 2,435 jobs during this time period.

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

- The Labor Force Participation Rate in all three counties is substantially lower than Arizona and the United States. Apache County has the lowest rate at 37.9 percent.
- The Median Household Income in the United States is nearly double that of Apache County.
- Across all educational levels, unemployment rates for all three Northeastern counties are higher with the exception of residents with a Bachelor's degree in Apache County.
- Individuals achieving a Bachelor's degree or higher represent a smaller percentage of the population when compared to the state and nationwide rates.
- Employment in the Information industry decreased by 21.1 percent from 2014 to 2019.

POPULATION

Population Growth by County, 2015-2020

| Area | Population Estimate (2015) | Population Estimate (2020) | Numeric Change (2015-2020) | Annualized Percent Change (2015-2020) |
|----------------------|----------------------------|----------------------------|----------------------------|---------------------------------------|
| Arizona | 6,832,810 | 7,421,401 | 588,591 | 1.7% |
| Apache County | 71,026 | 71,875 | 849 | 0.2% |
| Cochise County | 126,594 | 127,450 | 856 | 0.1% |
| Coconino County | 139,100 | 142,481 | 3,381 | 0.5% |
| Gila County | 53,020 | 54,303 | 1,283 | 0.5% |
| Graham County | 37,888 | 39,211 | 1,323 | 0.7% |
| Greenlee County | 9,587 | 9,341 | -246 | -0.5% |
| La Paz County | 20,476 | 21,480 | 1,004 | 1.0% |
| Maricopa County | 4,174,423 | 4,579,081 | 404,658 | 1.9% |
| Mohave County | 204,890 | 217,206 | 12,316 | 1.2% |
| Navajo County | 107,695 | 112,112 | 4,417 | 0.8% |
| Pima County | 1,009,490 | 1,061,175 | 51,685 | 1.0% |
| Pinal County | 405,922 | 480,828 | 74,906 | 3.4% |
| Santa Cruz County | 46,493 | 46,808 | 315 | 0.1% |
| Yavapai County | 221,019 | 240,226 | 19,207 | 1.7% |
| Yuma County | 205,187 | 217,824 | 12,637 | 1.2% |
| United States | 320,738,994 | 329,484,123 | 8,745,129 | 0.5% |

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's population grew by 1.7 percent annually between 2015 and 2020.
- From 2015 to 2020, all three counties in Northeastern Arizona reported population growth, with Navajo County having the largest growth (0.8 percent).
- From 2015 to 2020, Northeastern Arizona represented 1.1 percent of Arizona's total population growth.
- In 2020, Northeastern Arizona comprised 3.2 percent of Arizona's total population.

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 507,368 people to its population from 2019-2022, growing by an annualized rate of 1.4 percent.

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

Apache County Population Projections, 2020

| Year | Population Estimate | Projected Numeric Change | Projected Percentage Change | Projected Natural Change ¹ | Projected Total Net Migration ² |
|------|---------------------|--------------------------|-----------------------------|---------------------------------------|--|
| 2020 | 73,551 | -61 | -0.1% | 210 | -271 |
| 2021 | 73,477 | -74 | -0.1% | 187 | -261 |
| 2022 | 73,388 | -88 | -0.1% | 164 | -252 |
| 2023 | 73,287 | -101 | -0.1% | 141 | -242 |
| 2024 | 73,172 | -116 | -0.2% | 117 | -233 |

¹ Natural Change = Births – Deaths

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

Source: Office of Economic Opportunity, 2018 to 2055 Population Projections Medium Series

- From 2020 through 2024, Apache's population growth is projected to be negative, decreasing by 440 people during this time period.
- Apache's negative population growth is can be attributed to individuals migrating out of the county, rather than a decline in natural change.

Gila County Population Projections, 2020

| Year | Population Estimate | Projected Numeric Change | Projected Percentage Change | Projected Natural Change ¹ | Projected Total Net Migration ² |
|------|---------------------|--------------------------|-----------------------------|---------------------------------------|--|
| 2020 | 55,100 | 102 | 0.2% | -252 | 354 |
| 2021 | 55,184 | 84 | 0.2% | -264 | 348 |
| 2022 | 55,256 | 72 | 0.1% | -275 | 348 |
| 2023 | 55,315 | 59 | 0.1% | -289 | 348 |
| 2024 | 55,362 | 47 | 0.1% | -302 | 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, 2018 to 2055 Population Projections Medium Series

- Gila County is projected to grow by 363 people from 2020 to 2024, growing by 0.1 percent 2020 to 2024.
- 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, 2020-2024

| Year | Population Estimate | Projected Numeric Change | Projected Percentage Change | Projected Natural Change ¹ | Projected Total Net Migration ² |
|------|---------------------|--------------------------|-----------------------------|---------------------------------------|--|
| 2020 | 114,265 | 516 | 0.5% | 310 | 206 |
| 2021 | 114,752 | 487 | 0.4% | 284 | 203 |
| 2022 | 115,213 | 462 | 0.4% | 259 | 203 |
| 2023 | 115,650 | 436 | 0.4% | 233 | 203 |
| 2024 | 116,060 | 411 | 0.4% | 208 | 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, 2018 to 2055 Population Projections Medium Series

- Navajo County is projected to grow by 2,311 people or 0.4 percent from 2020 to 2024.
- Navajo County's population growth is expected to come from both natural and net migration.

Northeastern Arizona Population Characteristics, 2019

| Indicator | Apache County | Navajo County | Gila County | Arizona | United States |
|---|---------------|---------------|-------------|-----------|---------------|
| Population over 16 | 54,229 | 82,886 | 43,850 | 5,600,921 | 259,662,880 |
| Civilian Labor Force Participation Rate 16 and Over | 38% | 46% | 47% | 59% | 63% |
| Median Household Income | \$32,508 | \$40,067 | \$43,524 | \$58,945 | \$62,843 |
| Poverty Rate | 36% | 28% | 22% | 15% | 13% |
| Median Age | 35.0 | 37.3 | 50.2 | 37.7 | 38.1 |
| Individuals with a Disability | 10,603 | 19,532 | 11,355 | 903,268 | 40,335,099 |
| Uninsured | 25% | 13% | 10% | 10% | 9% |

Source: U.S. Census Bureau, American Community Survey, 2019 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 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.

- The labor force participation rate in all three counties is substantially lower than the nation and state.
- Median age was substantially higher in Gila County when compared with the Arizona and the United States.
- The median household income for all three counties was lower than Arizona and the United States. The median household income in the United States is nearly double that of Apache County.
- 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 rate was the highest among the three counties, and was more than double the statewide rate.

Highest Education Achieved, 2019, Population 25 and Older

| Indicator | Apache County | Navajo County | Gila County | Arizona | United States |
|--|---------------|---------------|-------------|---------|---------------|
| Less than High School | 9.0% | 5.9% | 3.9% | 5.5% | 5.1% |
| High School Graduate (includes equivalency) | 32.2% | 30.3% | 27.9% | 23.9% | 27.0% |
| Some College, no degree | 28.2% | 29.9% | 30.9% | 25.2% | 20.4% |
| Associate's Degree | 7.6% | 7.9% | 8.9% | 8.6% | 8.5% |
| Bachelor's Degree | 7.7% | 8.8% | 12.0% | 18.4% | 19.8% |
| Graduate or Professional Degree | 4.6% | 6.5% | 6.7% | 11.1% | 12.4% |

Source: U.S. Census Bureau, American Community Survey, 2019 5-Year Estimates
Office of Economic Opportunity

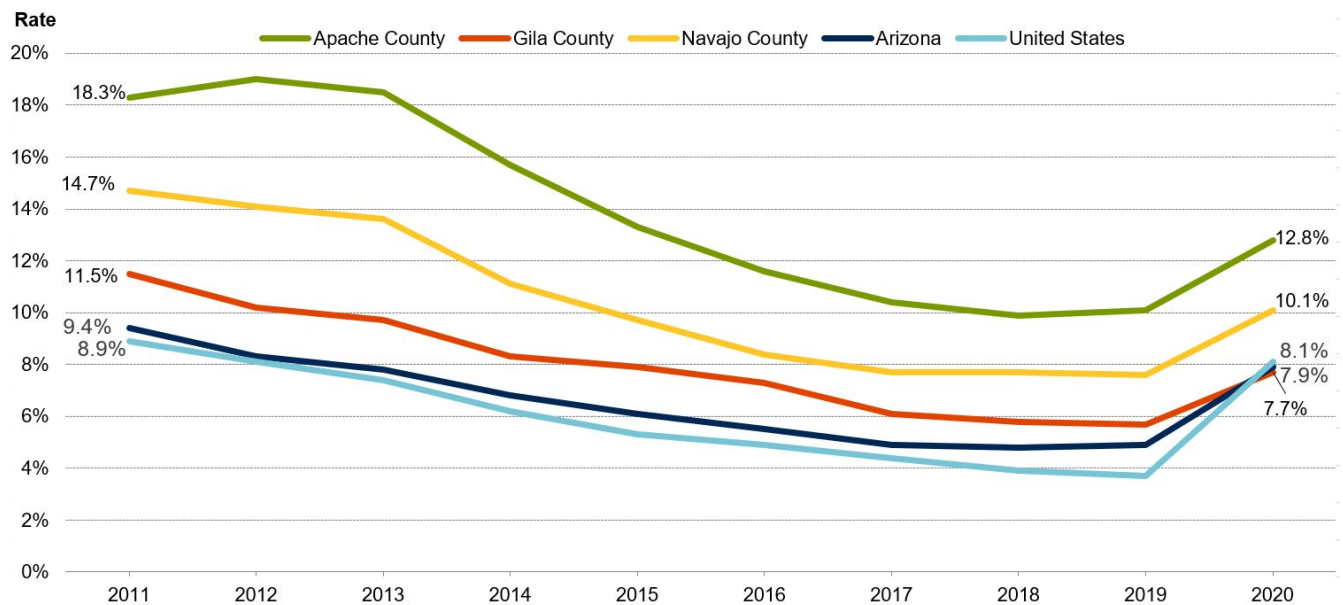
Understanding the current educational attainment of your local area's available workforce is a crucial step in identifying job seeker and business needs. Education is an important element in determining job success, and, oftentimes, can lead to higher-paying jobs and lower rates of unemployment.²

- Compared to Arizona and the United States, a lower percentage of residents in all three Northeastern counties have attained a Bachelor's degree or higher.
- 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.
- Over 40% of Apache County residents have not attended any college, attaining a high school diploma or less.

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

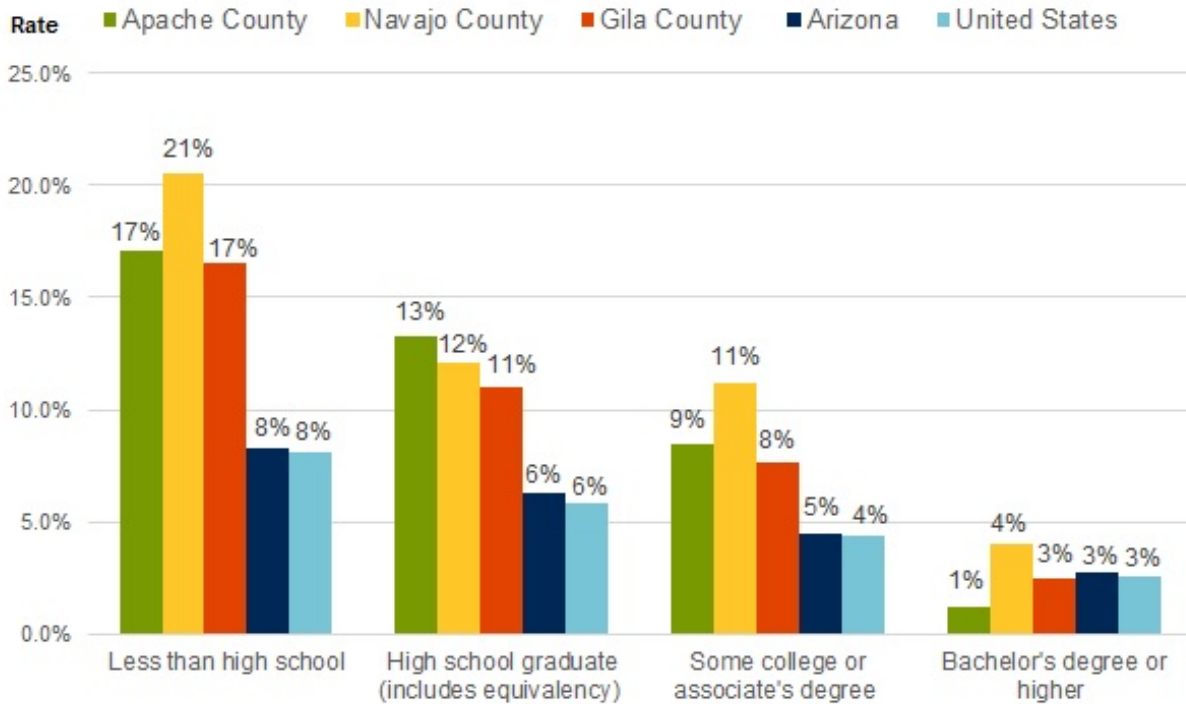
Unemployment Rate Comparisons, 2011-2020, Not-Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics
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- From 2011 to 2020, unemployment rates in both Apache and Navajo Counties were substantially higher than the statewide rates.
- Of the three Northeastern counties, Apache County has consistently had the highest unemployment rates since 2011.
- Unemployment rates in Gila County were the lowest of the three Northeastern counties and dropped below both the state and nationwide rates in 2020.
- All three counties were experiencing a decline in unemployment rates starting in 2012, only beginning to increase again in 2020.

Unemployment Rate by Educational Attainment, 2019, Ages 25-64

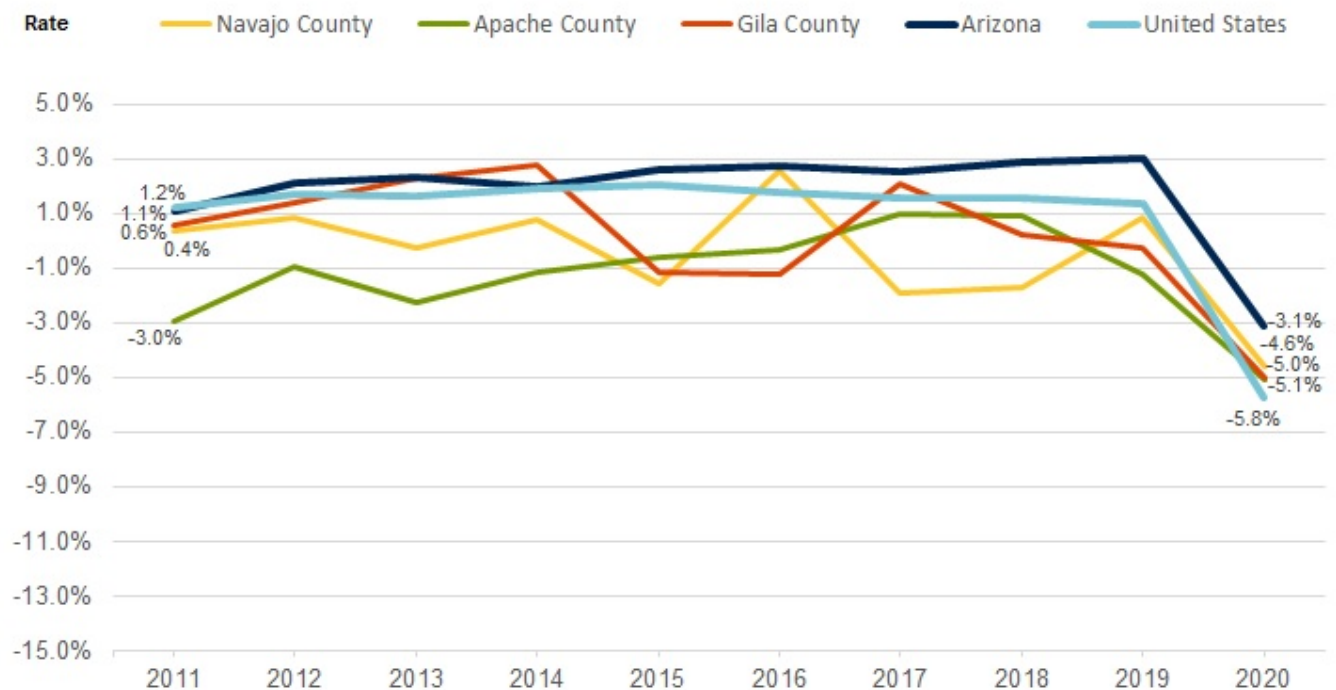


Source: U.S. Census American Community Survey, 2019 5-Year Estimates
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Historically, higher educational attainment levels lead to lower levels of unemployment. Understanding the relationship between unemployment and education can help determine which education levels are most in need of targeted workforce efforts.

- When compared with Arizona and the United States, all three Northeastern counties have a higher rate of unemployment across all attainment levels with the exception of residents in Apache and Gila Counties who have achieved a Bachelor's degree or higher.
- For residents without a high school diploma, the unemployment rate is double the nation and statewide rates in all three counties.
- 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, 2011-2020, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics
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- Arizona's total nonfarm employment increased by an annualized rate of 1.9 percent from 2011 to 2020.
- From 2011 to 2020, Navajo County's average total nonfarm employment decreased by an annualized rate of 0.6 percent or 1,400 jobs. During this same time period, Apache County's nonfarm employment decreased by 1,800 jobs or 1.1 percent annually.
- Gila County was the only Northeastern County that experienced an increase, growing by 0.1 percent or 100 jobs.
- Nonfarm employment in Gil County and Navajo County has fluctuated greatly since 2011. All three counties experienced substantial declines in nonfarm employment in 2020, following similar trends as Arizona and the United States.

Northeastern Arizona Private Sector Industry Employment, 2014-2019

| Industry | Employment (2014) | Employment (2019) | Numeric Growth (2014-2019) | Annualized Percentage Growth (2014-2019) |
|------------------------------------|-------------------|-------------------|----------------------------|--|
| Construction | 2,144 | 2,142 | -2 | 0.0% |
| Education and Health Services | 8,551 | 9,201 | 650 | 1.5% |
| Financial Activities | 1,290 | 859 | -431 | -7.8% |
| Information | 1,347 | 413 | -934 | -21.1% |
| Leisure and Hospitality | 4,827 | 6,577 | 1,750 | 6.4% |
| Manufacturing | 1,702 | 1,529 | -173 | -2.1% |
| Natural Resources and Mining | 2,226 | 1,721 | -505 | -5.0% |
| Other Services | 732 | 686 | -46 | -1.3% |
| Professional and Business Services | 1,530 | 1,590 | 60 | 0.8% |
| Trade Transportation and Utilities | 8,058 | 7,701 | -357 | -0.9% |

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

Source: Quarterly Census of Employment and Wages

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- Seven of the ten industries recorded negative growth from 2014-2019. Overall, the region gained 12 jobs over this time period.
- Information showed a dramatic decrease in Northeastern Arizona, decreasing by 21.1 percent.
- Employment growth was led by Leisure and Hospitality, increasing 6.4 percent and gaining 1,750 jobs.

Projected Area Employment, 2020-2022

| Area | Projected Employment (2020) | Projected Employment (2022) | Projected Numeric Growth (2020-2022) | Annualized Percentage Growth (2020-2022) |
|-----------------------------|-----------------------------|-----------------------------|--------------------------------------|--|
| Arizona | 2,853,646 | 3,178,686 | 325,040 | 5.5% |
| Maricopa Workforce Area* | 1,110,847 | 1,257,779 | 146,932 | 6.4% |
| City of Phoenix | 922,090 | 1,023,480 | 101,390 | 5.4% |
| Coconino County | 59,174 | 65,996 | 6,822 | 5.6% |
| Mohave and La Paz | 57,939 | 62,658 | 4,719 | 4.0% |
| Northeastern Arizona | 68,763 | 71,660 | 2,897 | 2.1% |
| Pima County | 374,342 | 414,375 | 40,033 | 5.2% |
| Pinal County | 65,394 | 70,725 | 5,331 | 4.0% |
| Santa Cruz County | 13,931 | 15,412 | 1,481 | 5.2% |
| Southeastern County | 52,546 | 55,897 | 3,351 | 3.1% |
| Yavapai County | 65,139 | 71,909 | 6,770 | 5.1% |
| Yuma County | 63,409 | 68,794 | 5,385 | 4.2% |

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 2020 to 2022.
- Northeastern Arizona is projected to have a growth rate of 2.1 percent through 2020, over 3 percent lower than the statewide rate.

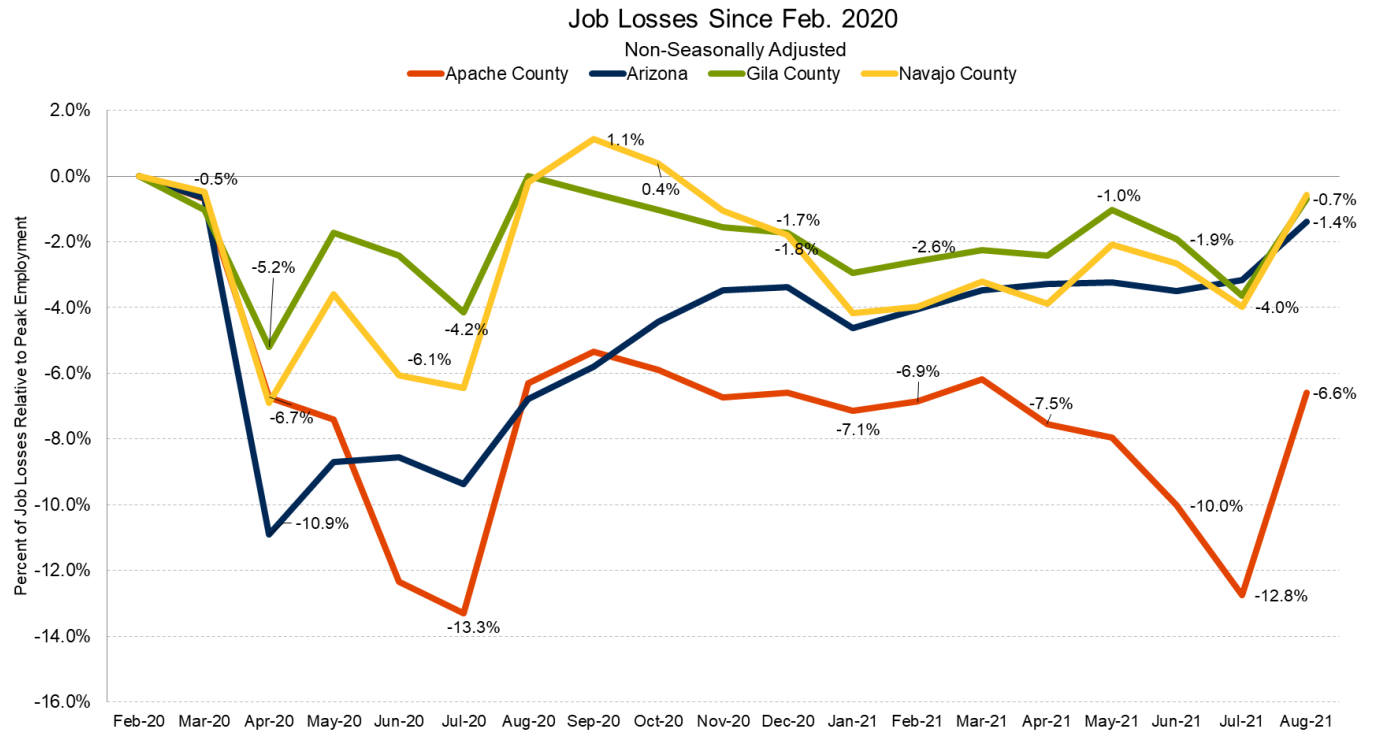
Northeastern Arizona Projected Industry Employment, 2020-2022

| Area | Projected Employment (2020) | Projected Employment (2022) | Projected Numeric Growth (2020-2022) | Annualized Percentage Growth (2020-2022) |
|-------------------------------------|-----------------------------|-----------------------------|--------------------------------------|--|
| Construction | 2,358 | 2,434 | 76 | 1.6% |
| Education and Health Services | 15,038 | 16,033 | 995 | 3.3% |
| Financial Activities | 1,605 | 1,701 | 96 | 2.9% |
| Government | 13,792 | 13,317 | -475 | -1.7% |
| Information | 527 | 544 | 17 | 1.6% |
| Leisure and Hospitality | 6,513 | 7,590 | 1,077 | 8.0% |
| Manufacturing | 1,655 | 1,669 | 14 | 0.4% |
| Natural Resources and Mining | 10,730 | 10,865 | 135 | 0.6% |
| Other Services | 2,130 | 2,263 | 133 | 3.1% |
| Professional and Business Services | 2,069 | 2,199 | 130 | 3.1% |
| Trade, Transportation and Utilities | 10,061 | 10,523 | 462 | 2.3% |

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.

- Ten out of the eleven industries are projected to experience growth through 2022.
- Leisure and Hospitality is expected to lead growth (8.0 percent), followed by Education and Health Services (3.2 percent).
- Education and Health Services is projected to remain the industry that employs the most people in Northeastern Arizona.

COVID-19 Impact on Total Nonfarm Employment – February 2020 to August 2021



Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. Of Labor, Bureau of Labor Statistics

- Throughout the pandemic, the employment rate in Gila County generally trended above the statewide rate.
- In August 2021, employment levels in Gila and Navajo County were only slightly below pre-pandemic (February 2020) levels. However, Apache County employment levels remain 6.6 percent below pre-pandemic levels.
- In July 2021, Apache County's employment declined to 12.8 percent below pre-pandemic levels, drastically lower than the other Northeastern counties.

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OFFICE OF ECONOMIC OPPORTUNITY

Phoenix, Arizona 85007

Phone: 602.771.2222

Email: Laborinfo@oeo.az.gov