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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 PY2020-PY2023 Local Workforce Development Plan Modifications. 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:

- Santa Cruz's population is projected to increase by 1.1 percent from 2020-2024.
- The Median Household Income in Santa Cruz County increased from \$40,467 in 2018 to \$41,259 in 2019.
- The rate of uninsured people decreased from 12 percent in 2018 to 10.2 percent in 2019.
- The unemployment rate for individuals with some college is lower when compared to the state and nationwide rates.
- All eleven industries in Santa Cruz are projected to experience employment growth from 2020 to 2022.

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

- The Labor Force Participation Rate in Santa Cruz County is substantially lower when compared to the United States and Arizona.
- Santa Cruz County's poverty rate is much higher than the state and nationwide rates.
- A lower percentage of residents in Santa Cruz County have achieved a Bachelor's degree or higher compared to Arizona or the United States.

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, 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 activity¹ and workforce diversity.

- Arizona's population grew by 1.7 percent annually between 2015 and 2020.
- Between 2015 and 2020, the population in Santa Cruz increased by 315 people or 0.1 percent.
- Out of fifteen counties, Santa Cruz County had the second lowest population growth in Arizona.

¹ 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, 2020

Year	Population Estimate	Projected Numeric Change	Projected Percentage Change	Projected Natural Change ¹	Projected Total Net Migration ²
2020	53,742	606	1.1%	338	269
2021	54,340	598	1.1%	331	268
2022	54,928	588	1.1%	323	266
2023	55,507	579	1.1%	313	266
2024	56,075	568	1.0%	304	266

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

Population projections provide useful insight into an area's future demand for resources and services.² 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's population is projected to grow by 507,368 people from 2020 to 2024.
- The population in Santa Cruz County is projected to increase by 2,939 people, increasing by 1.1 percent from 2020 to 2024.
- The majority of population growth is projected to come from natural change.

Population Characteristics, 2019

Indicator	Santa Cruz County	Arizona	United States
Population over 16	35,419	5,600,921	259,662,880
Civilian Labor Force Participation Rate 16 and Over	53%	59%	63%
Median Household Income	\$41,259	\$58,945	\$62,843
Poverty Rate	23%	15%	13%
Median Age	36.7	37.7	38.1
Individuals with a Disability	6,066	903,268	40,335,099
Uninsured	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.

- Median household income in Santa Cruz County was substantially lower when compared to Arizona and the United States. However, median family income increased from \$40,467 in 2018 to \$41,259 in 2019.
- The rate of uninsured people in Santa Cruz County (10.2 percent) was slightly lower than the statewide rate (10.4 percent) but higher than the nationwide rate (8.8 percent).

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

- In Santa Cruz County, the poverty rate was 10 percent higher than the nationwide poverty rate.
- The labor force participation rate in Santa Cruz County is dramatically lower than the rate in Arizona and the United States.

Highest Educational Achieved, 2019, Population over 25 years of age

Indicator	Santa Cruz County	Arizona	United States
Less than High School	11.5%	5.5%	5.1%
High School Graduate (includes equivalency)	28.7%	23.9%	27.0%
Some College, no degree	21.3%	25.2%	20.4%
Associate's Degree	6.2%	8.6%	8.5%
Bachelor's Degree	13.2%	18.4%	19.8%
Graduate or Professional Degree	7.3%	11.1%	12.4%

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

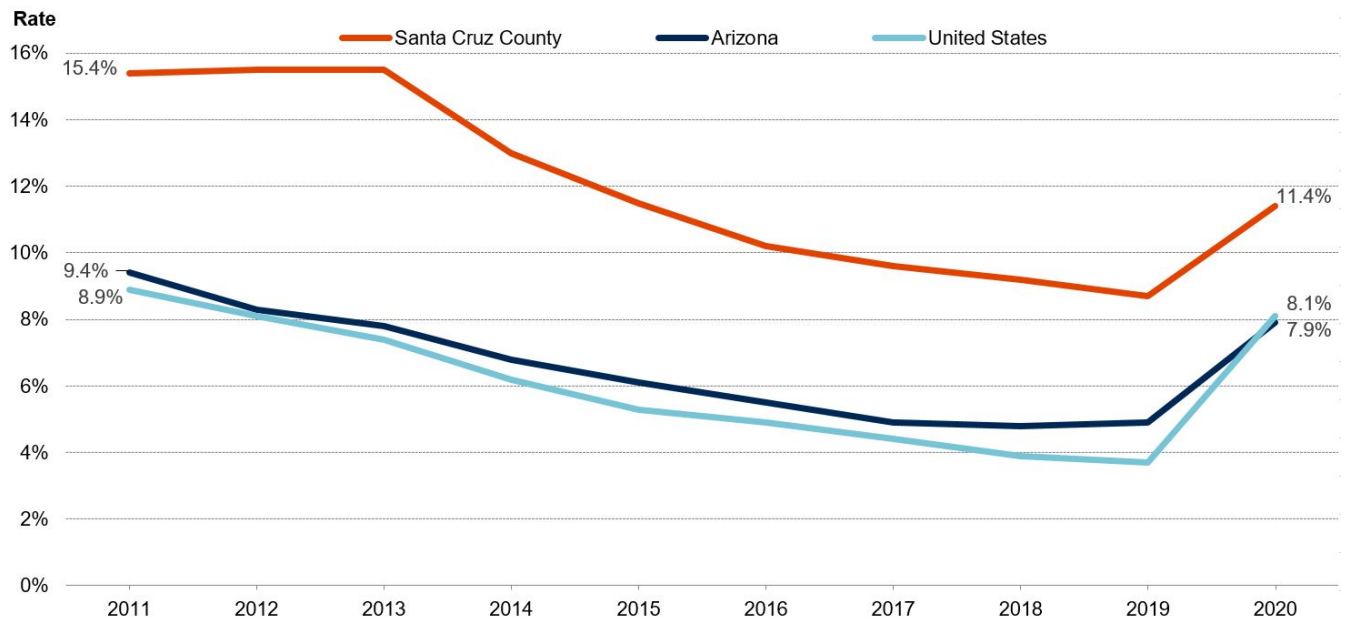
Understanding the current educational attainment of your local area's available workforce is a crucial step in identifying job seeker and business needs. Education is an important element in determining job success, and, oftentimes, can lead to higher-paying jobs and lower rates of unemployment.³

- When compared with Arizona and the United States, a lower percentage of Santa Cruz residents have completed a high school diploma or higher (76.7 percent).
- Twenty percent of Santa Cruz County residents have a Bachelor's degree or higher, a lower percentage than Arizona and the United States.
- From 2018 to 2019, the percentage of residents in Santa Cruz with a high school diploma or equivalent increased from 27.2 percent to 28.7 percent.

³ "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>.

WORKFORCE

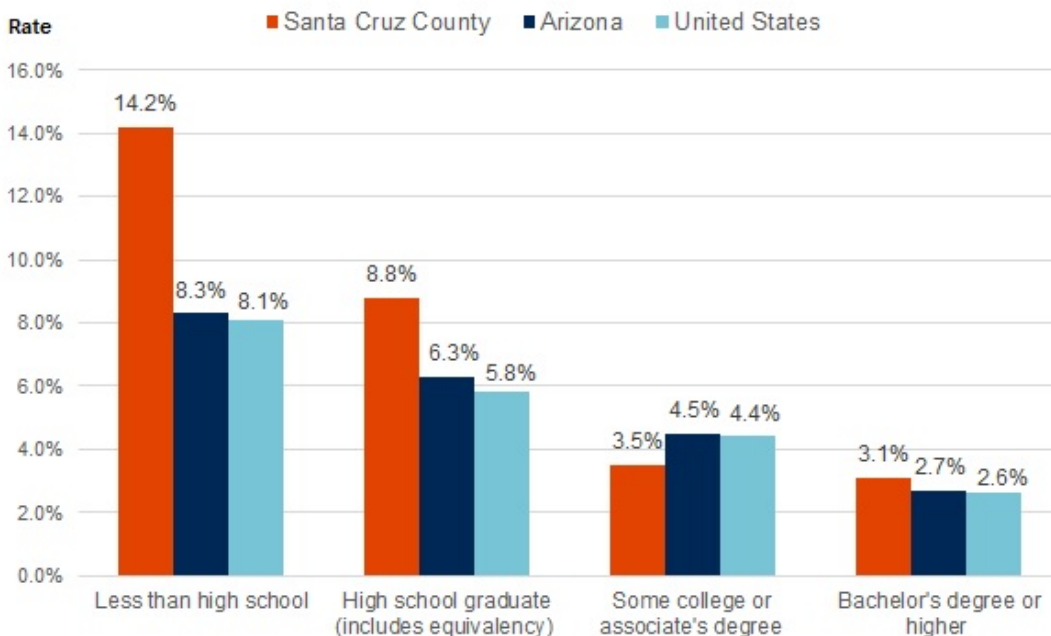
Unemployment Rate Comparisons, Sept. 2011-Sept. 2020, Not-Seasonally Adjusted



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

- Since 2011, the unemployment rate in Santa Cruz has consistently been drastically higher than the state and nationwide rates.
- However, from 2013 to 2020, Santa Cruz's unemployment was trending downwards.
- Following similar trends as Arizona and the United States, unemployment in Santa Cruz increased in 2020.

Unemployment Rate by Educational Attainment, 2019 Ages 25-64



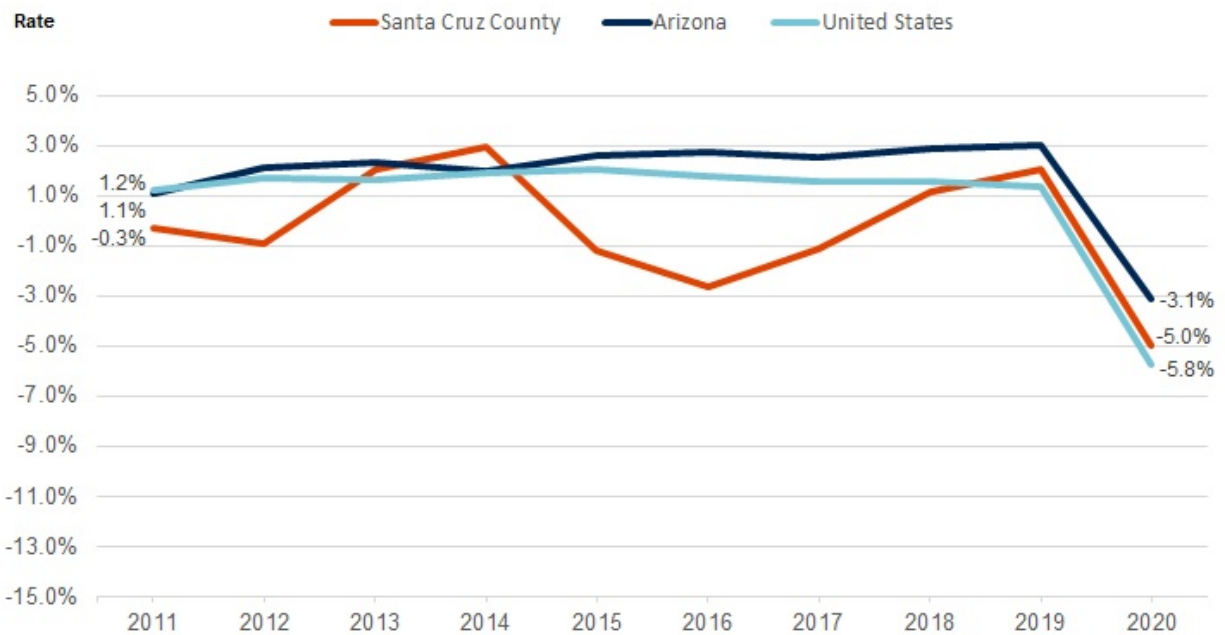
Source: U.S. Census American Community Survey, 2019 5-Year Estimates
Office of Economic Opportunity

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

- Across all educational attainment levels, unemployment rates in Santa Cruz County were higher with the exception of residents with some college or an associate's degree.
- The unemployment rate for Santa Cruz residents without a high school diploma (14.2 percent) was almost double when compared to Arizona or the United States.
- Unemployment rates decreased from 2018 to 2019 across all educational attainment levels except for those with less than a high school diploma.

⁴ National Center for Educational Statistics. (2019). "Employment and Unemployment Rates by Educational Attainment." Retrieved from https://nces.ed.gov/programs/coe/indicator_cbc.asp

Nonfarm Employment Year-Over-Year Percentage Change, 2011-2020, Not-Seasonally Adjusted



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

- From 2011 to 2020, total average nonfarm employment decreased by 400 jobs, an annualized decrease of 0.3 percent. Over this same time period, Arizona total nonfarm employment increased by an annualized rate of 1.9 percent.
- Nonfarm employment in Santa Cruz County has fluctuated since 2011, peaking at 2.9 percent year over year growth in 2014.
- Santa Cruz County's nonfarm employment was steadily growing from 2016 to 2019. However, due to COVID-19 pandemic, there was a drastic decrease in 2020 employment, similar to state and nationwide trends. From 2019 to 2020, Santa Cruz County lost 5.0 percent of total nonfarm employment.

Santa Cruz County Private Sector Industry Employment, 2014-2019

Industry	Employment (2014)	Employment (2019)	Numeric Growth (2014-2019)	Annualized Percentage Growth (2014-2019)
Construction	249	174	-75	-6.9%
Education and Health Services	738	777	39	1.0%
Financial Activities	351	309	-42	-2.5%
Information	147	75	-72	-12.6%
Leisure and Hospitality	1,426	*	*	*
Manufacturing	473	403	-70	-3.2%
Other Services	187	202	15	1.6%
Trade Transportation and Utilities	2,366	5,484	3,118	18.3%

*Data unavailable for selected period

NOTE: This includes private employment only.

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

- Three of the eight private-sector industries in Santa Cruz recorded positive employment growth from 2014 to 2019, gaining a total of 1,487 jobs over this time period.
- Growth from 2014 to 2019 was led by Trade, Transportation, and Utilities (18.3 percent).

Projected Industry 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 through 2022.
- Santa Cruz County is projected have 5.2 percent annualized growth, only slightly below the statewide rate of 5.5 percent.

Santa Cruz Projected Industry Employment, 2020-2022

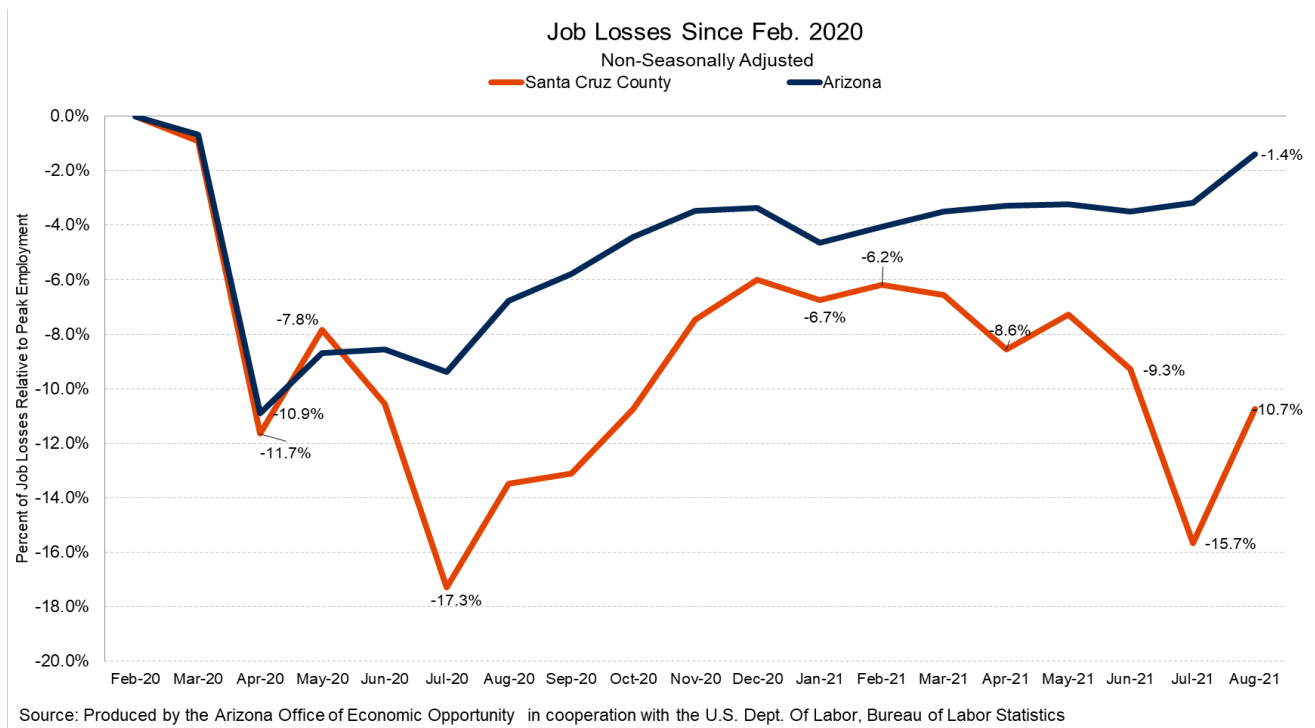
Area	Projected Employment (2020)	Projected Employment (2022)	Projected Numeric Growth (2020-2022)	Annualized Percentage Growth (2020-2022)
Construction	173	176	3	0.9%
Education and Health Services	1,667	1,721	54	1.6%
Financial Activities	308	312	4	0.6%
Government	2,641	2,705	64	1.2%
Information	89	99	10	5.5%
Leisure and Hospitality	982	1,323	341	16.1%
Manufacturing	429	455	26	3.0%
Natural Resources and Mining	790	857	67	4.2%
Other Services	273	299	26	4.7%
Professional and Business Services	434	478	44	4.9%
Trade, Transportation and Utilities	5,511	6,270	759	6.7%

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, all industries are projected to record positive growth from 2020-2022.
- From 2020-2022, Leisure and Hospitality is projected to show the greatest percentage growth (16.1 percent), followed by Trade, Transportation, and Utilities (6.7 percent).
- Trade, Transportation and Utilities is projected to gain the greatest number of jobs (759 jobs) within the projected period.
- The Government is projected to remain the largest employer in 2022, employing 2,705 people.

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



- Santa Cruz County saw severe drops in employment in April 2020 and July 2020. The decline peaked in July 2020 at 17.3 percent below pre-pandemic (February 2020) levels.
- From July 2020 to December 2020, employment in Santa Cruz County generally trended upwards. However, employment dropped substantially in July 2021, but increased nearly 5 percent in August 2021.
- Although employment in Santa Cruz increased from July to August 2021, Santa Cruz County's recovery rate (-10.7 percent) is drastically lower when compared to the statewide rate.

ARIZONA

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