Employment Recovery in Idaho's Urban Areas following the Great Recession

Idaho's Supplement to Washington State's Discussion Paper

August 2013

IDAHO DEPT. OF LABOR

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An Equal Opportunity Employer and Service Provider

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DEPARTMENT OF LABOR
C.L. "BUTCH" OTTER, GOVERNOR
ROGER B. MADSEN, DIRECTOR

Georgia Smith, Administrator
Bob Uhlenkott, Research & Analysis Bureau Chief

CRAIG SHAUL
Research Analyst, Supervisor
Idaho Department of Labor

ROBERT KABEL
Research Analyst, Principal
Idaho Department of Labor

Special Thanks to
RYAN HOWLEY
Economist
U.S. Bureau of Labor Statistics, Washington, D.C.

August 2013

Background

In June 2013, the Washington Employment Security Department published a discussion paper titled *Employment Recovery in Urban Areas following the Great Recession*[1]. The co-authors, Ryan Howley, Bureau of Labor Statistics Economist now at the Bureau of Economic Analysis, and Toby Paterson, Washington State Employment Security Department Economist, observed that following the Great Recession there is an apparent divergence in employment recovery rates between urban centers and smaller cities. Larger metropolitan statistical areas (MSA) are experiencing more robust job growth than smaller ones. Analysis of Current Employment Statistics (CES)[2] Total Nonfarm (TNF) Employment data for Idaho, Oregon and Washington-- each dominated by one large MSA-- conform to this divergence demonstrating better employment growth in the dominate MSA compared to the sister MSAs, smaller cities and the state as a whole.

Nationally, most MSAs experienced declines of TNF employment from peak to trough through 2007 to 2010[3]. Howley and Paterson point out that in the recovery period following the Great Recession trough, a pattern is emerging of steady but geographically uneven recovery-- larger urban centers are experiencing higher TNF employment growth rates than medium and small MSAs.

[1] https://fortress.wa.gov/esd/employmentdata/reports-publications/special-reports/employment-recovery-in-urban-areas-following-the-great-recession

[2] CES data are published by the Bureau of Labor Statistics. More information can be found at http://www.bls.gov/ces.

[3] For the most recent recession, 'peak' is the maximum seasonally adjusted total nonfarm employment from January 2007 to December 2008; 'trough' is the minimum total nonfarm employment from January 2009 to December 2010.

Idaho

Idaho, Oregon and Washington all experienced historic TNF job losses during the Great Recession. By January 2010, Idaho reached the trough after shedding 56,600 TNF jobs – a loss of 8.6 percent, which was the largest percentage decline despite having the smallest labor market of the three states. Three years since the trough, Idaho statewide has recovered 68.9 percent of the jobs that were lost.[4]

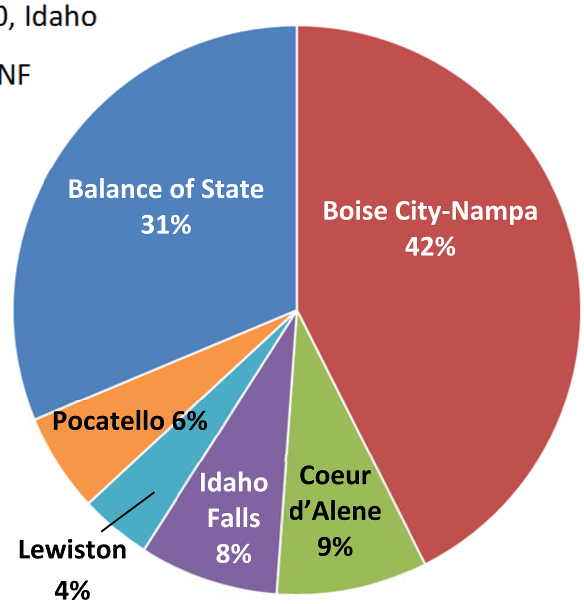
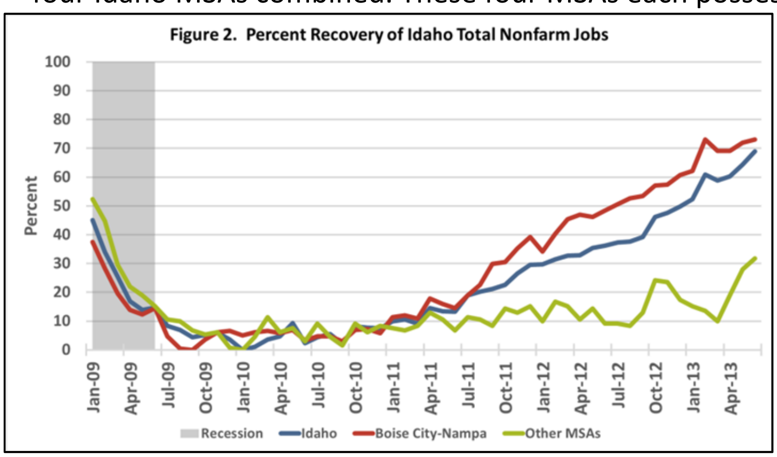


Figure 1. Share of TNF Jobs (2013 Estimates.)

Sixty-nine percent of Idaho's TNF jobs resides in five MSAs that consist of Boise City-Nampa, Coeur d'Alene, Idaho Falls, Lewiston and Pocatello.[5] The Boise City-Nampa MSA is the largest with 265,800 TNF jobs[6] that represents over 40 percent of the state's employment and a third more employment than the other four Idaho MSAs combined. These four MSAs each possess fewer than 60,000 jobs and fall into the small MSA category. Together they account for about 170,000 TNF jobs in Idaho.



[4] Estimate based on June 2013 preliminary CES estimates.

[5] Of the three size categories listed in Washington's discussion paper, Boise City-Nampa MSA falls into the medium size range while Idaho's remaining MSAs fall within the small size range.

[6] 2012 Annual Average.

Since the trough, the Boise City-Nampa MSA's recovery has shown to be faster than its sister MSAs. By March 2012, the Boise City-Nampa MSA recovered 45.5 percent of TNF jobs lost as measured from the trough of the recession and subsequently climbed to over 70 percent by the middle of 2013. This contrasts with the other MSAs combined recovery of 15.2 percent and just over 31 percent by the middle of 2013. Figure 3 shows three of the four smaller Idaho MSAs have struggled to gain traction in the recovery since the trough.

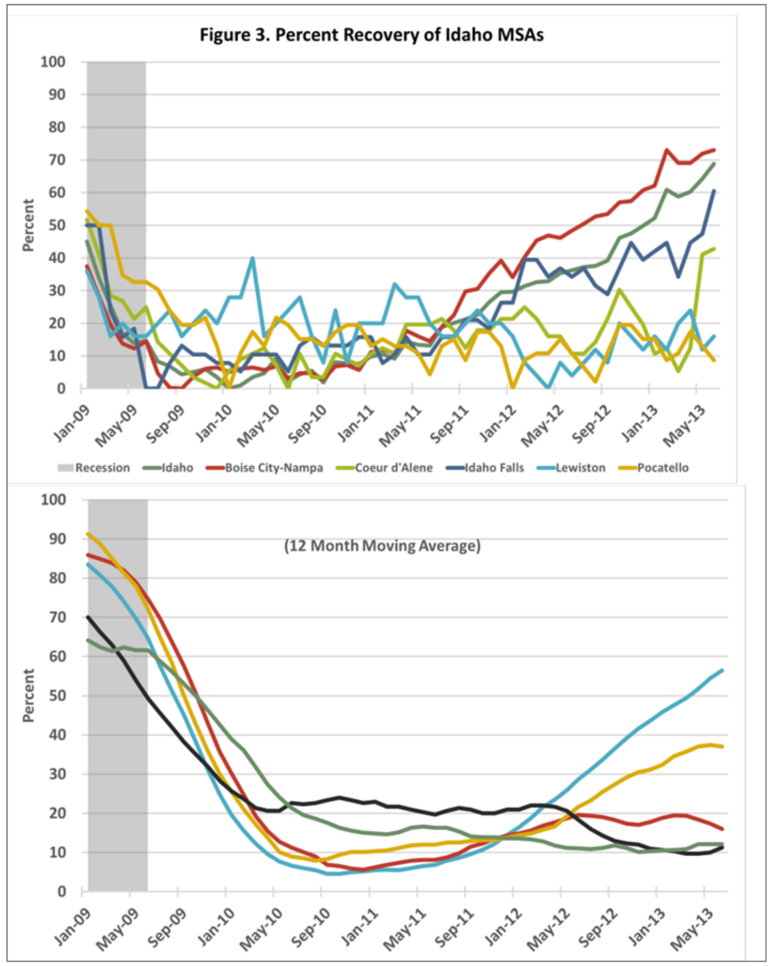


Figure 3. Percent Recovery of Idaho MSAs

The Idaho Falls MSA appears to be an exception due to the unique resource of the Idaho National Laboratory (INL). The presence of the INL contributes to a high average annual wage, large employment and the catalyst for agglomeration activity, providing the Idaho Falls MSA with disposable income and subsequent employment for thousands of indirect and induced jobs. For every one job at INL, two more jobs are created or sustained throughout the region. The INL is directly or indirectly the source of 25 percent of jobs in this region of Idaho.[7] Although not immune to the impacts of the Great Recession, the Idaho Falls MSA does possess economic strength and potential for

[7] Read more about the INL impact study here http://cobe.boisestate.edu/files/2010/12/Impacts_Brochure-Web1.pdf.

employment growth through the INL and is an outlier within the observed recovery pattern discussed in this paper. With the removal of the 50,000 TNF jobs from Idaho Falls MSA, the other MSAs combined recovery falls from 15.2 percent to 8 percent through March 2012.

Other labor market variables for Idaho's MSAs support the pattern demonstrated by TNF employment. On an annual basis, Idaho's unadjusted unemployment rate climbed from 3 percent in 2007 to its peak of 8.7 percent in 2010. As the state began witnessing improved economic activity and turned from the trough, unemployment fell statewide and by the end of 2012 improved to an annual average of 7.1 percent.

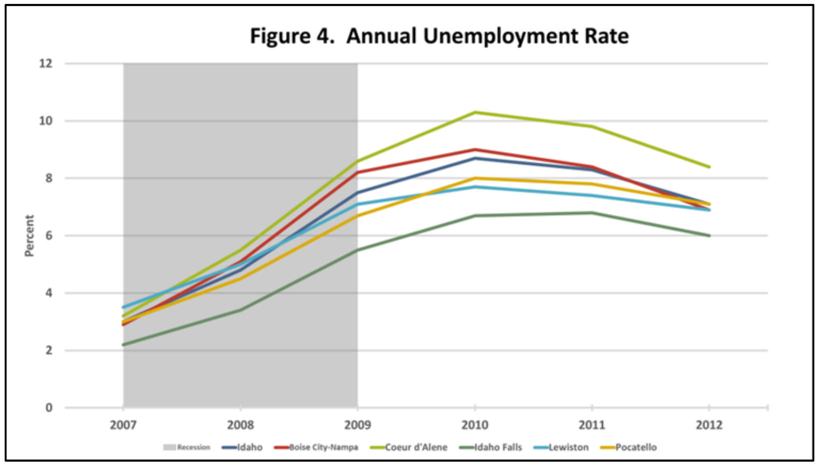


Figure 4. Annual Unemployment Rate

At the time the recession officially began, the Boise City-Nampa MSA unemployment rate began to outpace the other MSAs combined rate. The Boise City-Nampa MSA rate began to decrease quicker than the other MSAs combined rate by March 2011.

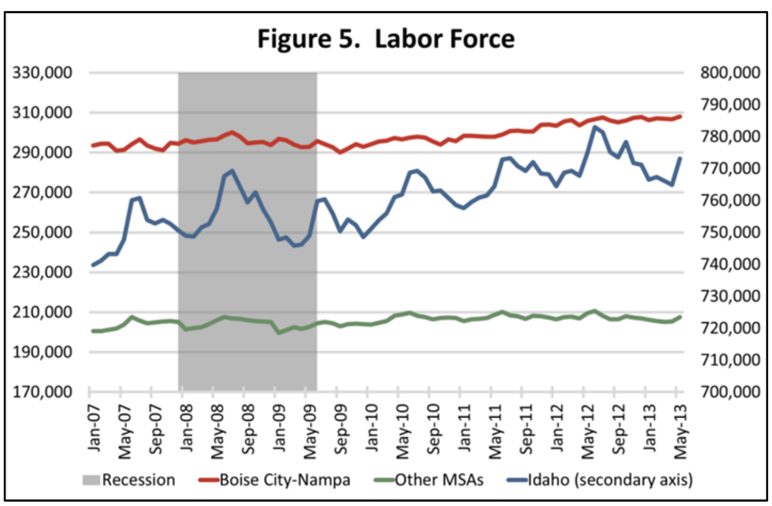


Figure 5. Labor Force

In early 2010, Idaho statewide and the MSAs began to see positive year-over-year labor force increases. Even the Idaho Falls MSA, which had seen high year-over-year labor force growth, began to slow by the middle of 2012. The Boise City-Nampa MSA was the only exception to this slow-to-no-growth phenomenon. By 2013 it was the only MSA with consistent year-over-year growth since the recovery began in 2010. Population growth estimates provided by the U.S. Census Bureau offer some explanation to this pattern of recovery. The Census Bureau estimates that Idaho's population grew by 1.8 percent from 2010 to 2012. This growth in population is also reflected in the increased labor force.

Figure 6. Labor Force Growth

Table 1. Population

Size	Class	Counties	Population 2010 Census	Growth 2011	Growth 2012	Growth 2010-2012*
0-24,999	Small	31	329,790	-0.4%	-0.3%	-0.8%
25,000-99,9999	Medium	9	413,776	0.3%	0.1%	0.6%
100,000+	Large	4	824,016	1.6%	1.5%	3.4%
Idaho	-	44	1,567,582	0.8%	0.8%	1.8%

*April 2010 to June 2012

By categorizing Idaho's 44 counties into small, medium and large, the population estimates show that over half of the growth occurred in the four Idaho counties with 100,000 or more people. Breaking down the population growth estimate into natural increase (births over deaths) and net migration reveals that while all Idaho counties saw positive natural growth, medium-size counties with 25,000 to 99,999 people had the highest percentage increase.

International and domestic migration patterns show that while the large counties had a net migration increase, the medium and smaller counties suffered a net loss. The migration pattern for the state appears to move from the smaller counties to the larger counties, contributing to the economic expansion of large counties.

Table 2. Net Migration

	International Immigration		Domestic Immigration		Net Migration	
Class	Number	Rate	Number	Rate	Number	Rate
Small	395	0.1%	-5,983	-1.8%	-5,588	-1.7%
Medium	1,182	0.3%	-6,300	-1.5%	-51,118	-1.2%
Large	2,337	0.3%	11,469	1.4%	13,806	1.7%
Idaho	3,914	0.2%	-814	-0.1%	3,100	0.2%

Conclusion

Idaho's recovery has been slow. Recovery in earnest did not begin until late 2011 to early 2012. Through 2010 and much of 2011, the steady but geographically uneven recovery saw either minimal growth or a holding pattern across the state's smaller MSAs and rural areas. For the Boise City-Nampa MSA, the apparent migration of population and jobs appears to have helped the development of a more pronounced recovery. This pattern is consistent with Idaho's two northwestern neighbors, Oregon and Washington, and is revealing itself at the national level. But while the pattern is evident, causation warrants more investigation. The population growth pattern seems concomitant with the TNF job benchmark and estimates provided by BLS. A continuation of this pattern may indicate the early stages of an economic restructuring for the state of Idaho that witnesses an increased economic role and dominance of the Boise City-Nampa MSA.