

## Fiscal Highlights

### **Employment and Wage Growth** - Andrea Wilko

Overall Utah's economy is improving. Businesses in Utah continue to create jobs at more than twice the national average and compared to long run trends, employment is growing faster than historical rates. Looking at specific industry classifications, all 11 broad areas are expected to see job growth. Overall, businesses have created a total of 115,900 jobs since the trough of the recession, with total employment now surpassing the pre-recession peak. Over the same time frame, employment growth in the nation is still 2.7 million below the pre-recession peak and other mountain west states are 361,000 below their pre-recession peak.

In 2012, nonfarm employment growth outpaced the labor force growth rate by about three times, with the estimated labor force growing by about 13,500, whereas total nonagricultural employment grew by about 40,300. An additional 42,400 jobs are anticipated for 2013, representing an annual growth rate of 3.4%. There is still a deficit of approximately 100,000 jobs below what would have been had the labor force not declined.

Wages have also seen improvement recently. The average annual wage in the State was \$40,651 in 2012, an increase of 2.4% over the prior year. Average annual wage is expected to increase by \$1,028 in 2013 (a 2.5% increase) and by \$1,245 in 2014 (a 3.0% increase).

The labor market is under transformation, with a greater percentage of employees shifting towards part-time employment or self-employment. The slow gradual shift appears to be permanent.

Turning to national employment, April employment grew by 165,000, and the national unemployment rate held steady at 7.5%. Employment grew in professional and business services, food services and drinking establishments, retail trade, and health care. The industrial side of the economy continues to grow slower. Overall, national employment is still below its December 2008 high and will remain that way through 2013.

National wages have been practically flat for over a decade on an inflation-adjusted basis. In spite of recent wage improvements, the rate of wage growth is likely to experience a lower long-term trend growth rate.