



MEMORANDUM

Date: January 30, 2019

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Pima County's Increased Economic Performance**

On January 27, 2019, the *Arizona Daily Star* published an article ("*Most Pima County residents expect economic growth in 2019, poll finds*") that cited a survey (**Attachment 1**) by Strongpoint Opinion Research indicating increased citizen confidence in Pima County's economy.

The poll found the majority of Pima County respondents (71 percent) are at least somewhat confident to extremely confident that the County will see economic growth in 2019. More than half the respondents believe there will be increased job growth in Pima County this year. Additionally, 67 percent of the respondents are at least somewhat confident to extremely confident their personal financial situations will improve in 2019. By contrast, only 55 percent of the respondents indicated they were at least somewhat confident to extremely confident the national economy would see economic growth and 46 percent said they were not at all confident the US economy would grow in 2019.

The Strongpoint survey was internet-based and was not scientific or statistically-based polling. However, the responses track closely toward recent data-driven economic forecasts from organizations such as the Economic and Business Research Center at the University of Arizona's Eller College of Management.

One recent analysis from the Milken Institute (**Attachment 2**) provides insight in to the rapid progress Pima County's economy has made since the recessionary years and may account for the increased economic confidence from Pima County residents. Although titled "Best Performing Cities Index" the Milken Institute's comparative data actually examines Metropolitan Statistical Areas (MSAs) by size, and as you are aware, the Tucson MSA encompasses all of Pima County.

The methodology utilized by the Milken Institute is sound statistical-based analysis, unlike the rankings from Nerd Wallet and other financial companies that have become prevalent in the media and utilize unsound methodologies that serve primarily to drive internet traffic to the companies developing the rankings. The Milken Institute ranks MSA's by how well they

The Honorable Chairman and Members, Pima County Board of Supervisors
Re: **Pima County's Increased Economic Performance**
January 30, 2019
Page 2

are structurally creating and sustaining jobs and economic growth. The methodology includes employment, wage and salary, and technological industry location quotient growth.

The index, released in January 2019, shows the Tucson MSA/Pima County had the third best improvement out of the 200 large city MSAs analyzed. From 2017 to 2018, the Tucson MSA increased 52 spots to the 104th best performing large city MSA – essentially moving from near the bottom of the rankings to the middle in the County' first year of statistical recovery from the previous economic recession. By way of contrast, the top performer (Provo-Orem, Utah MSA) held steady from 2017 to 2018 and the second best performer (San Jose-Sunnyvale-Santa Clara, California MSA) gained only nine spots in that same period. The best performer in Arizona (Phoenix-Mesa-Scottsdale MSA, which includes all of Maricopa and Pinal Counties) increased 20 spots from 40th best to 20th best from 2017 to 2018. It should be noted the Tucson MSA (Pima County) has a population of 1,023,000 compared to the 4,737,000 people in the MSA that includes Maricopa and Pinal Counties.

Pima County's rapid improvement of 52 spots from 2017 to 2018 in the Milken Institute's Index highlights the detrimental effect the recession had on Pima County until last year. It also serves to underscore the importance of our shift from a growth-dependent economy to a strategy of export-oriented job creation, high wage job development, diversification of our economic sectors and attraction and expansion of high-tech companies. That strategy, combined with increased effort in workforce development programming to sustain our current economic momentum, will continue to be the focus of the 2019-2021 Pima County Economic Development Plan Update which will be presented to the Board of Supervisors for consideration in the first quarter of 2019.

CHH/dr

Attachments

ATTACHMENT 1

Most Pima County residents expect economic growth in 2019, poll finds

By Gloria Knott Arizona Daily Star Jan 27, 2019 Updated Jan 28, 2019



Downtown Tucson and the Santa Catalina Mountains.

Mike Christy / Arizona Daily Star

It's a new year, which means new opportunities for growth — maybe even for our economy.

At least that's what Pima County residents think.

According to a community poll by Strongpoint Opinion Research and the Arizona Daily Star, the majority of respondents — 71 percent — say they're at least somewhat confident that Pima County will see economic growth in 2019.

Only 29 percent say they're not at all confident.

The poll, conducted in mid-January, asked 2,333 people their thoughts on the local and national economy going into 2019.

"I think we're coming off a solid year in 2018," says George Hammond, research professor and director of the University of Arizona's Economic and Business Research Center. "I'm not surprised that most people think we'll keep growing."

When asked how the local economy would change from 2018 to 2019, 35 percent of respondents said they feel the economy will be at least somewhat better this year. More than half the respondents said they predict an increase in job creation, though 36 percent feel there will be no change in job growth for 2019.

And although respondents seem optimistic about Pima County's economic growth, more than half the respondents predict there will be no change for employee wages, infrastructure investment or retail sales.

"It's reasonable to expect continued job growth," Hammond says, adding that he would be more optimistic in the category of wage growth, especially given Tucson's recent minimum wage increase.

Also, about 33 percent of respondents said they expect their household income to increase, while 55 percent expect no change.

However, 67 percent of the respondents say they're at least somewhat confident that their personal financial situations will improve in 2019. About 33 percent say they're not at all confident in that.

The majority of respondents also don't expect any major changes — such as buying a home, changing careers or going back to school — in 2019, but 46 percent say they plan to save more money than they did in 2018.

And for those who plan to make a financial change this year, the majority said their decisions are at least somewhat influenced by their predictions on 2019's economy.

And in terms of the national economy, 55 percent of respondents say they're at least somewhat confident that the U.S. will see economic growth, but 46 percent say they're not at all confident.

“I think that makes a bit of sense to me,” Hammond says. “There's been quite a bit of talk in the national economy slowing in 2019 and that might be what's on people's minds.”

Hammond also mentioned the federal government shutdown specifically, saying that it might have been “weighing on people.”

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ATTACHMENT 2



MILKEN INSTITUTE

BEST-PERFORMING CITIES

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Large Cities 2018

Tucson, AZ MSA

Overall Rank: 102 Population: 1,023,000

The 2018 Milken Institute Best-Performing Cities Index ranks U.S. metropolitan areas by how well they are creating and sustaining jobs and economic growth. The components include job, wage and salary, and technology growth. In most years, these give a good indication of the underlying structural performance of regional economics.

[View U.S. Map](#)[Download 2018 Report](#)[Compare Large Cities \(2018\)](#)[Rankings \(2018\)](#)

Metro's Performance in Each Index Component

Component	2013	2014	2015	2016	2017	2018	Score/Value
5-yr Job Growth ¹	160	178	183	160	134	152	96.08
1-yr Job Growth ²	103	160	176	168	154	91	99.97
5-yr Wages & Salaries Growth ³	150	167	181	185	189	174	92.12
1-yr Wages & Salaries Growth ⁴	161	125	144	181	183	139	99.17
Short-Term Job Growth ⁵	28	116	165	50	155	63	100.41%
5-yr Relative HT GDP Growth ⁶	182	150	94	147	41	103	95.88
1-yr Relative HT GDP Growth ⁷	80	108	172	127	130	42	101.69
High-Tech GDP LQ ⁸	58	52	59	62	52	41	1.17
# of HT GDP LQs Over 1 ⁹	24	33	19	21	16	15	10.0