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# MEMORANDUM

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Date: October 3, 2019

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

From: C.H. Huckelberry  
County Administrator

Re: **Employment Increase in Pima County and Economic Performance**

On July 15, 2019, I provided the Board of Supervisors a memorandum ("Economic Development Plan 2019-2021 Executive Summary") which detailed the areas of emphasis in the County's updated Economic Development Plan and provided examples of Pima County's increased economic performance since the release of the first Economic Development Plan in 2012. As indicated in the executive summary, part of strengthening our regional economy occurs by providing infrastructure and increasing our business attraction, retention and expansion efforts in high-wage sectors such as aerospace, logistics and manufacturing. This has been a priority for Pima County throughout the iterations of the Plan since its inception in 2012.

On September 19, 2019 the State of Arizona's Office of Economic Opportunity released its monthly employment report which includes percentage increases and decreases of employment in the State's seven metropolitan statistical areas (MSAs). As shown in Attachment 1, the Tucson MSA, which includes all of Pima County, led all of Arizona's MSAs in August 2019 with over the year employment growth of 3.1 percent. This surpassed the Phoenix-Mesa-Scottsdale MSA (which includes both Maricopa and Pinal Counties) where employment grew at 2.7 percent, as well as the State's overall 2.5 percent job growth and the national rate of 1.4 percent.

Like many regions of the United States, much of Pima County's statistical job growth can be ascribed to national economic factors, such as the current US economic expansion which began in June 2009 and is now the longest expansion in US history. But it may be helpful to the Board to understand how the employment sectors which Pima County has prioritized are growing robustly in the County. It may also be helpful to understand which sectors are seeing negative job growth due to other national economic factors, such as the current federal trade policies that are having a debilitating effect on the cross-border trade and which historically have been a mainstay of Pima County and Arizona's economy.

In the State's September 2019 data release (Attachment 2) some of the largest over the year increases in Pima County employment occurred in Manufacturing (5.9 percent), Aerospace Products and Parts (6.9 percent), Transportation/Warehousing/Utilities (7.9

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percent) and Construction (4.7 percent). Unfortunately Wholesale Trade, most of which is derived from Mexico, has decreased 4.7 percent over the year.

One of the cornerstones of our economic development plan was to attract export-based employment, which generally carries the highest economic multipliers and higher wages. For the period of August 2018 to August 2019, Pima County led the State in employment growth at 3.1 percent. More importantly, this employment growth was anchored by growth in export-based employment, including manufacturing, aerospace and logistics, all targeted economic development growth sectors.

Clearly, our emphasis in economic development over the past seven years is substantially paying off. I hope to report on several, additional economic development and job growth opportunities in Pima County before the end of 2019.

CHH/anc

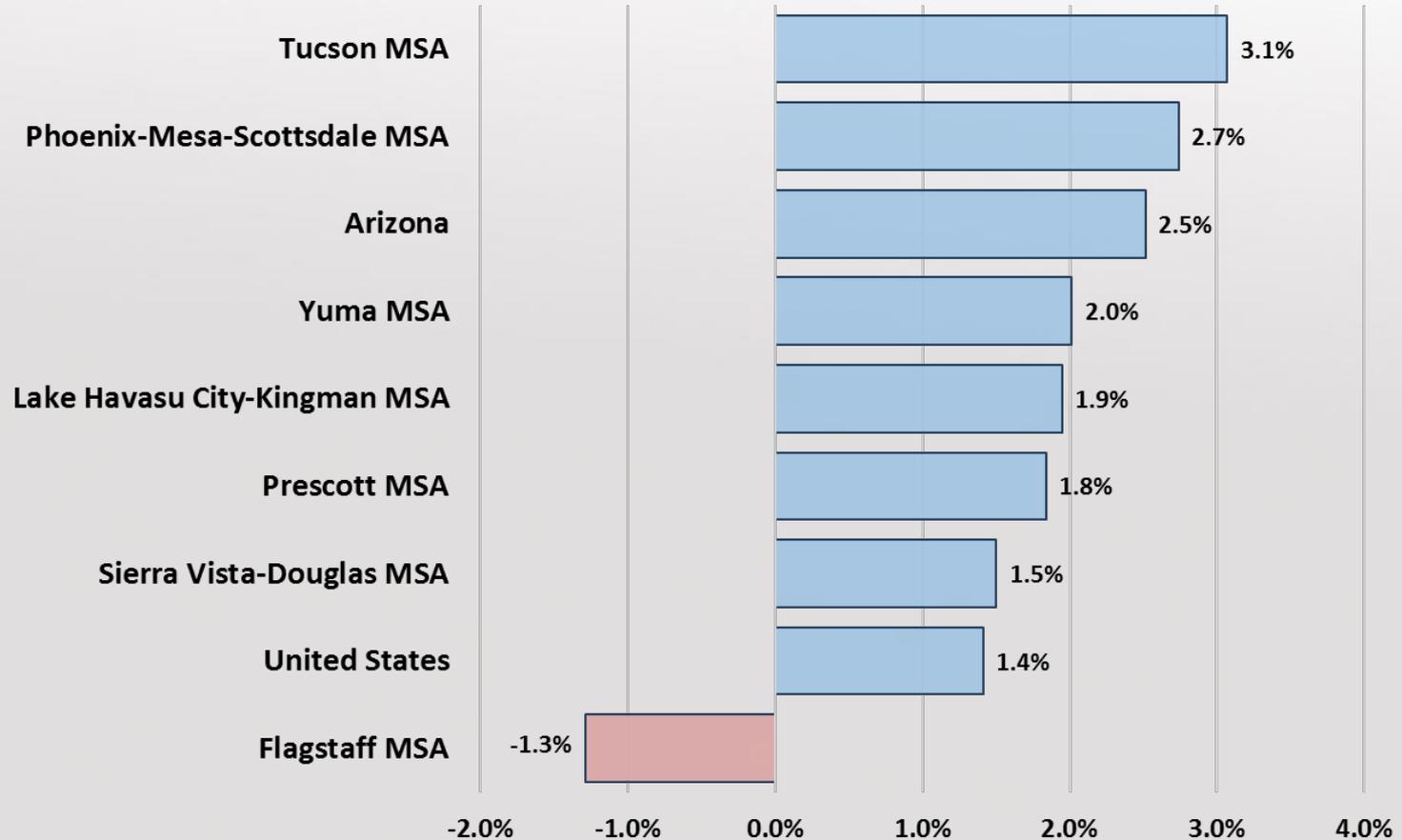
#### Attachments

c: Jan Leshar, Chief Deputy County Administrator  
Carmine DeBonis Deputy County Administrator for Public Works  
Francisco Garcia, Deputy County Administrator  
John Voorhees, Assistant County Administrator  
Dr. John Moffatt, Director, Economic Development  
Patrick Cavanaugh, Deputy Director, Economic Development

# ATTACHMENT 1

### Total Nonfarm Employment by Region

Over-the-Year Percent Gain/Loss



Source: Office of Economic Opportunity in collaboration with the US Dept. of Labor's Bureau of Labor Statistics; Current Employment Statistics

# ATTACHMENT 2

Table 2 (Cont.)

## Nonfarm Payroll Employment

(in Thousands, Not Seasonally Adjusted)

TUCSON MSA <sup>3</sup>				Amount Change		Percent Change	
	August	July	August	Monthly	Over-Year	Monthly	Over-Year
	2019(b)	2019(c)	2018(c)	July '19 - August '19	August '18 - August '19	July '19 - August '19	August '18 - August '19
<b>Total Nonfarm Payroll Employment<sup>(c,d)</sup></b>	<b>386.3</b>	<b>377.3</b>	<b>374.8</b>	<b>9.0</b>	<b>11.5</b>	<b>2.4%</b>	<b>3.1%</b>
Private Sector	309.6	307.9	302.8	1.7	6.8	0.6%	2.2%
Government	76.7	69.4	72.0	7.3	4.7	10.5%	6.5%
<b>Goods-Producing Industries</b>	<b>46.8</b>	<b>46.8</b>	<b>44.5</b>	<b>0.0</b>	<b>2.3</b>	<b>0.0%</b>	<b>5.2%</b>
<b>Manufacturing</b>	<b>27.0</b>	<b>27.1</b>	<b>25.5</b>	<b>-0.1</b>	<b>1.5</b>	<b>-0.4%</b>	<b>5.9%</b>
Aerospace Products and Parts	13.9	13.8	13.0	0.1	0.9	0.7%	6.9%
<b>Natural Resources and Mining</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Construction</b>	<b>17.9</b>	<b>17.8</b>	<b>17.1</b>	<b>0.1</b>	<b>0.8</b>	<b>0.6%</b>	<b>4.7%</b>
Specialty Trades	14.0	14.0	12.8	0.0	1.2	0.0%	9.4%
<b>Service-Providing Industries</b>	<b>339.5</b>	<b>330.5</b>	<b>330.3</b>	<b>9.0</b>	<b>9.2</b>	<b>2.7%</b>	<b>2.8%</b>
<b>Private Service Providing</b>	<b>262.8</b>	<b>261.1</b>	<b>258.3</b>	<b>1.7</b>	<b>4.5</b>	<b>0.7%</b>	<b>1.7%</b>
<b>Trade, Transportation and Utilities</b>	<b>58.8</b>	<b>58.8</b>	<b>60.2</b>	<b>0.0</b>	<b>-1.4</b>	<b>0.0%</b>	<b>-2.3%</b>
Trade	46.5	46.6	48.8	-0.1	-2.3	-0.2%	-4.7%
Wholesale Trade	7.1	7.1	7.4	0.0	-0.3	0.0%	-4.1%
Retail Trade	39.4	39.5	41.4	-0.1	-2.0	-0.3%	-4.8%
General Merchandise	8.0	8.0	8.2	0.0	-0.2	0.0%	-2.4%
Department Stores	3.3	3.3	3.4	0.0	-0.1	0.0%	-2.9%
Other General Merchandise	4.7	4.7	4.8	0.0	-0.1	0.0%	-2.1%
Food and Beverage Stores	9.0	9.0	9.2	0.0	-0.2	0.0%	-2.2%
Transportation, Warehousing and Utilities	12.3	12.2	11.4	0.1	0.9	0.8%	7.9%
<b>Information</b>	<b>5.6</b>	<b>5.6</b>	<b>5.5</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0%</b>	<b>1.8%</b>
<b>Financial Activities</b>	<b>18.4</b>	<b>18.2</b>	<b>18.2</b>	<b>0.2</b>	<b>0.2</b>	<b>1.1%</b>	<b>1.1%</b>
<b>Professional and Business Services</b>	<b>51.8</b>	<b>51.3</b>	<b>51.7</b>	<b>0.5</b>	<b>0.1</b>	<b>1.0%</b>	<b>0.2%</b>
Professional, Scientific and Technical Services	19.6	19.5	18.9	0.1	0.7	0.5%	3.7%
Administrative and Waste Services	30.8	30.4	31.1	0.4	-0.3	1.3%	-1.0%
Employment Services	10.8	10.9	10.7	-0.1	0.1	-0.9%	0.9%
Business Support Services	9.5	9.5	9.9	0.0	-0.4	0.0%	-4.0%
<b>Education and Health Services</b>	<b>70.0</b>	<b>68.9</b>	<b>66.0</b>	<b>1.1</b>	<b>4.0</b>	<b>1.6%</b>	<b>6.1%</b>
Health Care	51.2	50.8	49.7	0.4	1.5	0.8%	3.0%
Ambulatory Health Care Services	23.4	23.2	22.6	0.2	0.8	0.9%	3.5%
Hospitals	17.1	17.0	16.8	0.1	0.3	0.6%	1.8%
Nursing and Residential Care Facilities	10.7	10.6	10.3	0.1	0.4	0.9%	3.9%
<b>Leisure and Hospitality</b>	<b>45.0</b>	<b>45.1</b>	<b>43.3</b>	<b>-0.1</b>	<b>1.7</b>	<b>-0.2%</b>	<b>3.9%</b>
Accommodations and Food Services	39.8	39.4	38.3	0.4	1.5	1.0%	3.9%
Accommodations	6.6	6.6	6.6	0.0	0.0	0.0%	0.0%
Food Services and Drinking Places	33.2	32.8	31.7	0.4	1.5	1.2%	4.7%
<b>Other Services (except Public Administration)</b>	<b>13.2</b>	<b>13.2</b>	<b>13.4</b>	<b>0.0</b>	<b>-0.2</b>	<b>0.0%</b>	<b>-1.5%</b>
<b>Government</b>	<b>76.7</b>	<b>69.4</b>	<b>72.0</b>	<b>7.3</b>	<b>4.7</b>	<b>10.5%</b>	<b>6.5%</b>
Federal Government	13.3	13.1	12.7	0.2	0.6	1.5%	4.7%
State Government	24.5	19.8	20.0	4.7	4.5	23.7%	22.5%
State Government Education	20.3	15.5	15.5	4.8	4.8	31.0%	31.0%
Local Government	38.9	36.5	39.3	2.4	-0.4	6.6%	-1.0%
Local Government Education	20.1	18.2	20.4	1.9	-0.3	10.4%	-1.5%

Note: 3) Tucson Metropolitan Area includes all of Pima County. For other notes and source, see end of Table 2.