Economic recovery remains sluggish across counties despite signs of national boom

New NACo analysis: year of growth yields uneven results for county economies

WASHINGTON, D.C. – While the national economy shows signs of increasingly rapid growth and other promising trends, a new in-depth analysis reveals that recovery on the ground remains sluggish and uneven. 2014 was a year of significant growth for county economies, yet most have not completely recovered — including 95 percent of county economies that have not returned to their pre-recession unemployment rates.

The 2014 County Economic Tracker: Progress through Adversity released today by the National Association of Counties (NACo) tracks annual changes in four key economic performance indicators — economic output (GDP), employment, unemployment and home prices — across the nation’s 3,069 county economies. The new analysis also explores 2012-2013 wage dynamics, accounting for local cost of living and inflation. The data demonstrates that county economies are where Americans feel the national economy, particularly in their jobs and pay checks.

“As counties, residents and businesses overcame economic adversity and made progress last year, we still face challenges and must leverage opportunities,” said NACo President Riki Hokama, council member, Maui County, Hawaii. “Counties are the fundamental building blocks of regional, statewide and national economies. Our economic strengths enable us to invest in everything from essential infrastructure to vast networks of social services. Strong county economies are the root of healthy, vibrant and safe communities.”

2014 was a year of growth, but recovery remains sluggish.

- GDP in 55 percent of county economies recovered or had no declines over the last decade.
- Housing prices have recovered in just under half of county economies.
- Job growth accelerated, and 63 percent of county economies witnessed faster job gains than in 2013, a trend most pronounced in mid-sized county economies — counties with 50,000-500,000 residents.
- Unemployment declined in almost all county economies; however, nearly three-quarters of county economies are still below their pre-recession employment levels.

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“Maui County has experienced sizable progress on key economic indicators, but, like other counties, we still have work to do,” added Hokama. “Much of our progress has been the result of sound fiscal decisions and strategic economic partnerships.”

**Economic recovery is starting to spread, but it is still uneven.**

- Almost three-quarters of county economies recovered to pre-recession levels on at least one of the indicators analyzed.
- Large, mid-sized and small counties have been affected by the recession, but recovery patterns have varied widely.
- The majority of the fully-recovered county economies are small — counties with fewer than 50,000 people — and concentrated in states with booming energy and agriculture sectors (Alaska, Kansas, Montana, North Dakota or Texas, for example).
- For the first time, one large county economy — counties with more than 500,000 residents — Kent County, Mich., reached its pre-downturn unemployment rate.

“We are pleased that Kent County’s economy is rebounding and continues to show improvement,” said Kent County, Mich. Administrator/Controller Daryl Delabbio. “We attribute this, in part, to our superb public-private-nonprofit partnerships and the collaborative environment that exists, along with the innovative spirit that our community has historically demonstrated.”

**County economies are where Americans feel the national economy.**

- Only 40 percent of new jobs were in industries paying more than the average wage in the county where the job is located.
- Between 2012 and 2013, average wages declined in half of county economies, when taking into consideration the local cost of living and inflation.
- Large county economies continued to generate a disproportionate share of the new jobs in 2014, but only 38 percent of the net jobs created were in industries paying above the 2013 average wage in the county.
- Average wage growth in small county economies like Ohio County, W.V. fared better than the rest.

“We have enjoyed strong GDP growth and increased wages because we focus on job creation and economic development. While we’ve seen some success, the economic climate still presents challenges for our county and counties across the country. But, as elected officials, we are doing our best to overcome those obstacles to improve the quality of life for our residents,” said Ohio County, W.V. Commission President Tim McCormick, who also serves on NACo’s Board of Directors.

The slow, disproportionate recovery across county economies adds to the challenges counties face, including a triple threat from the uncertainty around major federal policy — the prospect of tax and entitlement reforms, appropriations cuts and unfunded mandates and regulations.

“Economic realities on the ground highlight the importance of working closely with our state and federal partners to deliver essential county services to residents across the country,” said Matthew Chase, NACo’s executive director. “Counties are doing their part, investing in economic development, transportation and many other services, but they cannot do it alone. Counties must continue to leverage networks of public, nonprofit and private partners to fulfill their mandated duties.”

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Emilia Istrate, NACo's director of research added, “The County Economic Tracker reminds us that the U.S. economy can mask the realities of what is happening on the ground. Economic growth is spreading, but most county economies have not recovered to levels seen before the recession. This progress through adversity illustrates the success of county economic development efforts, but it also shows the need for collaboration in securing a strong economy.”

For the full report, individual economic performance profiles for the 3,069 county economies and more information, visit www.naco.org/CountyEconomies.

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The National Association of Counties (NACo) is the only national organization that represents county governments in the United States. Founded in 1935, NACo assists America's 3,069 counties in pursuing excellence in public service to produce healthy, vibrant, safe and resilient counties. NACo promotes sound public policies, fosters county solutions and innovation, promotes intergovernmental and public-private collaboration and provides value-added services to save counties and taxpayers money. More information at: www.naco.org.