2015 was a year of continued improvement for the U.S. economy, prompting the Federal Reserve to raise its key interest rate for the first time in almost a decade. Unemployment fell to five percent, half the rate from the recession (U.S. BLS, 2016a). The economy added over two and a half million jobs (U.S. BLS, 2016b). Furthermore, for the second straight year, U.S. economic output (GDP) grew by 2.4 percent (U.S. BEA, 2016). These national economic trends, however, mask a more diverse reality that county economies are experiencing on the ground.
“The majority (65 percent) of counties in the 13 western states are small and rural – i.e., they are counties with less than 50,000 residents. Small county economies of the West underwent accelerated recovery on unemployment rates and home prices in 2015.”

County economies are the building blocks of regional economies (metropolitan areas and micropolitan areas), states, and the nation. The condition of county economies is one of the factors affecting the ability of county governments to provide services and meet their financial obligations. For these reasons, the study of county economies is essential to understanding the nation’s economic wellbeing.

To assist county elected officials and other stakeholders, the National Association of Counties released, in January, its annual look at recovery patterns across the nation’s 3,069 county economies (Istrate and Knudsen, 2015). County Economies 2015: Opportunities and Challenges analyzes annual changes of four economic performance indicators — economic output, also known as gross domestic product (GDP), jobs, unemployment rates and home prices — between 2014 and 2015 across county economies. The focus of the report is on the county economy, not the county government. Analyzing data purchased from Moody’s Analytics, the report identifies the recession and recovery status for each county economy for each of the four indicators analyzed. In addition, the report explores 2013-2014 wage dynamics as well as trends in productivity and wages in county economies from 2009-2014. 2014 is the latest year for which wage data are available.

2015 was a year of continued recovery and growth for small, western county economies. The majority (65 percent) of counties in the 13 western states are small and rural – i.e., they are counties with less than 50,000 residents. Small county economies of the West underwent accelerated recovery on unemployment rates and home prices in 2015.

1. Go to www.naco.org/CountyExplorer.
2. Click on “Map an Indicator.”
3. Select “Economy” then “County Economies.”
4. For County Profiles, select “County Economic Profile.”
5. Type the name of your county in the top right search box and the one-page PDF Profile will open in a box on the same page.
6. The one-page PDF profile for a county economy shows the latest growth rates of the four economic indicators, their trends since 2002 and the top five specialized industries in the county economy.
7. Click on the “Print” icon at the bottom to print the profile.
Almost three times more small western county economies recovered on homes prices in 2015 than the previous year, while about twice as many returned to their pre-recession unemployment lows. Job growth was robust, with 83 percent of small county economies in the West posting employment gains in 2015. At the same time, however, economic output (GDP) recovery almost stalled. By 2015, only 45 percent of small western county economies had recovered to their pre-recession levels on economic output (GDP). Slower economic output (GDP) growth in 2015 was the main reason. Economic output (GDP) even fell in 32 percent of small county economies in this part of the country.

Nevertheless, full economic recovery is spreading throughout the West and the entire U.S. By 2015, 214 county economies nationwide had recovered to their pre-recession levels on all four indicators analyzed (economic output (GDP), unemployment rate, jobs and home prices), close to a three-fold increase over 2014. Likewise, 17 small western county economies fully recovered by 2015, up from only 10 the year before. In western states, however, these numbers still represent only six percent of all small county economies. Thirteen of these fully recovered county economies are in Montana. In contrast, over a fifth of the small county economies of the 13 western states have not closed their recessionary gaps on any of the indicators analyzed. Thus, full economic recovery has not been spreading evenly.

Looking at wages, the *County Economies 2015* report finds that the recovery is creating an uneven geography of opportunity. In 2014, wages increased for about two-thirds of county economies nationally, when taking into account the cost of living and inflation. A similar share of small western county economies witnessed growth in their adjusted wages. Moreover, 40 percent of small western county economies saw real wage increases alongside productivity gains over the five-year span from 2009-2014. However, wages did not keep up with productivity gains everywhere between 2009 and 2014. Twenty-three percent of county economies in the West had falling wages, in spite of productivity increases over the five-year period. The report examines the average of real wages in all the industry in a county economy, not just those of county government employees.

This uneven recovery across county economies contributes to the challenges that counties confront. Counties already face a triple threat from uncertainty around federal policy, from tax and entitlement reform and from appropriation cuts not accompanied by reductions in unfunded mandates. Nevertheless, counties are doing their part to invest in economic development, infrastructure, and providing services.

*County Economies 2015* highlights that it is on the ground, at the local level, where Americans feel the national economy. The economic recovery and growth continued to spread in 2015, but unevenly.

“[In 2015] job growth was robust, with 83 percent of small county economies in the West posting employment gains in 2015. At the same time, however, economic output (GDP) recovery almost stalled. By 2015, only 45 percent of small western county economies had recovered to their pre-recession levels on economic output (GDP).”
around the country. These opportunities and challenges point to the continuing need for a strong local-state-federal partnership to secure a strong economy.

ABOUT COUNTY ECONOMIES 2015
When trying to understand national and local economic trends, sometimes a picture is worth a thousand words. County leaders now have access to an interactive visual tool to help assess the economy of their county thanks to NACo. Find it online at www.naco.org/CountyEconomies. NACo’s County Economies 2015: Opportunities and Challenges is a nationwide analysis of economic recovery at the county level, and it was the source of the information cited in the adjacent article. Individual counties are assessed on four key indicators:

- Economic output (gross domestic product/GDP)
- Jobs
- Unemployment rates
- Home Prices

The result is a color-coded interactive map of the 3,069 counties in the United States, showing the progress of economic recovery for each county. (See map on first page of this article.)

Also available are one-page PDF profiles for each county economy showing the latest growth rates of the four economic indicators, the trends since 2002, and the top five specialized industries. (Pictured below.)

NACO’S COUNTY ECONOMIC TRACKER — KEY TERMS

County Economy: The economy of a county with a county government.

Economic Output (gross domestic product - GDP): Total value of goods and services produced by a county economy, also known as GDP (Data Source: Moody’s Analytics.)

Jobs: Total wage and salary jobs, whether full- or part-time, temporary or permanent in a county economy. It counts the number of jobs, not employed people, for all employers in a county economy, not only for the county government. (Data source: Moody’s Analytics.)

Median Home Sales Prices: Median sales prices of existing single-family homes in a county economy. (Data source: Moody’s Analytics.)

Peak: The highest annual value of a county economy indicator (or, the lowest for the unemployment rate) between 2002 and 2009. 2002 is the first year after the end of the previous U.S. recession and 2009 marks the end of the latest U.S. recession. The National Bureau of Economic Research (NBER) determines the end of U.S. economic recessions.

Recession: The period between the peak and the trough years for an indicator for a county economy during the latest U.S. economic downturn. This research counts a recession only when the difference between the peak and the trough value is larger than one percent of the peak value. It is possible that no recession occurred for an indicator in some county economies during the latest U.S. economic downturn.

Recovery: Trough year to 2015 for an indicator for a county economy. If a county economy had no recession on a specific indicator, the recovery period is from 2009 to 2015. It is possible that a county economy underwent recession and has not yet entered the recovery period for a specific indicator.

Trough: The lowest annual value of a county economy indicator (or, the highest for the unemployment rate) between the peak and 2015.

Unemployment Rate: The proportion of the civilian labor force that is unemployed in a county economy. Persons are classified as unemployed if they do not have a job, have actively looked for work in the prior four weeks and are currently available for work. (Data source: Moody’s Analytics.)

West: As defined by the Western Rural Development Center, this region includes counties in 13 states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington, and Wyoming.

County Economy One-Page Profile. Available at naco.org/CountyExplorer.