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County Economies 2015
OPPORTUNITIES AND CHALLENGES

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As Americans prepare to cast their first votes in presidential primaries, the National Association of Counties has released its annual look at recovery patterns across the nation's 3,069 county economies. *County Economies 2015: Opportunities and Challenges* analyzes annual changes of four economic performance indicators — economic output, also known as gross domestic product (GDP), employment, unemployment rates, and home prices — between 2014 and 2015 across county economies. In addition, it explores 2013-2014 wage dynamics as well as 2009-2014 trends in productivity and wages in county economies. 2014 is the latest year for which wage data are available.

The focus of the report is on the county economy, not the county government. County economies are the building blocks of regional economies (metropolitan areas and micropolitan areas), states and the nation. Small county economies — those in counties with fewer than 50,000 residents — are here viewed as rural. Over 69 percent of all counties are small, as well as about 65 percent of western counties.

Released with the report are companion interactive maps and individualized county profiles, both featuring the economic data from the County Economies analysis and available now on NACo's County Explorer.

2015 was a year of continued recovery for county economies. Nationwide, an additional 462 county economies returned to their pre-recession unemployment lows in 2015, two and a half times more than in the previous year. Home prices recovered at a similar rate. Job growth accelerated and home prices saw faster gains in two-thirds of county economies. At the same time, GDP recovery almost stalled. By 2015, 55 percent of county economies had recovered to pre-recession levels on GDP, up only slightly from 51 percent the previous year. Only 45 percent of small county economies — those in counties with fewer than 50,000 residents — in the thirteen western states recovered on GDP by 2015, a lower rate than for all U.S. county economies. Slower GDP growth in 2015 was the main reason. Overall, GDP fell in 36 percent of county economies. A majority of oil-and-gas county economies saw declines in GDP in 2015.

Nevertheless, the economic recovery is spreading. By 2015, 214 county economies recovered to their pre-recession levels on all four indicators analyzed (GDP, unemployment rate, employment, and home prices), close to a three-fold increase over 2014. Large county economies — counties with more than 500,000 residents

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— are making significant progress. For the first time, 17 of the 126 large county economies are fully recovered; most of these in California and Texas.

There remains room to improve for many county economies. By 2015, only seven percent of county economies nationwide and six percent of small western county economies have recovered on all four indicators. Comparatively, almost 16 percent of county economies coast-to-coast have not returned to their pre-recession levels on any indicator. The corresponding share exceeds 20 percent in the small county economies of the thirteen western states.

These disparities in recovery and growth across county economies help explain why Americans do not feel improving national economic numbers. Many also do not yet see them in their paychecks.

Wages increased for about two-thirds of county economies nationally in 2014, when taking into account the cost of living and inflation. Over three-quarters of county economies in states such as Florida, New Jersey, and Ohio saw increases in their adjusted wages. Almost 64 percent of small western county economies also witnessed growth in their adjusted wages.

However, wages did not keep up with productivity gains everywhere between 2009 and 2014, reflecting an uneven geography of opportunity. The analysis examines average real wages in county economies, not just for county government employees. Twenty-eight (28) percent of county economies nationwide had falling wages, yet their productivity increased over the five-year period. In small western county economies, 23 percent experienced wage declines at the same time that productivity rose.

This uneven recovery across county economies contributes to the challenges that counties already confront. Counties face a triple threat from uncertainty around federal policy, from tax reform, entitlement reform, and appropriation cuts not accompanied by reductions in unfunded mandates. Counties are doing their part under difficult conditions by investing 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 continues to spread in 2015, but unevenly around the country. These opportunities and challenges point to the continuing need for a strong local-state-federal partnership to secure a strong economy.

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