2014 was a relatively good year for the U.S. economy. The U.S. GDP grew by 2.4 percent last year, which was better than 2013 (U.S. BEA, 2015). Last year, the U.S. closed the job gap created during the latest economic downturn and the national economy added jobs at a faster rate than in 2013 (U.S. BLS, 2015). But these national trends do not provide much insight into what is happening on the ground in specific regions of the country, especially in smaller communities.

County economic trends are an essential measure of the well-being of county residents. Every January, the National Association of Counties (NACo) releases the County Economic Tracker, an analysis of the recovery patterns across the 3,069 county economies in the previous year (Lyell and Istrate, 2015). The report examines annual changes in four economic performance indicators — economic output (GDP), employment, unemployment rates, and home prices — for the previous year across the 3,069 county economies. NACo analyzes data purchased from Moody’s Analytics, one of the leading sources of economic data. The focus of the analysis is on county economies and not on county governments.

72 of the 373 Small Western County Economies Have Not Recovered by 2014 on any of the Four Indicators: Economic Output (GDP), Employment, Unemployment Rates, and Home Prices

2014 was a year of growth, but the recovery remains sluggish for county economies around the country and for the economies of small western counties.

Small county economies in the West — the economies of counties in the Western region of the United States with less than 50,000 people in 2014 — saw growth in 2014 and, in some cases, they had faster growth than in the previous year. Seventy (70) percent of the 530 counties in the West had less than 50,000 people in 2014, in line with the national average for all the counties. The majority of the economies of these counties recorded economic output (GDP) growth last year and 69 percent of them recorded job number improvements. This resulted in a faster decline in unemployment in 2014 than in 2013 in almost three quarters of rural Western county economies, much more rapid than in the rest of the small counties around the country. Unfortunately, economic output grew faster in only a quarter of small county economies in the West.

Economic recovery is starting to spread, though it remains uneven across the country. Every county economy had its own peaks and valleys, which differ depending on the economic dimension analyzed. This analysis keeps track of the performance of each county economy since 2002 and determines recession and recovery for each county economy based on that economy’s peaks and troughs, not against a national benchmark. (See the definitions of recovery and recession in the Key Terms box.) This granularity is one of the advantages of the County Economic Tracker over other data tools and reports.

The economies of Western counties recovered at better rates than others around the country. For example, a third of all the county economies in the western part of the country closed their job gaps by 2014, though only a quarter of county economies nationwide reached the peaks they had before the latest downturn. Furthermore, small county economies saw less effects of the housing boom and bust from the late 2000s. By 2014, housing prices in 60 percent of the economies of small Western counties had recovered or had seen no declines since 2002. In the West, however, small counties are having a harder time than their larger counterparts when it

NACo’s County Economic Tracker — Key Terms

The analysis in this article uses data produced in the 2014 County Economic Tracker. To see the national analysis, go to www.naco.org/CountyEconomies. Check in January 2016 for the new annual edition.

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. Data source: Moody’s Analytics

Peak: The highest annual value of a county economy indicator (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 beginning and end of U.S. economic recessions.

Recession: The period between the pre-recession peak and the trough 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 pre-recession 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 2014 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 2014. It is possible that a county economy underwent a recession and has not yet entered the recovery period for a specific indicator.

Trough: The lowest annual value of a county economy indicator (the highest for the unemployment rate) between the peak and 2014.

Unemployment Rate: The proportion of the civilian labor force that is unemployed. 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

comes to jobs. While employment in two thirds of the large Western county economies — in counties with more than 500,000 residents— recovered or had no declines since 2002, only a quarter of small Western county economies managed the same feat. By last year, a fifth of the Western small county economies still had not recovered on any of the four indicators analyzed here: economic output (GDP), employment, unemployment rates, and home prices (in light yellow on the map).

Faced with all these challenges, county governments participate in local and regional solutions for economic development and invest more than $25 billion annually in economic development (Istrate et al., 2014). A 2014 NACo survey of county governments found that funding is the top county contribution to economic development partnerships. Eighty-one (81) percent of counties sponsor local economic development partnerships. This includes small counties, even though they are more likely to invest small amounts. More than half of respondent small counties invest less than $100,000 annually in economic development. Counties invest in economic development because they understand that a stronger economy means more and better jobs for their residents, more tax revenue, and less county costs on public welfare and criminal justice. Counties are the social safety net on the ground; they outspend cities at a rate of three to one on health services or public welfare for their residents.

The sluggish and uneven recovery across county economies adds to the challenges that counties currently face. In addition, counties face a triple threat from the uncertainty around major federal policy changes: from tax reform, entitlement reform, and appropriation cuts, which are not accompanied by cuts in unfunded mandates and federal regulations. Counties are doing everything they can to continue to provide high-quality services to their residents under sometimes difficult economic conditions. They invest in economic development, transportation, and core social services. This progress through adversity indicates the success of county economic development efforts, but also the continued need for a strong private-local-state-federal partnership in securing a strong economy.

1. Go to www.naco.org/CountyExplorer.
2. Click on “Map an Indicator.”
3. Select “Economy” then “County Economic Tracker.”
4. Click on any of the 19 indicators to see the interactive maps with the county economic data for 2013-2014, recovery, recession and long-term.
5. For County Profiles, select “County Economic Profile.”
6. 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.
7. 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.
8. Click on the “Print” icon at the bottom to print the profile.