

## Arizona Jobs and Labor Force Update: April 2022

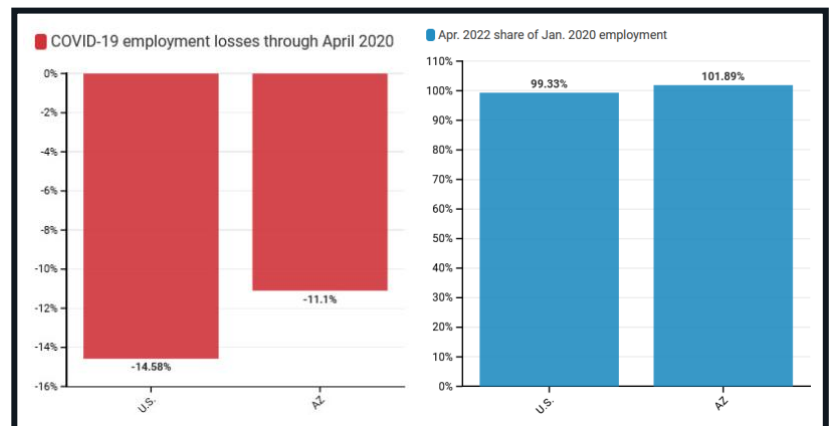
Arizona added 16,100 nonfarm jobs in April (+0.53%) and the Unemployment Rate declined by 0.1 percentage points to 3.2% - the lowest unemployment rate ever recorded in the state. Revisions to March were minor, and the non-farm measure of employment continues to show a decline last month even as total employment (measured by another survey) continued increasing. The overall employment trend in Arizona remains strong, with employment increasing 4.0% in the past twelve months – the 5<sup>th</sup> fastest increase in the country. Since April 2020, the State has added over 387,000 jobs and regained 101.6% of its pandemic-related job losses. Arizona’s manufacturing sector continues to overperform, growing 6.1% over the past year and experiencing the 4<sup>th</sup> fastest recovery in the country.

### Key Findings—Arizona April 2022 Employment Data (BLS CES Survey)<sup>i</sup>

- **Arizona added 16,100 total nonfarm jobs in April (a monthly increase of 0.53% and a total year-on-year change of +4.0%).**
  - The state surpassed its pre-pandemic peak level of jobs in November 2021 – making it only the fifth state at the time to have done so.
  - However, the State remains about 142,900 jobs below its 2017-2019 trend, and based on current growth rates will not achieve that level until late 2023.
- **Arizona’s labor market has outperformed the United States throughout the pandemic years – losing fewer jobs than all but 10 other states during the 2020 recession and regaining lost jobs faster than all but 4 other states.**
  - Fourteen states have employment levels above what they were at the start of the pandemic. Utah continues to have the highest differential (+5.5%).
- **Hourly wages in Arizona increased by 5.5% over the 12-months ending in April – the same rate as the United States as a whole and ranking the state 28<sup>th</sup> for wage growth.**
  - While the average private sector worker is now making 10.9% more than they were prior to the pandemic, inflation over the same period was over 15% - meaning real average hourly wages are down (4.1%) over the past two years.
  - Both nationally and in Arizona, labor markets accelerated in April after cooling in March. Arizona posted an impressive 1.5% increase in wages over the month, and only six states recorded negative month-over-month wage growth in April (versus 31 in March).

### A Deeper Dive into Arizona Industries

- Arizona's economy continues to exhibit divergent trends between its service and goods-producing sectors. Though the leisure and hospitality industry has led the recovery by adding 33,700 jobs over the past year, it is still down 2,800 jobs relative to March '20.
  - Arts, entertainment, and recreation is down 10.8% (5,000 jobs).
  - Accommodation has finally surpassed its pre-pandemic peak by 2,200 jobs.
- Manufacturing employment is up over 10,000 jobs relative to its pre-pandemic peak. Arizona added 4,900 new manufacturing jobs in April (+2.6%) - the 2<sup>nd</sup> fastest growing manufacturing sector in the country in the past month and the 4<sup>th</sup> fastest growing since the pandemic.



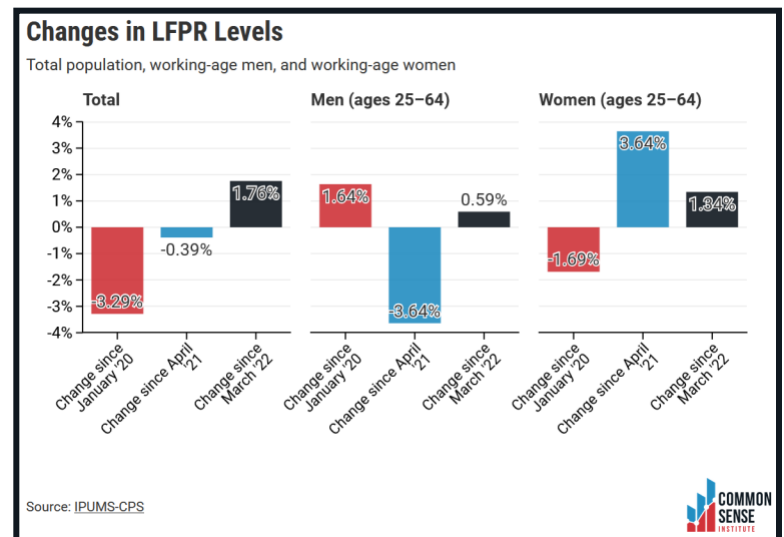
## Arizona Labor Force Update

Again reflecting the return to form for Arizona’s labor market after a dismal March report, labor force participation increased 1.76 percentage points in April to 60.73%. There are now more than 3.5 million people in the state’s labor force – the largest it has ever been since the Bureau of Labor Statistics began keeping track in 1976.

### Key Findings—Arizona April '22 Labor Force Data (FRED<sup>ii</sup>, and IPUMS-CPS<sup>iii</sup>)

- **April’s LFPR increased to 60.73%, and remains below its 2019 level of 62.2%.**
  - At the current population, this gap would equate to approximately 107,000 additional willing workers.
  - However, even at a reduced participation rate, in-migration - Arizona added over 125,000 new residents during the pandemic – has surged the states labor force to its largest level ever.
- **April’s unemployment rate fell by 0.1 percentage points, to 3.2%.**
  - This is the lowest unemployment rate ever recorded for the state of Arizona, and it is unlikely this rate can continue falling
- **After reversing a 20-year trend and growing its Labor Force Participation Rate between 2017-2019, Arizona’s participation rate declined precipitously during the pandemic, and has never fully recovered.**
  - Labor force participation in Arizona declined (0.39%) over the past year, and (3.29%) since January 2020 and the start of the pandemic.
  - Declines were concentrated among working-age women and older workers. Since 2020 the participation rate for women aged 20-64 has decreased (2.33%), while the participation rate for working-aged men increased 1.86%.
  - But, over the past year this trend has reversed, with working-aged males entering the states labor force more slowly than population growth even as younger women began returning to the workforce. Indeed, in just the past month the participation rate for women aged 25-49 increased 3.81 percentage points to 78.48% and now exceeds the participation rate for similarly aged men (78.47%).
  - Some of this may have been driven by household necessity in response to temporary school or daycare disruptions during the pandemic and household choice to have women fulfill required child-watching roles.

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<sup>i</sup> <https://data.bls.gov/cgi-bin/dsrv?sm>

<sup>ii</sup> <https://fred.stlouisfed.org/>

<sup>iii</sup> <https://cps.ipums.org/cps/>