

THE WALL STREET JOURNAL.

HOW ARE STATES WITH TIGHT LABOR MARKETS STILL BOOMING? DRAWING NEW WORKERS

Colorado and Utah led the nation in job growth last year but barely cut their number of unemployed

By Josh Mitchell
February 28, 2018

The states with the fastest employment growth are defying conventional economic wisdom that hiring will slow when the supply of available workers is limited.

Colorado and Utah led the nation in the rate of job growth last year, according to new Labor Department data. And they did it by bringing in workers from out of state and outside the labor force.

Total payrolls in the Rocky Mountain State grew 3.9 percent last year from the average level in 2016 – more than twice as fast as the national rate of growth of 1.5 percent. Beehive State payrolls grew 3.5 percent. Both states grew at a faster clip than in 2016.

Colorado and Utah are adding jobs because workers are being drawn from other places by the strong labor market or are re-entering the labor force. The number of unemployed in Colorado fell by just 9,000 last year; the number of people with jobs rose by 108,000. In Utah, there were just 1,000 fewer people unemployed, and 51,000 more with jobs.

A similar trend of a nearly steady level of unemployment but faster employment growth is also occurring in Arizona and Idaho.

Accelerating job growth bucks the national trend. U.S. employment gains have cooled each year since 2014. That matched economists' expectations that hiring would ease when the labor market tightened. The national unemployment rate – a measure of Americans without jobs but ready to work – touched 4.1 percent at the end of last year, the lowest level in 17 years. (The 2017 average was 4.4 percent.)

But the jobless rate in Colorado and Utah is even lower. The average unemployment rate in Colorado last year was 2.8 percent. In Utah it was 3.2 percent.

Those states stand in contrast to places like Florida, with an average unemployment rate last year of 4.2 percent. That state is at least partially fueling strong job growth by getting existing residents back to work. The state added 308,000 jobs last year, a 3.3 percent increase, and cut unemployment ranks by 54,000.

States with higher unemployment rates were even more reliant on the unemployed to fill jobs. Mississippi, with an average rate of 5.1 percent, added 11,000 jobs and had 9,000 fewer unemployed. The level of unemployment in Alabama fell by more than jobs grew – suggesting workers either left the state or gave up looking for jobs. The average unemployment rate there was 4.4 percent in 2017.

Nationally, employment grew in 2017 by more than unemployment fell – meaning some Americans who have been outside the labor force are coming off the sidelines. The share of the U.S. population with a job edged up to 60.1 percent last year from 59.7 percent in 2016.