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# **Arizona Jobs and Labor Force Update**

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# Introduction

Arizona lost 600 nonfarm jobs in March (-0.02%) – 39th in month-over-month employment growth. For perspective, while the average U.S. job growth rate was 0.15%, according to BLS just two states had statistically significant employment gains in March. The Unemployment Rate fell to 3.5% (-0.2%). This is approaching the record low Unemployment Rate that we saw in May and April of 2022. On a year-over-year basis, job growth was 2.2% through March (down from 5.2% at this time last year), and Arizona had the 27th fastest year-over-year job growth rate in the country. Since April 2020, the State has added over 489,200 jobs and regained 105.1% of its pandemic-related job losses. Arizona’s non-farm employment peaked in December 2022, and has shed 22,400 jobs since then (-0.7%).

## Key Findings – Arizona March 2023 Employment Data (BLS CES Survey<sup>i</sup>)

Arizona lost 600 nonfarm jobs in March (a monthly decrease of 0.02% and a total year-on-year change of +2.2%). March marks the second month in a row that Arizona has lost jobs. The last time Arizona had two consecutive months of negative job growth was March 2020. Employment seems to have peaked in December 2022; we anticipate a further slowdown in the coming months.

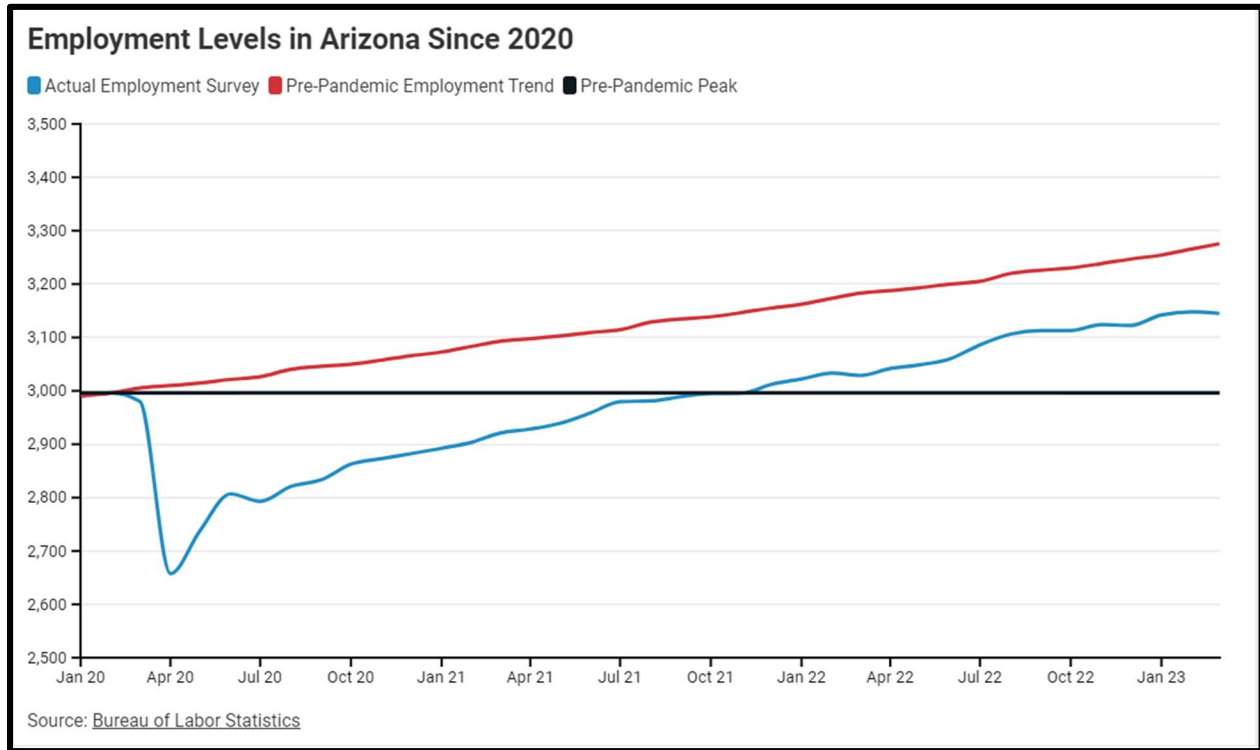
- The state surpassed its pre-pandemic peak level of jobs in November 2021 – making it only the fifth state at the time to have done so.
- Arizona was 27th in job growth this month and the state remains about 130,000 jobs below its 2017-2019 trend; at current rates it is not expected to reach this level until November 2024.

Only 2 states in the country had statistically significant employment gains in March, showing a countrywide economic slowdown. 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.

- While 35 states (and the country overall) have now surpassed their pre-pandemic peak employment numbers, Arizona and the country remain well below prior job trends and population-adjusted numbers.

Average hourly wages in Arizona decreased \$0.34 in March (-1.1%) – the 5<sup>th</sup> slowest rate of wage growth in the country.

- While the average private sector worker is now making 14.8% more (per hour) than they were prior to the pandemic, inflation over the same period is over 20% - meaning real average hourly wages are down approximately (6.0%) since February 2020.
- Arizona private sector workers are now earning an average \$31.12/hour, compared to \$29.61 a year ago. Arizona was again among 37 states posting a negative month-over-month hourly wage growth rate in March.
- On a year-over-year basis, Arizona wages are up 5.1% over 2022 levels – the 19<sup>th</sup> fastest growth rate in the country. Nationally, for perspective, wages rose +0.27% in March (+4.2% year-over-year).



## Manufacturing Update

Although Arizona lost jobs on net, some stronger sectors managed to add jobs in March. Manufacturing for example was first in the county in month-over-month job growth, adding 1,900 jobs (+1.00%) in one month.

- Arizona last added this many jobs in our Manufacturing sector was one year ago at this time in March 2022 when we added over 2000 jobs in a single month. Manufacturing has continued to show resilience to a slowing economy, even in the face of statewide net job losses.
- Arizona is 1<sup>st</sup> in the country in month-over-month job growth and 4<sup>th</sup> with year-over-year growth, adding a total of 8000 jobs since March 2022.

# Arizona Labor Force Update

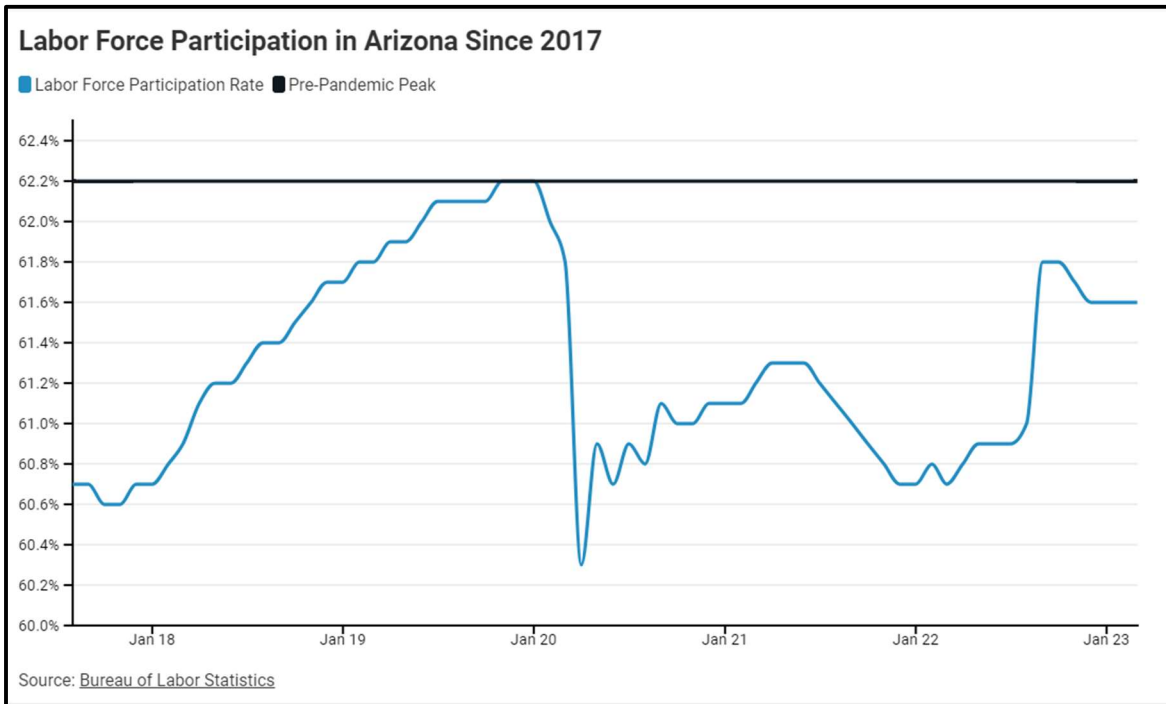
Arizona’s labor force participation rate (LFPR) remained at 61.6% in March. This is a zero increase over the past year but is down .2-percentage points from its revised pre-pandemic peak of 62.1%. There are now 3.6 million people in the state’s labor force – the largest it has ever been since the Bureau of Labor Statistics began keeping track in 1976.

## Key Findings – Arizona March 2023 Labor Force Data (FRED<sup>ii</sup>)

In March, the Labor Force Participation Rate (LFPR) remained at 61.6%, and it remains below its pre-pandemic level of 62.1%.

- At the current population, this gap would equate to approximately 81,000 additional willing workers.
- The Unemployment Rate decreased in March to 3.5%, matching Arizona’s historic all-time low which was last seen in August 2007.

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 not recovered.



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