

# Association of Minnesota Counties

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## Minnesota County Economies Continued Recovery in 2015

*Ten of Minnesota's 87 counties have returned to pre-recession levels on four economic indicators.*

A new in-depth analysis by the National Association of Counties (NACo) reveals that economic recovery accelerated on the ground over the past year, but challenges remain. 2015 was a year of strong growth, but most county economies nationwide have not recovered to pre-recession levels on jobs and unemployment. Additionally, between 2009 and 2014, real wage growth has not always kept pace with productivity gains.

[\*County Economies 2015: Opportunities and Challenges\*](#), released today by the NACo, tracks annual changes in 2015 in four key economic performance indicators across the nation's 3,069 county economies: economic output (GDP), employment, unemployment rates and home prices.

"Despite the economic rebound in some areas across the country, the majority of our citizens are still struggling financially," said NACo President Sallie Clark, an El Paso County, Colorado, commissioner. "Counties are the foundation and the building blocks of our community, regional, statewide and national economies and strong county economies help to create healthy, vibrant and safe neighborhoods by providing vital services for our citizens."

Nationally, 2015 was a year of continued recovery from the recession. An additional 462 county economies returned to 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. In Minnesota, adjusted wages increased in 73.5% of counties.

However, at the same time, GDP recovery almost stalled. A majority of oil-and-gas county economies saw declines in GDP in 2015. Nationally, GDP fell in 36 percent of county economies. Ninety-one county economies slid into recession on GDP in 2015. In Minnesota, GDP fell in 41 percent of county economies.

Nevertheless, the economic recovery is spreading. By 2015, some 214 county economies recovered to pre-recession levels on all four indicators (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 — also are making progress. For the first time, 17 of the 126 large county economies are fully recovered, with most of these in California and Texas.

By 2015, only 7 percent of county economies had recovered on all four indicators nationally, while 12 percent of Minnesota counties have done so. Ten out of Minnesota's 87 counties (Blue Earth, Carlton, Clay, Le Sueur, Nicollet, Olmsted, Pennington, Polk and Rock) ranked as "recovered" on all four economic indicators. 70 counties showed improvement in at least one category, while 17 Minnesota county economies have not returned to pre-recession levels on any indicator.

However, there remains room to improve for many county economies. These disparities in recovery and growth across county economies help explain why Americans don't feel improving national economic numbers. Many also don't yet see them in their paychecks.

On the one hand, wages increased for about two-thirds of county economies in 2014, when taking into account the cost of living and inflation. However, wages did not keep up with productivity gains everywhere between 2009 and 2014, reflecting an uneven geography of opportunity. Twenty-eight percent of county economies had falling wages, yet their productivity increased in the period analyzed. Another 13 percent of county economies declined on both real wages and productivity over that same period.

The 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, and from entitlement reform and appropriation cuts not accompanied by reductions in unfunded mandates.

"Counties across Minnesota and the nation are doing our part in the recovery by investing in economic development, infrastructure and other services, but we cannot do it alone," said Roseau County Commissioner Jack Swanson, president of the Association of Minnesota Counties (AMC). "Economic realities on the ground highlight the importance of working closely with our state, federal, non-profit and private-sector partners to deliver essential services to residents."

County Economies 2015 reminds us that the national picture of the U.S. economy can obscure what is happening locally. Economic growth is spreading, but most county economies have not recovered to levels seen before the recession.

AMC has served Minnesota's 87 counties since 1909. AMC is a voluntary statewide organization that assists the state's 87 counties in providing effective county governance to the people of Minnesota. The association works closely with the legislative and administrative branches of government in seeing that legislation and policies favorable to counties are enacted. In addition, the association provides educational programs, training, research and communications for county officials.

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