ARIZONA'S ECONOMY

JULY 2003 SUMMER ISSUE

Dear Readers,

A new partnership with Compass Bank (see details below) allows us to get the award-winning *Arizona's Economy* back into print! We are grateful to Compass Bank for underwriting the costs of printing and mailing this publication as well as the opportunity to develop a new Arizona *Business Leaders Confidence Index®* (BLCI).

BLCI survey results will be delivered in printed format each quarter as a four-page insert along with this newsletter.

The April and October 2002 issues, and January and April 2003 issues of *Arizona's Economy* were published in electronic format only, as cuts in our state budget forced us to eliminate printing and mailing. PDFs for these four issues, along with others going back to May 1996, may be accessed via our award-winning website: **http://ebr.eller.arizona.edu**.

– Editor

Compass Bank

THE ELLER COLLEGE®

Compass Bank and the Eller College Partner on New Initiative

The Eller College is pleased to announce an exciting new partnership with Compass Bank. Together, we will develop an Arizona *Business Leaders Confidence Index®* (BLCI) based on surveys completed by business leaders in diverse industries throughout the state. Expectations about the quarter ahead for such things as sales, hiring, expenditures, profits, interest rates and the future direction of the state and national economy are collected. Panelists complete a user-friendly web-based survey that takes only a few minutes. The inaugural survey began on June 1 with results contained in this issue of *Arizona's Economy*.

Arizona is the fourth state to join Compass Bank (along with Alabama, Texas and Colorado) in the Compass on Business initiative, which is designed to provide business leaders with valuable insights into topical economic news and business trends on local and state levels. Results are provided via a special website (www.blcindex.com), links to university websites, periodic newsletters and local seminars.

Expectations are that the new BLCI index will become a valuable, highly anticipated statistic for assessing the economy's future course.

We invite business leaders in small to mid-sized firms (general guidelines are 10-100 employees or $5 million to $50 million in sales) to join our panel. Please register to participate at **www.blcindex.com**.

NEW INDUSTRY CLASSIFICATION SYSTEM SHOWS THAT ARIZONA'S RECESSION IS OVER

By Marshall J. Vest
Forecasting Project Director
May 31, 2003

The first look at industry employment using the new NAICS categories shows that the job base has been growing over the past year, rather than the no growth indicated by preliminary estimates. Some NAICS sectors look much like their old SIC counterparts. Others are brand new industries that will take some "getting used to."

(continued on page 2)

INSIDE

EXHIBIT 1

Lost Jobs Have Been Recovered

Nonfarm Employment, AZ (seasonally adjusted)

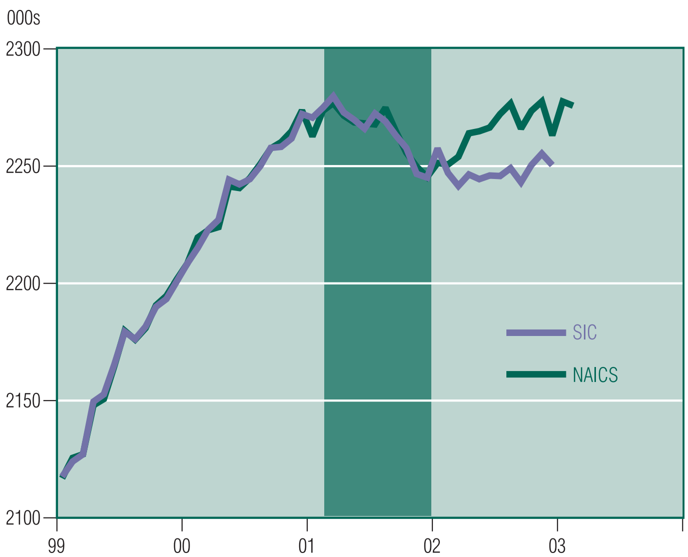
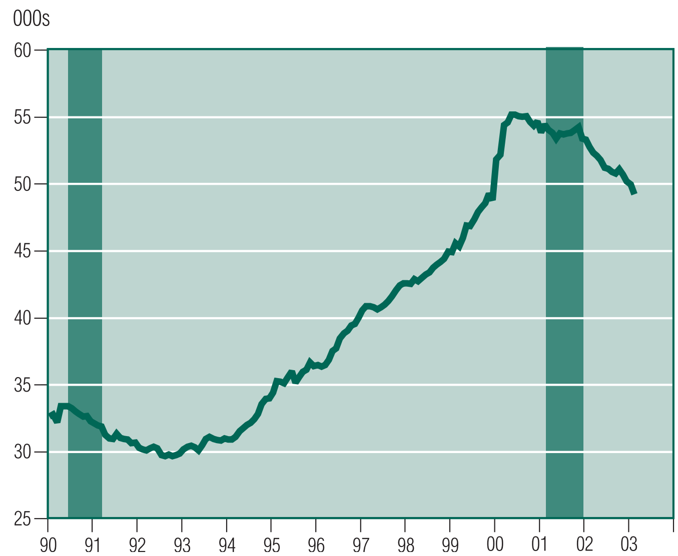


EXHIBIT 2

Information Sector Still Sliding

Info Employment, AZ (seasonally adjusted)



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Our models remain SIC based for this forecast update; plans are to incorporate NAICS categories next quarter. We continue to expect gradual improvement in the months ahead, which will set the stage for "trend" growth in 2004 and beyond.

In March, the Arizona Department of Economic Security released its annual rebenchmarked estimates of employment and, in the process, provided analysts with their first look at industry employment using the new North American Industry Classification System (NAICS, rhymes with snakes). The aggregate across all industries, i.e., nonfarm employment, for calendar year 2002 was revised upward by 16,900, an amount slightly larger than the average revision over the past 20 years. This left employment virtually unchanged during 2002 from the year before, rather than the 0.8% loss that was contained in the preliminary estimates. Better yet, the numbers now show that employment was growing during 2002, with nearly 20,000 new jobs created from December 2001 to December 2002. Moreover, the jobs lost during the 2001 recession have now been regained (Exhibit 1).

NAICS provides 20 broad industrial sectors, up from 10 divisions under the old SIC system. The new system provides much more detail for services and less for goods producing industries. Many of the new sectors are recognizable from the old SIC system, others represent combinations of pieces from different SIC divisions, and several are brand new industries recognized for the first time. Unfortunately, historical data is only available back to 1990. A detailed description of NAICS is available at http://www.census.gov/epcd/www/naics.html.

Mining and construction under NAICS compare closely to their predecessors. Mining jobs continue on the downward path that began in 1996. Today there are only 8,400 miners in Arizona, down 500 over the past year. The construction industry has added nearly 4,000 jobs during the past year and is approaching the record high set in August of 2001.

Manufacturing under NAICS is little changed in the aggregate, even though a number of important activities have been moved out while other activities have moved in. This sector continues its free fall, having lost 10,000 jobs in the past year, with no turnaround in sight. The new computer and electronic products sector accounts for most of the losses, although nondurable manufacturing, fabricated metal products, and aerospace also are down.

Both wholesale and retail trade sectors are significantly different under NAICS, as numerous activities are now categorized in other industries. For example, retail no longer includes eating and drinking places, which was combined with hotels and lodging places (a component of services), to form a new leisure and hospitality sector (more on that later). As a result, wholesale and retail trade now account for 16.2% of total nonfarm jobs, compared to almost 24% under the old SIC system.

Wholesale trade has trimmed roughly 500 jobs during the past year and continues the downward path that began in early 2001. Retail trade has added roughly 8,000 jobs during the past twelve months, but most of that growth came in early 2002; in recent months there has been very little growth, after adjusting for seasonality. Furniture & home furnishings and building materials & garden supply, both related to homebuilding, have moved higher during the past year, while electronics & appliances continues to lose employment. Other components, including clothing & general merchandise, motor vehicles & parts, and food & beverage, have remained relatively flat.

Utilities now is reported separately, and is little changed over the past year, accounting for less than 11,000 jobs statewide. Likewise for transportation & warehousing, which totals roughly 66,000. A large series

EXHIBIT 3

Employment Agencies Show Improvement

Employment Services Jobs, AZ (seasonally adjusted)

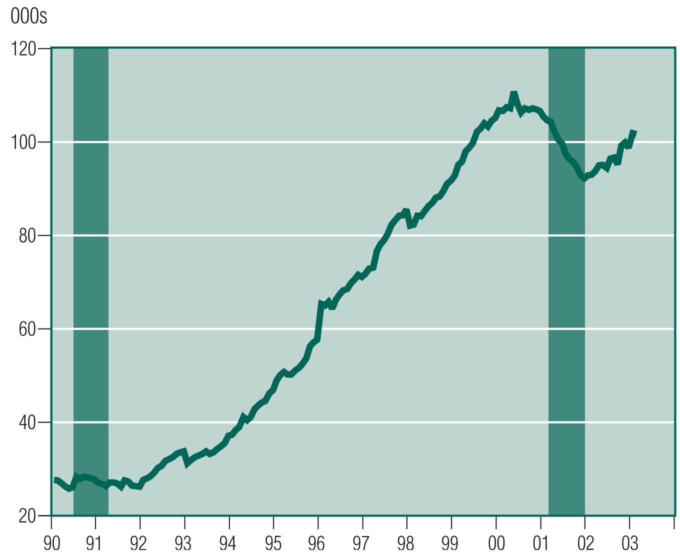
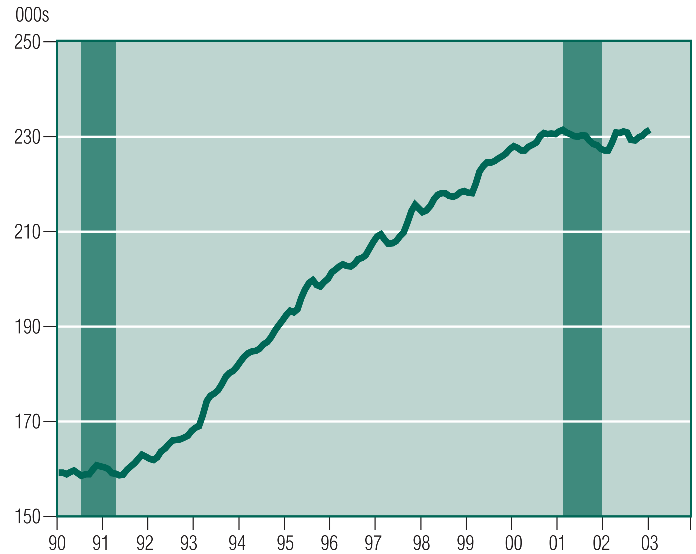


EXHIBIT 4

Tourism-Related Sectors Remain Flat

Leisure & Hospitality Employment, AZ (seasonally adjusted)



break for utilities in 1993 reflects the move of Salt River Project from utilities to local government.

The new information sector is comprised of establishments that create, disseminate, or provide the means to distribute information. Included are newspaper, book, and periodical publishers (that were previously included in SIC's manufacturing sector); software publishers (previously included in services); broadcasting and telecommunications producers and distributors (previously included with utilities and transportation); and motion picture and sound recording industries, information services, and data processing services (previously part of services). Twenty of the 34 industries included in this new subsector are new. Some of the new industries include paging, cellular and other wireless telecommunications, and satellite telecommunications. This sector, which was hit hard by the high tech bust, has trimmed 6,000 jobs since mid-2000 and continues its downward slide. Both publishing and telecommunications subsectors share this trend (Exhibit 2).

The financial activities sector closely resembles its predecessor. Employment here has been relatively flat with a loss of roughly 2,000 during the past year (compared to a total job count of 153,000). Fortunately, real estate, rental and leasing is now reported separately from finance & insurance. The real estate component, which totals 44,000, has been flat since mid-1999. Finance & insurance has trended modestly downward over the past year.

The new professional & business services sector represents businesses whose major input is human capital, and is defined by the expertise and training of their workers. This sector includes lawyers, engineering services, architectural services, advertising services, veterinary services, and interior design services. Comprising 315,000 workers, or 14% of the workforce, this sector has remained steady over the past year. One component, employment services, which includes temporary help agencies, has added 9,400 during the past year. This is an important indicator of an improving economy (Exhibit 3).

THE AGGREGATE ACROSS ALL INDUSTRIES, I.E., NONFARM EMPLOYMENT, FOR CALENDAR YEAR 2002 WAS REVISED UPWARD BY 16,900, AN AMOUNT SLIGHTLY LARGER THAN THE AVERAGE REVISION OVER THE PAST 20 YEARS. THIS LEFT EMPLOYMENT VIRTUALLY UNCHANGED DURING 2002 FROM THE YEAR BEFORE, RATHER THAN THE 0.8% LOSS THAT WAS CONTAINED IN THE PRELIMINARY ESTIMATES.

Educational & health services total 240,000 workers and comprises 10.5% of the workforce. Of that, educational services (private schools, technical and professional schools) accounts for 33,000 jobs. The remainder of this sector groups health care and social assistance, as it is often difficult to distinguish between the two. Included are enterprises such as hospitals, HMO medical centers, family planning centers, blood and organ banks, diagnostic imaging centers, continuing care retirement communities, community food services and ambulance services. This sector has shown strong growth in excess of six percent, or 13,500 jobs, during the past year.

Leisure & hospitality sector groups accommodation (hotels & lodging from SIC) with food services & drinking places (SIC's eating & drinking places), and adds arts, entertainment & recreation. These businesses are engaged in meeting the

(continued on page 4)

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cultural, entertainment, and recreational interests of their patrons, and include such activities as historical sites and sports teams and clubs. (Casinos, since they are Native American owned enterprises, are counted in local government). The 230,000 jobs in this sector have remained steady over the past year; accommodation remains depressed at post- 9/11 levels, food services & drinking places is flat, while arts, entertainment and recreation has moved up sharply (adding about 1,000 jobs) (Exhibit 4.).

Another 86,000 jobs (3.8%) are classified in other services. This is a catch-all for establishments not elsewhere classified, and includes such activities as repair and maintenance; dry cleaning and laundry services; barber shops and beauty or nail salons; weight reducing and personal centers; funeral homes, cemeteries, and crematories; industrial launderers; pet care; business, grant-making, civic, professional, and religious organizations; labor unions; and political organizations. This component has been flat over the past year.

The last sector is government and its components: federal, state, local and public education. These are unchanged from their SIC definitions. Federal payrolls have increased sharply over the past year, by 1,600 jobs, reflecting increased focus on homeland security and security personnel at airports (who are now federal employees). Education has continued to grow in step with increasing school enrollments, while state & local non-education has been flat.

The new NAICS detail shows that Arizona's economy is growing at a modest rate, led by construction, retail sectors related to homebuilding, educational and health services, the federal government and public education. The economy is being held back primarily by weakness in manufacturing, mining, information, and accommodation.

Technically, Arizona's economy has moved out of the recovery stage and into the expansion stage. That's because all the jobs lost in the last recession have been recovered. This is a much better situation than nationwide, where employment continues on a downward trend that is not expected to reverse until mid-2004.

ALTHOUGH RECOVERY SHOULD BE CLEARLY VISIBLE IN THE NEXT FEW MONTHS, MODEST GROWTH SHOULD BE EXPECTED. A RETURN TO THE OPTIMISM AND PROSPERITY OF THE LATE 1990s IS NOT IN THE CARDS.

THERE ARE A NUMBER OF REASONS FOR OPTIMISM. THE WAR IN IRAQ IS OVER, OIL PRICES ARE FALLING, AND CONSUMER SENTIMENT AND THE STOCK MARKET HAVE REBOUNDED.

THE OUTLOOK

Now that the war in Iraq is over, and front-page headlines are no longer focused on war and terrorism, the economy should begin growing again. Consumers breathed a collective sigh of relief as the war ended and should return to their spending ways. CEOs will refocus on growing their companies, now that a major uncertainty has been removed and memory of last year's corporate and accounting scandals fade. First quarter earning reports have consistently exceeded expectations, and the stock market has bounced back, which in turn will boost consumer and business confidence.

Although recovery should be clearly visible in the next few months, modest growth should be expected. A return to the optimism and prosperity of the late 1990s is not in the cards.

There are a number of reasons for optimism. The war in Iraq is over, oil prices are falling, and consumer sentiment and the stock market have rebounded. Both fiscal and monetary policies are very stimulative. Unemployment is low. After-tax incomes continue to grow (and more tax cuts are in the pipeline). Robust housing markets are offsetting the effects of the stock market decline on household wealth. Corporate cash flow and liquidity is the strongest in 40 years. Inventories are very low. Productivity growth remains strong, and the falling dollar is boosting exports.

Nevertheless, there are ample reasons to be cautious. U.S. corporations remain extremely risk averse. Capacity utilization is very low. Job losses continue across the economy, but especially in manufacturing. Under funded pensions will absorb billions of dollars in earnings over the coming years. Household debt levels are near record highs. Household mortgage liabilities have increased by 40% over the past four years, driving mortgage outstandings as a share of homeowner's equity to a record 77%. Growth in the rest of the world is very weak. Further stagnation, delayed recovery in capital spending, or a retrenchment by consumers are major risks.

We expect Arizona's economy to continue to improve in coming months. Travel and tourism will stage a recovery. The slide in manufacturing will reverse course by year-end as computers stabilize and aerospace strengthens. Business services will begin growing again. Population growth will continue at high levels and support residential construction. Health care and social services will lead all other sectors. By year-end, the economy will have recovered to long-term average, or trend growth. That means 80-90,000 new jobs per year and 140,000 annual population gains in 2004 and 2005.

Personal income growth will improve from roughly four percent in 2002 to 4.7% this year and 6.6% in 2004. Corresponding growth for retail sales shows improvement from 1.0% to 2.1% to 4.5% (See Forecast table on page 5). ■

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Forecasts for Arizona	2001	2002	2003	2004	2005	2006	2007
Personal Income ($ mill)	137,313.5	143,094.5	149,882.1	159,759.2	171,383.3	183,517.5	195,303.8
percent change	4.8	4.2	4.7	6.6	7.3	7.1	6.4
Per Capita Personal Income	25,811.3	26,146.7	26,573.3	27,668.7	28,944.5	30,215.7	31,435.7
percent change	2.1	1.3	1.6	4.1	4.6	4.4	4.0
Aggregate Retail Sales ($ mill)*	55,423.1	56,183.7	58,154.7	60,433.4	65,030.1	69,304.5	72,695.9
percent change	2.1	1.4	3.5	3.9	7.6	6.6	4.9
Population (000s, mid-year)	5,319.9	5,472.8	5,640.3	5,774.0	5,921.1	6,073.6	6,212.8
percent change	2.7	2.9	3.1	2.4	2.5	2.6	2.3
Net Migration (000s)	101.2	118.5	105.4	91.3	105.8	102.5	84.6
Wage & Salary Employment (000s)	2,266.8	2,266.7	2,308.1	2,390.5	2,480.5	2,554.6	2,610.7
percent change	1.1	0.0	1.8	3.6	3.8	3.0	2.2
Goods-Producing	384.7	366.7	368.2	365.1	375.7	387.6	395.9
percent change	-0.5	-4.7	0.4	-0.8	2.9	3.2	2.1
Construction	165.0	161.1	168.4	166.6	172.2	179.0	182.8
percent change	2.2	-2.4	4.5	-1.1	3.4	4.0	2.1
Manufacturing	210.1	196.8	191.2	190.0	195.0	200.2	204.8
percent change	-2.4	-6.3	-2.9	-0.6	2.6	2.7	2.3
Service-Providing	1,882.1	1,900.0	1,939.9	2,025.4	2,104.8	2,167.0	2,214.8
percent change	1.4	1.0	2.1	4.4	3.9	3.0	2.2
Trade (Wholesale & Retail)	533.3	539.9	545.1	566.7	586.0	601.5	612.9
percent change	1.3	1.2	1.0	4.0	3.4	2.7	1.9
Services	711.1	714.4	738.7	788.1	827.3	857.5	883.7
percent change	0.4	0.5	3.4	6.7	5.0	3.7	3.0

Forecasts for Phoenix-Mesa Metro Area	2001	2002	2003	2004	2005	2006	2007
Personal Income ($ mill)	93,305.4	96,088.7	100,279.4	105,804.5	113,523.2	121,697.9	129,675.5
percent change	3.3	3.0	4.4	5.5	7.3	7.2	6.6
Per Capita Personal Income	27,614.0	27,543.3	27,931.6	28,728.5	29,985.4	31,296.9	32,562.4
percent change	0.2	-0.3	1.4	2.9	4.4	4.4	4.0
Aggregate Retail Sales ($ mill)*	37,876.4	38,114.2	39,599.1	40,976.8	44,366.8	47,026.9	49,375.5
percent change	1.6	0.6	3.9	3.5	8.3	6.0	5.0
Population (000s, mid-year)	3,378.9	3,488.6	3,590.2	3,682.9	3,785.9	3,888.5	3,982.4
percent change	3.1	3.2	2.9	2.6	2.8	2.7	2.4
Net Migration (000s)	67.2	76.6	70.2	61.7	71.5	71.0	62.5
Wage & Salary Employment (000s)	1,598.4	1,593.6	1,627.5	1,683.9	1,747.6	1,802.8	1,848.4
percent change	1.3	-0.3	2.1	3.5	3.8	3.2	2.5
Goods-Producing	285.7	276.0	271.6	268.8	275.8	284.1	289.7
percent change	-0.3	-3.4	-1.6	-1.1	2.6	3.0	2.0
Construction	121.5	121.1	122.1	122.8	126.7	130.8	133.5
percent change	2.6	-0.3	0.8	0.6	3.1	3.3	2.1
Manufacturing	161.8	152.6	147.2	143.7	147.0	151.0	154.0
percent change	-2.4	-5.7	-3.5	-2.4	2.3	2.8	1.9
Service-Providing	1,312.7	1,317.6	1,355.9	1,415.1	1,471.7	1,518.7	1,558.7
percent change	1.6	0.4	2.9	4.4	4.0	3.2	2.6
Trade (Wholesale & Retail)	383.1	385.6	392.4	402.6	416.1	427.8	437.1
percent change	2.0	0.6	1.8	2.6	3.4	2.8	2.2
Services	514.4	514.5	533.8	568.1	594.8	616.8	636.8
percent change	0.0	0.0	3.8	6.4	4.7	3.7	3.3

Forecasts for Tucson Metro Area	2001	2002	2003	2004	2005	2006	2007
Personal Income ($ mill)	21,023.6	21,812.5	22,737.5	24,080.8	25,465.0	27,028.0	28,664.9
percent change	4.5	3.8	4.2	5.9	5.7	6.1	6.1
Per Capita Personal Income	24,148.1	24,493.4	25,017.0	25,853.1	26,737.4	27,817.3	28,944.0
percent change	2.0	1.4	2.1	3.3	3.4	4.0	4.1
Aggregate Retail Sales ($ mill)*	8,655.6	8,707.2	9,022.9	9,438.9	9,858.6	10,302.2	10,757.6
percent change	1.8	0.6	3.6	4.6	4.4	4.5	4.4
Population (000s, mid-year)	870.6	890.5	908.9	931.4	952.4	971.6	990.4
percent change	2.5	2.3	2.1	2.5	2.3	2.0	1.9
Net Migration (000s)	16.2	15.4	13.6	17.7	15.8	13.9	13.3
Wage & Salary Employment (000s)	350.5	349.7	353.6	367.1	378.3	386.7	394.2
percent change	0.1	-0.2	1.1	3.8	3.1	2.2	1.9
Goods-Producing	57.5	55.5	55.6	56.3	57.3	58.2	58.9
percent change	0.6	-3.4	0.1	1.3	1.7	1.7	1.2
Construction	21.9	21.8	22.0	22.2	22.8	23.4	23.8
percent change	-0.8	-0.5	0.7	0.9	2.7	2.8	1.4
Manufacturing	33.7	32.1	32.5	33.0	33.5	33.9	34.2
percent change	1.7	-4.5	1.0	1.7	1.5	1.1	1.1
Service-Providing	293.0	294.2	298.1	310.8	321.1	328.5	335.3
percent change	0.0	0.4	1.3	4.3	3.3	2.3	2.1
Trade (Wholesale & Retail)	72.4	72.0	72.3	74.6	76.8	78.4	79.6
percent change	-0.5	-0.6	0.4	3.1	3.0	2.0	1.5
Services	116.5	116.6	118.4	126.6	132.5	136.8	140.7
percent change	-0.8	0.0	1.6	6.9	4.7	3.2	2.9

* Aggregate Retail Sales includes retail, food, restaurant & bars and gasoline sales.
Source: Economic and Business Research Program, Eller College of Business and Public Administration, The University of Arizona

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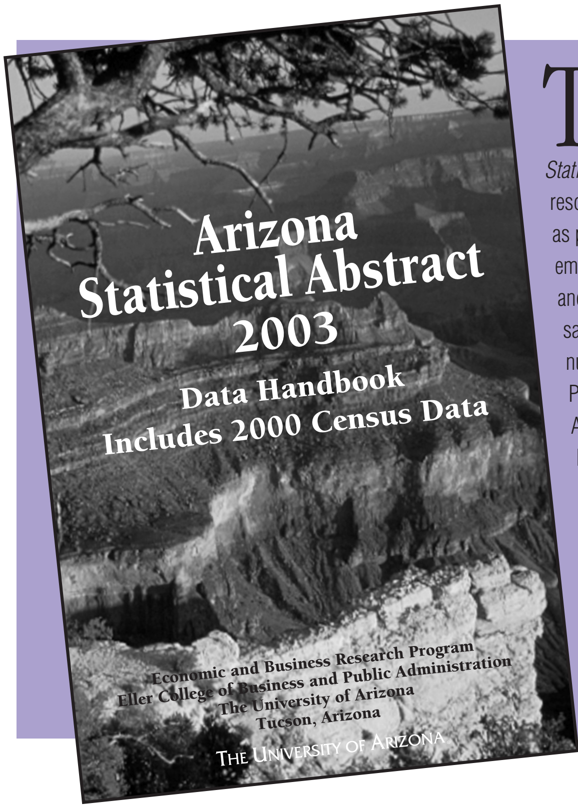
2003 Arizona Statistical Abstract



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GOLDWATER INSTITUTE'S STUDY PROVES HIGHER EDUCATION BENEFITS STATE

By Alberta H. Charney, Ph.D.
June 19, 2003

The Goldwater Institute's recently released study proves that state appropriations on higher education significantly increase per capita gross state product (GSP, the sum of all goods and services produced in Arizona). According to the study, every dollar increase in per capita higher education appropriations, if sustained for six years, increases per capita GSP by almost $30. Given this result, Arizona could achieve the highest per capita GSP in the nation within six years simply by quadrupling appropriations on higher education.

These statements are inescapable conclusions drawn directly from the statistically estimated relationships presented in the study recently released by the Goldwater Institute: "Does Spending on Higher Education Drive Economic Growth? 20 Years of Evidence Reviewed."

The executive summary of this study, in which the author argues that higher education appropriations do not impact economic growth, has appeared in newspapers throughout this state. However, the actual equations presented in the just-released full report 'prove' precisely the opposite of what the author of the study, Mr. Jon Sanders, claim the equations show. Mr. Sanders, whose background is in English, not economics nor statistics, completely misinterprets the results of his own estimated statistical relationships.

Mr. Sanders uses one measure, state appropriations on higher education, to explain the variation in per capita GSP across states and across time. In his statistical analysis, he recognizes that higher education appropriations may not have an immediate impact, so the appropriations measure is entered six times in the equation: current year appropriations, and each of the previous five years. Mr. Sanders estimates three equations, one using levels of deflated per capita GSP, one using changes in deflated per capita and one using percent changes.

The equations show that state appropriations on higher education explain between 7 and 15 percent of the fluctuation in real per capita GSP. While Mr. Sanders interprets this as a "weak correlation," it is actually a remarkable finding that public spending on higher education can, by itself, account for 7 to 15 percent of the variation in real per capita GSP across states.

Further, Mr. Sanders argues that appropriations on higher education have a weak effect on real per capita GSP because only some of the six estimated coefficients are "statistically significant" and some are of the wrong sign. However, it is the cumulative, or combined, or 'joint' effect of all six years of appropriations that is relevant in determining real per capita GSP. The joint effect is very "statistically significant," proof that the cumulative effect of higher education appropriations strongly effects real per capita gross state product, according to his equation. Unfortunately, the author of the study chose not to discuss the joint effect.

If the equations presented in the Goldwater Institute paper are to be believed, then the Goldwater Institute has proven beyond any reasonable doubt (a 0.0001 probability of error) that appropriations on higher education significantly and substantially raise the state's real per capita GSP.

This result is the exact opposite of the conclusion drawn by the paper's author and which has been so widely and loudly publicized by the Goldwater Institute. In reality, no economist or econometrician would have specified nor estimated the statistical relationship used by Mr. Sanders. It is utter nonsense to attempt to explain variations in per capita GSP using only higher education appropriations, but it is even more absurd that the resulting statistics were so blatantly misinterpreted. ■

HIGHER TAXES WON'T HURT AZ'S ECONOMY

By Alberta H. Charney, Ph.D.

What effect does state and local government spending have on Arizona's economy? The politically popular, but unsupported, arguments that lower taxes positively impact economic activity are all too familiar: 1) We need to give tax dollars back to the people so they will spend it and generate economic activity. 2) Lower taxes will make the economy grow, thereby making up all the lost revenues. 3) Lower taxes make the state more attractive for people and businesses to locate here.

While there is an element of truth in these, they represent only a small part of the whole truth. Argument #1 completely ignores the fact that governments, as well as consumers, spend money and generate economic activity as they spend. And, because of balanced budget requirements, lower state taxes necessarily mean lower spending as well (only the federal government can spend more than it collects). In fact, it can be argued that during a recession, short-term tax increases can actually stimulate the state's economy because a) the government spends every dollar it gets while consumers save a portion, and b) the government buys in-state produced goods and services (such as roads and teachers) while consumers buy things produced elsewhere (such as clothes, cars, appliances and electronics). Therefore, government spending generates a stronger short-run multiplier, or ripple effect, than consumer spending.

Argument #1 also ignores the fact that Arizona residents value both private and public goods and services. Some public services actually reduce other, non-tax, costs to residents: quality fire protection reduces insurance costs; police protection reduces property losses and loss of life; health care for low-income kids reduces future health care costs; quality education reduces crime and future welfare costs, and produces a quality workforce that is the foundation for increased prosperity. Public services also have an intrinsic value to residents that extend far beyond just cost saving. For example, the feeling of 'safety' is valued much more than only the reduced costs of theft and fire insurance; residents value beautiful and functional state and local parks, even if they don't use them regularly; and most derive satisfaction from the knowledge that there is a safety net for families during hard times.

Argument #2 is just plain wrong. Tax cuts are not self-financing. When tax rates are cut, revenues fall by almost the full amount of the tax cut. Estimates of the percentage of revenues "created" by a tax cut are in range of 5-10% of the original tax cut, according to the preponderance of empirical evidence. Thus, for each dollar of a tax cut, only 5-10 cents is recouped as a result of additional activity, but the remaining 90-95 percent of the cut is a permanent reduction in government revenues and services.

SOME HAVE JUMPED TO CONCLUDE THAT THE TAX CUTS DURING THE 1990'S CAUSED THE STRONG GROWTH. IN FACT, THE CONVERSE IS LIKELY TRUE: THE LEGISLATURE WAS ABLE TO CUT TAXES BECAUSE OF THE ECONOMY'S GROWTH.

In addition, recouping the 5-10% of the tax cut may take years to occur. Consider a $100 million tax cut that generates a 10% revenue 'feedback' with a 10 year adjustment period. This means that $100 million in revenues is lost the first year, $99 million the 2nd year, $98 million the third year, …until the 10th year, in which only $90 million in revenues are lost to the government. Also, the models that have been used to estimate these revenue 'feedback' effects do not adequately account for the growth enhancing potential of government spending on public infrastructure, university research and technology transfers, or investment in human capital (education). Thus, even the 5-10% estimates are overstated.

During the 1990's, employment in Arizona grew by 32.5% and some have jumped to conclude that the tax cuts caused the strong growth. In fact, the converse is

(continued on page 8)

(continued from page 7)

likely true: the legislature was able to cut taxes because of the economy's growth. With strong growth, revenues expand faster than inflation and population growth, but in a recession, revenues fall despite ongoing inflation and population growth. An ASU study comparing Arizona's growth during high-tax years vs. low-tax years found no perceptible effect of tax cuts or tax increases on economic growth.

Argument #3 ignores the fact that quality public services are just as important to the location decisions of individuals and companies as are the level of taxes. The academic literature on the locational effects of taxes is very mixed, but if there is a consensus statement that can be made it is the following: If two states have identical levels of public services, then the state with lower taxes will have a slightly higher level of economic activity and the state with higher taxes will have a slightly lower economy. Further, the tax/expenditure package can affect the type of growth and type of activity attracted to the state. This completely overlooked point is critical to Arizona's future.

High tech companies and high tech professionals cite 'quality of place' as the most important consideration for choosing where to locate, where 'quality of place' includes numerous publicly provided services: high education spending, quality universities, parks and recreational facilities, and so forth. In contrast, low tax environments attract retirees and companies providing low-skilled low-wage jobs. The tax/public expenditure mix does affect locational decisions, but focusing only on the tax side has been detrimental to Arizona's ability to compete in the New Economy. Our per capita real income has fallen from 5% below the national average in the mid-1980's to 20% below the national average today. If the persistent tax cuts can be credited for part of Arizona's growth, they can also be blamed for the type of growth created in Arizona.

With state and local public spending as a percentage of Gross State Product in Arizona one-third below the national average, with educational spending ranked 49th in the country (just above Mississippi), Arizona has left behind its image of a progressive, high-tech player to become a tax haven for retirees and low-wage companies. How and why have our public policies de facto emulated the state of Mississippi? ■

DATA FOR ARIZONA'S COUNTIES TO INCREASE SIGNIFICANTLY

By Pia Montoya, State Data Center

The following description is extracted from the Federal Office of Management and Budget (OMB) Bulletin No.03-04, http://www.whitehouse.gov/omb/bulletins/b03-04_attach.pdf *and Press Release 2003-18,* http://www.whitehouse.gov/omb/pubpress/2003-18.pdf *both dated June 6.*

"On June 6, 2003, OMB released revised definitions of Metropolitan Statistical Areas, new definitions of Micropolitan Statistical Areas and Combined Statistical Areas, and guidance on uses of the Statistical definitions of these areas. Included are 49 new Metropolitan Statistical Areas, bringing the total number of Metropolitan Statistical Areas to 370 (362 in the United States and 8 in Puerto Rico). In addition, OMB has designated and defined two new sets of statistical areas: 565 Micropolitan Statistical Areas (560 in the United States and 5 in Puerto Rico) and 116 Combined Statistical Areas.

Although the federal government and some state and local government entities base some program and funding decisions on these areas, OMB establishes and maintains these definitions solely for statistical purposes.

For example, Medicare defines hospital labor market areas based on the definitions of MSAs, Primary MSAs (PMSAs), and New England County Metropolitan Areas (NECMAs). Changes to MSA designations could affect Medicare payment rates, but Medicare will not begin to use the revised MSAs until FY 2005. Likewise, MSAs are used to allocate funds in some federal community development programs and in calculations for federal employee locality pay, among other uses.

The Metropolitan and Micropolitan Statistical Area Standards do not equate to an urban-rural classification; many counties included in Metropolitan and Micropolitan Statistical Areas, and many other counties, contain both urban and rural territory and populations.

Metropolitan Statistical Areas have at least one urbanized area of 50,000 or more population. Micropolitan Statistical Areas have at least one urban cluster of at least 10,000 but less than 50,000 population. These areas also include adjacent counties that have a minimum of 25 percent commuting to the central counties. Metropolitan and Micropolitan Statistical Areas are defined in terms of whole counties (or equivalent entities). If the specified criteria are met, a Metropolitan Statistical Area containing a single core with a population of 2.5 million or more may also be subdivided to form smaller groupings of counties referred to as Metropolitan Divisions. One or more principal cities are identified within each Metropolitan and Micropolitan Statistical Area. These cities are the population and employment centers and are used in titling the areas."

Arizona loses one Metropolitan Statistical Area: Las Vegas NV-AZ MSA which included Mohave County, Arizona and Clark County, Nevada. This MSA is now called Las Vegas-Paradise, NV and includes Clark County, NV only. Arizona still has five Metropolitan Statistical Areas as it gains a new one: Prescott, AZ MSA, which covers all of Yavapai County.

Arizona's 5 Metropolitan Statistical Areas:

1) **Flagstaff, AZ MSA** changed name from Flagstaff AZ-UT MSA.. Equals Coconino County, AZ and now excludes Kane County, Utah
2) **Phoenix-Mesa-Scottsdale MSA** changed name from Phoenix-Mesa MSA. It still includes Maricopa and Pinal County. Major cities: Phoenix, Mesa, Scottsdale and Tempe.
3) **Prescott, AZ MSA** new and equals Yavapai County
4) **Tucson, AZ MSA** same and equals Pima County
5) **Yuma, AZ MSA** same and equals Yuma County

Arizona's 5 Micropolitan Statistical Areas (name and composition):

1) **Lake Havasu City-Kingman, AZ** - Mohave County
2) **Nogales, AZ** - Santa Cruz County
3) **Payson, AZ** - Gila County
4) **Safford, AZ** - Graham and Greenlee Counties
5) **Sierra Vista-Douglas, AZ** - Cochise County

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	% change versus year ago for most recent: month	12-months
APACHE COUNTY							
Civilian Labor Force, ADES	21,425	21,525	21,375	21,200	21,200	0.0	2.4
Employment	18,450	18,425	18,400	18,300	18,375	-2.3	0.3
Unemployment	2,975	3,100	2,975	2,900	2,825	17.7	17.4
Unemployment Rate (%)	13.9	14.4	13.9	13.7	13.3	17.7	14.7
Employees on Nonagricultural Payrolls, ADES							
Total	19,025	18,875	19,050	19,025	19,050	-1.9	-0.6
Total Private	6,275	6,175	6,275	6,125	6,275	-9.4	-2.3
Goods Producing	725	700	725	725	725	-6.5	-7.0
Service-Providing	18,300	18,175	18,325	18,300	18,325	-1.7	-0.3
Trade, Transportation, and Utilities	1,700	1,700	1,700	1,425	1,425	-14.9	2.5
Other Private Service-Providing	3,850	3,775	3,850	3,975	4,125	-7.8	-3.2
Government	12,750	12,700	12,775	12,900	12,775	2.2	0.3
Federal Government	2,800	2,675	2,725	2,825	2,800	0.0	-0.5
State and Local Government	9,950	10,025	10,050	10,075	9,975	2.8	0.5
Sales ($000s) ADOR							
Gross Retail	8,676	8,925	9,064	9,451	...	11.6	10.2
Retail	5,003	4,443	4,060	4,337	...	0.5	0.4
Restaurants & Bars	563	514	530	631	...	5.0	1.1
Gasoline, EBR	3,110	3,968	4,474	4,483	...	26.1	27.6
Gallons (000s) ADOT	2,385	2,936	2,771	2,244	...	-22.1	14.8
Contracting	10,236	5,517	4,394	3,747	...	-28.3	3.5
New Housing Units Authorized, Census C-40							
Total Units	2	2	5	4	8	33.3	10.9
Single Family Units	2	2	5	4	8	33.3	10.9

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	month	12-months
NAVAJO COUNTY							
Civilian Labor Force, ADES	34,350	34,500	34,350	34,350	34,175	-1.2	1.1
Employment	30,600	30,575	30,550	30,625	30,800	-2.1	0.4
Unemployment	3,750	3,925	3,800	3,725	3,375	8.0	7.0
Unemployment Rate (%)	10.9	11.4	11.1	10.8	9.9	9.3	5.8
Employees on Nonagricultural Payrolls, ADES							
Total	27,225	27,050	27,275	27,550	27,600	-1.7	-0.5
Total Private	16,250	16,200	16,225	16,500	16,700	0.1	0.8
Goods Producing	3,150	3,125	3,075	3,125	3,175	-3.8	-3.2
Natural Resources and Mining	925	925	875	875	900	-5.3	-9.8
Construction	1,400	1,375	1,375	1,425	1,450	-6.5	-1.6
Manufacturing	825	825	825	825	825	3.1	2.0
Service-Providing	24,075	23,925	24,200	24,425	24,425	-1.4	-0.1
Trade, Transportation, and Utilities	5,475	5,425	5,450	5,500	5,500	4.8	3.0
Information	525	525	525	550	575	9.5	4.5
Financial Activities	625	625	625	625	625	0.0	-5.8
Professional and Business Services	825	900	950	925	900	-2.7	14.4
Educational and Health Services	2,475	2,500	2,500	2,550	2,550	-4.7	2.9
Leisure and Hospitality	2,425	2,350	2,325	2,425	2,625	1.9	-2.7
Other Services	750	750	775	800	750	-6.3	-2.1
Government	10,975	10,850	11,050	11,050	10,900	-4.4	-2.4
Federal Government	1,500	1,300	1,275	1,425	1,450	-12.1	-6.9
State and Local Government	9,475	9,550	9,775	9,625	9,450	-3.1	-1.7
Sales ($000s) ADOR							
Gross Retail	67,357	53,877	54,801	54,964	...	-2.6	4.4
Retail	56,344	42,719	43,121	41,797	...	-8.3	4.1
Restaurants & Bars	4,889	4,716	4,676	4,991	...	-2.6	3.4
Gasoline, EBR	6,124	6,442	7,004	8,176	...	43.2	6.9
Gallons (000s) ADOT	4,696	4,766	4,338	4,093	...	-11.6	-0.6
Contracting	12,254	10,774	9,245	8,704	...	-17.0	-3.2
New Housing Units Authorized, Census C-40							
Total Units	12	20	21	22	39	-18.8	-13.1
Single Family Units	12	20	21	22	39	-18.8	-13.2

See sources and abbreviations at the bottom of Page 16.

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	% change versus year ago for most recent: month	12-months
GRAHAM COUNTY							
Civilian Labor Force, ADES	10,600	10,100	10,075	10,150	10,075	-13.1	-3.4
Employment	9,750	9,375	9,300	9,375	9,350	-13.4	-4.0
Unemployment	850	725	775	775	725	-9.4	4.3
Unemployment Rate (%)	8.0	7.2	7.7	7.6	7.2	4.3	7.8
Employees on Nonagricultural Payrolls, ADES							
Total	6,475	6,375	6,450	6,475	6,500	-11.9	-5.9
Total Private	4,250	4,225	4,225	4,200	4,225	-5.6	-0.4
Goods Producing	425	425	425	425	425	-5.6	-0.9
Service-Providing	6,050	5,950	6,025	6,050	6,075	-12.3	-6.2
Trade, Transportation, and Utilities	1,500	1,500	1,500	1,475	1,450	-1.7	2.4
Other Private Service-Providing	2,325	2,300	2,300	2,300	2,350	-7.8	-2.0
Government	2,225	2,150	2,225	2,275	2,275	-21.6	-14.7
Federal Government	350	325	325	325	350	7.7	6.3
State and Local Government	1,875	1,825	1,900	1,950	1,925	-25.2	-17.7
Sales ($000s) ADOR							
Gross Retail	17,164	16,485	7,934	15,128	...	11.7	2.0
Retail	14,441	14,017	5,652	11,599	...	3.0	0.0
Restaurants & Bars	1,419	1,128	730	1,398	...	28.5	0.1
Gasoline, EBR	1,304	1,340	1,552	2,131	...	79.6	23.0
Gallons (000s) ADOT	1000	991	961	1,067	...	10.9	11.8
Contracting	2,601	3,555	1,456	2,058	...	-40.4	-15.4

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	month	12-months
COCONINO COUNTY							
Civilian Labor Force, ADES	65,500	65,150	64,425	64,100	64,475	-3.0	0.9
Employment	61,500	60,625	59,975	59,950	60,875	-3.4	0.5
Unemployment	4,000	4,525	4,450	4,150	3,600	4.3	8.4
Unemployment Rate (%)	6.1	6.9	6.9	6.5	5.6	7.6	7.4
Employees on Nonagricultural Payrolls, ADES							
Total	57,650	56,825	56,875	56,800	57,300	-3.4	-0.1
Total Private	39,075	38,250	38,100	38,225	38,775	1.1	2.3
Goods Producing	5,500	5,325	5,375	5,475	5,425	-2.7	0.6
Natural Resources and Mining	125	125	125	125	125	0.0	-3.2
Construction	2,225	2,100	2,125	2,175	2,125	-18.3	-7.5
Manufacturing	3,150	3,100	3,125	3,175	3,175	11.4	8.1
Service-Providing	52,150	51,500	51,500	51,325	51,875	-3.5	-0.2
Trade, Transportation, and Utilities	10,175	9,675	9,575	9,500	9,625	4.3	6.6
Information	425	425	400	425	425	-10.5	-10.0
Financial Activities	1,425	1,400	1,425	1,400	1,475	0.0	1.6
Professional and Business Services	2,675	2,600	2,450	2,500	2,500	-7.4	1.4
Educational and Health Services	6,550	6,500	6,550	6,525	6,550	4.8	0.4
Leisure and Hospitality	10,550	10,550	10,550	10,675	11,000	0.7	0.5
Other Services	1,775	1,775	1,775	1,725	1,775	2.9	9.0
Government	18,575	18,575	18,775	18,575	18,525	-11.7	-4.6
Federal Government	3,300	3,000	2,975	3,075	3,050	-8.3	0.7
State and Local Government	15,275	15,575	15,800	15,500	15,475	-12.3	-5.7
Sales ($000s) ADOR							
Gross Retail	111,789	84,696	79,335	103,164	...	4.7	3.1
Retail	78,390	58,242	58,062	66,889	...	-0.3	3.7
Restaurants & Bars	16,890	14,819	12,119	20,433	...	5.9	-1.3
Gasoline, EBR	16,509	11,635	9,154	15,842	...	30.1	6.4
Gallons (000s) ADOT	12,659	8,608	5,669	7,930	...	-19.6	-1.2
Contracting	27,979	14,990	18,863	20,622	...	8.7	14.5
New Housing Units Authorized, Census C-40							
Total Units	62	66	32	57	79	-11.2	-3.6
Single Family Units	62	62	32	42	79	-8.1	-7.5

See sources and abbreviations at the bottom of Page 16.

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	% change versus year ago for most recent: month	12-months
GREENLEE COUNTY							
Civilian Labor Force, ADES	3,900	3,800	3,775	3,775	3,775	-4.4	-5.4
Employment	3,575	3,525	3,500	3,500	3,500	-2.8	-3.7
Unemployment	325	275	275	275	275	-21.4	-21.2
Unemployment Rate (%)	8.3	7.2	7.3	7.3	7.3	-17.8	-16.9
Employees on Nonagricultural Payrolls, ADES							
Total	3,575	3,525	3,550	3,550	3,550	-0.7	-4.6
Total Private	3,025	3,000	3,025	3,025	3,000	-1.6	-5.2
Goods Producing	2,375	2,350	2,375	2,375	2,375	-2.1	-6.8
Service-Providing	1,200	1,175	1,175	1,175	1,175	2.2	0.4
Trade, Transportation, and Utilities	275	275	275	275	275	0.0	-2.9
Other Private Service-Providing	375	375	375	375	350	0.0	4.6
Government	550	525	525	525	550	4.8	-0.8
Federal Government	25	25	25	50	50	100.0	17.6
State and Local Government	525	500	500	475	500	0.0	-2.1
Sales ($000s) ADOR							
Gross Retail	5,834	1,222	9,840	7,204	...	57.1	6.2
Retail	5,451	850	9,361	6,594	...	67.5	7.4
Restaurants & Bars	155	200	177	260	...	-34.2	-4.3
Gasoline, EBR	228	172	302	350	...	38.1	-6.0
Gallons (000s) ADOT	175	127	187	175	...	-14.8	-12.5
Contracting	1,200	2,356	688	2,735	...	52.4	71.9

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	month	12-months
YAVAPAI COUNTY							
Civilian Labor Force, ADES	81,125	80,225	80,475	81,050	82,075	2.8	5.9
Employment	78,275	77,475	77,675	78,325	79,375	3.2	5.7
Unemployment	2,850	2,750	2,800	2,725	2,700	-6.1	10.2
Unemployment Rate (%)	3.5	3.4	3.5	3.4	3.3	-8.7	4.2
Employees on Nonagricultural Payrolls, ADES							
Total	53,950	52,625	53,600	54,000	54,175	2.5	4.4
Total Private	43,300	42,675	42,925	43,350	43,525	2.8	4.8
Goods Producing	9,625	9,375	9,400	9,450	9,475	0.5	2.3
Natural Resources and Mining	900	825	825	850	850	-8.1	-12.4
Construction	5,525	5,400	5,375	5,400	5,425	1.4	5.6
Manufacturing	3,200	3,150	3,200	3,200	3,200	1.6	1.6
Service-Providing	44,325	43,250	44,200	44,550	44,700	2.9	4.8
Trade, Transportation, and Utilities	10,225	10,175	10,050	10,250	10,325	2.2	3.2
Information	675	675	675	700	700	12.0	9.1
Financial Activities	1,800	1,750	1,800	1,800	1,825	5.8	4.0
Professional and Business Services	4,500	4,375	4,450	4,525	4,700	11.9	18.6
Educational and Health Services	7,500	7,500	7,625	7,600	7,600	2.0	5.0
Leisure and Hospitality	7,300	7,150	7,250	7,325	7,300	3.5	5.1
Other Services	1,675	1,675	1,675	1,700	1,600	-8.6	-4.8
Government	10,650	9,950	10,675	10,650	10,650	0.9	2.5
Federal Government	1,275	1,275	1,250	1,250	1,250	4.2	3.5
State and Local Government	9,375	8,675	9,425	9,400	9,400	0.5	2.4
Sales ($000s) ADOR							
Gross Retail	142,752	107,480	107,174	125,338	...	9.4	4.0
Retail	116,586	84,296	83,576	93,915	...	6.0	4.1
Restaurants & Bars	17,303	14,927	14,108	16,954	...	-0.3	3.1
Gasoline, EBR	8,863	8,257	9,490	14,469	...	60.7	4.6
Gallons (000s) ADOT	6,796	6,109	5,877	7,243	...	-0.8	-5.7
Contracting	41,446	36,444	36,720	33,761	...	-7.0	5.8
New Housing Units Authorized, Census C-40							
Total Units	185	204	225	222	222	-11.9	35.7
Single Family Units	179	184	209	202	188	-11.7	20.1

See sources and abbreviations at the bottom of Page 16.

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	% change versus year ago for most recent: month	12-months
GILA COUNTY							
Civilian Labor Force, ADES	17,925	17,925	17,875	17,850	17,675	-7.6	-1.9
Employment	16,550	16,450	16,275	16,250	16,225	-7.9	-3.4
Unemployment	1,375	1,475	1,600	1,600	1,450	-3.3	19.2
Unemployment Rate (%)	7.7	8.2	9.0	9.0	8.2	4.6	21.8
Employees on Nonagricultural Payrolls, ADES							
Total	13,350	13,075	13,050	13,125	13,050	-7.9	-4.3
Total Private	8,650	8,500	8,450	8,550	8,375	-8.7	-5.1
Goods Producing	2,125	2,075	2,050	2,050	2,000	-17.5	-13.9
Service-Providing	11,225	11,000	11,000	11,075	11,050	-6.0	-2.3
Trade, Transportation, and Utilities	2,100	2,075	2,025	2,050	1,950	-11.4	-3.6
Other Private Service-Providing	4,425	4,350	4,375	4,450	4,425	-2.7	-1.0
Government	4,700	4,575	4,600	4,575	4,675	-6.5	-2.8
Federal Government	450	400	400	450	475	-20.8	-9.1
State and Local Government	4,250	4,175	4,200	4,125	4,200	-4.5	-2.0
Sales ($000s) ADOR							
Gross Retail	30,332	22,906	22,895	27,267	...	5.9	-3.1
Retail	23,752	17,460	16,910	18,561	...	-5.1	-3.4
Restaurants & Bars	3,992	3,120	3,267	3,616	...	2.9	-2.6
Gasoline, EBR	2,588	2,326	2,718	5,090	...	91.5	-1.8
Gallons (000s) ADOT	1,984	1,721	1,683	2,548	...	18.2	-9.6
Contracting	8,310	7,830	5,781	5,874	...	-1.4	-2.5

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	month	12-months
MOHAVE COUNTY							
Civilian Labor Force, ADES	74,075	74,200	74,050	73,850	73,925	0.7	2.8
Employment	70,275	70,500	70,225	70,225	70,725	1.5	2.2
Unemployment	3,800	3,700	3,825	3,625	3,200	-15.2	12.6
Unemployment Rate (%)	5.1	5.0	5.2	4.9	4.3	-15.8	9.6
Employees on Nonagricultural Payrolls, ADES							
Total	44,975	44,600	44,950	45,450	45,600	1.6	2.7
Total Private	36,950	36,525	36,825	37,275	37,450	0.6	2.3
Goods Producing	8,825	8,700	8,850	8,875	8,825	-4.9	2.7
Natural Resources and Mining	75	75	75	75	75	-25.0	-7.0
Construction	5,725	5,625	5,750	5,800	5,725	-5.8	4.2
Manufacturing	3,025	3,000	3,025	3,000	3,025	-2.4	0.3
Service-Providing	36,150	35,900	36,100	36,575	36,775	3.2	2.7
Trade, Transportation, and Utilities	10,125	9,800	9,850	9,775	9,825	-2.0	0.6
Information	900	900	900	925	925	2.8	2.4
Financial Activities	1,525	1,500	1,500	1,475	1,500	-3.2	2.6
Professional and Business Services	3,175	3,125	3,100	3,350	3,375	7.1	7.7
Educational and Health Services	5,575	5,625	5,600	5,650	5,650	6.6	5.9
Leisure and Hospitality	4,675	4,725	4,825	4,975	5,125	4.1	-3.5
Other Services	2,150	2,150	2,200	2,250	2,225	6.0	6.7
Government	8,025	8,075	8,125	8,175	8,150	6.2	4.6
Federal Government	500	475	475	500	475	-5.0	-3.6
State and Local Government	7,525	7,600	7,650	7,675	7,675	7.0	5.2
Sales ($000s) ADOR							
Gross Retail	125,325	101,910	107,523	126,726	...	10.6	9.7
Retail	100,746	79,301	82,353	93,929	...	4.9	9.7
Restaurants & Bars	12,925	11,294	12,435	14,075	...	4.1	3.4
Gasoline, EBR	11,654	11,315	12,735	18,722	...	63.4	16.2
Gallons (000s) ADOT	8,937	8,371	7,887	9,372	...	0.9	7.1
Contracting	27,590	24,453	26,316	29,433	...	2.7	9.9
New Housing Units Authorized, Census C-40							
Total Units	275	263	211	318	272	21.4	25.3
Single Family Units	213	222	176	262	262	29.7	18.2

See sources and abbreviations at the bottom of Page 16.

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	% change versus year ago for most recent: month	12-months
LA PAZ COUNTY							
Civilian Labor Force, ADES	7,200	6,900	6,675	6,700	6,600	-1.9	4.9
Employment	6,750	6,475	6,250	6,275	6,175	-3.5	4.8
Unemployment	450	425	425	425	425	30.8	5.4
Unemployment Rate (%)	6.3	6.2	6.4	6.3	6.4	33.2	0.6
Employees on Nonagricultural Payrolls, ADES							
Total	5,000	5,025	4,900	4,925	4,875	-1.0	2.8
Total Private	2,625	2,625	2,550	2,550	2,525	-6.5	-1.9
Goods Producing	350	325	300	300	300	-20.0	-3.0
Service-Providing	4,650	4,700	4,600	4,625	4,575	0.5	3.3
Trade, Transportation, and Utilities	1,275	1,275	1,300	1,250	1,275	0.0	2.7
Other Private Service-Providing	1,000	1,025	950	1,000	950	-9.5	-6.7
Government	2,375	2,400	2,350	2,375	2,350	5.6	8.6
Federal Government	175	175	150	175	150	0.0	5.6
State and Local Government	2,200	2,225	2,200	2,200	2,200	6.0	8.8
Sales ($000s) ADOR							
Gross Retail	13,822	15,988	16,283	17,537	...	-9.0	-0.8
Retail	8,755	9,989	9,920	9,590	...	-29.6	-3.2
Restaurants & Bars	1,827	2,428	2,330	2,274	...	9.6	-5.3
Gasoline, EBR	3,240	3,571	4,033	5,673	...	58.6	7.5
Gallons (000s) ADOT	2,485	2,642	2,498	2,840	...	-2.1	-2.8
Contracting	1,428	1,058	1,612	1,637	...	-26.3	-2.3

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	month	12-months
YUMA METROPOLITAN REGION							
Civilian Labor Force, ADES	72,025	66,950	65,600	66,175	68,850	4.6	6.3
Employment	59,200	56,725	56,025	56,000	53,825	-0.4	4.8
Unemployment	12,825	10,225	9,575	10,175	15,025	27.3	11.0
Unemployment Rate (%)	17.8	15.3	14.6	15.4	21.8	21.7	4.5
Employees on Nonagricultural Payrolls, ADES							
Total	46,350	45,775	45,775	46,000	44,375	3.1	3.4
Total Private	32,925	32,550	32,450	32,750	30,825	1.1	1.8
Goods Producing	5,825	5,700	5,700	5,750	5,475	2.8	2.6
Natural Resources and Mining	25	25	25	25	25	0.0	0.0
Construction	3,650	3,575	3,575	3,600	3,600	10.8	12.5
Manufacturing	2,150	2,100	2,100	2,125	1,850	-9.8	-11.7
Service-Providing	40,525	40,075	40,075	40,250	38,900	3.1	3.5
Trade, Transportation, and Utilities	10,300	9,775	9,725	9,775	8,375	-3.7	-1.5
Information	975	1,000	1,000	1,050	1,025	10.8	9.0
Financial Activities	1,425	1,400	1,400	1,400	1,375	7.8	4.4
Professional and Business Services	2,700	2,850	2,825	2,875	2,800	-0.9	4.4
Educational and Health Services	5,550	5,600	5,625	5,650	5,600	7.7	9.7
Leisure and Hospitality	4,650	4,725	4,675	4,750	4,700	0.0	-3.1
Other Services	1,500	1,500	1,500	1,500	1,475	-3.3	-2.5
Government	13,425	13,225	13,325	13,250	13,550	7.8	7.3
Federal Government	2,750	2,725	2,725	2,750	2,775	2.8	3.3
State and Local Government	10,675	10,500	10,600	10,500	10,775	9.1	8.4
Sales ($000s) ADOR							
Gross Retail	132,285	106,618	109,464	123,118	...	14.5	7.7
Retail	108,081	82,605	83,156	92,015	...	11.3	6.5
Restaurants & Bars	12,376	12,237	12,981	13,883	...	6.6	5.7
Gasoline, EBR	11,828	11,776	13,327	17,220	...	46.0	18.4
Gallons (000s) ADOT	9,070	8,712	8,254	8,620	...	-9.9	6.3
Contracting	23,698	16,705	23,249	14,924	...	1.6	9.3
New Housing Units Authorized, Census C-40							
Total Units	188	114	123	134	162	14.9	15.8
Single Family Units	104	114	123	134	162	14.9	16.4

See sources and abbreviations at the bottom of Page 16.

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	% change versus year ago for most recent: month	12-months
SANTA CRUZ COUNTY							
Civilian Labor Force, ADES	14,450	14,325	14,150	13,950	13,975	1.3	2.3
Employment	12,775	12,875	12,825	12,675	12,700	1.0	1.9
Unemployment	1,675	1,450	1,325	1,275	1,275	4.1	4.4
Unemployment Rate (%)	11.6	10.1	9.4	9.1	9.1	2.8	1.8
Employees on Nonagricultural Payrolls, ADES							
Total	12,425	12,575	12,650	12,600	12,600	2.4	0.8
Total Private	9,250	9,425	9,475	9,450	9,475	5.3	0.9
Goods Producing	1,300	1,300	1,300	1,325	1,350	1.9	-2.2
Service-Providing	11,125	11,275	11,350	11,275	11,250	2.5	1.2
Trade, Transportation, and Utilities	5,125	5,325	5,350	5,275	5,300	9.8	4.1
Other Private Service-Providing	2,825	2,800	2,825	2,850	2,825	-0.9	-2.8
Government	3,175	3,150	3,175	3,150	3,125	-5.3	0.5
Federal Government	1,125	1,075	1,075	1,075	1,075	-2.3	1.5
State and Local Government	2,050	2,075	2,100	2,075	2,050	-6.8	0.0
Sales ($000s) ADOR							
Gross Retail	40,643	25,302	27,057	32,983	...	0.9	3.4
Retail	34,242	19,508	20,365	24,846	...	-5.6	2.8
Restaurants & Bars	3,421	2,856	3,069	3,105	...	-16.4	1.3
Gasoline, EBR	2,980	2,938	3,623	5,032	...	88.0	10.5
Gallons (000s) ADOT	2,285	2,173	2,244	2,519	...	16.1	0.3
Contracting	3,874	3,190	3,263	4,013	...	17.3	4.6
New Housing Units Authorized, Census C-40							
Total Units	22	42	35	51	54	17.4	12.6
Single Family Units	22	42	35	45	51	45.7	36.4

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	% change versus year ago for most recent: month	12-months
COCHISE COUNTY							
Civilian Labor Force, ADES	46,650	46,100	45,925	46,125	46,300	2.4	5.1
Employment	44,250	43,675	43,300	43,450	43,675	2.1	4.6
Unemployment	2,400	2,425	2,625	2,675	2,625	8.2	15.5
Unemployment Rate (%)	5.1	5.3	5.7	5.8	5.7	5.7	10.0
Employees on Nonagricultural Payrolls, ADES							
Total	34,500	34,025	34,200	34,325	34,325	2.6	3.3
Total Private	22,775	22,475	22,525	22,725	22,800	3.4	3.7
Goods Producing	3,125	3,050	3,125	3,100	3,125	7.8	4.4
Natural Resources and Mining	25	25	25	25	25	0.0	9.1
Construction	2,150	2,100	2,150	2,125	2,125	-1.2	4.8
Manufacturing	950	925	950	950	975	34.5	3.3
Service-Providing	31,375	30,975	31,075	31,225	31,200	2.1	3.2
Trade, Transportation, and Utilities	6,225	5,925	5,800	5,900	5,900	0.9	1.1
Information	475	475	475	500	500	5.3	0.0
Financial Activities	850	850	850	850	900	5.9	12.1
Professional and Business Services	3,450	3,475	3,475	3,500	3,475	-0.7	0.7
Educational and Health Services	3,550	3,575	3,575	3,575	3,600	0.0	3.8
Leisure and Hospitality	4,025	4,050	4,125	4,200	4,175	10.6	7.9
Other Services	1,075	1,075	1,100	1,100	1,125	2.3	6.5
Government	11,725	11,550	11,675	11,600	11,525	1.1	2.5
Federal Government	4,575	4,525	4,500	4,500	4,500	1.7	2.9
State and Local Government	7150	7025	7175	7100	7025	0.7	2.2
Sales ($000) ADOR							
Gross Retail	87,032	61,466	65,565	72,209	...	10.5	7.3
Retail	72,259	48,129	51,468	55,087	...	8.2	5.9
Restaurants & Bars	7,983	7,515	7,790	8,584	...	1.8	1.9
Gasoline, EBR	6,790	5,822	6,307	8,538	...	41.7	26.7
Gallons (000s) ADOT	5,207	4,307	3,906	4,274	...	-12.5	14.3
Contracting	15,838	14,373	14,442	13,442	...	-5.6	13.6
New Housing Units Authorized, Census C-40							
Total Units	41	53	44	72	70	6.1	9.5
Single Family Units	41	53	44	72	70	6.1	9.0

See sources and abbreviations at the bottom of Page 16.

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	% change versus year ago for most recent: month	12-months
TUCSON METROPOLITAN REGION (PIMA)							
Civilian Labor Force (000s) ADES	411.8	426.9	426.4	426.2	428.9	6.5	3.6
Employment	394.2	408.3	407.7	407.2	410.7	6.6	3.1
Unemployment	17.6	18.6	18.7	19.0	18.2	2.8	15.3
Unemployment Rate, Seas. Adj. (%)	4.2	4.1	4.2	4.6	4.6	-8.0	10.1
Employees on Nonagricultural Payrolls (000s) ADES							
Total	352.9	345.4	349.4	349.5	351.0	0.3	0.0
Natural Resources and Mining	1.4	1.4	1.4	1.4	1.4	-12.5	-13.7
Construction	22.9	22.9	23.1	22.9	22.9	4.6	0.4
Manufacturing	29.5	29.3	29.3	29.2	29.2	-4.9	-7.5
Computer and Electronic Prod.	5.6	5.7	5.6	5.6	5.6	-1.8	-7.6
Aerospace Products and Parts	12.2	12.1	12.0	12.0	12.0	-6.3	-7.7
Wholesale Trade	7.2	7.3	7.2	7.3	7.2	0.0	-1.6
Retail Trade	42.9	40.1	39.8	40.2	40.0	2.3	3.2
Transp., Warehousing, and Utilities	7.8	7.8	7.7	7.7	7.7	0.0	-11.1
Information	7.7	7.6	7.6	7.5	7.4	-6.3	-1.2
Financial Activities	14.1	14.2	14.3	14.6	14.7	3.5	-0.3
Professional and Business Services	40.9	40.3	40.4	40.2	40.5	-2.4	0.1
Educational and Health Services	44.7	44.6	45.1	44.6	45.0	3.4	4.4
Arts, Entertainment, and Recreation	5.4	5.5	5.5	5.6	5.7	0.0	2.3
Accommodation	7.6	7.5	7.8	7.7	7.7	-4.9	-4.6
Food Svcs and Drinking Places	24.7	24.5	25.2	25.5	26.0	2.0	1.1
Other Services	14.7	14.6	14.7	14.7	14.9	2.1	1.6
Federal Government	9.6	9.6	9.4	9.5	9.5	5.6	2.5
State and Local Government	71.8	68.2	70.9	70.9	71.2	-0.6	0.3
State and Local Government Education	48.0	44.6	47.4	47.2	47.6	0.8	0.3
Sales ($000s) ADOR							
Aggregate Retail Sales	887,077	705,760	713,342	789,192	...	2.7	1.8
Retail	652,675	472,955	474,060	526,526	...	0.2	1.1
Food, EBR	96,562	99,522	99,915	100,133	...	4.0	-0.0
Restaurants & Bars	90,409	85,108	89,538	95,343	...	-8.3	1.1
Gasoline, EBR	47,431	48,176	49,830	67,190	...	58.1	15.3
Contracting	140,488	117,744	120,491	131,565	...	3.8	0.4
New Housing Units Authorized, Census C-40 adjusted by EBR							
Total Units	516	562	594	624	833	-3.6	2.4
Single Family Units	497	533	577	608	736	14.8	7.6
2-5-plus Unit Structures	19	29	18	16	97	-56.5	-20.7
Housing Sales and Prices, TAR							
Total Sales ($000s)	187,037	134,441	150,741	189,194	226,515	16.0	14.7
Total Units	1,022	861	899	1,102	1,249	7.4	8.1
Average Price ($)	183,011	156,145	167,676	171,683	181,357	8.0	6.2
Tucson International Airport, TAA							
Total Passengers	318,093	283,064	306,195	345,308	305,450	-2.1	0.7
Total Aircraft Movements	23,017	25,993	19,651	22,864	22,053	-4.3	4.6

TUCSON METROPOLITAN REGION (PIMA) - QUARTERLY DATA	I 2002	II 2002	III 2002	IV 2002	I 2003	% change versus year ago for most recent: quarter	4-quarters
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	883.4	888.1	892.7	896.9	901.4	2.0	2.2
Natural Increase	1.1	1.1	1.1	1.2	1.2	2.8	-5.3
Births	3.0	3.0	3.1	3.1	3.1	2.4	0.3
Deaths	1.9	1.9	1.9	1.9	1.9	2.2	4.0
Net Migration	3.8	3.6	3.5	3.0	3.4	-10.2	-13.6
Personal Income by Source ($mil, SAAR) EBR							
Total Personal Income	21,486	21,695	21,916	22,153	22,391	4.2	3.9
Earnings by Place of Work	13,433	13,535	13,662	13,823	13,982	4.1	2.7
Less: Contributions for Social Insurance	804	811	820	831	842	4.7	3.8
Plus: Adjustment for Residence	95	96	97	99	100	6.0	4.1
Plus: Dividends, Interest & Rents	5,029	5,046	5,065	5,087	5,111	1.6	1.8
Plus: Transfer Payments	3,733	3,829	3,911	3,975	4,039	8.2	11.4
Per Capita Personal Income ($, SAAR) EBR	24,323	24,429	24,550	24,701	24,839	2.1	1.7

See sources and abbreviations at the bottom of Page 16.

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	% change versus year ago for most recent: month	12-months
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL)							
Civilian Labor Force (000s) ADES	1,798.1	1,773.7	1,769.2	1,777.1	1,787.2	0.3	1.9
Employment	1,702.7	1,682.4	1,677.6	1,685.8	1,695.3	0.7	1.3
Unemployment	95.4	91.3	91.6	91.3	91.9	-5.5	14.7
Unemployment Rate, Seas. Adj. (%)	5.4	5.0	5.2	5.4	5.5	-6.8	12.3
Employees on Nonagricultural Payrolls (000s) ADES							
Total	1,613.5	1,581.3	1,597.3	1,606.6	1,609.7	0.5	0.3
Natural Resources and Mining	2.3	2.2	2.3	2.3	2.3	-4.2	0.4
Construction	126.0	123.7	124.0	124.6	126.0	1.5	-1.2
Durable Goods Manufacturing	106.5	105.0	103.9	103.6	103.4	-7.8	-9.2
Fabricated Metal Products	13.0	13.0	12.8	12.6	12.5	-6.0	-6.7
Computer and Electronic Prod.	40.5	39.9	39.4	39.2	39.1	-10.5	-12.7
Aerospace Products and Parts	15.4	15.3	15.2	15.2	15.3	-0.6	-3.3
Non-Durable Goods Manufacturing	27.8	27.7	27.4	27.3	27.4	-2.1	-3.3
Wholesale Trade	77.1	76.0	76.3	76.9	76.6	-0.8	-1.6
Retail Trade	199.5	191.6	190.3	189.5	188.7	1.4	2.1
Utilities	7.6	7.5	7.5	7.5	7.4		-1.5
Transportation and Warehousing	52.7	52.5	51.8	52.0	51.6	2.6	2.2
Information	37.4	37.2	37.0	36.6	37.0	-8.0	-8.0
Finance and Insurance	95.5	95.1	95.8	95.9	95.6	-2.1	-1.3
Real Estate, Rental, and Leasing	34.4	33.8	34.0	34.1	34.2	2.4	1.5
Professional and Business Services	252.4	249.3	250.6	254.9	256.1	0.5	-0.0
Educational Services	22.9	21.9	23.5	23.7	24.2	10.5	11.6
Health Care and Social Assistance	134.9	135.0	135.5	136.3	136.9	6.3	5.6
Arts, Entertainment, and Recreation	20.9	20.7	21.2	21.6	21.8	2.8	3.0
Accommodation	25.6	25.6	25.9	26.4	26.1	-0.8	-3.2
Food Svcs and Drinking Places	108.3	106.9	109.4	111.5	112.2	1.3	2.3
Other Services	61.1	61.3	61.9	62.7	63.0	2.8	2.4
Federal Government	22.6	21.7	22.0	22.1	22.0	7.3	4.0
State and Local Government	198.0	186.6	197.0	197.1	197.2	0.3	2.7
State and Local Government Education	103.2	92.3	102.6	103.0	103.0	1.6	4.0
Sales ($000s) ADOR							
Aggregate Retail Sales	3,937,929	3,083,210	3,160,270	3,559,829	...	5.7	2.1
Retail	2,958,848	2,079,784	2,140,246	2,396,992	...	1.6	0.7
Food, EBR	399,251	413,153	414,785	415,692	...	4.5	1.7
Restaurants & Bars	403,029	408,092	403,858	471,915	...	6.2	4.0
Gasoline, EBR	176,801	182,181	201,381	275,230	...	65.7	17.7
Contracting	768,738	566,000	624,806	668,026	...	-5.0	-5.1
New Housing Units Authorized, Census C-40							
Total Units	3,897	3,062	3,724	3,885	4,078	-3.3	17.7
Single Family Units	2,689	2,935	3,182	3,714	3,835	2.8	19.3
2-4 Unit Structures	40	32	6	23	64	12.3	-29.2
5-plus Unit Structures	1,168	95	536	148	179	-58.4	13.2
Housing Sales and Prices, ARMLS							
Total Sales ($000s)	1,045,449	840,943	974,842	1,186,792	1,331,555	26.5	16.4
Total Units	5,562	4,483	5,162	6,167	6,960	22.5	8.9
Average Price ($)	187,963	187,585	188,850	192,442	191,315	3.2	7.0
Phoenix Skyharbor International Airport, PSIA							
Total Passengers	3,158,765	2,834,808	2,787,722	3,430,332	...	2.7	4.8
Total Aircraft Movements	46,647	46,475	41,650	46,898	...	0.3	2.1

See sources and abbreviations below.

Sources and abbreviations:

ADES: Arizona Department of Economic Security
ADHS: Arizona Department of Health Services
ADOR: Arizona Department of Revenue
ADOT: Arizona Department of Transportation
ARMLS: Arizona Regional Multiple Listing Service
ASBD: Arizona State Banking Department
ASPB: Arizona State Parks Board
BEA: Bureau of Economic Analysis, U.S. Department of Commerce
BLS: Bureau of Labor Statistics, U.S. Department of Labor
Census C-40, Bureau of the Census, U.S. Department of Commerce
EBR: Economic & Business Research Program, The University of Arizona
NPS: National Park Service, U.S. Department of the Interior
NSCCC: Nogales-Santa Cruz Chamber of Commerce
PSIA: Phoenix Skyharbor International Airport
SAAR: Seasonally adjusted at annual rates
TAA: Tucson Airport Authority
TAR: Tucson Association of Realtors
USINS: U.S. Immigration & Naturalization Service, U.S. Department of Justice
U.S. Bankruptcy Court, District of Arizona
USCS: U.S. Customs Service, U.S. Department of the Treasury

	I 2002	II 2002	III 2002	IV 2002	I 2003	% change versus year ago for most recent: quarter	4-quarters
PHOENIX-MESA METROPOLITAN REGION (MARICOPA AND PINAL) - QUARTERLY DATA							
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	3,448.8	3,475.4	3,501.1	3,528.1	3,553.4	3.0	3.1
Natural Increase	8.5	8.4	8.2	8.1	7.9	-6.2	-3.3
Births	14.6	14.6	14.5	14.5	14.4	-1.8	-0.2
Deaths	6.2	6.2	6.3	6.4	6.4	4.2	4.1
Net Migration	19.0	18.3	17.5	18.9	17.4	-8.7	-5.1
Personal Income by Source ($mil, SAAR) EBR							
Total Personal Income	94,617	95,543	96,553	97,642	98,708	4.3	3.5
Earnings by Place of Work	70,880	71,559	72,386	73,367	74,317	4.8	3.0
Less: Contributions for Social Insurance	4,383	4,440	4,500	4,561	4,619	5.4	4.0
Plus: Adjustment for Residence	-48	-48	-47	-46	-46	5.0	5.0
Plus: Dividends, Interest & Rents	16,486	16,432	16,366	16,294	16,229	-1.6	-0.5
Plus: Transfer Payments	11,682	12,039	12,347	12,588	12,827	9.8	12.7
Per Capita Personal Income ($, SAAR) EBR	27,435	27,491	27,578	27,676	27,778	1.3	0.3
ARIZONA QUARTERLY DATA							
Demographics & Vital Statistics (000s, seas adj) ADHS & EBR							
Population	5,415.4	5,453.6	5,494.1	5,537.7	5,580.8	3.1	2.9
Natural Increase	10.7	11.2	11.5	11.8	11.2	5.6	6.1
Births	21.3	21.9	22.0	21.9	21.7	1.8	2.7
Deaths	10.7	10.7	10.4	10.1	10.4	-2.0	-0.8
Net Migration	27.6	27.0	31.2	32.7	30.4	10.2	14.4
Personal Income Derivation ($mil, SAAR) EBR							
Total Personal Income	141,705	142,484	143,066	145,123	147,061	3.8	4.0
Earnings by Place of Work	99,688	99,679	100,205	101,945	103,455	3.8	3.4
Less: Contributions for Social Insurance	6,254	6,251	6,297	6,410	6,543	4.6	5.1
Plus: Adjustment for Residence	460	455	452	460	466	1.2	-0.1
Plus: Dividends, Interest & Rents	27,193	27,455	27,285	27,211	27,192	-0.0	1.6
Plus: Transfer Payments	20,619	21,146	21,422	21,919	22,492	9.1	10.9
Components of Earnings ($mil, SAAR) BEA							
Wages and Salaries	79,277	80,421	80,727	81,654	...	3.7	2.3
Other Labor Income	8,716	8,967	9,181	9,401	...	10.6	8.6
Proprietor's Income	10,785	10,298	10,585	10,969	...	11.0	6.9
Farm	997	286	446	607	...	61.0	60.8
Nonfarm	9,788	10,012	10,140	10,362	...	9.0	4.8
Per Capita Personal Income ($, SAAR) EBR	26,167	26,126	26,040	26,206	26,351	0.7	1.0
Average Wage Per Employee, Annual Rate ($) EBR	34,626	34,923	34,934	35,348	...	2.6	2.2

TRAVEL AND TOURISM - MONTHLY DATA	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	% change versus year ago for most recent: month	12-months
Recreational Areas, ADOT, NPS & ASPB							
Northern Arizona	2,183,827	1,601,720	1,357,160	903,554	747,292	2.7	-7.8
Historical	135,563	128,875	129,697	90,875	70,844	8.9	-5.1
Scenic	684,190	460,485	467,817	315,281	226,446	-14.7	-3.3
Water Based Recreation	1,364,074	1,012,360	759,646	497,398	450,002	13.4	-10.4
Southern Arizona	143,167	96,631	163,331	189,581	194,403	-6.4	-13.6
Historical	20,772	19,541	28,200	32,056	38,780	-13.5	-16.5
Scenic	88,545	51,970	107,146	137,672	145,327	-3.3	-14.4
Water Based Recreation	33,850	25,120	27,985	19,853	10,296	-18.5	-7.0
International Border Crossings, USINS & USCS							
U.S. Citizens	862,826	802,188	842,304	793,992	1,193,979	31.8	21.7
Aliens	2,340,636	2,150,381	2,243,959	2,166,856	2,126,365	-8.0	11.8
Vehicles	911,075	887,222	935,176	871,531	893,268	2.7	2.9
MEASURES OF INFLATION AND PRICES - MONTHLY DATA							
Consumer Price Index (1982-1984=100) BLS							
U.S. - All Urban	180.9	181.7	183.1	184.2	183.8	2.2	2.0
U.S. - Wage Earners	177.0	177.7	179.2	180.3	179.8	2.3	1.9

See sources and abbreviations at the bottom of Page 16.

	DEC 2002	JAN 2003	FEB 2003	MAR 2003	APR 2003	% change versus year ago for most recent: month	12-months
ARIZONA MONTHLY DATA							
Civilian Labor Force (000s) ADES	2,680.1	2,642.3	2,634.4	2,642.7	2,659.2	0.3	2.1
Employment	2,527.6	2,497.4	2,489.6	2,498.0	2,511.6	0.5	1.4
Unemployment	152.5	144.9	144.8	144.7	147.6	-2.5	13.4
Unemployment Rate, Seas. Adj. (%)	5.9	5.5	5.7	5.9	6.0	-1.6	11.0
Employees on Nonagricultural Payrolls (000s) ADES							
Total	2,298.4	2,253.4	2,274.9	2,286.7	2,291.6	0.5	0.5
Natural Resources and Mining	8.6	8.5	8.4	8.4	8.5	-5.6	-6.3
Construction	174.2	171.4	172.0	172.7	174.4	2.5	0.3
Durable Goods Manufacturing	142.9	141.5	140.4	140.1	140.0	-6.5	-8.4
Fabricated Metal Products	17.1	17.0	16.9	16.8	16.6	-4.0	-6.7
Computer and Electronic Prod.	46.9	46.2	45.8	45.6	45.5	-9.0	-11.8
Aerospace Products and Parts	27.7	27.5	27.3	27.3	27.4	-4.9	-6.2
Non-Durable Goods Manufacturing	36.3	36.1	35.8	35.8	35.8	-0.8	-3.1
Wholesale Trade	94.4	93.6	93.9	94.7	93.4	-0.1	-1.0
Retail Trade	288.7	276.4	274.6	274.3	273.2	1.6	2.5
Utilities	10.9	10.8	10.8	10.8	10.8	-3.6	-0.6
Transportation and Warehousing	66.3	66.5	65.7	65.9	65.5	2.5	1.1
Information	50.0	49.9	49.5	49.2	49.5	-6.1	-5.6
Finance and Insurance	108.5	108.2	108.8	109.3	108.9	-2.0	-1.0
Real Estate, Rental, and Leasing	44.5	43.8	44.1	44.4	44.6	1.4	0.4
Professional and Business Services	314.0	310.0	310.8	315.6	316.9	0.1	0.3
Educational Services	33.3	31.9	33.7	34.0	34.5	8.2	10.6
Health Care and Social Assistance	207.8	207.8	208.8	209.3	210.4	5.9	5.5
Arts, Entertainment, and Recreation	29.8	29.4	30.0	30.6	31.0	2.3	2.9
Accommodation	41.9	41.6	42.1	42.9	42.9	-2.7	-3.7
Food Svcs and Drinking Places	158.2	156.6	160.1	162.3	163.6	0.9	1.5
Other Services	85.6	85.4	86.2	87.6	88.0	1.4	0.8
Federal Government	51.6	49.4	49.5	49.9	50.2	3.5	2.5
State and Local Government	350.9	334.6	349.7	348.9	349.5	-0.3	1.7
State and Local Government Education	191.4	175.3	190.6	190.2	190.9	0.5	2.3
Hours Worked Per Week, Manufacturing, ADES	39.9	40.4	39.2	40.1	40.2	-0.5	-0.7
Average Hourly Earnings ($) ADES							
Construction	14.82	14.88	14.86	14.97	15.05	5.2	0.6
Manufacturing	14.50	14.41	14.27	14.28	14.21	1.2	1.9
Trade, Transportation, Utilities	13.08	13.35	13.38	13.50	13.40	2.2	1.7
Retail Trade	11.12	11.41	11.47	11.55	11.64	3.3	0.4
Wholesale Trade	16.51	16.01	16.00	16.48	16.24	5.6	7.2
Sales ($000s) ADOR							
Aggregate Retail Sales	5,751,566	4,528,680	4,623,906	5,197,762	...	5.2	2.6
Retail	4,235,573	3,014,298	3,082,310	3,442,677	...	1.6	1.4
Food, EBR	639,363	645,509	648,059	649,476	...	1.9	2.3
Restaurants & Bars	577,181	568,954	567,608	657,462	...	3.4	3.2
Gasoline, EBR	299,450	299,919	325,929	448,148	...	60.8	15.8
Gallons (000s) ADOT	229,622	221,883	201,851	224,332	...	-0.7	5.5
Utilities	431,351	466,853	410,004	406,576	...	-1.0	-0.1
Communications	281,650	221,462	236,149	249,942	...	-11.8	0.6
Amusements	62,030	78,410	67,200	86,019	...	-1.4	4.6
Rentals - Personal Property	292,967	273,926	276,047	300,696	...	-5.7	-6.0
Contracting	1,085,680	824,989	891,326	940,541	...	-3.5	-2.5
Mining - Metal, Oil & Gas	24,702	18,187	21,019	26,573	...	3.9	45.1
Hotel/Motel	119,475	158,337	185,446	219,899	...	5.1	1.3
New Housing Units Authorized, Census C-40							
Total Units	5,085	4,276	4,939	5,260	5,642	-2.1	16.0
Single Family Units	3,721	4,065	4,296	4,983	5,282	4.6	16.1
2-4 Unit Structures	82	102	62	67	105	-3.7	-9.6
5-plus Unit Structures	1,282	109	581	210	255	-57.9	20.0
Bankruptcy Filings, U.S. Bankruptcy Court							
Total	2,233	2,218	...	...	...	7.9	14.8
Chapter 7	1,728	1,642	...	...	...	9.9	13.9
Chapter 11	14	18	...	...	...	28.6	3.9
Chapter 13	490	558	...	...	...	2.0	19.5

See sources and abbreviations at the bottom of Page 16.

	I 2002	II 2002	III 2002	IV 2002	I 2003	% change versus year ago for most recent: quarter	4-quarters
MEASURES OF INFLATION AND PRICES - QUARTERLY DATA							
Consumer Price index (1982-84=100) BLS							
Western Region (U.S.)	183.2	184.8	185.2	185.7	188.0	2.6	2.1
U.S. - All Urban Consumers	177.9	179.8	180.6	181.2	183.0	2.9	2.0
U.S. - Urban Wage Earners	173.9	175.8	176.6	177.2	179.1	3.0	1.9
Price Indexes (1996=100) BEA							
Gross Domestic Product	110.1	110.5	110.8	111.2	111.7	1.4	1.1
Personal Consumption Expenditures	110.1	110.9	111.4	111.9	112.6	2.2	1.7

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