

- DRAFT -
- Confidential -

REGIONAL ECONOMIC EVALUATION OF THE HIGHLANDS REGION

New Jersey Highlands Water Protection and Planning Council
DRAFT March 19, 2015

FISCAL IMPACT ASSESSMENT

- **Regional Economic Evaluation**
- **Demographic and Real Estate Analysis**
- **Fiscal and Financial Analysis**
- **Final Fiscal Impact Assessment Report**

AGENDA

- **Data Sources**
 - + Where do the numbers come from?
- **Municipal Classification**
 - + Comparing like to like
- **Economic Evaluation**
 - + Measuring employment change
- **Correlations**
 - + Factors that influence employment change

DATA SOURCES

EMPLOYMENT DATA

Quarterly Census of Employment and Wages (QCEW)

- **Data collected by State
for Workmen's
Compensation**
- **Data for each job location**
- **Monthly job counts**
- **Data lag about 9 months**
- **< 1% data error**
- **Confidential**

Longitudinal Employer- Household Dynamics Program (LEHD)

- **Census Bureau program
linking QCEW data with
tax returns**
- **Consistency across states**
- **Most recent data is 2011;
almost a year behind
schedule**
- **Public**

SOCIAL/DEMOGRAPHIC DATA

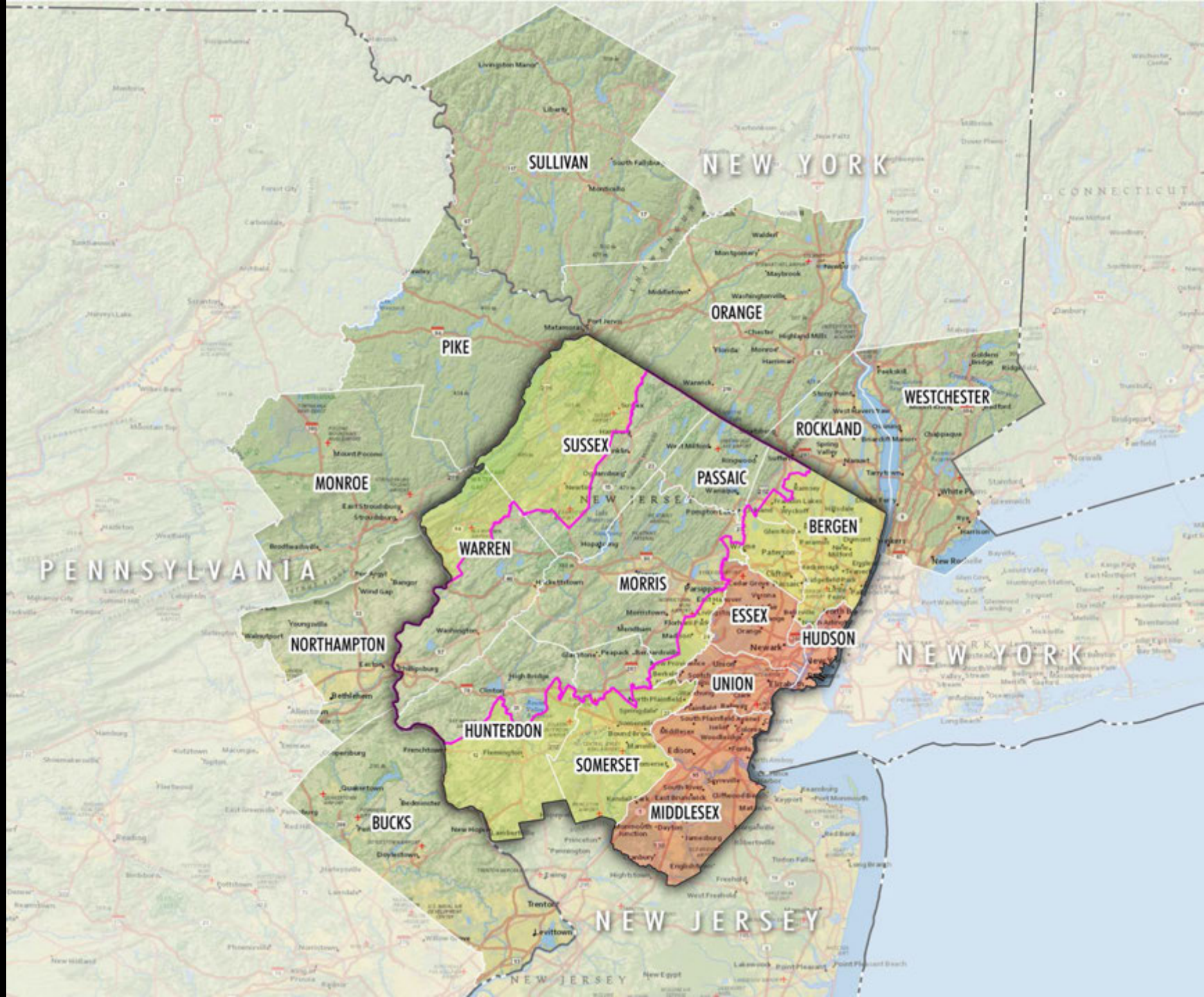
Decennial Census

- **Data collected by the Census Bureau every 10 years**
- **Consistent across states**
- **High sample rate, low statistical error rate**
- **Beginning in 2010, no long-form; census collects only number of people, age, race, and gender**

American Community Survey (ACS)

- **Successor to the Census**
- **Surveys conducted each year**
- **Small sample size, higher statistical error rates**
- **For jurisdictions with less than 20,000 people, data are combined over a five-year period**

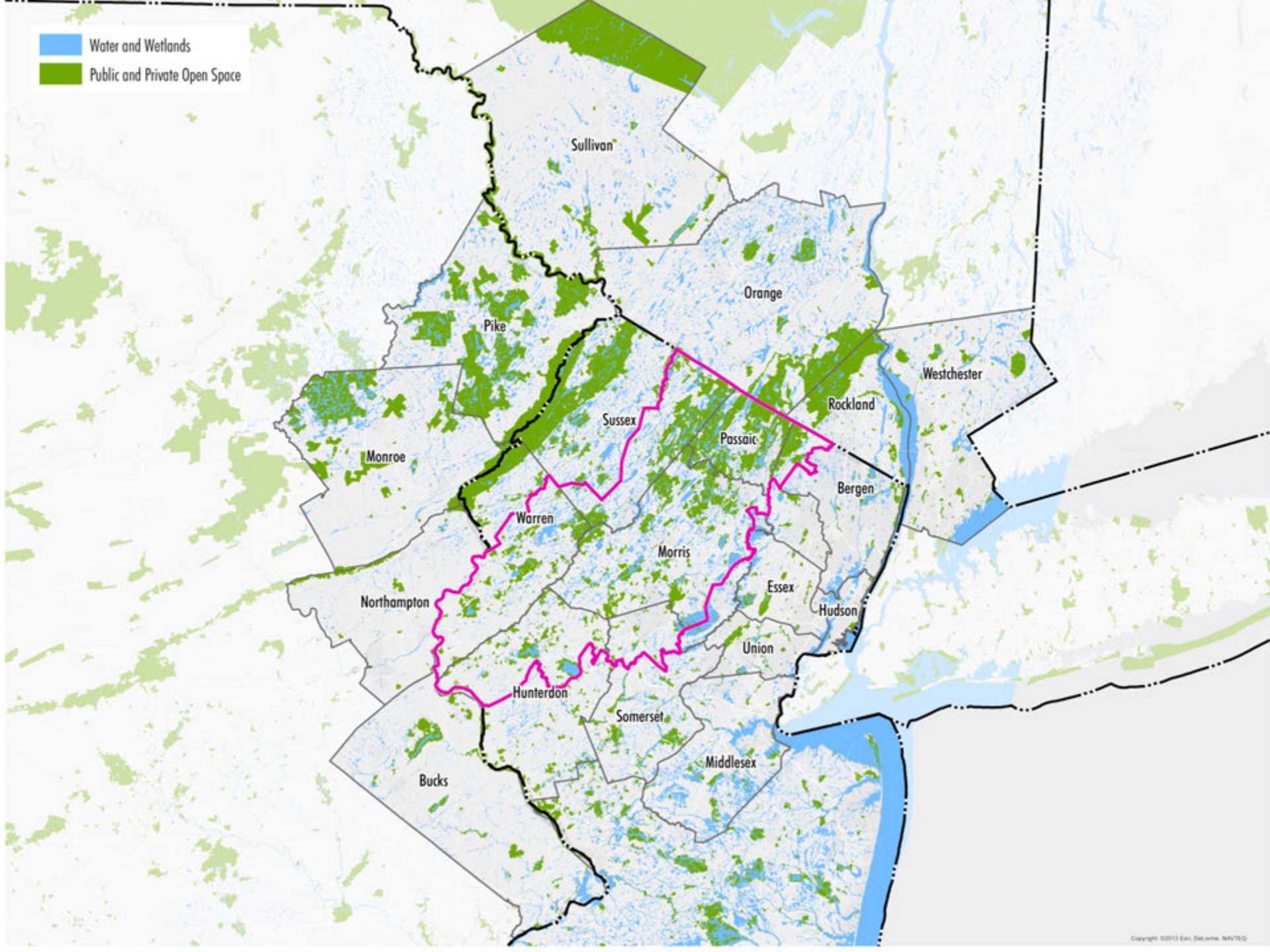
MUNICIPAL CLASSIFICATION



MUNICIPAL CLASSIFICATIONS

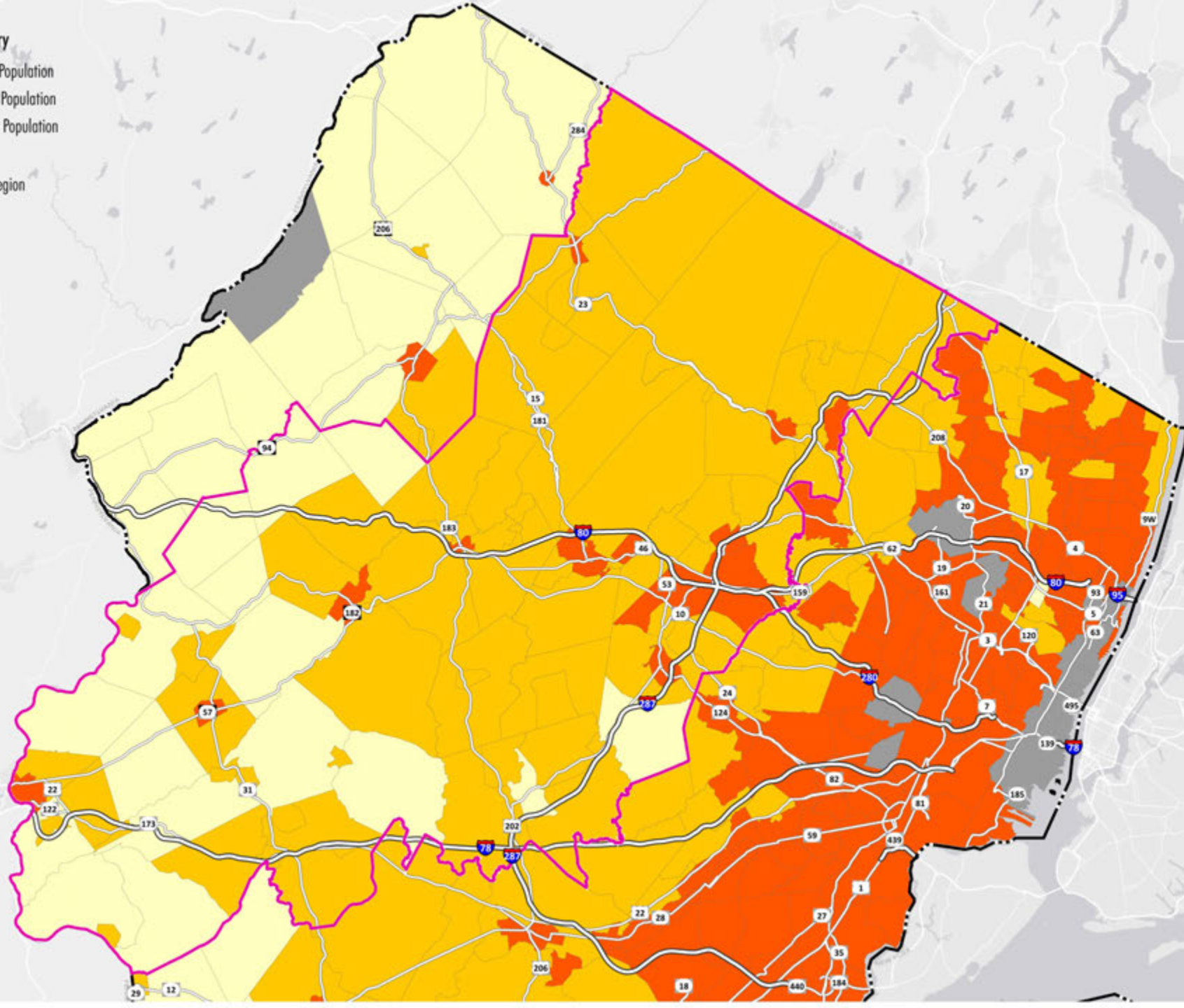
- Meant to ensure that the analysis compares similar jurisdictions
- Classification based on population and employment density
- Classification uses a net acreage for each jurisdiction
- Population data from 2000 Census; Employment data for 2004 LEHD
- Net acreage excludes water, wetlands, and federal, state, and local open space
- Agricultural easements were not excluded

- Water and Wetlands
- Public and Private Open Space



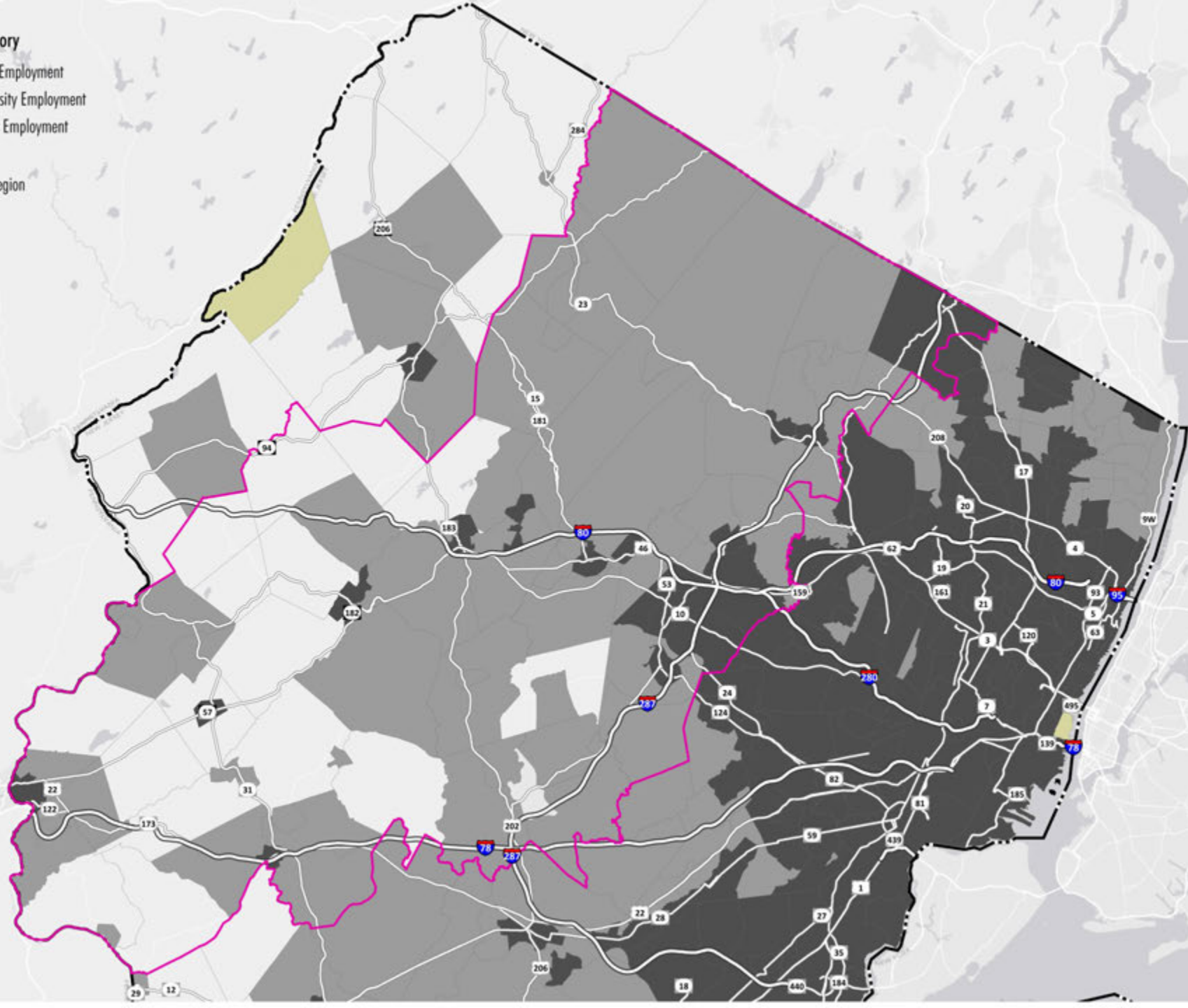
Population Category

- Low Density Population
- Med Density Population
- High Density Population
- Outlier
- Highlands Region














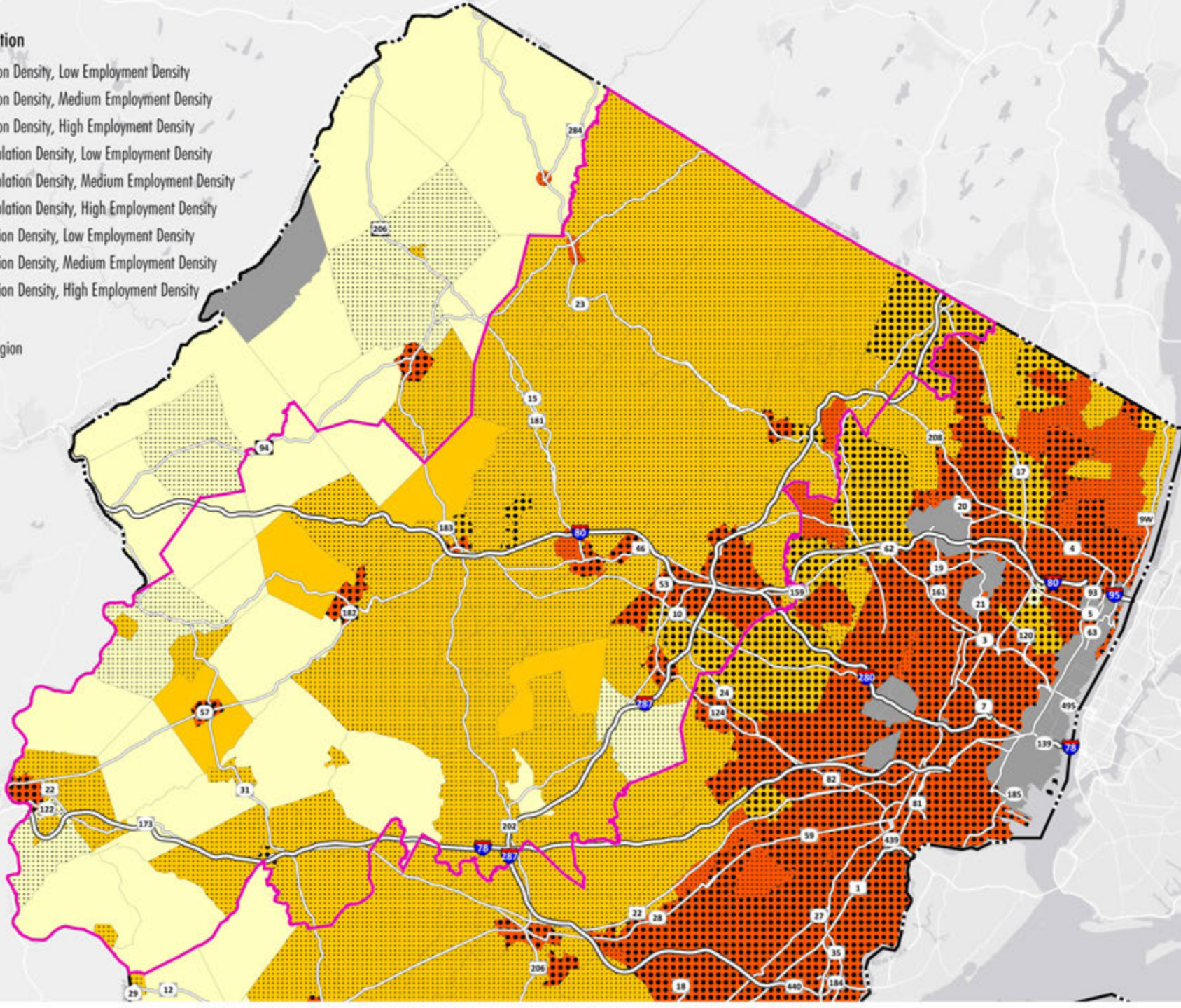
Employment Category

- Low Density Employment
- Medium Density Employment
- High Density Employment
- Outlier
- Highlands Region

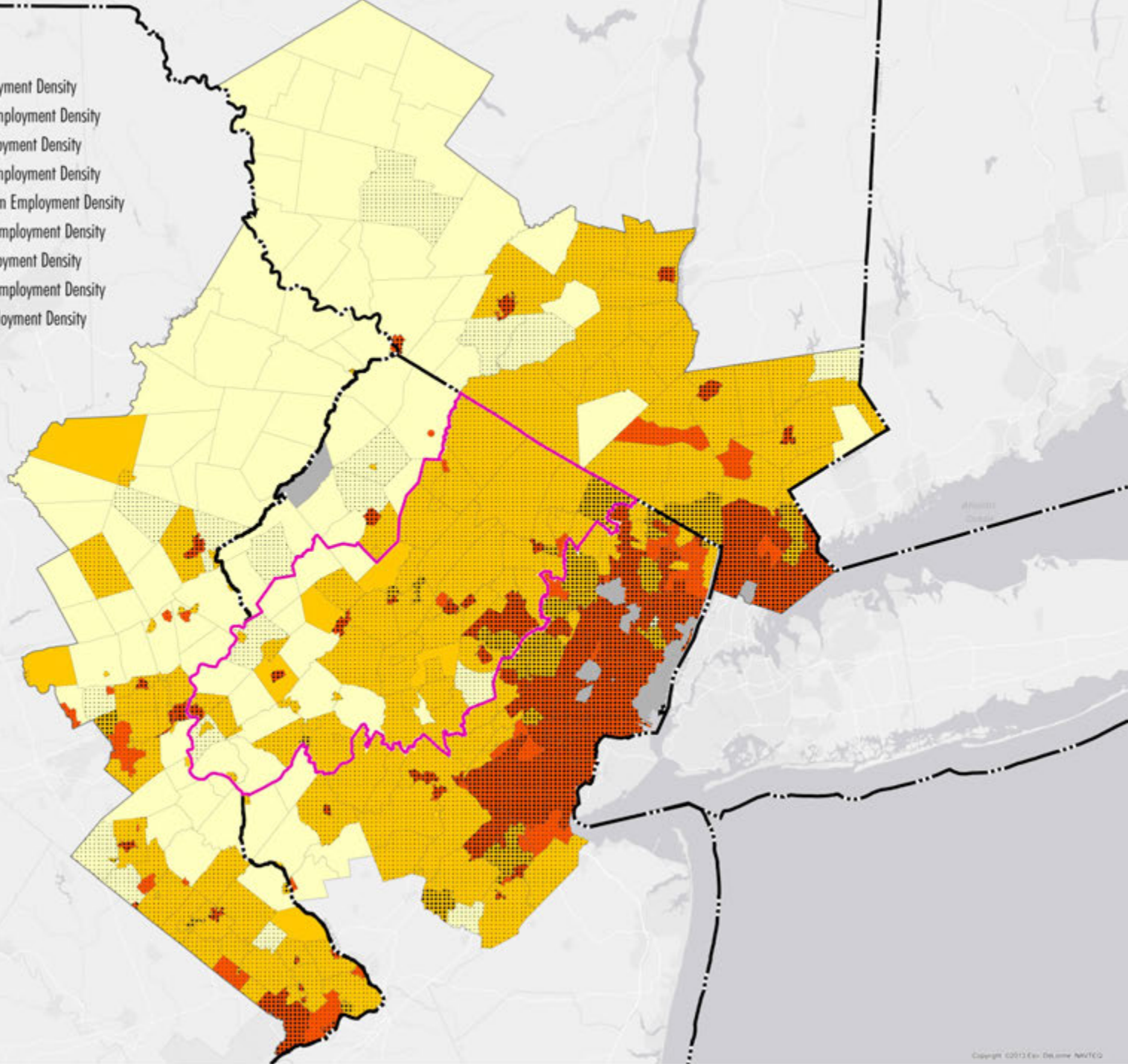


Municipal Classification

- | | |
|---|--|
|  | Low Population Density, Low Employment Density |
|  | Low Population Density, Medium Employment Density |
|  | Low Population Density, High Employment Density |
|  | Medium Population Density, Low Employment Density |
|  | Medium Population Density, Medium Employment Density |
|  | Medium Population Density, High Employment Density |
|  | High Population Density, Low Employment Density |
|  | High Population Density, Medium Employment Density |
|  | High Population Density, High Employment Density |
|  | Outlier |
|  | Highlands Region |



Municipal Classification



DENSITY CLASSIFICATION VALUES

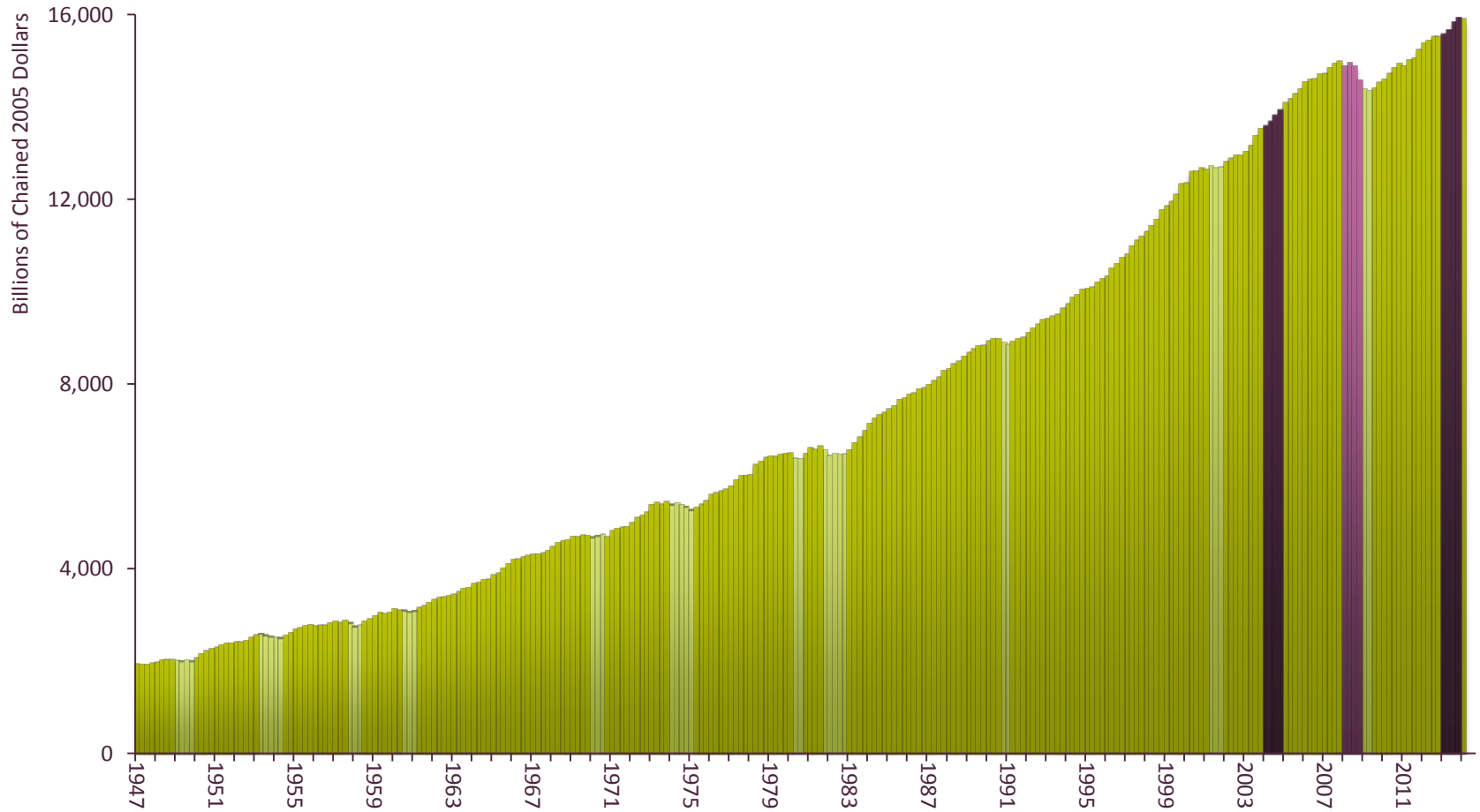
	Greater Than	Less Than	Classification Value
Low population density	0	.62	10
Medium population density	.62	4.5	20
High population density	4.5	19.83	30
Low employment density	0	.12	1
Medium employment density	.12	2.08	2
High employment density	2.08	17.59	3

Population Density: Persons per Acre | Employment Density: Total Jobs per Acre

ECONOMIC EVALUATION

NATIONAL ECONOMIC CONTEXT

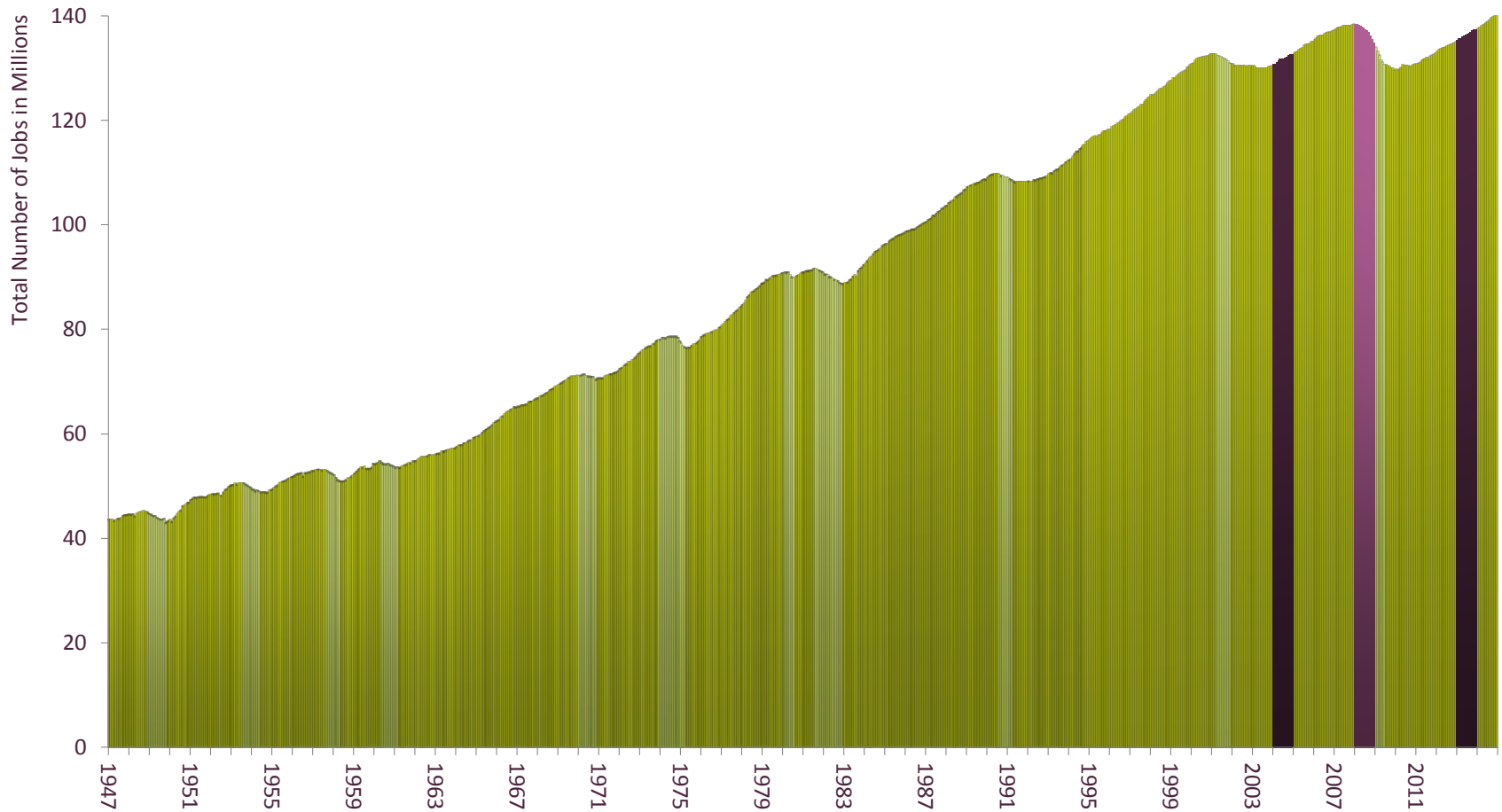
US Quarterly Gross Domestic Product



Purple areas show the time periods analyzed in the FIA

NATIONAL ECONOMIC CONTEXT

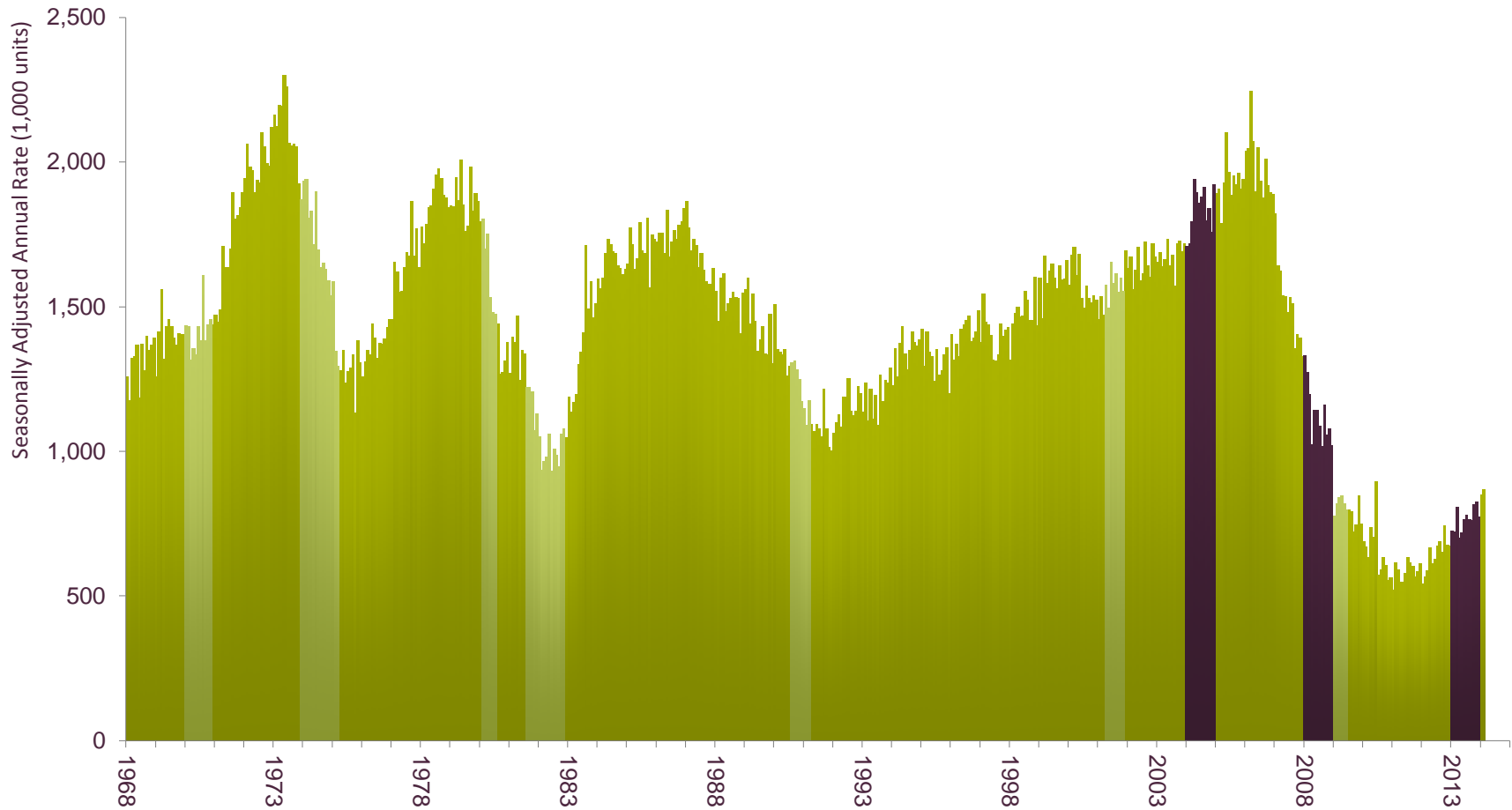
US Total Employment, Seasonally Adjusted



Purple areas show the time periods analyzed in the FIA

NATIONAL ECONOMIC CONTEXT

US Monthly Housing Completions

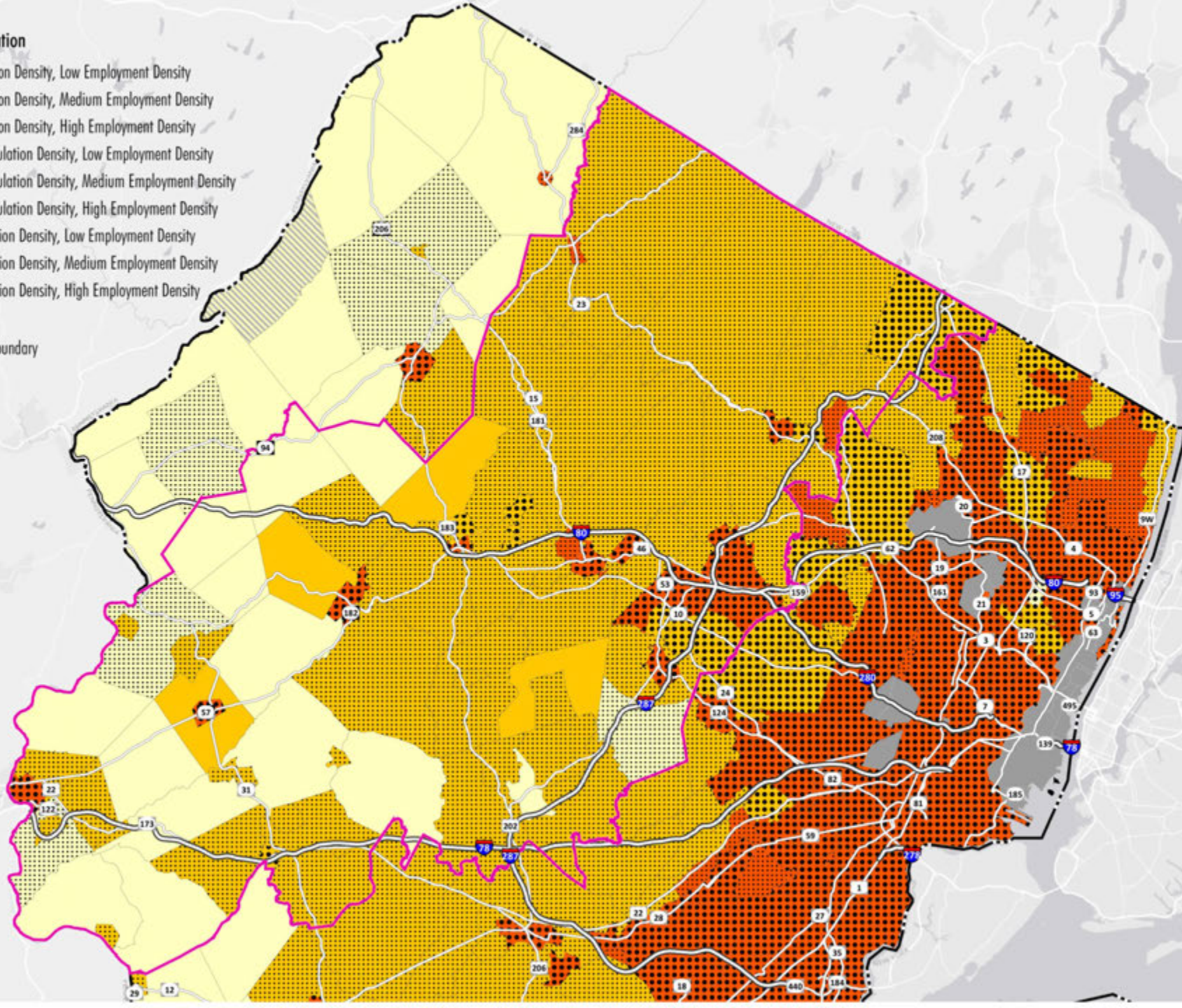
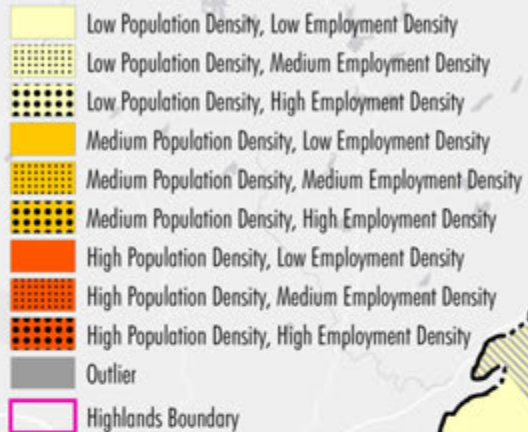


Purple areas show the time periods analyzed in the FIA

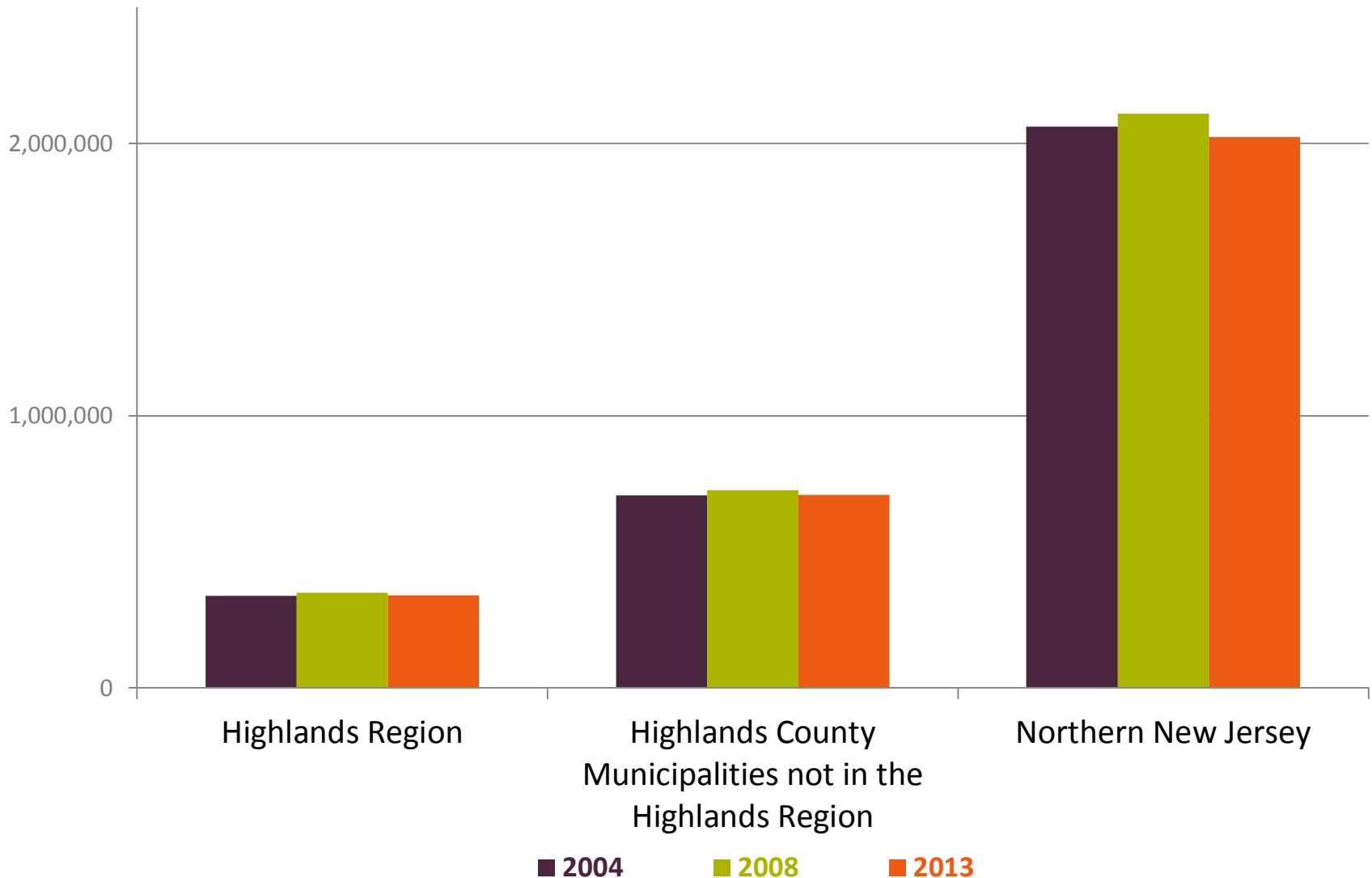
NEW JERSEY AREA COMPARISON

- **Using Confidential Data from the Quarterly Census of Employment and Wages (QCEW)**
- **Data represents average monthly employment for the years 2004, 2008, and 2013**

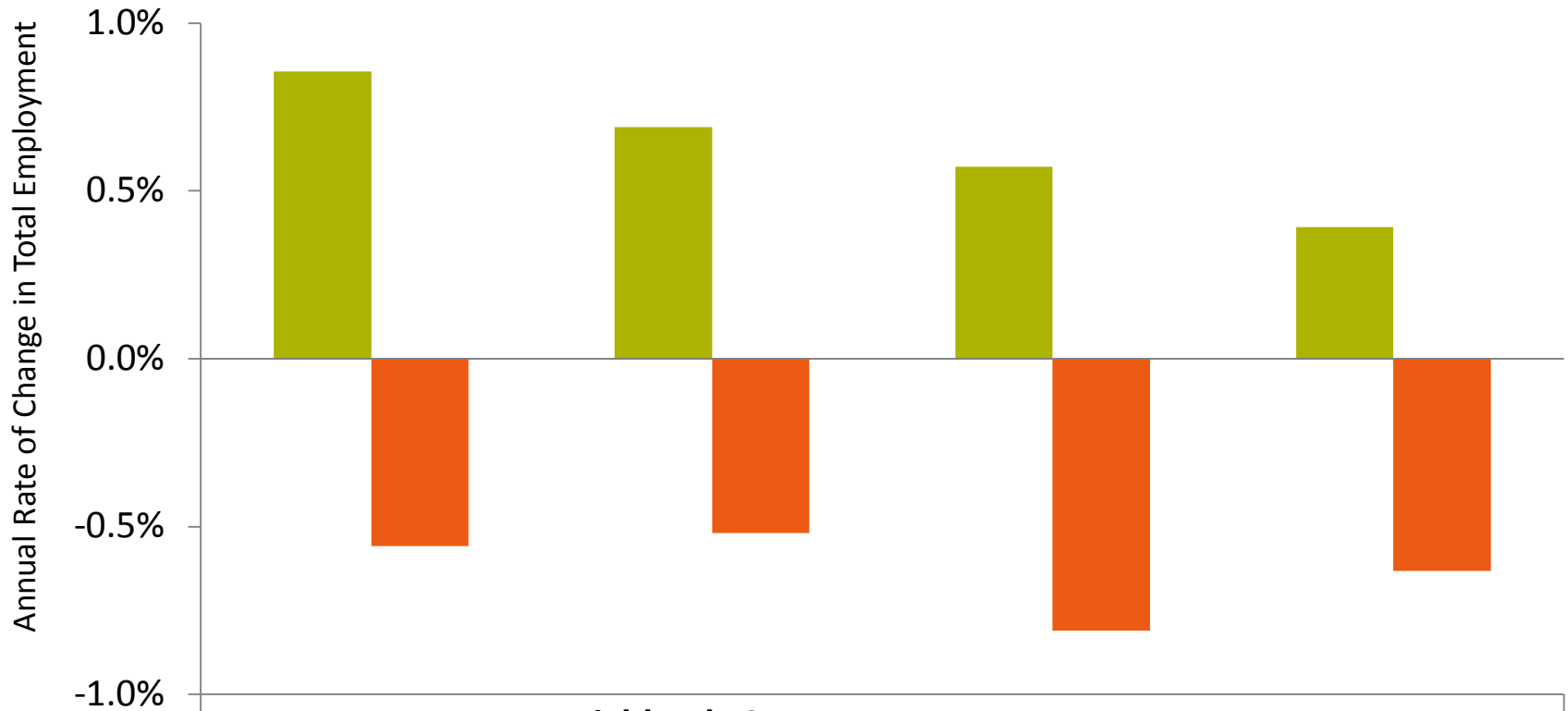
Municipal Classification



TOTAL EMPLOYMENT, NORTHERN NEW JERSEY

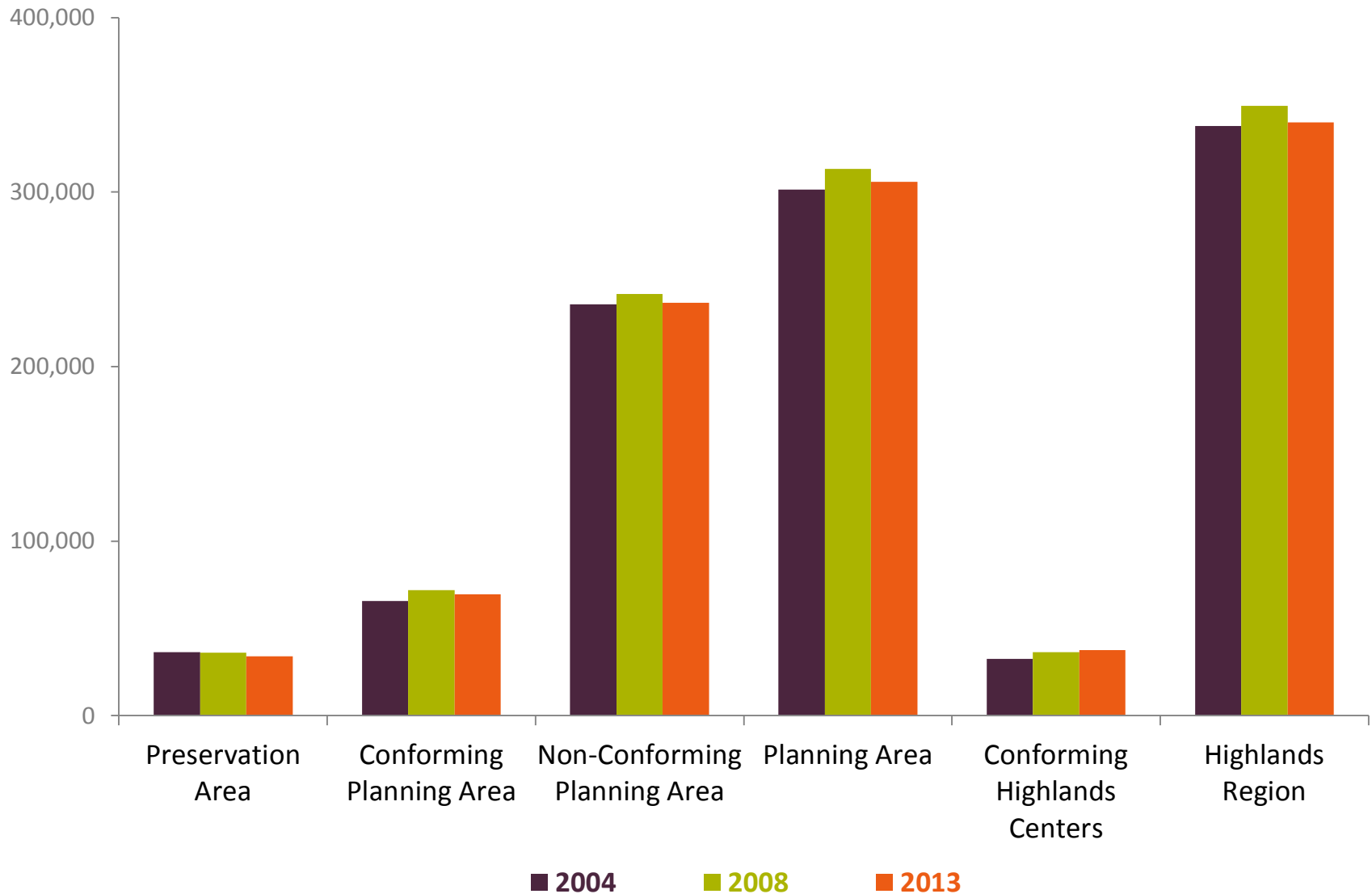


RATE OF CHANGE IN TOTAL EMPLOYMENT

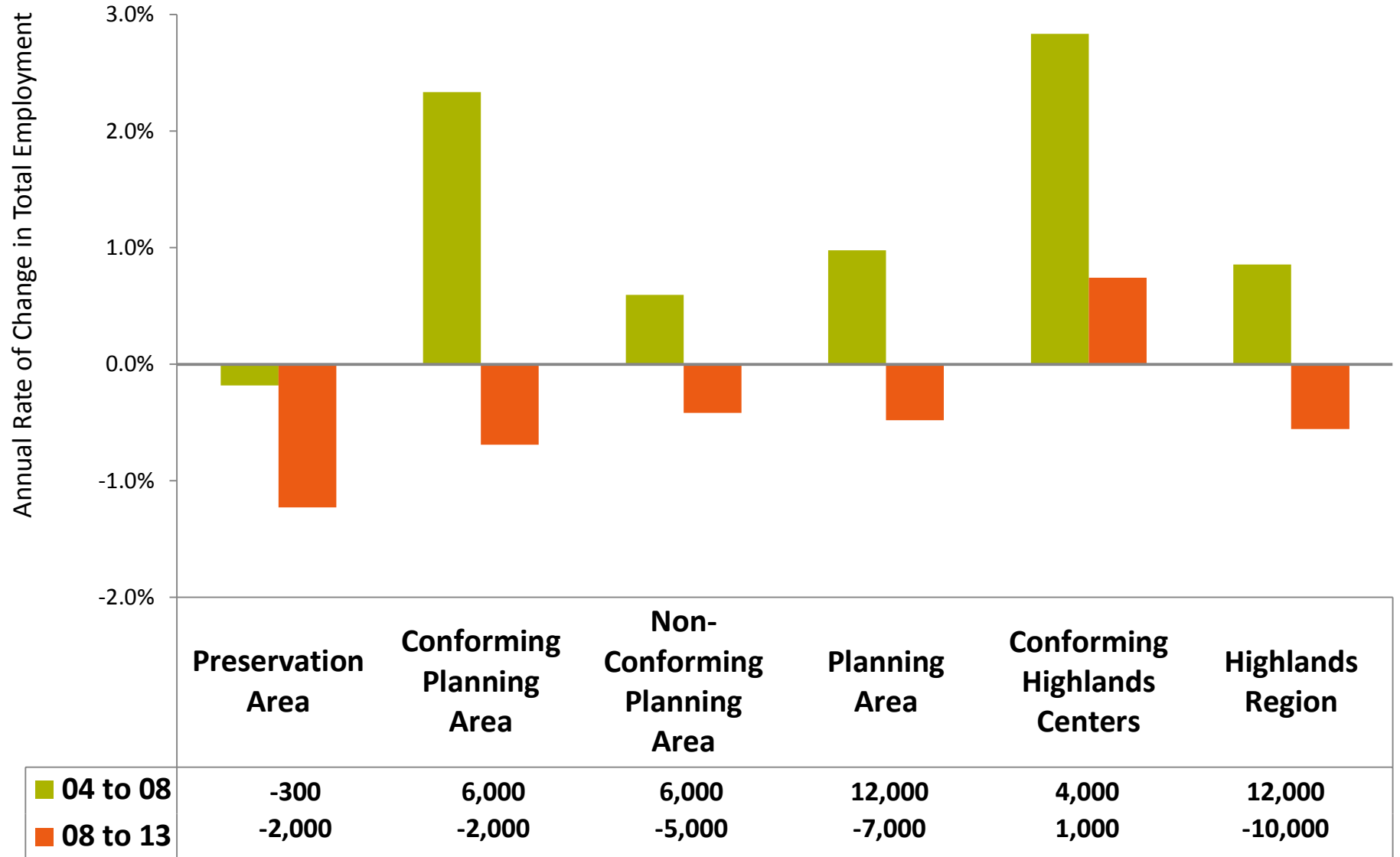


	Highlands Region	Highlands County Municipalities not in the Highlands Region	Northern New Jersey	Total New Jersey
■ 04 to 08	12,000	20,000	48,000	61,000
■ 08 to 13	-10,000	-19,000	-84,000	-122,000

TOTAL EMPLOYMENT, HIGHLANDS REGION



CHANGE IN TOTAL EMPLOYMENT



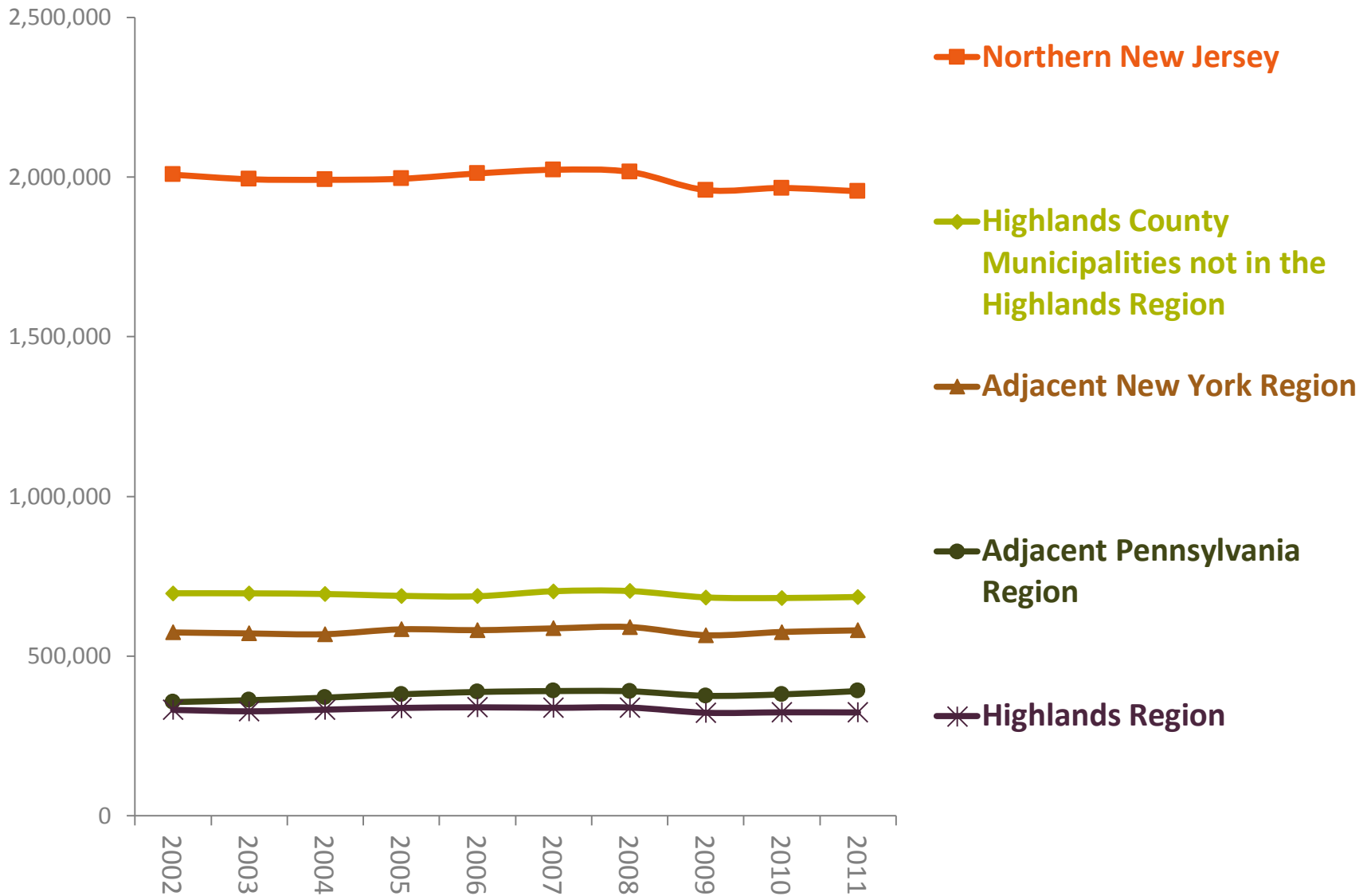
NEW JERSEY AREA CONCLUSIONS

- **Relative to Northern New Jersey and the State as a whole, the Highlands Region had a higher employment growth rate from 2004 to 2008, and less job loss from 2008 to 2013.**
- **Within the Highlands Region, the preservation area was the only geographic area with negative job growth rate from 2004 to 2008, for a decline of 300 jobs. It also had the highest job loss rate from 2008 to 2013, for a total five-year decline of 2,400 jobs.**
- **The conforming Highlands Centers generated the highest employment growth rates from 2004 to 2008 and from 2008 to 2013.**

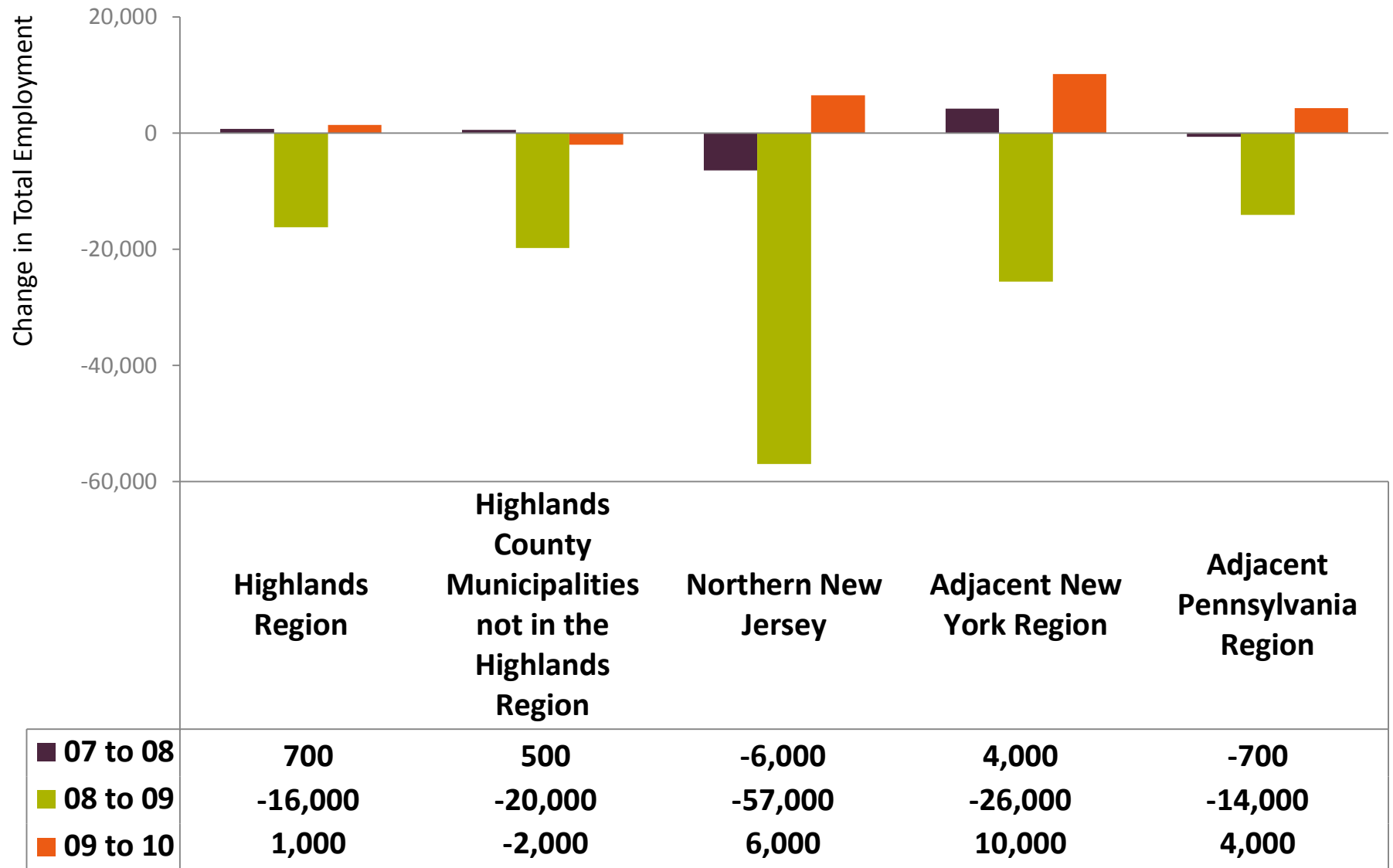
INTERSTATE COMPARISONS

- **Using Data from the Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) Program**
- **Data represents average annual employment for each year from 2002 to 2011**

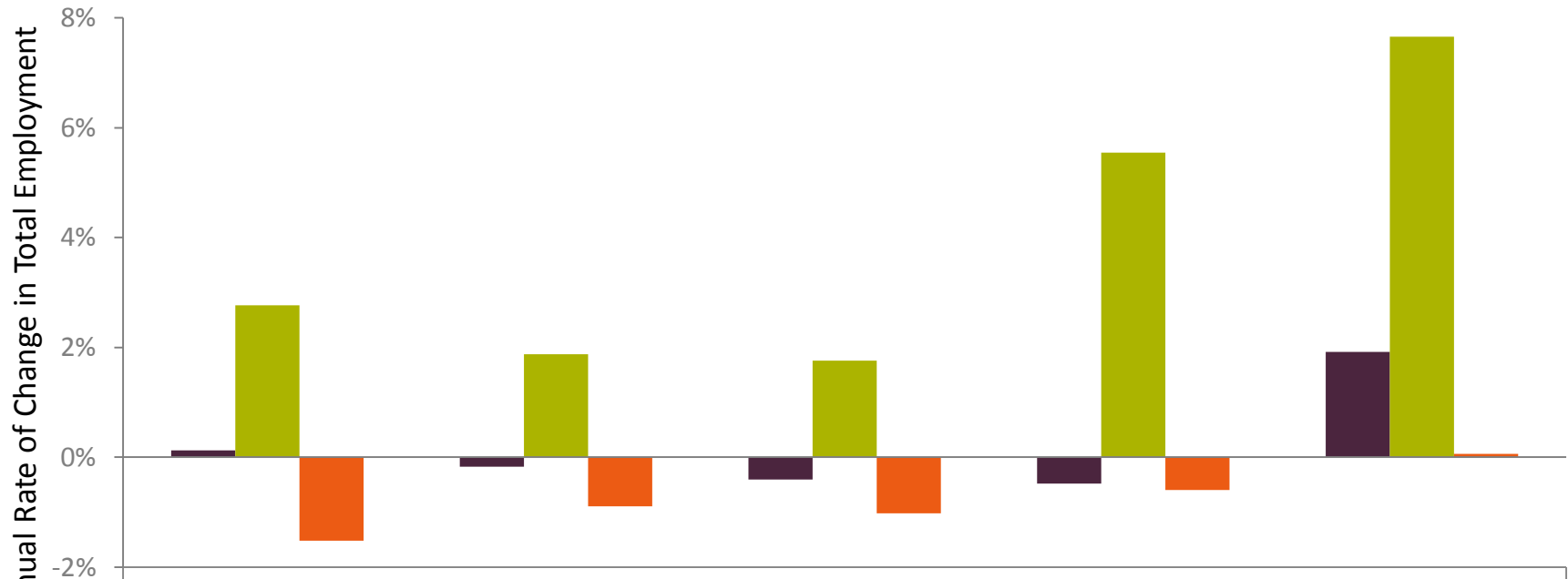
TOTAL EMPLOYMENT



RECESSION EFFECT ON EMPLOYMENT



RATE OF CHANGE IN EMPLOYMENT



	Highlands Region	Highlands County Municipalities not in the Highlands Region	Northern New Jersey	Adjacent New York Region	Adjacent Pennsylvania Region
02 to 04	800	-2,000	-16,000	-5,000	14,000
04 to 08	7,000	9,000	25,000	22,000	20,000
08 to 11	-15,000	-19,000	-61,000	-10,000	700

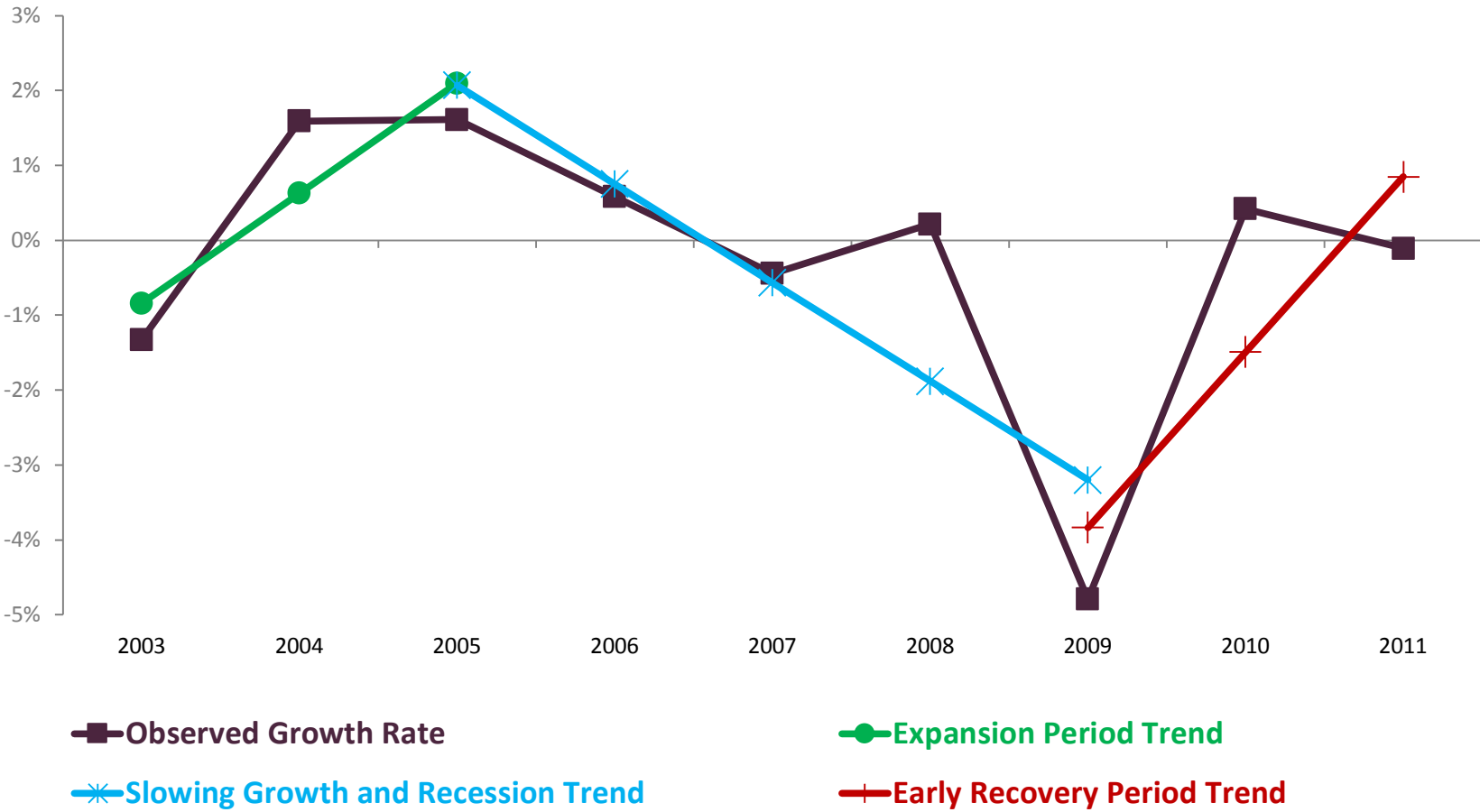
ANNUAL RATE OF EMPLOYMENT CHANGE

Highlands Region

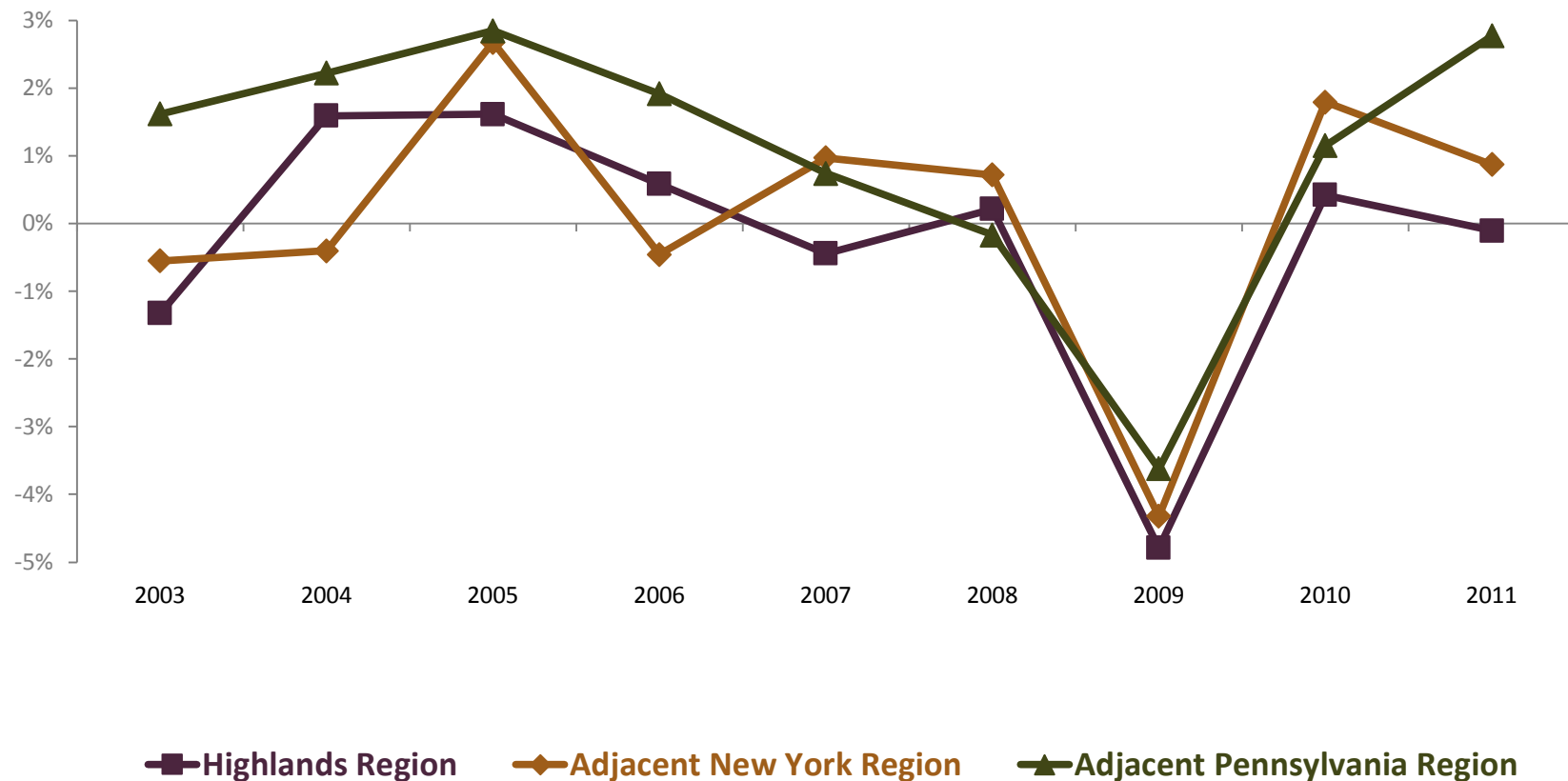


ANNUAL RATE OF EMPLOYMENT CHANGE

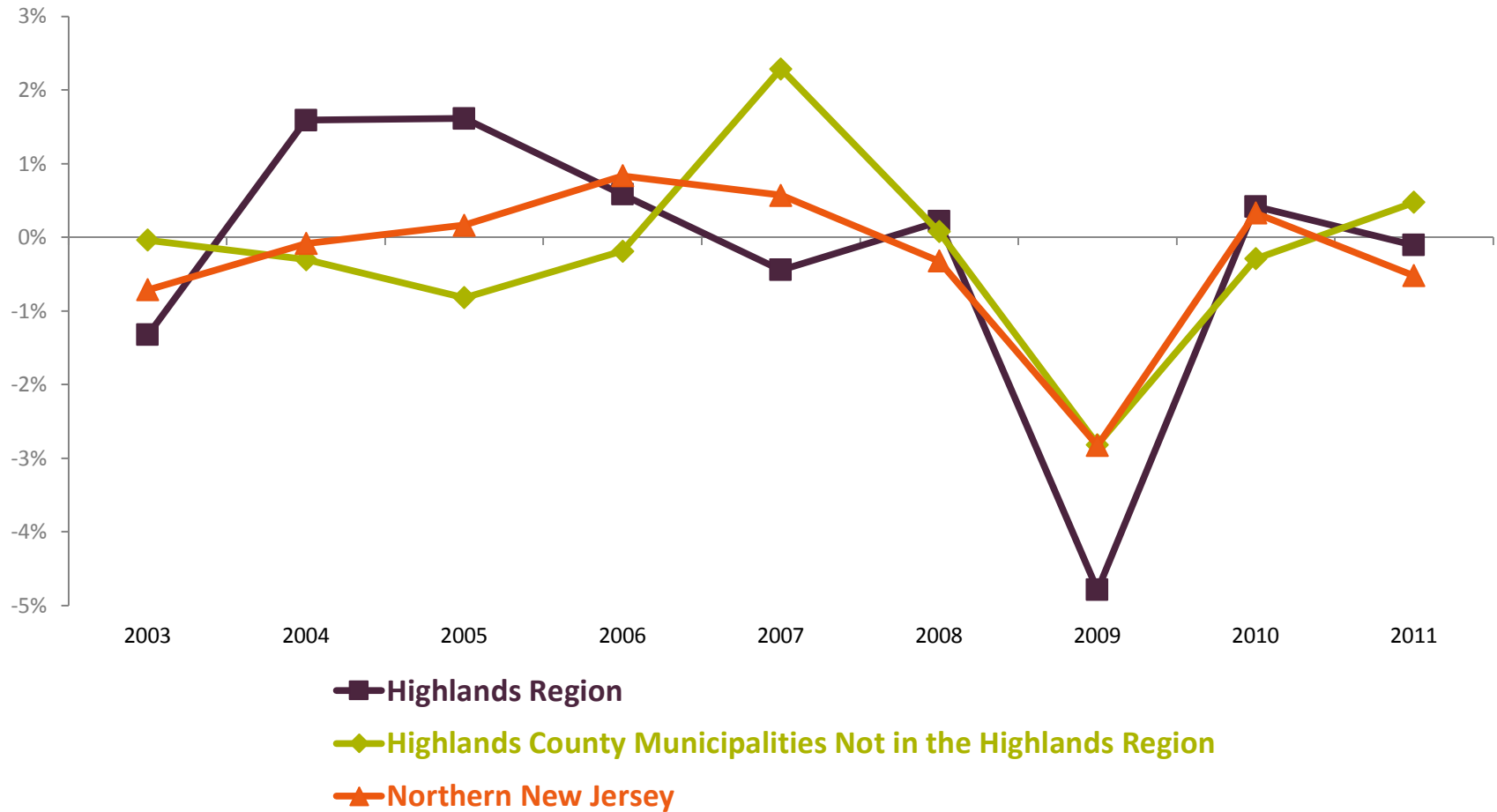
Highlands Region



ANNUAL RATE OF EMPLOYMENT CHANGE



ANNUAL RATE OF EMPLOYMENT CHANGE



ANNUAL RATE OF EMPLOYMENT CHANGE



INTERSTATE COMPARISON CONCLUSIONS

- From 2004 to 2008, the Highlands Region rate of employment change was higher than the NJ comparison regions and lower than the interstate comparison regions.
- From 2008 to 2011, the Highlands Region had the lowest rate of employment growth among the comparison regions, but this reflects recovery from the recession rather than an economic trend.
- The QCEW data show that the Highlands Counties (in the Highlands Region and outside) outperformed Northern New Jersey from 2008 to 2013, while the LEHD shows the opposite from 2008 to 2011. This suggests that employment recovery came more slowly to these seven counties.

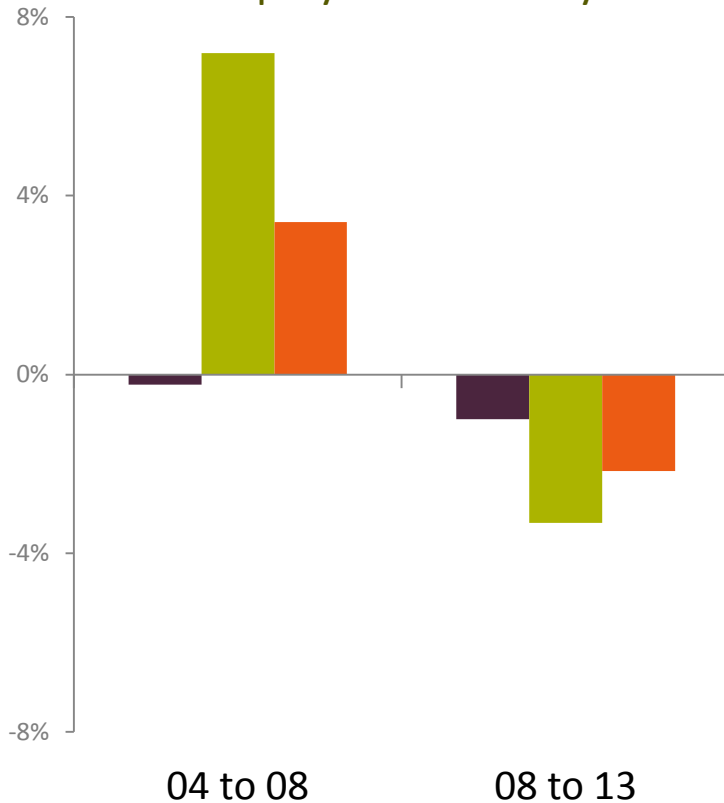
INTERSTATE COMPARISON CONCLUSIONS

- **The Highlands Region's trend in rate of employment change was more or less similar to the other regions; it was never the extreme value.**
- **Recession-related job losses were the end result of a five-year trend of slowing then declining rate of employment change among the comparison regions.**
- **The trend in the Highlands Region appears to be tied to the overall regional economy rather than a result of the Act and the RMP.**
- **The trends in the Highlands county municipalities not in the Highlands Region appear to be somewhat out of sync with the broader regional economy.**

MUNICIPAL-LEVEL COMPARISONS

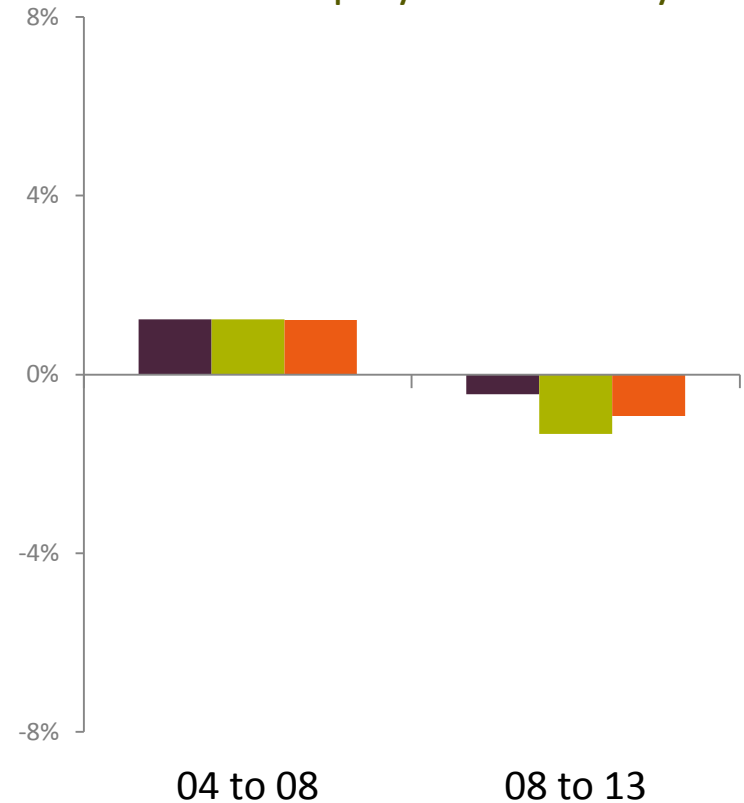
ANNUAL EMPLOYMENT GROWTH RATE

Low Population and
Low Employment Density



- Highlands Region (13)
- Non-Highlands Municipalities (11)
- Northern New Jersey (26)

Medium Population and
Medium Employment Density



- Highlands Region (47)
- Non-Highlands Municipalities (27)
- Northern New Jersey (83)

CONCLUSION FROM MUNICIPAL LEVEL ANALYSIS

- **There is no consistent pattern of employment change at the municipal level to find that a municipality's location in the Highlands Region had a positive or negative impact on economic growth from 2004 to 2008 and from 2008 to 2013.**

CORRELATIONS

CORRELATIONS CONCLUSIONS, 2004 TO 2008

- **12.1 percent of the change in employment explained by:**
 - + Population density in 2000 (negative)
 - + Percentage change in portion of population with only a high school diploma 2000 to 2010 (negative)
 - + Manufacturing sector's share of total jobs in 2004 (positive)
- **Location in the Highlands Region does not have a statistically significant correlation with the rate of change in employment growth from 2004 to 2008.**

CORRELATIONS CONCLUSIONS, 2008 TO 2013

- **19.3 percent of the change in employment explained by:**
 - + Percentage change in median age from 2010 to 2013 (negative)
 - + Construction sector's share of total jobs in 2008 (positive)
- **Location in the Highlands Region does not have a statistically significant correlation with the rate of change in employment growth from 2008 to 2013.**

OVERALL CONCLUSION

OVERALL CONCLUSION

The employment and demographic data analysis revealed no statistically relevant basis to conclude that the Act or the RMP had a positive or negative impact on economic growth in the Highlands Region.

FIA: NEXT STEPS

- **Regional Economic Evaluation**
- **Demographic and Real Estate Analysis**
- **Fiscal and Financial Analysis**
- **Final Fiscal Impact Assessment Report**