

UTAH'S ECONOMY

A monthly report produced for COMMERCE REAL ESTATE SOLUTIONS by Jim Wood, Bureau of Economic and Business Research University of Utah



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TRENDS

AT UTAH'S UNIVERSITIES AND COLLEGES

Over the past 10 years, tuition at nearly every university and college in the state has doubled. The only exceptions are the College of Eastern Utah and Brigham Young University. This rapid increase in tuition costs is a serious issue, not only for students and their families, but also for the local and national economies. For most of the postwar period, higher education was made very affordable by

the G.I. Bill, land-grant universities and junior colleges. The affordability of a college education played a major role in the increased level of educational attainment of Americans and the subsequent vast improvement in wages and the standards of living. Given the threat of rising tuition costs and the importance of higher education to our standard of living, it's worth looking at recent trends in Utah's higher education system.

Over the past 10 years, the number of bachelor's degrees awarded through the state's higher education system has increased by 41 percent, *Table 1*. The growth in degrees was led by the extraordinary increase in graduates from Utah Valley University. In absolute terms, no other institution comes close to the increase of 1,900 graduates at Utah Valley University. Dixie State University (elevated from college

The number of bachelor's degrees awarded in Utah's higher education system increased at a rate of

3.5%

annually between 2002 and 2012.

to university status in 2013) leads in percentage increase, but Dixie did not offer bachelor's degrees until 2000. The changes at this firm level do not necessarily capture the broader changes in the economic structure of Utah. Like the rest of the country, Utah has become more service oriented. Service sector jobs now dominate the Utah economy. The service sector (not to be confused with the broader service providing classification used by the U.S. Bureau of Labor Statistics) now accounts for about one in three jobs in Utah. In the wake of this shift to services, Utah workers are less likely to work for a manufacturing firm or the federal government. The share of manufacturing jobs has dropped from nearly 15 percent of total jobs in Utah, to 9 percent. Government jobs have declined from 21 to 18 percent. At its peak, during the Vietnam War, government employment in Utah topped-out at 30 percent of all jobs in Utah.

Table 1

BACHELOR'S DEGREES AWARDED AT PUBLIC UNIVERSITIES IN UTAH			
	2001-02	2011-12	% CHANGE
University of Utah	4,261	4,919	15.4%
Utah State University	2,582	3,371	30.6%
Weber State University	1,803	2,157	19.6%
Southern Utah University	862	925	7.3%
Dixie State College	37	483	1,205.4%
Utah Valley University	732	2,612	256.8%
Total	10,277	14,467	40.8%

Source: Data Book, Utah System of Higher Education.

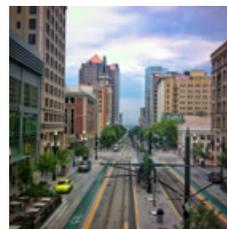
The demographics of students receiving bachelor's degrees have shifted some over the decade. The share of whites receiving degrees has dropped from 85 percent to 81 percent. Most notable is the increase in Hispanic and Black student graduates; an increases of 277 percent and 290 percent respectively, Table 2.

The number of degrees awarded by field of study shows a drop in the share of business graduates. While the number of business degrees awarded is still first among all disciplines, the share of business graduates over the past 10 years has dropped from 21 percent to 17 percent. The number of health profession graduates outstripped all other fields of study in percent and absolute gain. From 2002 to 2012 the number of health profession graduates increased by 164 percent, an increase of 928 graduates, Table 3. Surprisingly, psychology ranks second in growth with a 70 percent gain. The combined engineering and science graduates (engineering, computer and information sciences, and biological and physical sciences) have a growth rate of 25 percent, comparable to education and the social sciences.

Table 2

BACHELOR'S DEGREES AWARDED AT UTAH'S PUBLIC UNIVERSITIES BY MINORITY AND ETHNICITY			
	2001-02	2011-12	% CHANGE
Non-resident Alien	370	312	-15.7%
Black, Non-Hispanic	41	160	290.2%
American Indian	44	74	68.2%
Asian or Pacific Islander	203	418	105.9%
Hispanic	190	716	276.8%
White Non-Hispanic	8,771	11,764	34.1%
Race/Ethnicity Unknown	658	1,023	55.5%
Total	10,277	14,467	40.8%

Source: Data Book, Utah System of Higher Education.



The number of bachelor's degrees awarded in Utah's higher education system increased at a rate of 3.5 percent annually between 2002 and 2012. But over that period there was significant volatility. For example, in 2005 there was a gain of over 600 graduates, but the next year the number dropped by almost 200, a swing of 800 graduates. Figure 1 includes Utah's two private universities; Brigham Young University and Westminster. In 2012, these two institutions had 7,700 bachelor's degrees awarded, with BYU accounting for 95 percent of the graduates. The two private institutions have not experienced as much growth as the public universities and colleges. Combined, the two private institutions had an average annual growth rate of 0.3 percent.

Enrollment in Utah's universities and colleges has increased by 27 percent since 2002, considerably slower than the increase in bachelor's degrees awarded. Eighty-five percent of the increase in enrollment has occurred since 2008. Underlying this recent surge in enrollment was the Great Recession, which made higher education an attractive alternative to the weak job market.

Utah's system of higher education primarily serves Utahns. 82 percent of enrollees are from Utah. Of concern is the completion rate of these enrollees. Less than half of all those who enroll in higher education in Utah graduate within six years. The University of Utah leads all public schools with a completion rate of 55 percent, well below BYU's 78 percent rate.

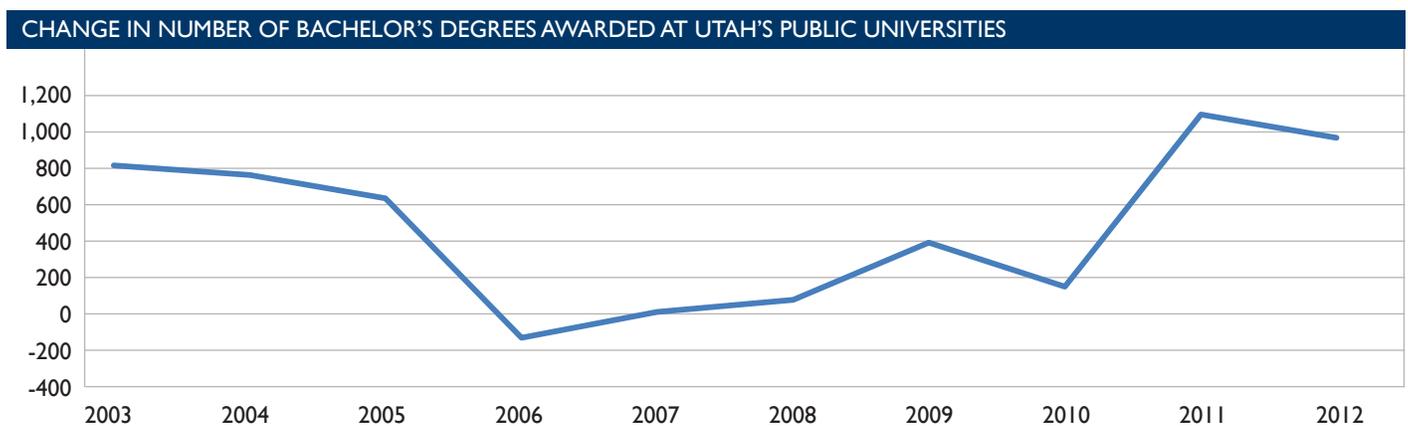
Table 3

BACHELOR'S DEGREES AWARDED BY UTAH PUBLIC UNIVERSITIES BY FIELD OF STUDY			
	2001-02	2011-12	% CHANGE
Business and Marketing	2,116	2,402	13.5%
Social Sciences & Public Admin.	1,263	1,530	21.1%
Health Professions	564	1,492	164.5%
Education	1,066	1,346	26.3%
Psychology	533	906	70.0%
Communications	613	793	29.4%
Engineering	494	722	46.2%
Computer & Info Sciences	505	431	-14.7%
Biological and Physical Sciences	474	700	47.7%
Other	2,649	4,145	56.5%
Total	10,277	14,467	40.8%

Source: Data Book, Utah System of Higher Education.

What can we say about the recent trends of this important sector: (1) tuition costs are rising much faster than inflation, a 7 percent annual increase compared to a 2 percent annual rate of inflation, (2) the number of bachelor's degrees awarded continues to grow at a healthy 3.5 percent due primarily to the expansion of Utah Valley University, (3) the number of minority students graduating with bachelor's degree, while still small, has increased significantly; 5 percent of graduates were Hispanic in 2012 versus less than 2 percent in 2002, (4) the near tripling of the number of graduates in the health professions over the past 10 years in contrast to the rather modest growth in sciences and engineering, (5) the enrollment growth rate is comparatively subdued, (6) Utahns continue to make-up over 80 percent of students and (7) low completion rates are a cause of concern.

Figure 1





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