

# local insights

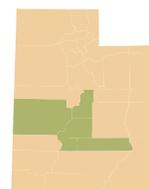
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An economic and labor market analysis of the Central Utah Area

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## Education Pays In Central Utah



### But Some Industries Pay a Higher Premium for a College Degree

BY LECIA PARKS LANGSTON, ECONOMIST

Data from the U.S. Census Bureau's Local Employment Dynamics (LED) program provides a wealth of previously unavailable data at the local level. The series continues to refine and expand its statistical offerings. Recently, worker education joined the LED data arsenal.

Statistically higher wages are associated with higher levels of education. (Incidentally, unemployment rates show an inverse relationship—the higher the educational level, the lower the jobless rate.) However, does this pay-for-education association hold true across all industries in central Utah? And, does the rule hold true

across gender lines? The freshly released LED data series provides the answers.

This data covers employment and wages for Juab, Millard, Piute, Sanpete, Sevier and Wayne counties. The data reflects the educational levels of only those workers over the age of 25. Also, wages are monthly averages, as the data does not distinguish between full- and part-time or provide hourly wage figures. These figures represent the educational level of the person, not the education typically required by the job. (For example, someone with a Ph.D. could possibly be working as a fry cook.)

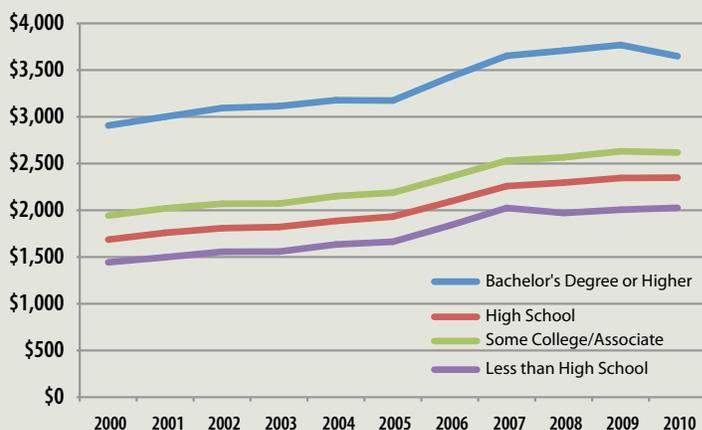
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### The Big Picture

In central Utah, education definitely pays, as displayed in Graph 1. While increasing one's education at any level produces a statistical rise in wages, obtaining at least a bachelor's degree brings the biggest wage premium. For example, in 2010 the average central Utah worker with some college or an associate degree made \$270 more per month than the one who had just graduated from high school. The high school graduate made \$320 more than the dropout. However, the worker with a bachelor's degree or higher (a master's degree, a Ph.D. or a professional degree) made almost \$1,000 more than their some-college counterparts. These relationships have remained fairly consistent over time.

Graph 1: Average Monthly Wage by Worker Education\*



\* Workers 25 and older only.  
Source: U.S. Census Bureau; Local Employment Dynamics program.

### The College Degree Premium

On the surface, the wage premium paid to workers with at least a bachelor's degree





## Education Pays Cont.

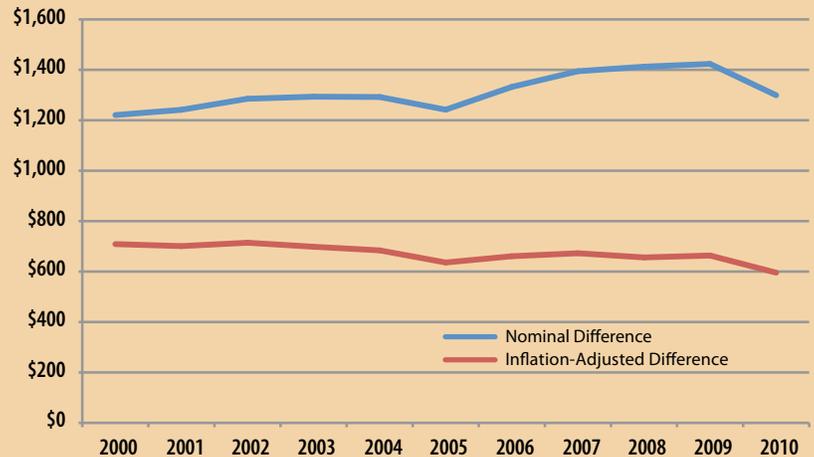
in central Utah has grown during the last decade. In 2000, the difference in average monthly wages for a high school graduate and a college graduate was roughly \$1,200 compared to almost \$1,400 in 2009. Interestingly, in 2010, the college degree wage premium dipped noticeably to \$1,300. Whether this is a short-term anomaly based on a one-year industry employment shift or a long-term trend is not readily apparent. Inflation is another factor to consider. In constant dollars, the degree wage premium slowly declined between 2000 and 2009 followed by a sharp decline in 2010, a pattern that runs counter to national data that shows the inflation-adjusted premium increasing in recent years.

The bachelor's degree premium varies not only by industry but by area. Graph 3 displays the percentage difference for the most recent five years of data, 2006–2010, between workers with a bachelor's degree, high school graduates and workers with some college. Using this range of years helps blunt the effect of boom to bust to recovery and levels out any anomalies. While industries show different rates of bachelor's-degree wage premiums, almost all central Utah industries do pay degreed workers (bachelor's degree or higher) more than non-degreed workers, the lone exception being the very small industry of management of companies and enterprises.

### The Value of Education

In central Utah, a college-educated worker is likely to receive the highest wage premium in the healthcare/social services and finance/insurance industries. A worker with at least a bachelor's degree in these industries makes almost 110 percent more

Graph 2: Difference in Wages Between Workers with a Bachelor's Degree or Higher and Workers with High School Graduation/GED Only\*



\* Workers 25 and older only.  
Source: U.S. Census Bureau; Local Employment Dynamics program.

than his or her high school-educated colleague. Keep in mind that not all healthcare jobs are high-paying. There is a great divide between the wage of a physician and an orderly—a fact that undoubtedly accounts for this relationship in healthcare. In finance or insurance, high-level finance managers often receive high wages plus bonuses and commissions that lower-level employees do not.

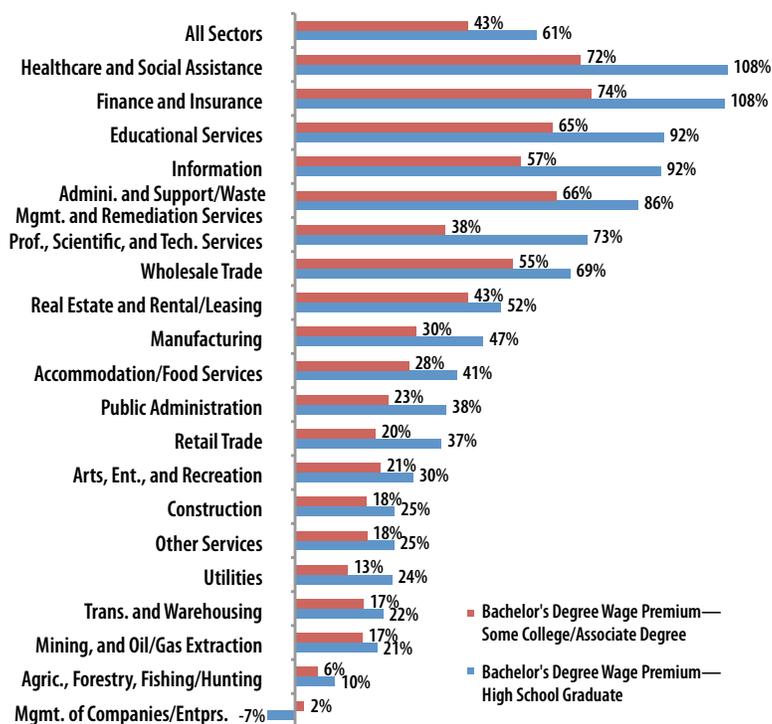
Educational services (private and public) and information also have above-average bachelor's degree premiums. The information industry includes a wide variety of firms—from newspapers and movie theaters to software developers and telecommunications. Again, these are industries where required technical or educational levels may separate the wages of the degreed from the non-degreed.

As mentioned, management of companies and enterprises actually averages less pay to employees with degrees than those without. In some industries in central Utah, a college degree means only a little more pay. For

example, in covered agriculture/forestry/fishing, a degree generates just a 10 percent increase in wages. In both the mining and transportation or warehousing industries, a bachelor's degree or higher nets only about a 20 percent increase in pay.

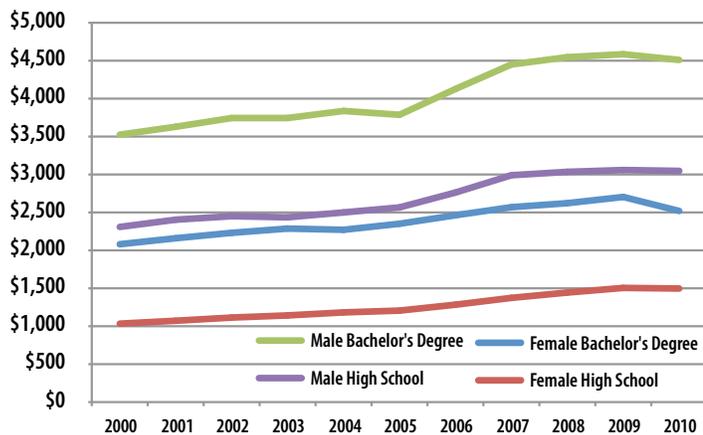
Mining generally pays rank-and-file workers compensating wage differentials for its difficult and strenuous working conditions. In other words, because non-degreed workers in this industry receive wages that are higher than average, the education wage gap between those with a high school education and those with a college education shrinks. In transportation and utilities, workers without a college education can also typically earn higher wages than those without degrees in other industries. In fact, mining, transportation/warehousing and utilities are the three industries in central Utah with the highest wages for workers with a high school education. The small bachelor's degree wage premium in these industries may be more the result of high wages for non-degreed workers than

Graph 3: Bachelor's Degree or Higher Wage Premium Compared to Wages of Workers with Other Education Levels\*, 2006–2010 Average



\* Workers 25 and older only.  
Source: U.S. Census Bureau; Local Employment Dynamics program.

Graph 4: Average Monthly Wage by Gender and Education Level\*



\* Workers 25 and older only.  
Source: U.S. Census Bureau; Local Employment Dynamics program.

low wages for those with at least a bachelor's degree. Indeed, the highest wages for degreed workers are found in mining and utilities.

In most central Utah industries, the premium paid to those with some college or an associate degree falls in line with the premium paid to those with a bachelor's degree or higher. Industries with a high-degreed wage premium also exhibit relatively high wage premiums for those with some college. There are a few notable exceptions in the information industry and professional/scientific/technical services. The premium for some post-secondary education is notably lower than the premium for those with at least a four-year degree. Both these industries provide a home for some very technical occupations. Perhaps in technically-oriented industries, the four-year-or-more degree is de rigueur. Some college just doesn't buy you much in the way of additional wages.

### The Gender Divide

The relationship between wages, educational attainment and gender can also be explored using LED data. Graph 4 shows that for the last half of the decade men with just a high school education received a significantly higher average wage in than did women with at least a bachelor's degree. These women made only 58 percent of what their male counterparts made. Moreover, the average wage for a man with just a high school education measured 14 percent higher than the average wage for a woman with a bachelor's degree or higher. Demographic factors at least partially account for this decided difference in wages:

- Women typically work fewer hours than men. They are much more likely to work part-time. For example, in Sevier County between 2006 and 2010, 33 percent of women workers were employed 34 hours or less per week compared to only 14 percent of men. We don't have sufficient information to adjust these monthly LED wage figures for hours worked.
- Female-dominated occupations typically pay less than male-dominated occupations.
- Women tend to have less experience in the work force, have more frequent work interruptions and generally accumulate less human capital.

Most academic studies can account for only a portion of the male/female wage gap based on demographic



## Education Pays Cont.

factors. Moreover, this gap is a reality that speaks to the ability of women in central Utah to support themselves and their families.

### The Best and Worst Industries for Degreed Women

Some industries are more fair than others when it comes to compensation based on gender and educational attainment. For example, in transportation/warehousing, public administration and educational services (which include both public and private educational institutions), women with bachelors' degrees made between 73 and 77 percent of their male colleagues' wages. In the real estate and

leasing industry, it was 69 percent. In the typically male-dominated transportation/warehousing industry, women with at least a four-year degree receive some of the best comparative wages. Otherwise, the public sector seems to reward males and females with degrees more equally.

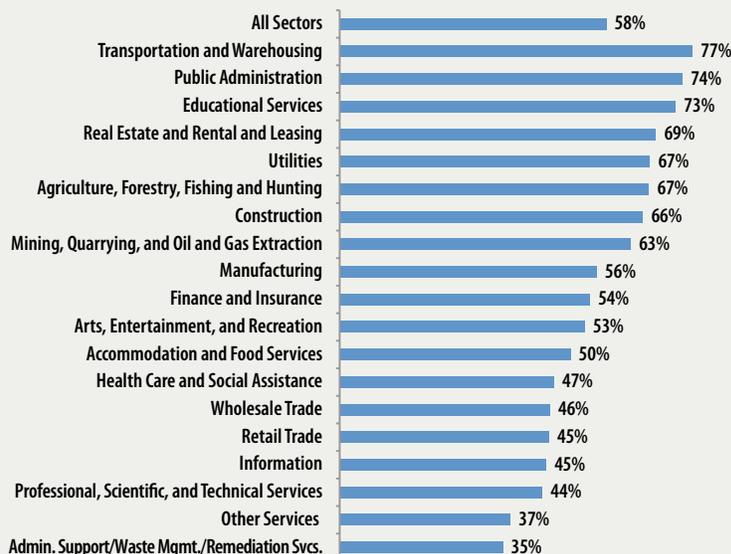
The least parity in wages for college graduates of both genders occurs in the catchall industries of administration support/waste management/remediation services and other services. In these industries, the average college-educated woman makes less than 40 percent of her male counterpart's wage. Both these industry designations include a variety of business types, which makes suggesting a reason for the large male/female gap difficult.

Educational services (both public and private) is an industry that provides one of the best wage premiums for a woman with a bachelor's degree compared to one with a high school education. Here, degreed women make roughly 110 percent more than their high school-educated peers. The information industry also pays a fairly high wage premium for college-educated women (84 percent higher than high school graduates) as does finance/insurance (77 percent higher).

Women in with degrees who live in Central Utah and want to see a difference between their wage and the average wage of a woman with a high school education should not work in agriculture, accommodations/food services or retail trade. These industries will give the smallest bang for an education buck and they pay low wages in general.

Education pays, even in central Utah, where there is a relatively smaller portion of jobs requiring a degree. However, those with a high school education can achieve higher than average wages by working in industries such as mining, transportation and utilities. Central Utah women are at a wage disadvantage even with a four-year degree, but they can find the best comparative wage success in the public sector, including education.

Graph 5: Degreed Female Average Monthly Wage as a Percentage of Degreed Male Average Monthly Wage\*, 2006–2010



\*Workers 25 and older with a bachelor's degree or higher.

Source: U.S. Census Bureau; Local Employment Dynamics program.



# Economic Indicators

BY LECIA PARKS LANGSTON, ECONOMIST

Where's the recovery from the recession in Central Utah? Three of five counties in the region lost employment in the final month of 2011. Wayne and Piute counties suffered the worst employment situations in Utah at year-end. Millard County lost jobs with more moderate declines. However, Sevier and Sanpete showed expansion at the end of 2011.

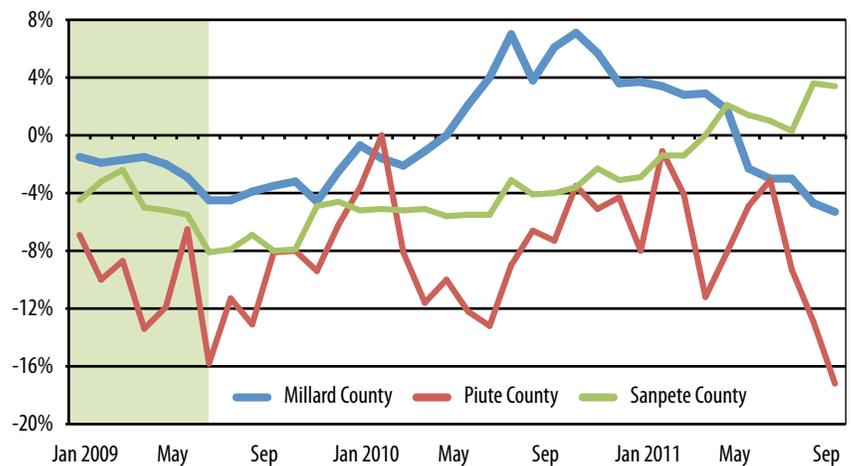
Although the overall jobs picture remains bleak, all counties have experienced declining unemployment rates in recent months. Generally, initial unemployment insurance claims activity is down compared to the last three years. Total permitted construction values dropped across the board in 2011, and most counties generated notable gross taxable sales improvement if not steady gains. Millard County proved to be the one exception.

## Millard County

Currently, Millard County's economic indicators are overshadowed by large, singular events in 2010 in employment, construction and sales that make 2010 numbers look great and 2011 numbers appear to be lacking. When these one-time factors are excluded from the analysis, the present-day economy looks much better. Millard County has a lower unemployment rate than that of the state, and it is one of the few counties to see improved home permitting in 2011.

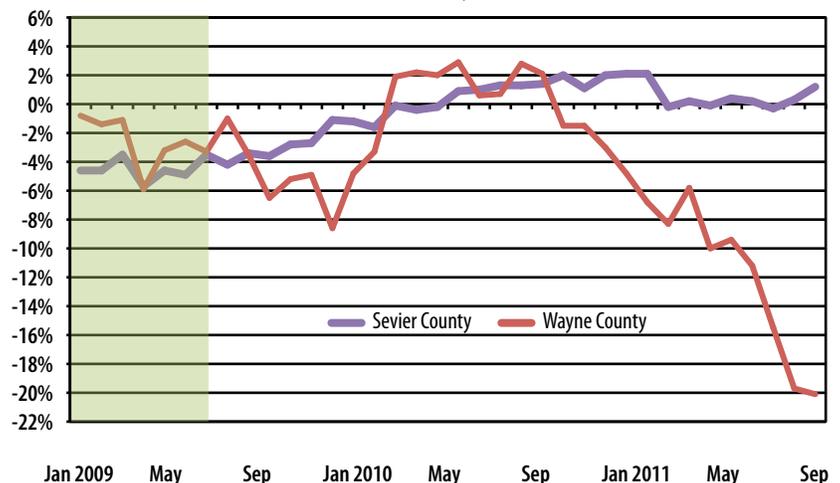
Unfortunately, Millard County employment totals dropped more than 5 percent between December 2010 and December 2011. This decline is primarily rooted in the completion of windfarm construction, which ballooned employment earlier in 2010 but not in any structural, long-term change. The vast majority of lost jobs can be traced to the construction industry. The public sector (mostly local government) showed additional and significant employment losses. A plethora of other industries each lost a fairly small number of positions.

Year-Over Change in Nonfarm Jobs  
Millard, Piute, and Sanpete Counties



Recession as determined by the National Bureau of Economic Research.  
Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

Year-Over Change in Nonfarm Jobs  
Sevier and Wayne Counties



Recession as determined by the National Bureau of Economic Research.  
Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.



**Economic Indicators Cont.**

Unfortunately, there wasn't much job creation going on among other industries. Transportation and professional and business services were the only industries to produce more than 10 jobs each. In fact, the strongest growth (about 13 percent) occurred in covered agriculture: jobs that are typically not counted in the nonfarm employment totals. Improvement in these labor market numbers should begin to surface after about mid-year 2012.

Despite the loss of jobs, Millard County's jobless rate has declined quite steadily since the beginning of 2011. As of March 2011, 4.6 percent of the county's labor force is out of work—a far lower level than state (5.8 percent) and national (8.2 percent) averages. Workers whose jobs ended with the completion of the wind farm project were most likely imported from other areas and have now returned home. In other words, in small counties with large construction projects, the change in nonfarm employment can be misleading. Initial claims for unemployment insurance support a declining unemployment rate. So

far in 2012, initial claims are running far lower than in the previous three years.

Although Millard County was one of the few counties to generate an increase in new home permits in 2011 (77 percent), overall permit values fell. Again, wind farm construction comes into play. Normal permitting figures for 2011 are being compared to 2010, which included a huge wind farm permit. Huge anomalous business expenditures in 2010 and early 2011 (manufacturing and wholesale goods) also resulted in a notable comparative decline in Millard County's 2011 gross taxable sales for the past three quarters.

**Piute County**

Piute County continued to shed nonagricultural employment at an alarming rate as 2011 came to a close. Its December year-to-year change in nonfarm jobs measured at 17 percent. This is just the continuation of a pattern of job loss that has dragged on for more than four years. Declines in employment are primarily the result of contraction in construction,

private education/health/social services and government. Unfortunately, other industries have not increased job production.

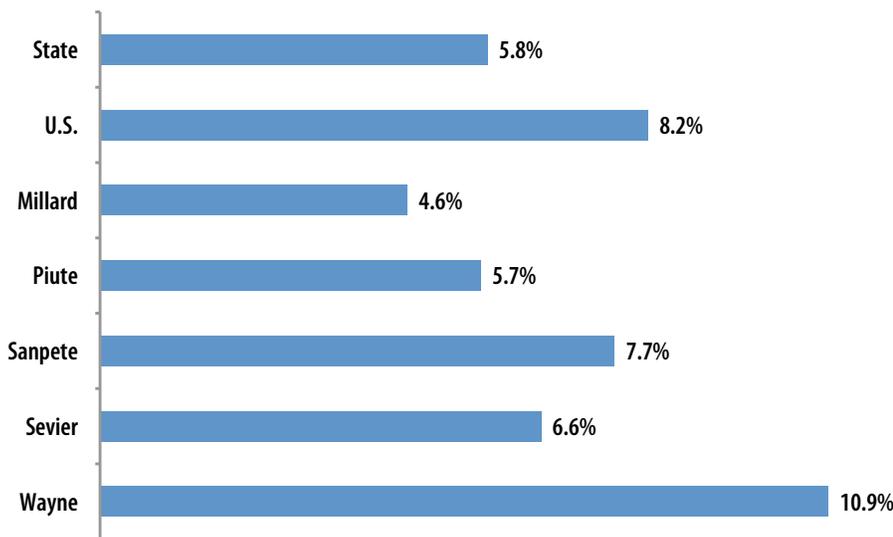
Nevertheless, Piute County's unemployment rate continues to decline. Joblessness has decreased from 7.8 percent in October 2010 to 5.7 percent in March 2012. A high percentage of Piute County workers have employment outside the county's borders. Initial claims for unemployment insurance are down notably from previous years, supporting the decline in the overall jobless rate. The county also shows improvement in gross taxable sales. The fourth quarter's 2 percent year-over gain marks the fifth straight quarter of improving sales.

**Sanpete County**

Sanpete County was a laggard in the job expansion race as it did not show any job gains until mid-2011. However, between December 2010 and December 2011, the county's jobs grew at a faster-than-average rate. Also, joblessness and unemployment insurance claims are trending down. Sales are up and even construction activity is showing fewer signs of stress. All these indicators point to a healthier Sanpete economy in the months ahead.

Sanpete County's slow-and-steady employment pace finally seems to be paying off. Between December 2010 and December 2011, Sanpete County's nonfarm employment increased by 3.4 percent, higher than the growth rates for Utah, the United States or any other county in the region. Sanpete County seems to be on the road to economic health. This is a fairly broad-based expansion. Leisure/hospitality services and private education/health/social services provided the largest job contributions. Mining, manufacturing, retail trade, professional/business services, other services and government all added at least 15 new positions each to the job coffers. In contrast, the wholesale trade, information and financial activities industries did show some job declines.

Seasonally Adjusted Unemployment Rates, March 2012



Source: Utah Dept. of Workforce Services

The county's jobless rate does remain somewhat high at 7.7 percent in March 2012, but the current unemployment rate measures below the national average of 8.2 percent and down dramatically from 9.8 percent in the fall of 2010. In line with this decline, initial claims for unemployment insurance are trending below the past three years.

Construction permitting remained in the dumps during 2011, but the declines appear to be moderating. Overall authorized permit values dropped 16 percent between 2010 and 2011. At year-end, gross taxable sales marked the county's third straight quarter of year-to-year gains with a hefty 16 percent gain.

### Sevier County

Sevier County tracked state and local trends through the recession, recovery and early expansion in that it experienced job growth earlier than most of its neighbors. However, layoffs wiped out the county's early gains during the middle part of 2011. Fortunately, jobs are once again increasing in number, unemployment is declining and sales look better. Only the construction industry remains unhealthy.

After layoffs earlier in the year, the final quarter of 2011 was much brighter. Though job growth has returned, rates are still low. Year-to-year job growth in December measured just 1.2 percent. Many industries did add jobs, but employment losses in construction, information, financial activities and leisure/hospitality services stunted overall expansion. Fortunately, transportation and private education/health/social services offset the losses, and mining, manufacturing, wholesale trade, retail trade and professional business services also contributed new employment opportunities.

Unemployment rates have slowly and steadily declined. Sevier County's jobless rate hit its highest level in February of 2010 at 8.6 percent. More than two years later unemployment measures 6.6 percent. There is still room for improvement in the jobless

rate. Initial claims for unemployment have declined—a sign that decreased joblessness is probably in the offing.

Construction—particularly residential permitting—remains quite dismal. This is the fourth straight year of declining residential home permits for Sevier County, and nonresidential permitting hasn't done much better even though gross taxable sales have improved in three of the last four quarters. Between the fourth quarters of 2010 and 2011, the gain was a healthy 12 percent. New car and truck sales also took a turn for the better.

### Wayne County

The loss of a county's largest employer would throw any economy for a loop, but when a county also maintains a small population and labor force base, the results can appear catastrophic. One fifth of Wayne County's nonfarm employment has evaporated in the last year, accompanied by a significant increase in the unemployment rate and diminished construction activity. However, sales showed some gains during 2011, joblessness decreased somewhat in 2012 and initial claims for Unemployment Insurance show improvement in the first few months of the year. However, the huge loss in jobs and wages will continue to stunt the economy.

The shutdown of Wayne County's largest employer, Aspen Education Group, continues to traumatize its labor market. By December 2011, employment had dropped more than 20 percent in one year, representing a loss of more than 180 jobs in this sparsely populated county. Most job losses occurred in the private education/health/social services industry—the industry that included Aspen. Other industries also showed contracting payrolls, particularly construction and leisure/hospitality services. Retail trade registered as the only job-creating industry of note.

Wayne County's 2011 unemployment rate jumped to an even higher level than in the

recession years, topped out at 11.4 percent in mid-2011 and retreated somewhat in the intervening months. The March 2012 jobless rate measures 10.9 percent, the highest county-level figure in Utah. Initial claims for Unemployment Insurance were down slightly during the first four months of 2012.

In 2010, Wayne County's residential and nonresidential construction permitting increased. However, by 2011 construction permitting was down once more. Gross taxable sales perhaps provide the one bright spot in an otherwise gloomy picture. Two quarters out of the last three showed year-to-year gains. Fourth quarter sales did drop by 2 percent. However, that's in comparison to a quarter with unusually large business expenditures a year earlier. ■



## Central Utah TOP JOBS in Demand

1. Truck Drivers, Heavy and Tractor-Trailer
2. Combined Food Preparation and Serving Workers, Including Fast Food
3. Maids and Housekeeping Cleaners
4. Cashiers
5. Construction Laborers
6. Social and Human Service Assistants
7. Registered Nurses
8. Customer Service Representatives
9. Carpenters
10. Operating Engineers and Other Construction Equipment Operators



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# Economic Analysis

Studies have shown that the world economy has been going through extraordinary changes in its organization, structure, integration and interdependency. Accelerating technological change has increased the intensity of business competition and economic development, forcing continual adjustments to a changing environment. Economies benefit from this technological change only when local chambers of commerce, government, businesses and others involved in economic development are able to accurately assess relevant economic factors to develop policies geared at boosting local economies in accordance with said technological advancements. With the power of economic information, policies are designed to maintain and help the local economy to grow, be more competitive in earnings and provide better job opportunities to give residents and employees a valuable tie to their community or business.

To gain a better understanding of an area and its economy, it is important to recognize current local and regional trends and conditions. Knowledge of the local economy typically comes from some sort of analysis. This kind of insight is part of the necessary preparation for an area to create an effective strategy in the decision-making process. Understanding what is happening in the area and why it is happening allows local chambers, government and businesses to make better choices. Every region in Utah has its own unique strengths and challenges and is typically different from any of the surrounding areas. Each area or business needs certain tools to answer necessary questions that will enable it to influence its job and income situation.

Workforce Research and Analysis (WRA), a division of the Utah Department of Workforce Services, understands the need for decision makers to have as much information as possible to improve the welfare of the resident population and promote opportunity. In an effort to strengthen the understanding of local economic areas, WRA uses the knowledge and experience of the department staff's economists. Years of education and experience working with labor statistics and local economic data give these economists the expertise to answer complex questions. WRA gathers data that include employment and payroll information through surveys and employer reporting, allowing the economists to shed light on how each area's economy is functioning. They are able to determine the strengths, weaknesses, trends and overall shape of the local economy and work to apply those ideas into indications about the future economy.

WRA produced this new quarterly publication focused on local economic analysis to provide relevant information for decision-making in the areas of regional planning, local economic development and policy design. Issues are available about the statewide economy and eight different sub-state areas: Bear River, Castle Country/Southeast, Central Utah, Mountainland, Southwest, Wasatch Front North, Wasatch Front South, and Uintah Basin. The statewide version will focus on items affecting the entire state of Utah, including job-training strategies, re-employment and labor exchange activities. All will provide the reader with an in-depth look at the economy. Each issue will also inform the reader of notable DWS policy changes and focus, explaining why it affects each area.

We hope you enjoy your experience with this publication.