

ISSUE 2 OF 2
Previous issue: Utah's Workforce Today



Perspectives on Utah's Economy

Trendlines

May/June 2012

SPECIAL ISSUE: UTAH'S BUSINESSES TODAY



Plus:
Outlook for
College Grads

Utah's Labor Force
Going Forward

A large background image of a smiling blonde woman in a dark blue pinstriped blazer and white shirt, holding a folder. In the background, other business professionals are blurred.

**Utah's
Businesses by
Employment
Size**



Are We Making a



Difference?

*Kristen Cox, Executive Director,
Department of Workforce Services*

DEAR READERS:

The Department of Workforce Services (DWS) has increased its exploration of the difficult question, “Do our programs make a measurable difference?” It is sometimes too easy to equate ‘busyness’ with productivity—but one doesn’t always lead to the other. To better understand our effectiveness and how to improve the way we do our work, we are continually evaluating our processes and outcomes, tracking both operational and outcome measures.

We’ve put increasing focus on our workforce programs to more fully understand the impact on job seekers and employers. Are we helping people find work? Do we help employers find qualified candidates? Do our investments pay off? What could we do better?

DWS currently serves one of every seven hiring employers and one of every 3.3 new hires in the Utah labor market during each quarter. But knowing how many people we impact is just a start. The big question is whether or not we make a positive difference.

The answer is yes. For example, DWS has studied the difference in employment outcomes for unemployed individuals receiving DWS job services as compared to unemployed individuals who did not. The study determined that “labor exchange customers who are unemployed at the time of referral are 50% to 66% more likely to find employment than if they had not used the system.” We also know that people who complete training opportunities funded by DWS are more likely to become employed and will earn more.

In addition to these measures, we have the ability to break down our outcomes by funding streams. For example, DWS:

- Served more than 31,000 veterans last year and ranked 15th in the nation in helping veterans find and retain employment
- Has the 5th best duration rate for unemployment insurance customers nationally
- Ranks among the top ten states in helping job seekers to find and retain employment through our Wagner Peyser program—serving approximately 125,000 new hires
- Estimates that approximately 45 percent of TANF customers participating in our Work Success program find work in 2-4 weeks

While there are still improvements to be made, I believe we are making a big difference. Our “key levers” (or strategies that will have the biggest impact) should continue to help us provide better and better services to our customers while giving tax payers a better return on their investment.

SINCERELY,

Trendlines

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The Workforce Research and Analysis Division generates accurate, timely, and understandable data and analyses to provide knowledge of ever-changing workforce environments that support sound planning and decision-making.



Utah's Businesses Today



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Equal Opportunity Employer/Program

Auxiliary aids and services are available upon request to individuals with disabilities by calling (801) 526-9240. Individuals with speech and/or hearing impairments may call the Relay Utah by dialing 711. Spanish Relay Utah: 1-888-346-3162.

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Energy

Utah's economy is currently growing at a 2.5 percent rate of employment growth. Not bad considering the lingering impact of the recession nationwide, yet that growth still lags behind what Utah is normally capable of doing (3.1 percent annual average).

One region of the state is booming, and that is the Uintah Basin of eastern Utah. Centered upon the communities of Roosevelt and Vernal, employment gains have been strong in both Duchesne and Uintah counties. The nation's insatiable desire for energy, coupled with high prices, has translated into robust activities for Duchesne County's oil and Uintah County's natural gas outputs. The region has had its share of booms and busts before and is well aware of that volatility. But when it is time to "make hay," one does so. 

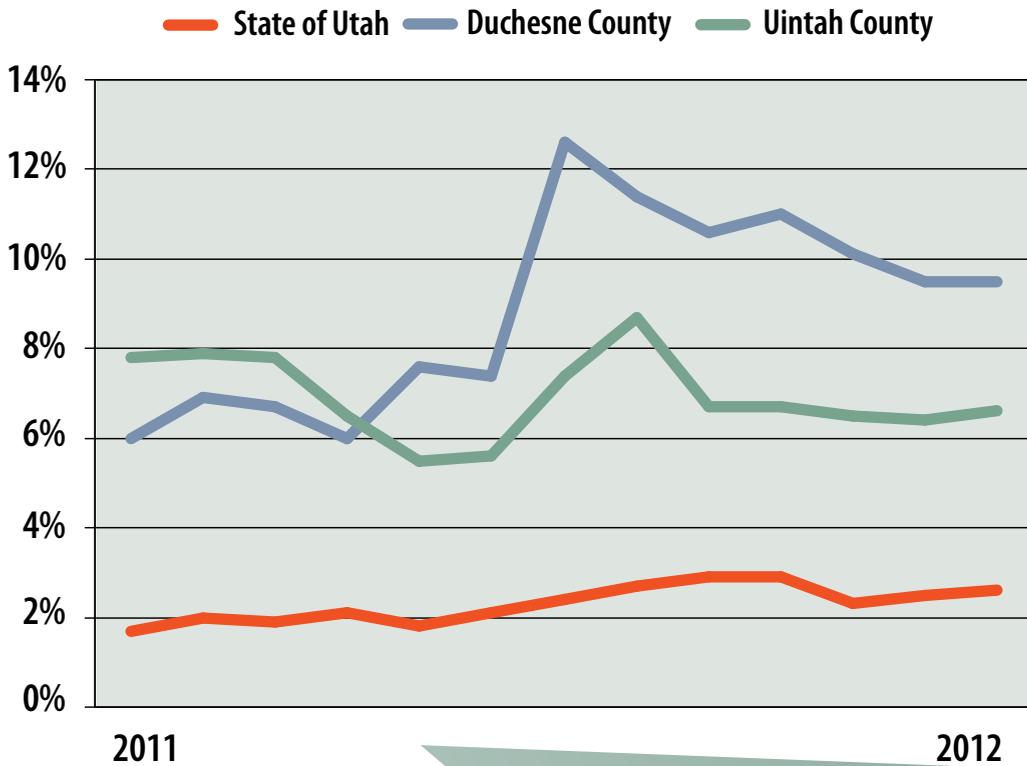


Robust activities for Duchesne County's oil and Uintah County's natural gas

Booming in

Employment Growth Percentage

Most Recent 12 Months



Source: Utah Department of Workforce Services, March 2012

Utah

Utah's

Businesses

by Employment Size



*Over 80 percent
of businesses
are located
along the
Wasatch Front.*

80,000 Worksites

That's how many physical places of employment there are in Utah. These 80,000 worksites collectively employ about 1.2 million workers on payrolls in the state. How these businesses and employees are distributed across the state and its industries is the theme of this article. Utah is a big state geographically but most of its economic activity is concentrated along the Wasatch Front. In fact, over 80 percent of all jobs and businesses are within a 50-mile radius of Salt Lake City.

DWS is the Keeper of Employment Data in the State

How do we know of these 80,000 worksites? Well, it's through their reporting of employment and wage data under Utah's Unemployment Insurance legislation. Each quarter, reports are received from all of these businesses and the information is organized in many different ways. For this size of firm analysis, a firm's count of employees is classified into eight employment size groups giving us the starting point for the report.

Three of Four Companies in Utah are Very Small and Don't Claim a Large Share of Total Jobs, While Large Firms are in Just the Opposite Position

Three quarters of all establishments in Utah account for just 13.2 percent of all the jobs in the state (see the graph). That means that in 2011, 60,000 of Utah's 80,000 employers reported fewer than 10 workers on their payrolls. Workers at those 60,000 establishments accounted for 157,000 of the total 1.2 million payroll employees in the state. Also, this group accounted for 11.6 percent of the total dollars paid-out in Utah during 2011. Utah is not unique in the size composition of its employment. This distribution is very similar nationally and in other states.

While the largest companies account for a tiny percentage of the number of businesses, they contribute significantly to total employment and wages. The largest 62 companies, those with 1000 or more workers, claim a 0.04 percent share of the total 80,000 worksites, yet employ 11.8 percent of the total 1.2 million workers. These 1000+ employers dispense \$1.7 billion in wages, which was 15 percent of Utah's total payroll of \$11.4 billion in 2011. You would recognize many of the 62 companies with 1000+ workers. Almost all of these large employers are

concentrated in the Wasatch Front. Salt Lake County has 37 of the total 1000+ firms, followed by Utah County (7), Weber County (6), and Davis County (3). Outside the metro area, Cache County has 5 and Box Elder, Iron, and Washington counties all claiming less than 5 employers with 1000+ workers.

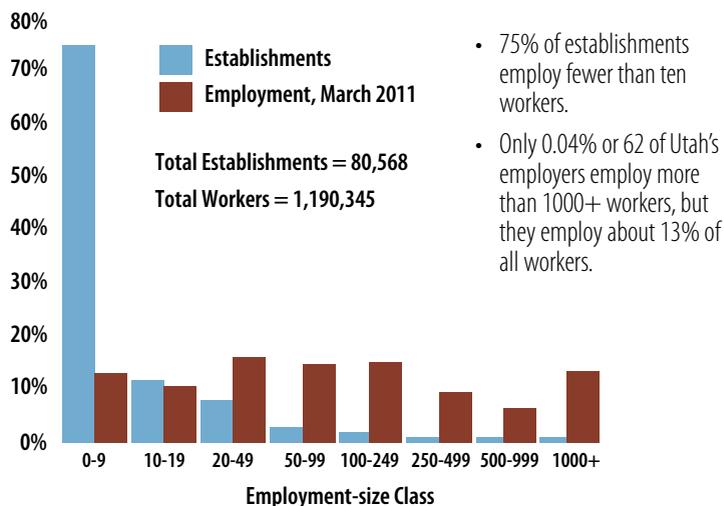
What Size Employers Account for the Level of New Jobs Created in Utah?

Do the small employers, for example those with less than 10 workers, contribute the bulk of new jobs, or is it some other size grouping that added more new jobs? To get an idea of which establishment size group contributed the most new jobs, the employment by size group for 2011 was compared to the corresponding size group employment counts for 2000. Total employment in March of 2000 was 1,062,412 and employment grew by 127,933 through 2011. Companies with 50-99 workers contributed the most new jobs—27,800—over that 11-year period. In fact, where that size group share of total employment in 2001 was 14.8 percent, its corresponding share of total new jobs between 2000 and 2011 rose to 21.7 percent, a much larger share. Very small firms (less than 10 workers) added 18,400 new jobs, or 14.4 percent of the total. The largest companies (1000+) added about 8,400 employees (6.5 percent of total new jobs), much less of their share of 13.4 percent total employment (13 percent v. 6.5 percent). See the chart for the contribution of new jobs by employment size group. From the review, a pattern of either small or large establishments significantly contributing to the new jobs count was not apparent.

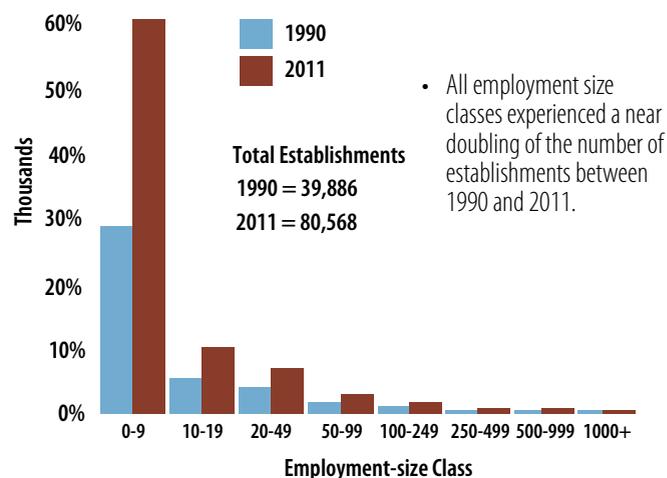
In Closing

Understanding the size makeup of employers in Utah is interesting and significant. Knowing that Utah's employer landscape is dominated by very small firms accounting for roughly one in eight workers is important. Equally important is the knowing that a very few very large employers claim a very large share of total jobs. Also important is where the concentration of work is. The Wasatch Front is where businesses do business and where the economic action abides in Utah. ●

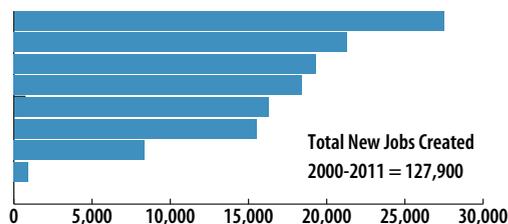
Utah Employment By Establishment Size • 2011



Utah Establishments by Employment Size 1990 & 2011



New Jobs Created by Employment Size Class, Utah, 2000-2011



Source: Utah Department of Workforce Services, Workforce Research and Analysis.

More info...

<http://jobs.utah.gov/opencms/wi/pubs/em/ueews/>



U.S. Economic and Occupational Projections 2010-2020

Choosing a career? Here's a look into the national labor market and jobs that are in demand



Non-agricultural wage and salary employment is projected to grow by 19.7 million jobs by 2020.

This past spring, the U.S. Bureau of Labor Statistics (BLS) published its biennial ten-year projections of economic trends for the nation covering the period from 2010 to 2020. Details focused on the expected characteristics of the labor force, job growth, and output by industry, and how the anticipated structure of the economy will affect job seekers' occupational opportunities in the coming years. This look forward into the nation's labor market, industrial structure, and job demand by occupation is important for those choosing careers. Job seekers, students, career counselors, parents, educators, and trainers use expected future demand for various occupations and industry trends to help make informed choices to prepare for and select a future vocation.

Economic Recovery

The country has just passed through the longest and deepest recessionary period since the Great Depression of the 1930s. The slower-than-average recovery is building as growth in output, jobs, and incomes are gradually improving the nation's economic environment in 2012. When BLS makes its long-term projections, they do not try to anticipate year-to-year fluctuations in economic activity; rather they focus on expected structural changes

and trends in the economy over the coming decade.

One major BLS assumption in the 2010-2020 projections is that the U.S. economy will be at or near "full employment" by 2020, which is to say, that economic production—Gross Domestic Product (GDP)—is expected to recover to near the level of its potential by 2020. BLS projects that GDP will grow over the 10-year projection period at an average rate of 3.0 percent per year and that by 2020 the national unemployment rate will be around 5.2 percent.

Labor Force

U.S. population growth and the demographic composition of the population are major determinants of the structure and growth of the economy and its labor force. It has been said that "demography is destiny" and BLS uses demographic trends as key drivers of the labor force projections.

In recent decades, the U.S. labor force has become older, more racially and ethnically diverse, and composed of more women. Not surprisingly, these trends are expected to continue over the current projection period. BLS expects the overall growth in the labor force to be slower in the coming decade with an increase of 10.5 million, reaching 164.4 million in 2020. This

6.8 percent increase compares to a 7.9 percent increase from 2000 to 2010.

One major demographic trend that cannot be ignored is the aging of the baby-boom generation that will be between the ages of 56 and 74 in 2020. Persons above the age of 55 have distinctively lower labor force participation rates than those in their prime working years of 25-to-54-year-olds. The labor force participation rate for persons 16 and over is projected to decline from 64.7 percent in 2010 to 62.5 percent in 2020, primarily as a result of the aging baby-boomers.

Industry Employment

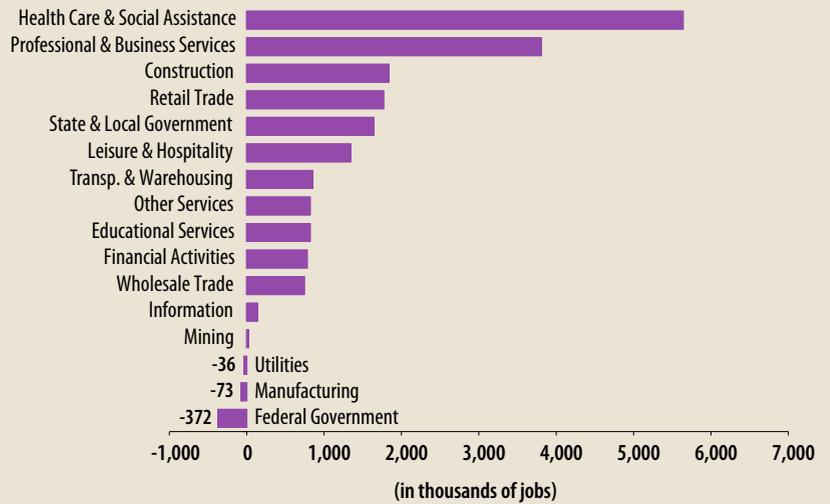
Jobs are grouped by industry according to the types of goods or services provided by a firm. Everyone who works in a hospital, for example, is part of the healthcare industry. Yet this includes not only healthcare workers, such as doctors and nurses, but also occupations found in other industries, such as office managers, accountants, receptionists and janitors.

Industry employment projections start with the known job counts in the base year of 2010 for each industry, model an expected numeric change—growth or decline in the total number of jobs over the projection period to 2020.

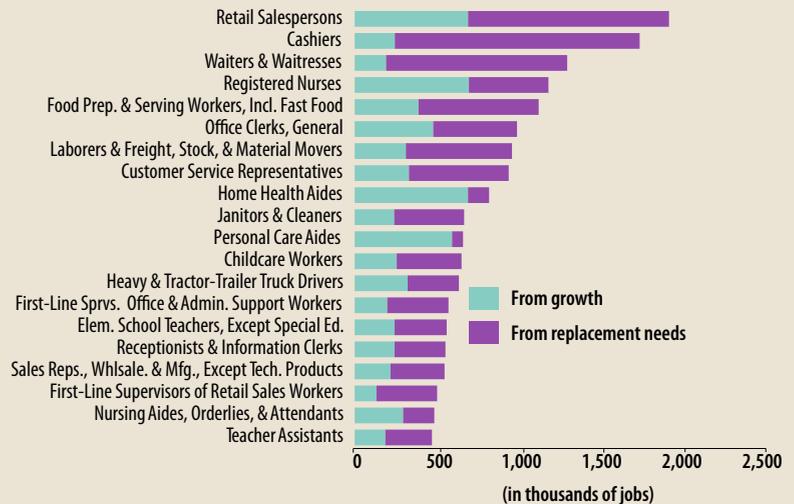
Nonagricultural wage and salary employment is projected to grow by 19.7 million jobs by 2020. As has been the case for several decades, service-providing industries will account for most of this growth. The goods-producing industries of mining, construction and manufacturing are expected to increase by 1.8 million jobs by 2020. Almost all of the new goods-producing jobs are in construction increasing by 1.8 million, with manufacturing jobs decreasing by 73,000 and mining jobs increasing by 24,000. Because the goods-producing industries are characterized by increasing productivity, their output is expected to increase 33 percent while employment increases 10.1 percent from 2010 to 2020.



U.S. Projected Change in Employment by Industry 2010-2020



U.S. Occupations with the Most Job Openings due to Growth and Replacement Needs • Projected 2010-2020



Source: U.S. Bureau of Labor Statistics.

U.S. Economic and Occupational Projections Cont. 2010-2020



In the service-providing industrial sectors, the healthcare and social assistance industry is expected to grow the fastest, 3.4 percent per year, adding 5.6 million jobs by 2020. Professional and business services is projected to generate the second greatest number of jobs, increasing by 3.8 million. Retail trade employment is third, increasing by 1.8 million jobs.

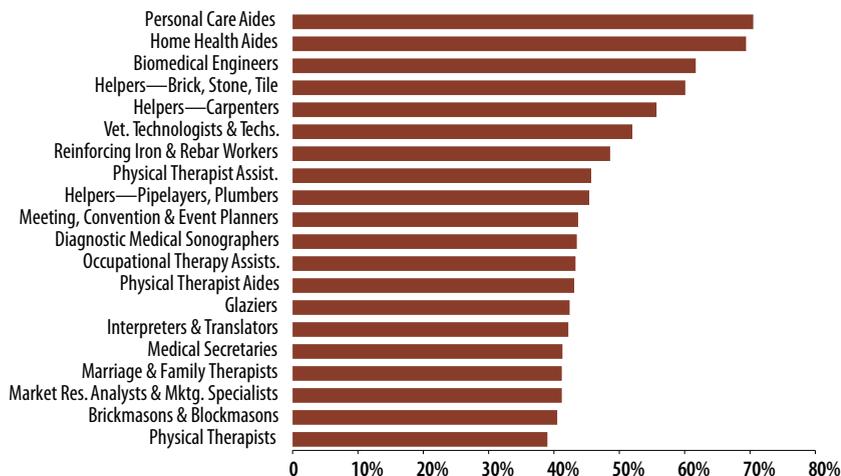
Occupations and Job Openings

What people do at work is their occupation. Some of the most widely used projection results for career exploration are the number of expected job openings by occupation. Most job openings for those entering an occupation come from the need to replace workers who have vacated the occupation (by retiring or for some other reason), rather than from the need to fill newly created jobs.

When examining occupations with the most job openings in the coming decade, the top 20 are found among retail trade and food services, office management and support workers, healthcare, and education. If we look at a list of the 20 fastest growing occupations in terms of percent growth by 2020, this list is dominated by healthcare occupations, with some construction occupations as construction regains many of the jobs lost during the Great Recession.

The occupational projections provide results for almost 700 distinct occupations. Among the many occupations with a significant number of openings are a wide range of opportunities with different levels of education/training needed to enter an occupation. In general, occupations with higher education and training requirements earn higher wages. ●

Fastest Growing Occupations in the U.S. Percent Growth in Employment, Projected 2010-2020



Source: U.S. Bureau of Labor Statistics.

More info...

Occupational Outlook Quarterly, Winter 2011-2012: <http://www.bls.gov/opub/ooq/2011/winter/home.htm>



Monthly Labor Review, January 2012 <http://bls.gov/opub/mlr/2012/01/mlr201201.pdf>



Employment Projections 2010-2020, News Release, February 1, 2012 - http://bls.gov/news.release/archives/ecopro_02012012.pdf



Employer



Solutions

**Meeting your workforce needs
just got easier.**

We understand the challenges your business faces. Let us help you prosper with our business solutions. We're committed to the success of Utah employers.



Find Qualified Employees

- Access Utah's largest online employment system, jobs.utah.gov
- Access our advanced screening tools
- Utilize our office space for on-site recruitment and interviews

Utilize Online Solutions

- Post jobs
- Report new hires
- File reports and pay quarterly unemployment contributions
- Access up-to-date economic information

Earn Hiring & Training Incentives

- On-the-job training and internships
- Programs for hiring qualified veterans and youth

Utah Economic Data

- Access up-to-date occupational and wage data
- Sort data by area and industry
- Get workforce and demographic data
- No fee access

jobs.utah.gov



UTAH'S LABOR SUPPLY GOING FORWARD

Part of evaluating the makeup of the available Utah labor force is quantifying how much labor is out there. In other words, is labor in short or excess supply? There are both broad and narrow answers to these questions. The broad economy may say one thing, but the unique nature of each individual company may dictate a more narrow view that could say something else. For example, Workforce Services hears comments from employers in technology-intensive industries that even in the

face of high unemployment (the state of the broad labor economy) they are still having trouble finding a sufficient quantity of workers with the specific and specialized skills that their industries demand (i.e. a more narrow view). The narrow view does not contradict the broad view (as unemployment is high). It's just that particular industry takes a more narrow view toward labor.

For many businesses, the broad and the narrow views are largely one and the same. This article speaks

to that group. Labor is currently in excess supply. It is available to a much greater degree than the official 5.7 percent unemployment rate would imply. This is because a portion of the available labor supply has stopped looking for work (a necessary requirement to be counted in the unemployment rate) due to the duration of the recession. In other words, they are currently discouraged by their prospects of getting a job and have become dormant. But when things improve, they will likely return to the labor force.

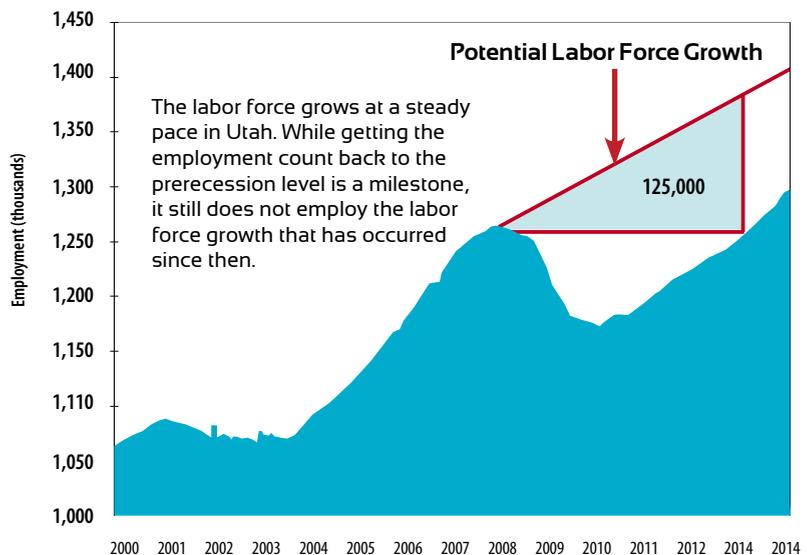


THIS ARTICLE speaks to the businesses whose broad and narrow views regarding skills in demand vs. unemployment are largely one and the same.

It is expected that over the next two years labor will remain in excess supply. The current payroll employment count of the Utah economy is roughly 38,000 jobs below the state's previous employment peak achieved in early 2008. So it would take another year's worth of average growth to get the payroll employment levels back to the previous peak. But since 2008, the Utah labor force has grown by roughly 25,000 new workers each year. That accumulates to another 100,000 workers on top of the 38,000 worker shortfall still existing from the previous peak employment. And, as the economy tries to close that gap over the next two years with more Utah job creation, an additional 50,000 workers will age into the labor force on top of that.

It is anticipated that job growth during the next two years around the Utah yearly average of 3.1 percent, this could still leave roughly 100,000 potential Utah workers sitting on the sidelines by 2014. It is therefore safe to assume that labor will be in excess supply as the Utah economy expands over the next two years. The quality and skill sets of that labor are a separate issue and an additional story in and of itself. ●

UTAH EMPLOYMENT 2000-2014f



Source: U.S. Bureau of Labor Statistics; March 2012 forecast = Utah Department of Workforce Services

IT IS SAFE TO ASSUME THAT LABOR WILL BE IN EXCESS SUPPLY AS THE UTAH ECONOMY EXPANDS OVER THE NEXT TWO YEARS.

DEPARTMENT OF
WORKFORCE SERVICES

Signs of growth emerging

though the job market continues to fluctuate



As economic 'green shoots' become more apparent and the labor market begins to improve, many job seekers will find an increasing number of opportunities for employment. In evaluating where these opportunities might be most plentiful, however, both supply and demand for labor must be considered.

Data from the Bureau of Labor Statistics' Business Employment Dynamics program provide insight into the supply and demand environments across Utah's industries through the enumeration of job gains and job losses. Job gains and losses help to unveil the potential for job opportunities because hiring activity (a partial representation of labor demand) and separations (addition to the labor supply) can be masked by simple changes in net employment.

During the high economic growth period of 2004-2006, net employment increased as job gains outpaced job losses, yet losses remained present in the economy. Likewise, during the Great Recession years of 2008 and

2009, losses exceeded gains, but gains did not disappear entirely.

Through analyzing job gain and loss fluctuations since the start date of the most recent recession (the fourth quarter of 2007), we can contextualize our current rebounding economic environment with regard to potential labor supply. Since that time, the job-loss-to-job-gain ratio on a statewide basis across all industries was 1.065, meaning that for every 100 job gains there were 106.5 losses during the period. As more jobs become available, then, it is expected that competition for those jobs will be relatively stiff since the loss-to-gain ratio suggests a potential over-supply of labor.

On an industry level, job-loss-to-job-gain ratios vary considerably, with correspondingly different implications for job competition within those industries. For example, the loss-to-gain ratio for the construction industry since the fourth quarter of 2007 is 1.284, compared to the 1.065 average across the economy. The construction industry experienced a particularly steep rise in job losses as well as a precipitous decline in job gains during the recession. With the most recent data illustrating an uptick in demand for labor in construction, the industry's loss-to-gain ratio supports the idea that competition for those jobs will be high.

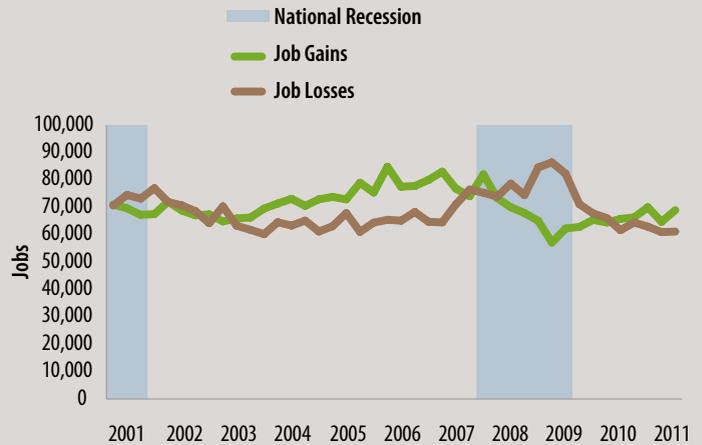
In contrast to the construction industry, job gains in the health services and education

As more jobs become available, competition will be stiff since the loss-to-gain ratio suggests an over-supply of labor.

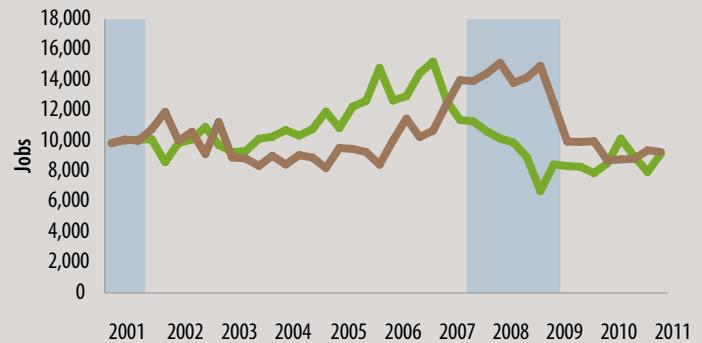
industry generally eclipsed job losses throughout the recessionary years, yielding a loss-to-gain ratio of 0.852. Along with this sub-average loss-to-gain ratio, losses and gains in the industry depict a distinct pattern of movement since 2001, with notable peaks in 2006 and 2007. The peaks in 2006 and 2007 are primarily attributable to new entrants into the industry, such as the Intermountain Health Care medical center in the city of Murray. When a new firm or worksite opens, some workers may leave their employer to join the new entrant. This phenomenon is captured as both a job gain and a job loss within the industry. Spikes in gains and losses aside, net employment continues to grow in health services and education. Competition for job opportunities in the industry should be comparatively lighter, especially in the health services sector.

As with most economic models, this analysis is a simplified version of reality and serves only as a proxy for labor supply. It is possible that the workers who lost their jobs during the reference period for this analysis have withdrawn from the labor force, migrated out of state, or re-trained in skill sets that allow them to job search in different industries. Nevertheless, these data indicate that as job openings accelerate in Utah, securing opportunities to work may be more challenging than normal, with opportunities varying significantly by industry. ●

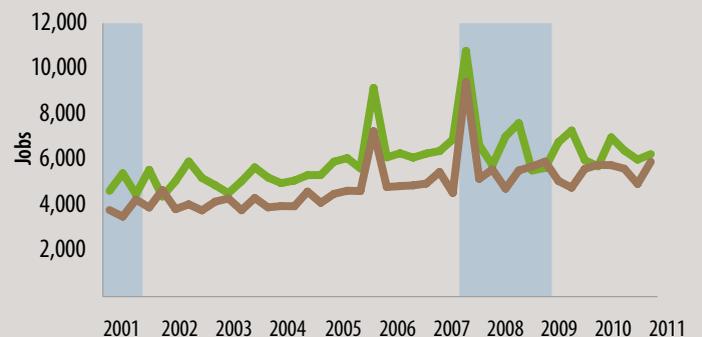
Utah Total Private-Sector Job Losses vs. Job Gains



Utah Construction Job Losses vs. Job Gains



Utah Private-Sector Education and Healthcare Job Losses vs. Job Gains



Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics. 2012

The Outlook for College Grads

The outlook for employment is getting better each year as the economy slowly emerges from the grasp of the recession. A “better” outlook means that overall economic activity is increasing as demand for goods and services improves. Officially, the recession ended in June of 2009 but that was the bottom of the business cycle and our economy has a long way to go to gain back the economic and job losses. The good news is that we are experiencing job growth in nearly all industries across the state. The Utah unemployment rate has fallen from around 8.0 percent to under 6.0 percent. Consumer and business spending is up which means more jobs.

Average Starting Salaries
by Discipline for Bachelor's Degrees

Discipline Group	2010 Average Salary	2011 Average Salary	Percent Change
Business	\$46,378	\$48,144	3.8%
Communications	\$38,450	\$39,577	2.9%
Computer Science	\$58,229	\$60,594	4.1%
Education	\$37,040	\$37,830	2.1%
Engineering	\$60,971	\$61,872	1.5%
Health Sciences	\$44,451	\$44,955	1.1%
Humanities and Social Sciences	\$34,856	\$35,503	1.9%
Math and Sciences	\$39,749	\$40,204	1.1%

For graduates of colleges and universities, the improving job market signifies more opportunities. Hiring activity by employers is up, but not as robust as it was before the recession when speculation fueled hiring. Each year the National Association of Colleges and Employers (NACE) conducts a survey of employers that requests information about business hiring prospects for the coming year. This year's release stated employers plan to increase hiring activity by 9.5 percent over the class of 2011. Although this is an increase, the survey implied that much of the increase was due to fill vacancies resulting from attrition, not expansion, in employers' workforces.

The NACE survey asks hundreds of employers questions about their upcoming employment plans. An im-

Source: Winter 2012 Salary Survey, National Association of Colleges and Employers. Data are starting salaries for graduates at the bachelor's degree level.

portant finding was identifying the college majors employers were seeking. The latest survey results said employers were interested in business, engineering, and computer science graduates. “Specific disciplines of targeted interest include accounting, finance, business administration, and mechanical, electrical, and computer engineering,” according to Marilyn Mackes, NACE executive director. These majors have also been on the lists from past years.

Words to the Wise Graduate

- Mobility, flexibility, and a can-do attitude are the attributes of a successful graduate. You must be mobile—to accept work where the work is. In the current “employer’s” job market, you may not be able to start at the great salary you wanted, or in your prime location. You may have to accept something less to get started in your career. Think “out of the box.”
- Understand that finding a job is a job. Do the legwork focusing on the kinds of companies that employ your major. Use the placement center of your soon-to-be alma mater to find out which companies are coming to town to recruit workers. Remember, some companies may not physically visit the college but recruit electronically through the school.
- Use every contact you know to identify firms that are, or will be, hiring soon. Some studies suggest that half of all new employment is facilitated through personal and professional networks, i.e. the hidden job market. This means using your contacts with employees currently working for companies of interest. Seek referrals through college mentors. Certainly, get on the Internet and explore opportunities listed with individual companies or through larger recruiting sites. One more sure-fire advantage in the job-hunting process is to go into a job interview with some job-related experience on your application. Employers seek educational attainment but the tie-breaker will be experience. This can come from part-time work, volunteer work, work-study, internship, or any way you can get some real-world on-the-job experience. ●

Here are some more helpful hints for grads looking for work:

- Start your job search early. Don’t wait until you take off your regalia at graduation.
- Be realistic about your opportunities in a recovering job market. It will be challenging.
- Use all the resources you can to help locate opportunities. Start with friends and family, the career services placement division at your college or university, the alumni association at the school (like the business school, engineering school etc.), online job search resources including the Department of Workforce Services. <http://jobs.utah.gov/jobseeker/careers.html>
- Network. In addition to friends and family, identify professional and trade groups in your major. Use the search engines on the Internet.
- Consider accepting a position that may not be exactly what you are seeking. It will enable you to get experience and get your “foot” in the door. The internal job market within an organization is sweeter than the one you just left, i.e. access to better jobs rather than the ports-of-entry positions.
- Do not get discouraged. Remember, even with the unemployment rate at about 6.0 percent, 94 percent of the workforce has work, so can you.

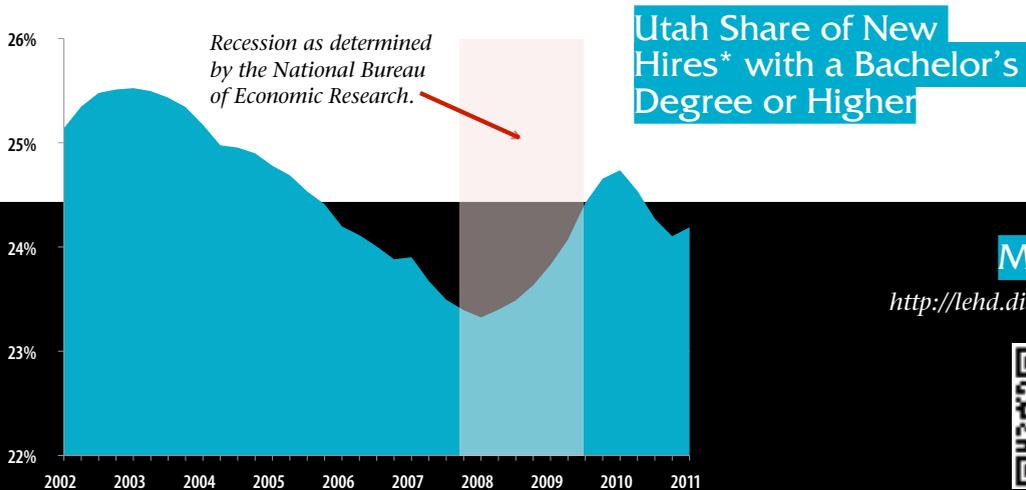


The Census Bureau's Local Employment Dynamics (LED) data has opened even the eyes of experienced labor market economists like me to the "churn" of people and jobs in the labor market. Recently, the LED program has added even more demographic detail to the data series, providing a wealth of economic information about what occurs in the labor market on a local level.

A tale of

THE BUSINESS

EDUCATION, AND HIRING



More info...

<http://lehd.did.census.gov/led/index.php>



* Four-quarter moving average; individuals 25 years and older only.
Source: U.S. Census Bureau, Local Employment Dynamics.

Now even more demographic detail...

Always interested in the relationship between educational attainment and the labor market, I decided to examine new hires by educational level over the past decade. Because this information could be subject to misinterpretation, let me clearly lay out the scope and nature of the data.

- This data covers only individuals 25 years and older. Due to young people's propensity to change employment, these hires represent only about 60 percent of total hires.
- A worker's personal education attainment determines the educational category, not the job requirements. For example a person with a PhD might be hired as a cashier.
- To simplify analysis, I used the share of hires with a bachelor's degree or higher as a percentage of total hires. Because of the seasonal nature of the data, I also used a four-quarter moving average to explore trends.

Larger, more urban counties tended to follow the same cyclical trend as did the state. In general, they also proved more likely to demonstrate a higher share of new hires requiring at least a bachelor's degree over time.

Less-populated county trends typically did not follow the expansion/recession trend. Six counties actually demonstrated a declining share of degreed hires throughout the decade. On the other hand, five counties (Sanpete, Kane, Washington, Grand, and Garfield) experienced an increasing share of degreed hires. This proves particularly interesting given the tourism-dependent nature of several of these economies and Washington County's major participation in the recent cycle of boom to bust.

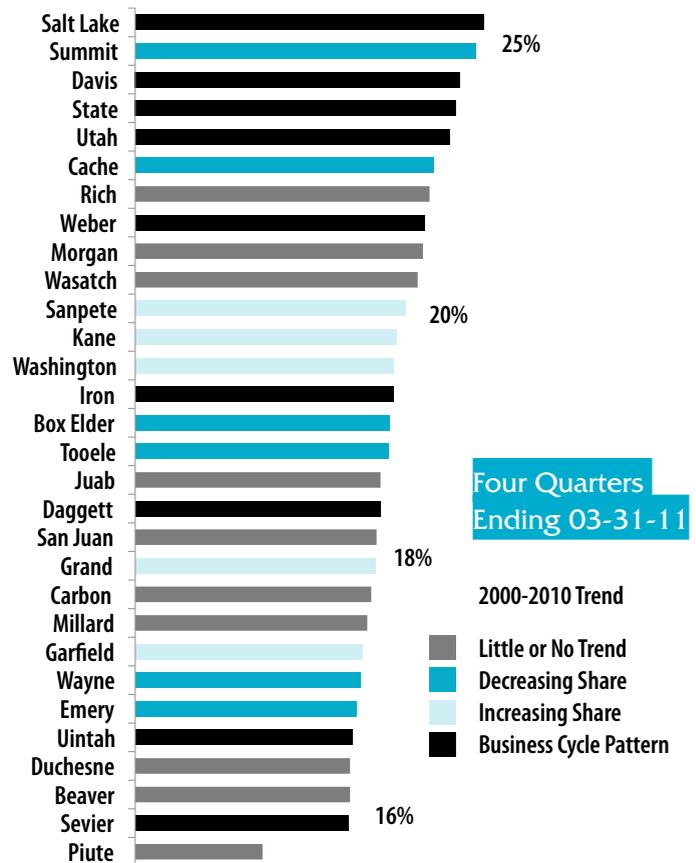
CYCLE,

Down in the Expansion; Up in the Recession

The time-series chart demonstrates that the business cycle had a definite effect on the share of new hires with at least a bachelor's degree. As the economy expanded and eventually overheated, the share of degreed hires steadily declined. This certainly makes sense, particularly in an expansion fueled by construction. In addition, the booming economy created labor shortages which permitted those with lower levels of education to easily find employment. (Remember the days of 2.5 percent unemployment?)

As the recession ensued, degreed hires started to pick up steam. Again, this makes sense. Groups with the highest educational level show the lowest unemployment rates. And in a downturn, employers are able to tap the best educated workers. The data have yet to demonstrate a decided trend in the current recovery despite what appears to be an initial peak in 2010. Also, these changes are fairly compressed. In the last decade, the peak of degreed hires occurred at 26 percent; the trough at about 23.5 percent.

Share of New Hires* with a Bachelor's Degree or Higher



* Individuals 25 years and older only.
Source: U.S. Census Bureau, Local Employment Dynamics



Measuring

the Value of Utah's Job Matching System

Although DWS' share of the market can't be separated from the hidden job market, the DWS job matching system exhibits a measureable impact on hiring.

One of the services Utah's Department of Workforce Services (DWS) provides to employers is a no-cost, web-based job matching system. This system, in the simplest terms, allows employers to recruit for new workers through an online service (at <http://jobs.utah.gov/>). The system then searches registered applicants and presents to the employer a list of job seekers matching their criteria. Employers may interview and select from the referrals provided. A long-standing question has been how to measure the value of the job matching system in relation to the overall labor economy.

DWS' Workforce Research and Analysis Division (WRA) recently developed an innovative method to measure the real market share of this activity. The challenge has been the limitation of traditional micro-data to identify the actual universe of new hiring activity in the labor market. In order to know the impact of the public job matching system, it is necessary to know which employers are hiring and to match those employers to the DWS job matching system.

The DWS Unemployment Insurance Division (UI) receives quarterly reports from each employer in Utah listing all of their employees. WRA determines the total market of hiring employers during a given quarter by looking at all of the relationships between an establishment and its employees, comparing those relationships against the reports from the previous four quarters, and eliminating any previous relationships to identify only those that are new. This comparison provides the actual number of employers that added a new employee—as well as the total number of new workers. For the quarter ending

December 31, 2011, Utah's labor market observed 22,465 hiring employers with 169,984 new hires. WRA then compares individual hiring employers and new hires to the job matching system.

Linking the identified hiring employers in the quarter to those employers that also posted jobs into the DWS job matching system, the market share of hiring employers was 16.1 percent for the last quarter of 2011. It should be noted that many of the state's largest employers are among those served through DWS. For example, the job matching system contains positions for more than 50 percent of Utah businesses with 500 or more employees.

Similarly, linking the identified newly hired employees to the population of job seekers using the DWS job matching system shows a market share of new hires equal to 32.4 percent during the fourth quarter of 2011.

These measures represent a significant breakthrough in how to evaluate the effectiveness of the public job matching system. Results thus far show a significant impact. This is especially true when taking into account the effect of the hidden job market. The hidden job market is composed of those unadvertised vacancies that are filled through family, friends, and other professional networking. Many studies suggest the hidden job market is at least half of all new jobs. While we cannot separate DWS' share of the market from that of the hidden job market, we can state that the DWS job matching system exhibits a measureable impact on hiring activity in Utah's economy. ●



DWS Market Share
of New Hires

Chief Executives

the job at
the top of the
organizational chart



ITo quote Harry Truman—when it comes to running an organization, the “buck stops” with the chief executive. Chief Executives provide the top-level, overall direction for a company or public sector organization, usually under the guidelines of a board of directors or similar governing body. They are the individuals responsible for planning, directing, or coordinating an organization’s activities at the highest management level.

Chief executives may operate under a wide variety of titles—chief executive officer, chief operating officer, general manager, president, vice president, school superintendent, county administrator, and mayor. Of course, the responsibilities (and pay) of high-level executives depend on their organization’s size. Top executives not only direct the overall organization, but also may be responsible for implementing strategies and setting the overall direction of a certain area of the company or organization and are under intense pressure to succeed. Depending on the organization, success may

mean earning higher profits, providing better service, or attaining fundraising and charitable goals.

Getting to the “Top”

While most chief executives have a bachelor’s or master’s degree in business or public administration, many others have education in less specialized disciplines. This position also typically includes substantial experience working in an organization at lower levels of management. In other words, don’t expect to be hired as a CEO right after graduation!

Controversy

In recent years, certain chief executive officers have come under fire for exorbitant salary and benefit packages, which were paid out even as their companies were losing money. Most surveys show the ratio of CEO-to-average-worker pay rising substantially over the last 50 years. For example, the Mercer Survey of 350 large industrial and service firms shows CEOs in 1965 making 24 times the

Chief Executives

Area	Star Ranking	Employment Estimates		Average Annual Growth Rate	Annual Openings			Median Annual Wage	Training Level
		Base Year*	Projection Year**		Growth	Replacements	Total		
Utah	5	4,390	4,710	0.7%	30	120	160	\$104,500	Work Experience, plus bachelor's degree or higher
United States	N/A	369,900	385,300	0.4%	1,540	9,610	11,150	\$160,700	Work Experience, plus bachelor's degree or higher

* 2008 for Utah; 2010 for U.S.

** 2018 for Utah; 2020 for U.S.

Source: U.S. Bureau of Labor Statistics and Utah Department of Workforce Services.

More info...

<http://www.bls.gov/oco/ocos012.htm>



average-worker wage compared to 262 times in 2005. Moreover, the United States shows by far the largest discrepancy in CEO-to-worker pay in the industrialized world. Soon, publicly-held companies will be federally required to disclose the ratio of CEO pay to the median salary of company workers as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

In addition, U.S. companies have also faced criticism because of a dearth of CEO women and minorities. For example, the counts of minorities/women heading Fortune 500 companies in 2011 follow: four black, nine Asians, five Latinos, and 18 women. Obviously, the corporate suite is not as diverse as the total labor force.

Some Numbers

In Utah, there are roughly 4,400 chief executives. The Department of Workforce Services projects this occupation will have an average of 160

openings each year through 2018 and expand at an annual rate of 0.7 percent—far lower than the state's average growth rate of more than 2 percent. Of those 160 yearly openings, three-fourths are expected to result from the need to replace workers who have left the occupation. Because of their relatively high pay and prestige, you can expect very keen competition by qualified applicants for these top-level positions—including workers from outside the state.

In Utah, the median annual wage for chief executives measures \$104,500; nationally, \$160,700. Of course, wages are closely related to the size of the directed organization. The CEO of a very large firm can expect to earn much, much more. For example, Forbes Magazine indicates that America's highest-paid chief executive in 2011 was CEO at UnitedHealthGroup, with a one year salary of \$102 million. ●

DWS and the 2012 Legislative Session

Two important pieces of legislation signed into law

Every New Year brings the State of Utah's legislative session, when part-time lawmakers from across the state converge on Utah's Capitol and wade through pressing public policy matters. This year, the session ran from January 23rd through March 8th—an intense and productive 45 days. During each session,

the Department of Workforce Services (DWS) closely monitors and testifies to bills that could potentially impact the agency. The 2012 session included two such important pieces of legislation (S.B. 129 and H.B. 139) which Governor Gary R. Herbert has signed into law.



SENATE BILL 129, "UNEMPLOYMENT INSURANCE MODIFICATIONS"

Sponsored by Senator Curt Bramble, S.B. 129 is the result of a recommendation by leadership of DWS and the State Workforce Investment Board. S.B. 129 was passed unanimously in both the Senate and the House and lowered the top unemployment insurance tax rates by two percentage points and froze the minimum tax rate beginning in calendar year 2012. This legislation will save Utah small businesses over \$24 million which they can instead use to grow their operation and create jobs.

At the signing of S.B. 129, Governor Herbert noted that this tax cut is possible because Utah's unemployment trust fund is well-managed and Utah is the best in the nation at getting people back to work. "We understand the bedrock of our economic foundation is small business," Governor Herbert said. "Now we're giving them a little help by giving them a tax cut...Let the free market roll forward."



HOUSE BILL 139, "DEPARTMENT OF COMMUNITY & CULTURE AMENDMENTS"

H.B. 139, sponsored by Representative Wayne Harper, restructured and renamed Utah's Department of Community and Culture (DCC) the Department of Heritage and Arts and moved the Housing and Community Development (HCD) Division from DCC to the Department of Workforce Services.

During legislative testimony, Representative Harper argued that over 70% of HCD's customers are also DWS customers and moving the Division of Housing and Community Development (HCD) to the Department of Workforce Services (DWS) will save the taxpayers \$1.2 million annually. In addition, the move will remove HCD from an agency focused solely on art and heritage into DWS whose primary mission is to foster job creation and workforce development. The partnership will better align HCD's programs that support low-income households with DWS' training, job development and job connection resources. DWS sees substantial potential synergies by bringing the two organizations together and looks forward to building upon the shoulders of this new, important partnership within the agency and more effectively serving customers across Utah. 

Coming Soon!

Local Insights Economic Newsletter

A new quarterly publication focused on local economic analysis. This newsletter will provide relevant information for decision making in the areas of regional planning, local economic development, and policy design. Versions will be available for the statewide economy and nine different substate areas.

To sign up for e-notifications to this newsletter and other publications, go to

jobs.utah.gov/wi



To request a hard copy, contact Gail Reidling at
801-526-9785 or greidling@utah.gov

Look for the first issue in June, 2012



Management of Companies and Enterprises

The management of companies and enterprises sector, sometimes referred to as headquarters of companies, is part of what the U.S. Bureau of Labor Statistics calls the professional and business services supersector. This supersector also includes “professional, scientific, and technical services;” and “administrative and support, waste management and remediation services”. Basically, they are providing a service in a professional or business manner.

Companies in this industry are involved in holding securities (assets or equity interests), managing other establishments (except government), or both managing and holding securities, as defined by the government’s North American Industry Classification System (NAICS). This can also include corporate, regional, and subsidiary offices engaged in overseeing and managing other establishments of the company, enterprise, or headquarter locations.

Utah’s wage and employment data show this industry has fared better in the metro areas than in non-metro, for average employment since 2007. Average employment in the state was at its peak in 2001 and after a spike in 2008, it has dropped 1,820 jobs. However, this is not the case for the number of establishments, payroll and average monthly wages. These have all steadily risen in recent years, from 2007 to 2010 as it shows in the chart below. Interestingly, the data shows a strong wage gain, despite having fewer jobs.

Utah’s largest employers in this industry are Qwest Corp, Jacobsen Construction Company, Inc., and Intermountain Healthcare, Inc. 

Year	Average Employment	Number of Establishments	Annual Payroll	Average Monthly Wage
2010	18,627	494	\$1,356,248,077	\$6,068
2009	19,512	489	\$1,248,380,316	\$5,332
2008	20,449	499	\$1,278,258,176	\$5,209
2007	20,336	489	\$1,233,913,231	\$5,056
2006	19,372	466	\$1,134,472,826	\$4,880
2005	20,947	443	\$1,089,547,740	\$4,335
2004	20,864	433	\$1,004,610,665	\$4,013
2003	20,560	420	\$938,584,252	\$3,804
2002	21,085	428	\$931,235,435	\$3,681
2001	22,011	415	\$1,031,280,511	\$3,905

just
the
facts...

**February 2012
Unemployment Rates**

Utah Unemployment Rate	5.7%
U.S. Unemployment Rate	8.3%
Utah Nonfarm Jobs (thousands)	1,212.3
U.S. Nonfarm Jobs (thousands)	131,199.0

**Changes From
Last Year**

Down	1.6 points
Down	0.7 points
Up	2.5%
Up	1.6%
Up	2.9%
Up	2.8%

**February 2012 Consumer
Price Index Rates**

U.S. Consumer Price Index	227.7
U.S. Producer Price Index	194.4

Source: Utah Department of Workforce Services

**February 2012
Seasonally Adjusted
Unemployment Rates**

Beaver	6.1 %
Box Elder	6.6 %
Cache	4.3 %
Carbon	6.6 %
Daggett	4.5 %
Davis	5.4 %
Duchesne	4.3 %
Emery	6.9 %
Garfield	8.9 %
Grand	8.5 %
Iron	7.1 %
Juab	7.1 %
Kane	6.9 %
Millard	4.5 %
Morgan	5.4 %
Piute	5.5 %
Rich	4.2 %
Salt Lake	5.4 %
San Juan	10.1 %
Sanpete	7.5 %
Sevier	6.2 %
Summit	5.2 %
Tooele	6.0 %
Uintah	4.0 %
Utah	5.5 %
Wasatch	6.7 %
Washington	7.3 %
Wayne	9.9 %
Weber	6.7 %

Watch for these features in our
Next Issue:

Theme:
Occupational Insight

Industry Highlight:
Entertainment

Occupation:
Graphic Artist



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