



Difficult public issues will require innovative thinking and practical solutions by the state's citizens, business leaders, and policy makers.

Critical public issues in Utah show a significant need for the creation and expansion of Utah's in-state industry strengths. Utah's economy, still fragile during its recovery, needs an improvement in both the quantity and quality of available jobs. As the state continues to grow at a near record pace, the need for those high-paying jobs will significantly increase over the coming years. At the same time, higher education in the state must remain accessible for Utah's students and competitive with neighboring states. These and other difficult public issues will require innovative thinking and practical solutions by the state's citizens, business leaders, and policy makers.

Economic Issues

This past electoral season, Utah voters said that jobs and economic development were the second-most important public issue, behind only public education in perceived importance.¹ **The recession of 2001-2003 marked the state's worst economic slump since 1954. Not since World War II has Utah experienced back-to-back years of employment contraction.**² Only now are signs beginning to show that Utah's economic health is reaching a period of recovery.

No facet of the economy is more visible to the state's constituents than the job market. Although the job market is beginning to strengthen, the Bureau of Economic and Business Research (BEBR) fears that a low-wage recovery will follow Utah's high-wage recession. According to the Bureau, "Low-wage rates have long been a vulnerability of the Utah economy."³ Average annual wages increased in 2003—at a rate of 1.4 percent to \$30,537—but it was not enough to keep pace with current inflation rates.⁴

Job concerns for Utah citizens are compounded by increasing burdens on their existing incomes. The Utah Foundation reports “Utah’s state tax burden is...8th highest in the nation. This is partly the result of funding a public education system for Utah’s substantial student population.”⁵ For families with students attending college, recent dramatic increases in tuition have also required extra fiscal attention.

Some positive news, however, is emerging. For instance, Utah’s job growth between September 2003 and September 2004 was 32,900 jobs, or about 3 percent, suggesting that the state is finally “shedding the shackles of recession.”⁶ Even during the recession, Utah’s economy continued to outperform the nation, says Utah’s Council of Economic Advisors. The Council attributes this to strong internal population growth; a young, well-educated workforce; a strong work ethic; and low business costs. A recent study echoes this sentiment.⁷ In September 2004, the Boyd Co., a corporate location consulting firm, released a study that placed Salt Lake City on a list of cities west of the Mississippi attractive to technology companies looking to flee the cost-prohibitive California market. The area offers a lower cost of living, strong intellectual capital, and strong work ethic. According to the study, these factors create a strong competitive advantage.⁸

Current forecasts provide even more good news for Utah’s economy. **All major forecast groups (Blue Chip, Global Insight, Zions Bank, State of Utah, BEBR, and Economy.com) predict positive changes for Utah.**⁹

*No facet
of the economy
is more visible
to the state’s
constituents than
the job market.*

Business leaders, public officials, and research universities must encourage Utah’s economic recovery by promoting needed economic and intellectual capital development.

Growth and Sustainability Issues

Throughout the Western states, growth continues to be one of the greatest challenges for state policy makers. States must accommodate a growing population, while maintaining quality of life and environmental conditions at the same time. In Utah, issues of growth and the environment were two of the ten most important issues for voters in November 2004’s election.

Population Growth

Utah is one of the youngest, fastest-growing states in the nation. The state's official 2003 population was estimated to be 2.39 million, increasing 2 percent from 2002. Although the state continues to experience net in-migration, natural increase accounts for the majority of Utah's population growth. According to Census 2000, Utah also continues to be the youngest state in the nation, with a median age of 27.1, compared to 35.3 nationally.¹⁰

Growth projections suggest coming challenges for Utah's education system and job market. Beginning in 2004 and continuing for at least a decade, the 5-to-18-year-old population will increase significantly: Even with zero net migration to the state, Utah can expect an additional 169,600 students—an increase of 35 percent—by the year 2020. Salt Lake and Utah counties will be especially affected, with a projected 60 percent increase in the school age population from 2000 to 2030. This will result in more school-age persons per capita than any other state.¹¹

Not only does this trend have major implications for Utah's public education and higher education systems, it will also affect the dynamics of Utah's job market. The crest of Utah's "Second Boom" (born 1978-1984) are now 20-to-26-years-old, and are leaving the education system and looking for jobs. The Third Boom will enter higher education between 2016 and 2025, and need jobs by 2030.

To keep our best and brightest students within the state, high-quality jobs must be available. Already, Utah's current job market is strained with new entrants; from 1990 to 2000, Utah's worker population grew by 41 percent—compared with 12 percent nationally.¹²

Environmental Sustainability

Utah's population growth also brings challenges to the environment and to sustainability. The impact of more Utah residents requires innovative solutions to finite water, land, and air resources. These problems may best be solved by the efforts of research universities. The environment also has effects on Utah's economy. Many of Utah's natural resource industries (farming, mining, manufacture) are decreasing over time, which requires other industries—such as high-tech—to pick up the slack.

Higher Education Issues

Utah is known for its high quality, affordable higher education, but it must ensure the quality of education remains among the best in the nation. In spite of budget constraints forcing increases in tuition and low salaries for faculty, investments must be made to recruit and retain the best professors, researchers, and scientists and maintain Utah's competitiveness in higher education. Public and private support from the state is critical, for without students, the state's higher education system and intellectual capital resources will be significantly compromised.

According to *Measuring Up 2004*, a detailed report on the overall condition of higher education in each state, Utah has improved in the percentage of students scoring well on national math, science, and reading assessments. However, Utah has seen a decline in the chances of young adults enrolling in college. Utah has continued to keep public two-year colleges and public and private four-year institutions affordable, which is commendable in light of a nationwide decline in the affordability of college. According to the report:

- Utah performs well in preparing students for college. For example, two-thirds of secondary school students are taught by qualified teachers, which compares well with top states.
- However, over the past decade, the likelihood of 9th graders in Utah enrolling in college within four years has declined substantially, from 42 percent to 31 percent. Top states score 52 percent on this measure.
- Utah has held the line on the share of family income, after financial aid, needed to attend its public two-year colleges and its public and private four-year institutions, making Utah a best-performing state in this area.
- However, net college costs for low- and middle-income students to attend public two- or four-year colleges and universities still represent 25 percent of their annual family income. (Net college costs equal tuition, room, and board minus financial aid.)¹³

Within the Utah System of Higher Education, projected enrollment increases may provide increased opportunity. Utah has the potential to capitalize on a major strength—a quality, affordable education—if the issue of lower participation in higher education can be remedied.¹⁴ In the coming years, Utah must maintain the competitiveness of its higher education institutions to ensure these students stay in-state to pursue their education and their careers.

Infrastructure Issues

Utah has spent billions of dollars developing quality physical infrastructure for the state. Transportation, especially I-15 reconstruction and TRAX, have had visible benefits to many Utah citizens, yet other infrastructure—such as power, water, sewer, and telephone would be propelled to the top of the public agenda if any of these were not sufficiently provided.

Utah's technological infrastructure needs to be strengthened now; it is as vital as any public system we currently take for granted. Technology infrastructure, however, does not consist only of broadband Internet wiring and computer terminals. It also requires facilities, human capital, and money. Factors needed for an effective technological infrastructure include "at least one mega-success story" that can serve a synergistic purpose to the research university by helping encourage more start-ups; high-tech, well-educated talent; venture capital; an infrastructure of supporting law firms, Web designers, high-fiber Internet connections, and other business services; and a widely shared attitude of a visionary high-tech future.¹⁵

The research university, though, is at the center of any growing technology infrastructure.¹⁶ The success of regional economic in Silicon Valley, California, Route 128 in Massachusetts, and Research Triangle Park in North Carolina show that this is the case. By investing in research universities, the hub of our technological infrastructure, Utah can create the momentum needed to strengthen and develop our own regional economy.

