

Yavapai
COLLEGE



Environmental Scan
Summary

2009-10

The Office of Institutional Research

Table of Contents

	Page
Scanning Highlights	1
National Outlook	2
Arizona Outlook	3
Yavapai County Outlook	6
• Geo-Demographic Trends	6
• Occupational Outlook	7
Appendix	11
• EMSI Fastest Growing Occupations	
• EMSI Yavapai County Unemployment	

The projections cited in this document include both national and state sources. The Arizona projections include opinions from state economists; most notably Marshall J. Vest, Eller College of Management at the University of Arizona and Dr. Dennis Hoffman with W.P. Carey School of Business at Arizona State University.

Summary Highlights

- The recession is over. Economic recovery will grow at a modest rate over the next several quarters. It is expected to take two to three years for employment levels to regain the peak of 2007 (3QTR). Many of the lost jobs are gone forever.
- Arizona's unemployment rate continues to reside around 9%. Predictions are for it to drop to 6.5% by the end of next year. Prescott MSA unemployment rates are comparable to state estimates.
- Community Colleges continue to play a major role in the national stimulus with the vocational training of displaced workers.
- According to Economic Modeling Specialists Inc. (EMSI), Yavapai County population estimates project the area population to increase by 9% overall in the next three years. The fastest growing category is in the 25 to 39 age group.
- Per EMSI, the top five occupations with projected job openings over the next three years in Yavapai County include jobs in health care and real estate. Yavapai College has programs in place for the top five occupations.
- The economic impact of the passage of Arizona's Immigration law (S.B.1070) and the boycott by various organizations remain a potential threat to Arizona's tourism industry and economic recovery.

National Outlook

It appears that the economy is on the way to comeback. Economic recovery at the national level is proceeding nicely. After the 5.6% surge in 2009 4th Qtr, real gross domestic product (GDP) grew by 3.0% in the first quarter and could top 4% in the second. For all of 2010, real GDP could grow by 3.5%.¹ While economic recovery is moving in the right direction, it does not compare to the growth following previous recessions. Despite the fact that Wall Street will do well, Main Street will still struggle.

Much of the recovery may be attributed to companies who scaled back on labor and other costs are finally making a profit. Those company profits have now spurred a revival on Wall Street, but these companies have not begun hiring again even though they are seeing rising profits. The bottom line:

- The U.S. economy will grow at a modest rate over the next several quarters; the result of weak consumer spending which is caused by high unemployment, tight credit markets and the loss in household wealth.
- Consumer confidence is still low on Main Street. People are saving and paying down debt rather than spending due to the uncertain employment situation.
- Government spending incentives has brought the country out of the recession, yet that spending is not free. This spending will constrain growth in 2011 and 2012.²
- In terms of recovery, one-third (32%) of business owners expect the economy to noticeably improve within the next 12 months. Meanwhile, three out of five (60%) feel the economic recovery is between 13-24 months away.³

Community Colleges will continue to play a major role in recovery process. The new peak in college enrollment has come in the midst of a recession that has driven the national unemployment rate to its highest level in more than twenty-five years. Among those most affected by the unemployment are young adults (16 to 24 year olds).⁴ Many young adults have delayed their entrance into the labor market, while older adults are deferring retirement for both economic and personal reasons.

Community college enrollments have long been considered countercyclical; they tend to rise as the economy worsens (Betts and McFarland, 1995). More than 43% of all undergraduates attend one of the more than 1,173 community colleges that exist in the United States. As economic costs continue to rise and universities limit enrollments, community college attendance can expect to increase during hard economic times.⁵

The cost advantage public community colleges offer is an annual tuition, on average, of \$2,544, while public four-year college tuition averages \$7,020 (+275%).⁶ By comparison, Yavapai College annual tuition for 2009/10 full-time students is \$1,488 (43% less than the national community college average).

Arizona Outlook

Last year, researchers from the University of Arizona's Eller College of Management predicted the bottom to come in the second quarter of 2010 and employment to take until the end of 2012 for employment levels to regain the peak of 2007(3QTR). As of July 2010, they report the healing process has begun. Retail sales statewide have been growing since July 2009. Four major sub-categories have recorded double-digit gains:

1. Furniture, home furnishings +20.7%
2. Miscellaneous retail +29.5%
3. Clothing and accessories +11.3%
4. Miscellaneous automotive +11.2%

Consumers are still worried about possible job losses, the absence of raises during the past three years, and declines in net worth as the value of their homes plummet. Despite the uncertainty, they are moving to satisfy pent-up demand for items that were deferred during the recession.⁷ The following represents the views on the economy from researchers at the Eller College of Management at the University of Arizona.

- Reports from nationwide retailers indicate resurgence in high-end cars, home improvements, and luxury items by upper-income households.
- Federal rebate programs for energy-efficient appliances, replacement windows and doors, homebuyer credits, and new car purchases also have accelerated purchases.
- Spending is also being fueled by delinquent homeowners who have extra money since they stopped making mortgage payments. Many remain in their homes rent-free for as long as two years before being thrown out. Those who are now renting have cut their housing costs in half or more, and that frees up cash for spending.

- While not all employment sectors have stabilized, construction and durable manufacturing declines have halted. Employment in food and drinking places, building materials, accommodations, wholesale trade, clothing non-durable manufacturing have all reversed direction and now headed upward.
- Arizona's unemployment rate moved upward in February and March, reaching 9.6% before dropping back to 9.5% in April. As of June 2010, the unemployment rate is 9.6%. The reason why unemployment moves up in the early stages of a recovery is that the labor force grows more rapidly than employment. The unemployment rate is expected to approach 6.5% by the end of next year.
- Housing markets in Arizona appear to have bottomed, but recovery is still a ways down the road. The supply of vacant homes remains extremely high. Nationwide, vacancy is at 2.5% compared to a normal 1%. Measures for Arizona are not available, but vacancies are probably higher.
- Foreclosures appear to have leveled off nationwide, but remain near record high levels. According to some estimates, one in four homeowners nationwide is underwater. It is closer to half in Arizona.

Crisis in State Government

The state of Arizona is in the middle of one of the nation's most severe budget crises. While the recession is over, it is expected two to three years for economic recovery in Arizona. The state has not balanced the state budget, but the passage of Prop 100, the one-cent tax, is a step in the right direction.

Another factor hindering recovery in Arizona is the budget gap cannot be closed through spending cuts alone. Arizona is not a high tax state when compared to other states. Either the federal government or voters mandate many of the funded programs. The real dilemma according to Arizona economists is **“People will need to decide how much they are willing to pay for public services.”** The bottom line is, you could lay off every state employee and not begin to balance the budget. Likewise, eliminating an entire funding segment would not balance the budget either. Neither legislative leaders nor the governor are subject to sanctions if they do not produce a balanced budget.

Unemployment

Arizona's unemployment rate stands at 9.6% as of June 2010. Prescott MSA's unemployment rate dropped to 9.7% in June from 10.2% in May 2010. Arizona economists predict the unemployment rate in Arizona to reach 6.5% by the end of next year.

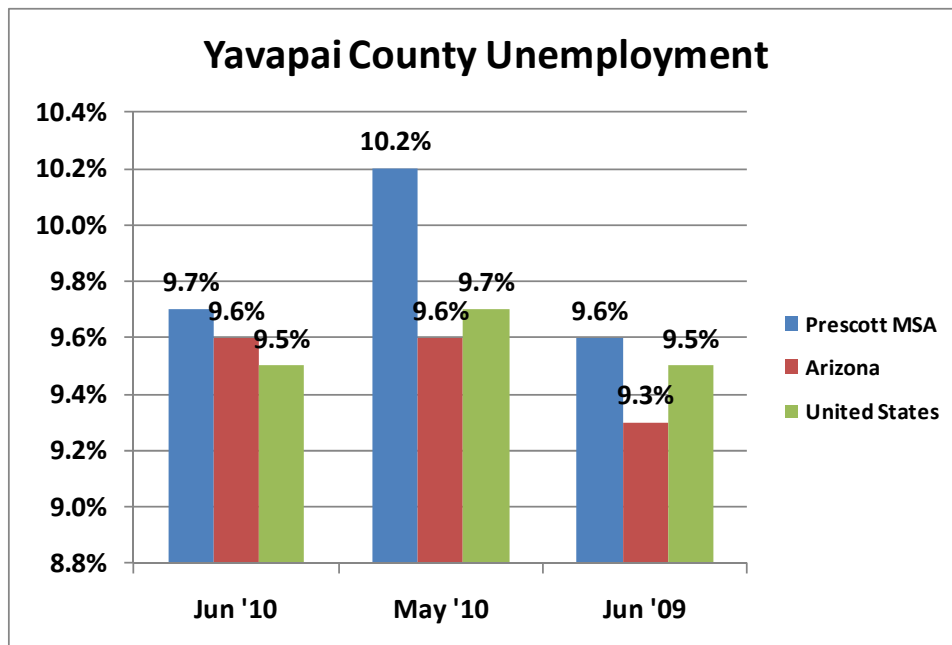
Arizona, U.S. Economic Indicators Unemployment Rate (Seasonally Adj.)

	<u>JUN '10</u>	<u>MAY '10</u>	<u>JUN '09</u>
United States	9.5%	9.7%	9.5%
Arizona	9.6%	9.6%	9.3%
Phoenix-MSA	8.6%	9.2%	8.7%
Tucson-MSA	8.6%	9.0%	8.5%
Flagstaff-MSA	8.6%	9.4%	7.5%
Lake Havasu/Kingman MSA	10.9%	11.8%	10.9%
Prescott-MSA*	9.7%	10.2%	9.6%
Yuma-MSA	23.2%	22.6%	20.6%

* Prescott-MSA geography is Yavapai County

Source: Arizona Workforce, July 15, 2010, Arizona Department of Commerce, Research Administration

Yavapai County unemployment is at par or above the unemployment for the state.



Yavapai County Outlook

Yavapai County population estimates project the area population to increase 9% overall in the next three years (+19,009). The fastest growing category is in the age group 25 to 39 years of age, which is expected to grow 8% (+2,404) during the same time period. The age segment 40 to 49 years is expected to drop 5% (-1,287) by 2014.⁸

Yavapai County Population by Location Areas and Selected Age Groups

Age Groups	15-19			20-24			25-39			40-49			50-64			All Ages		
	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change
County Pop.	12,310	12,523	2%	10,172	10,292	1%	29,862	32,266	8%	25,647	24,360	-5%	54,942	59,661	9%	222,135	241,144	9%
East County	15-19			20-24			25-39			40-49			50-64			All Ages		
	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change
Verde ¹	2,265	2,242	-1%	1,517	1,510	0%	5,760	6,990	21%	4,874	4,676	-4%	6,094	6,164	1%	34,498	37,067	7%
Camp Verde ²	1,061	1,046	-1%	715	714	0%	2,733	3,333	22%	2,179	2,091	-4%	3,089	3,126	1%	16,125	17,332	7%
Sedona	813	813	0%	564	569	1%	2,586	3,153	22%	2,847	2,720	-4%	4,723	4,786	1%	18,989	20,247	7%
East Total	4,139	4,101	-1%	2,796	2,793	0%	11,079	13,476	22%	9,900	9,487	-4%	13,906	14,076	1%	69,612	74,646	7%
West County	15-19			20-24			25-39			40-49			50-64			All Ages		
	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change	2010	2014	% Change
Prescott	3,782	3,752	-1%	3,860	3,820	-1%	8,406	10,178	21%	8,300	7,903	-5%	13,240	13,413	1%	61,468	65,384	6%
Prescott Valley	2,377	2,373	0%	1,960	1,973	1%	7,635	9,256	21%	4,913	4,783	-3%	5,244	5,323	2%	36,464	39,658	9%
Chino Valley ³	1,470	1,454	-1%	833	822	-1%	3,652	4,506	23%	3,248	3,119	-4%	3,792	3,833	1%	20,364	21,913	8%
69 Corridor ⁴	889	881	-1%	447	445	0%	2,135	2,633	23%	1,968	1,872	-5%	3,618	3,684	2%	15,992	17,142	7%
Blk Canyon/Crown K	144	140	-3%	105	102	-3%	480	595	24%	553	522	-6%	782	791	1%	3,169	3,366	6%
Congress ⁵	307	307	0%	231	230	0%	823	1,001	22%	778	751	-3%	1,377	1,409	2%	5,854	6,278	7%
Ash Fork/Seligman	201	211	5%	162	170	5%	350	410	17%	343	356	4%	417	433	4%	2,196	2,389	9%
West Total	9,170	9,118	-1%	7,598	7,562	0%	23,481	28,579	22%	20,103	19,306	-4%	28,470	28,886	1%	145,507	156,130	7%

Source: Economic Modeling Specialists, Inc. - July 2010

Data Sources and Calculations

Demographic Data

The demographic data in this report is compiled from several sources using a specialized process. Sources include US Census Bureau annual estimates, birth and mortality rates from the U.S. Health Department, and projected regional job growth.

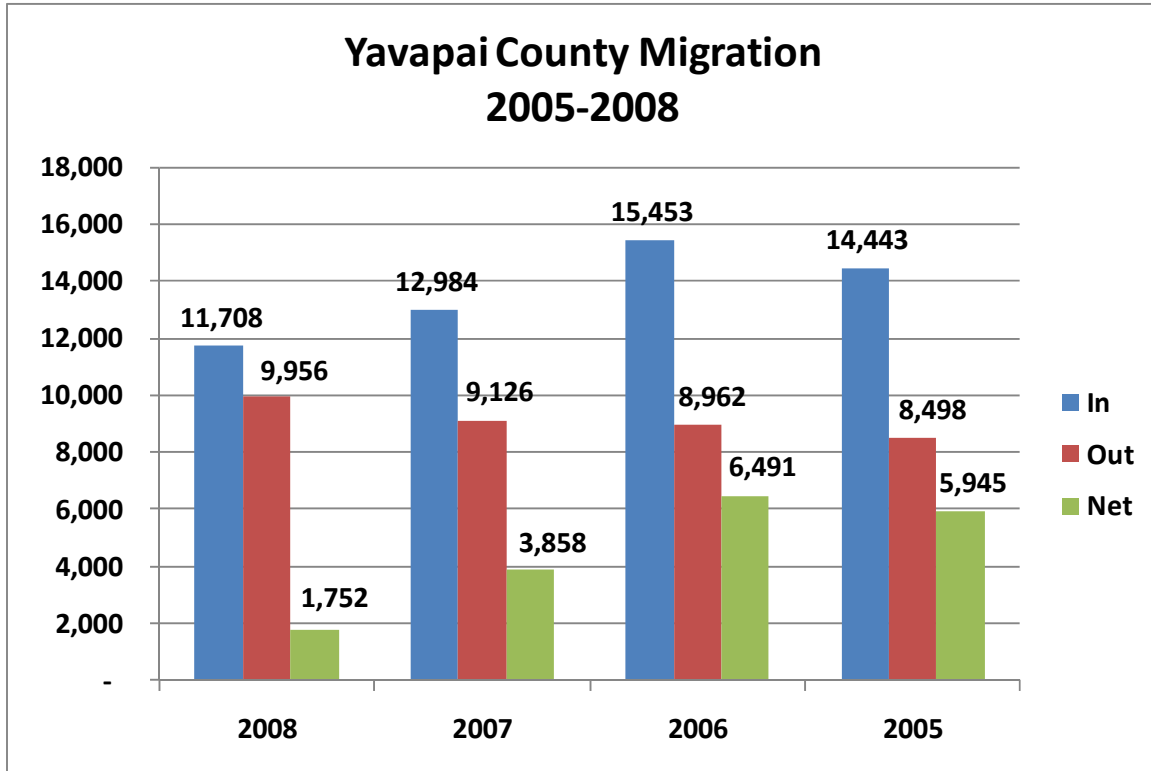
State Data Sources

This report uses state data from the following agencies: Arizona Department of Economic Security, Research Administration.

¹Clarkdale, Cottonwood, Cornville, Jerome; ²Camp Verde, Rimrock, Lake Montezuma; ³Chino, Paulden; ⁴Dewey, Humboldt, Mayer; ⁵Congress, Yarnell, Bagdad, Iron Springs, Kirkland.

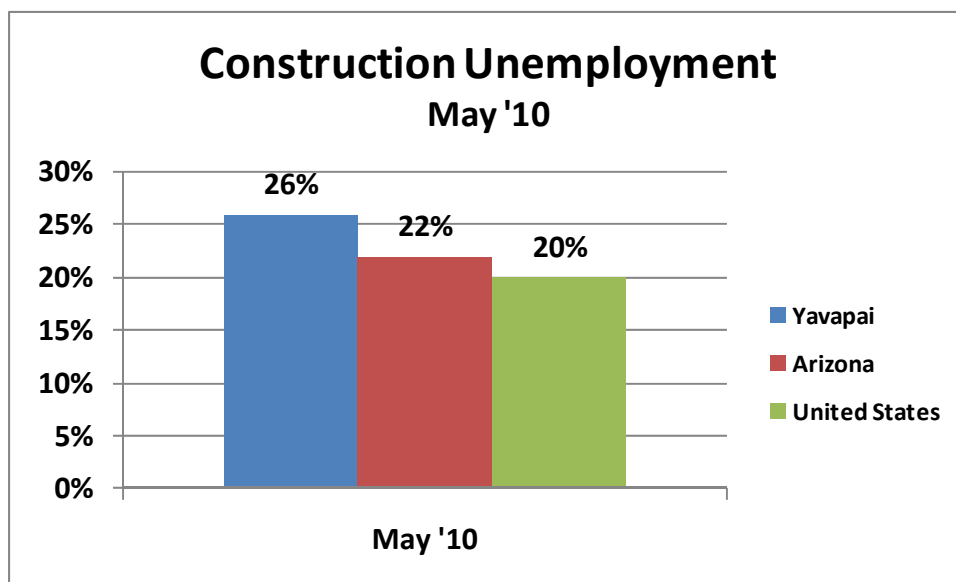
Notes: EMSI sub-county data uses zip code information to group areas.

In 2008, in-migration to the county totaled 11,708 representing 5.5% of Yavapai County population. One-fourth of those migrating to Yavapai County came from Maricopa County, Arizona. Out-migration from Yavapai County totaled 9,956 representing 4.6% of Yavapai County population. All of the out-migration (with the exception of 2% to San Diego) went to other counties in Arizona. The net migration (in minus out) in 2008 was 1,792 (down 73% from 2006).



Construction in Yavapai County

While the construction decline appears to have lessened, construction unemployment is more than twice the unemployment rate for all occupations. As of May '10 report, construction unemployment at the national level is 20%, 22% for Arizona and 26% in Yavapai County.



Occupational Outlook

The demographic data in this report from Economic Modeling Specialists Inc. (EMSI) is compiled from several sources using a specialized process. Sources include U.S. Census Bureau annual estimates, birth and mortality rates from the U.S. Health Department, and projected regional job growth. For state data sources, this report uses the Arizona Department of Commerce, Research Administration.

The following illustrates the projected job growth over the next three years in Yavapai County by standard occupation classification (SOC) code. These jobs will require either an associate degree or a post-secondary vocational award.

SOC Code	Description	2010 Jobs	2014 Jobs	Growth	Growth %	Current Median Hourly Earnings
41-9022	Real estate sales agents	1,671	2,094	423	25%	\$7.32
29-1111	Registered nurses	1,283	1,512	229	18%	\$33.00
13-2021	Appraisers and assessors of real estate	361	451	90	25%	\$9.26
31-1012	Nursing aides, orderlies, and attendants	716	794	78	11%	\$11.92
43-6013	Medical secretaries	260	307	47	18%	\$12.93
49-3023	Automotive service technicians and mechanics	494	538	44	9%	\$21.13
29-2041	Emergency medical technicians and paramedics	284	328	44	15%	\$13.45
29-2061	Licensed practical and licensed vocational nurses	259	291	32	12%	\$22.19
39-9031	Fitness trainers and aerobics instructors	174	202	28	16%	\$12.13
49-3042	Mobile heavy equipment mechanics, except engines	267	292	25	9%	\$21.82
29-2021	Dental hygienists	98	121	23	23%	\$39.28
31-2021	Physical therapist assistants	75	96	21	28%	\$26.21
43-6012	Legal secretaries	126	145	19	15%	\$12.86
29-2034	Radiologic technologists and technicians	107	126	19	18%	\$28.48
29-2012	Medical and clinical laboratory technicians	81	100	19	23%	\$16.21
23-2011	Paralegals and legal assistants	112	130	18	16%	\$17.70
29-2071	Medical records and health information technicians	117	135	18	15%	\$13.07
29-2056	Veterinary technologists and technicians	60	78	18	30%	\$10.86
15-1041	Computer support specialists	179	195	16	9%	\$15.91
51-9071	Jewelers and precious stone and metal workers	70	86	16	23%	\$11.04
25-4031	Library technicians	162	178	16	10%	\$16.85
29-1126	Respiratory therapists	79	94	15	19%	\$26.52
39-3011	Gaming dealers	62	73	11	18%	\$7.25
49-3031	Bus and truck mechanics and diesel engine specialists	105	115	10	10%	\$16.47
25-2011	Preschool teachers, except special education	228	238	10	4%	\$8.37
53-2012	Commercial pilots	58	66	8	14%	\$25.36
31-9094	Medical transcriptionists	67	75	8	12%	\$14.37
41-3041	Travel agents	64	72	8	13%	\$7.90
31-9011	Massage therapists	71	79	8	11%	\$10.51
49-3011	Aircraft mechanics and service technicians	65	72	7	11%	\$19.44

Source: EMSI Complete Employment - 2nd Quarter 2010

Registered nurses are projected to grow 18% (+220 jobs). Among the top 30 job classifications projected to grow in three years in Yavapai County are:

- Nursing aides/attendants – 11%
- Medical secretaries – 18%
- Automotive service technicians/mechanics – 9%
- Emergency medical technicians and paramedics – 15%
- Licensed practical/licenses vocational nurses – 12%

Sources:

¹Vest, Marshall, July 2010, Arizona's Economy: The Healing Process has Begun, Eller College of Business and Public Administration, University of Arizona.

²Chan, Anthony, 2009, National Forecast 2010: Wall Street Will Do Well; Main Street Will Struggle; Knowledge W.P. Carey

³PNC National Economic Outlook, April 2010; PNC National Services Group Inc.

⁴America's Changing Workforce, September 3, 2009; Pew Social Trends

⁵American Association of Community Colleges (2010) Community College Facts at a Glance

⁶The College Board: Average College Tuition Cost; 2009-10 College Prices

⁷Vest, Marshall, July 2010, Arizona's Economy: The Healing Process has Begun, Eller College of Business and Public Administration, University of Arizona.

⁸Economic Modeling Specialists, Inc. (EMSI) Population estimates 2010-2014

Appendix