

Economics Group

Special Commentary

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BYU-Washington: Two Ascending Programs

Week 5 Brings a Number of Match-Ups Between Ranked Teams

Our weekly mash-up of college football and economics is staying in the Northwest this week, focusing on the match-up between 20th-ranked Brigham Young University and 11th-ranked University of Washington. There are five games between Top-25 teams this week, including several teams we have already written about, most notably 9th-ranked [Penn State](#) hosting 4th-ranked [Ohio State](#) and 7th-ranked [Stanford](#) taking on 8th-ranked Notre Dame. The BYU-Washington game matches up two 3-1 teams that herald from two of the strongest economies in the country.

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After going 4-9 in 2017, BYU is one of the early surprises this season, upsetting Arizona and then 6th-ranked Wisconsin on the road. The Cougars' lone loss came against California, which is another early surprise and currently ranked 24th. Washington entered the season ranked 6th and was widely seen as the Pac-12's best hope to make it to the Playoff but lost a cliffhanger to then 9th-ranked Auburn in the Chick-fil-A Kickoff Game. Washington has won its past three games against unranked opponents and enters the game as a 17-point favorite.

BYU began playing football back in 1922 but did not see its program reach national prominence until the late 1970s and early 1980s, under the leadership of legendary head coach LaVell Edwards. The Cougars made their first bowl appearance in the 1974 Fiesta Bowl and played in every Holiday Bowl from 1978 to 1984, winning the National Championship that last year with a perfect 13-0 season. That season marks the last time a team from a non-Power 5 conference won the National Championship and is also the last time the national title was decided before New Year's Day. For years Brigham Young competed in the Western Athletic and Mountain West Conferences but since 2011 has been one of only six major college programs competing as an Independent.

The 13-0 BYU Cougars and 12-1 Washington Huskies both lay claim to the 1984 national title.

The University of Washington has a longer and more storied football history, beginning play back in 1889 and appearing in two Rose Bowls in the 1920s. Like BYU, however, the Huskies' real success has come since the late 1970s, as Washington has consistently competed for the Pac-10 and now Pac-12 Championship. The Huskies also won the National Championship in 1991, and lay claim to a National Championship in 1984, the same year that BYU won its Associated Press Championship.

Figure 1

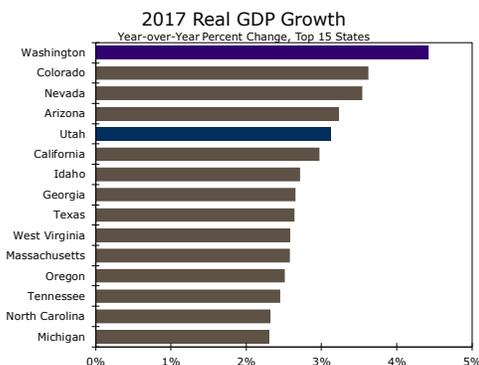
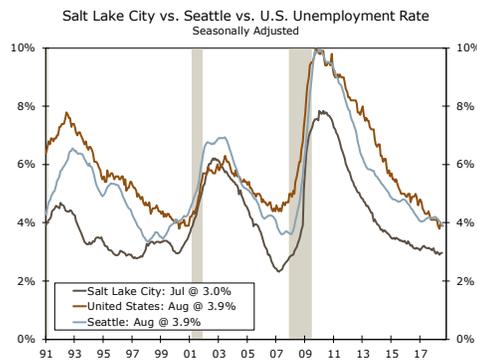


Figure 2



Source: U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Securities

Together we'll go far



Seattle has accounted for much of Washington's growth and is home to two of the world's five largest companies.

The ascendance of BYU and Washington's football programs coincides with the ascendance of both states' economies. Washington has been one of the fastest growing states in terms of GDP growth during this business cycle. Seattle, which is home to the University of Washington, has accounted for much of this growth and is home to two of the world's five largest companies – Amazon and Microsoft. Both continue to grow rapidly. The region's economy has emerged as the closest rival to Silicon Valley, with leadership roles in software, e-commerce, data visualization, big data, cloud computing and virtual reality. Notable startups include Tableau Software, Expedia and Zillow. Of course the region is also home to Starbucks, Costco, Nordstrom and Boeing's still-huge operations.

The Seattle metro area accounts for the bulk of the state's economic growth. Nonfarm employment rose 3.3% in Washington over the past year and the unemployment rate fell to 4.5%. The Seattle area, which accounts for about half of the state's job growth, saw hiring rise 3.7% over the past year. Seattle's unemployment rate has fallen 0.3 percentage points over the past year to 3.9%. Years of rapid growth have pulled in job seekers from all over the country. Washington, which is the nation's 13th-largest state, has posted the 6th-largest population gain since 2010. The influx has fueled a housing boom that has pushed home prices in the greater Seattle area sharply higher.

This was not always the case. Seattle went through some extremely rough times in the early 1970s, when deep cutbacks at the region's largest employer, Boeing, sent the economy into a tailspin. Unemployment soared to 17% and the region saw a net out-migration of residents. Conditions were so dire a billboard was erected near the Seattle-Tacoma airport, inquiring "Will the last person leaving SEATTLE – Turn out the lights." Conditions took a marked turn for the better when Seattle-area natives Bill Gates and Paul Allen relocated Microsoft from Albuquerque in 1979. That move helped tie Seattle's future to the growth of personal computers and the tech sector.

Utah has consistently ranked among the best states to do business.

Utah's economy also turned up in a major way in the 1980s. The state's economy had historically been built around mining, agriculture and tourism but has become much more diverse as businesses have relocated operations to the state. Utah is consistently ranked among the best states to do business by annual surveys conducted by CNBC, Forbes and Site Selection magazines. The Provo-Orem metropolitan area, home to BYU, also consistently ranks among the top metro areas to do business. Nearby Salt Lake City and Ogden also consistently rank near the top. The numbers support this assessment, with the state and MSAs along the Wasatch Front consistently posting the fastest job growth in the nation for much of this decade. This remains true today, with Utah adding jobs at a faster pace than any other state. Washington is a close 2nd best.

The availability of skilled workers is one of Utah's greatest draws.

The availability of skilled workers is one of Utah's greatest draws. Utah has one of the nation's youngest populations and maintains a fairly high birth rate. Net migration also remains solidly positive. Labor force growth consistently outpaces the nation and the state's well-trained workforce makes it a magnet for financial services providers, customer service centers and tech firms, including major operations for Goldman Sachs and Fidelity. The tech sector, dubbed Silicon Slopes, is anchored by major operations for Adobe, Twitter and Electronic Arts and home to a burgeoning startup culture, including firms such as Ancestry.com, Overstock.com, Pluralsight and Vivint.

Figure 3

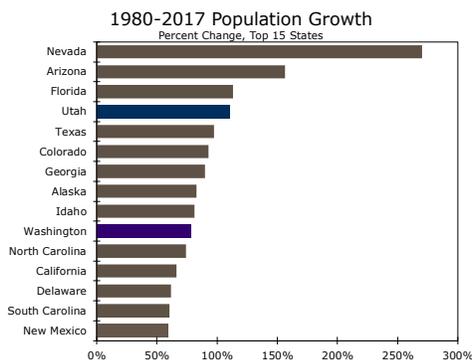
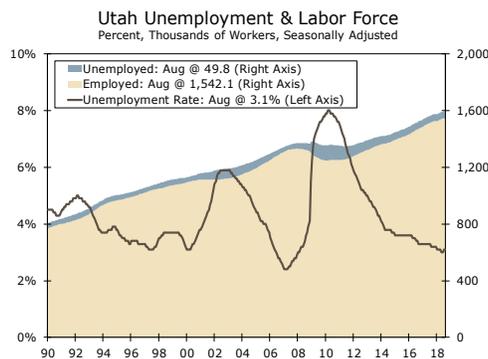


Figure 4



Source: U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Securities

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