

2019

ECONOMIC REPORT *to the* GOVERNOR

.....
PREPARED BY THE
UTAH ECONOMIC COUNCIL



.....
**A collaborative endeavor of
David Eccles School of Business and
Governor's Office of Management and Budget**

Preface

The 2019 Economic Report to the Governor is the 31st publication in this series. Through the last three decades, the Economic Report to the Governor has served as the preeminent source for data, research, and analysis about the Utah economy. It includes a national and state economic overview, a summary of state government economic development activities, an analysis of economic activity based on the standard indicators, and a detailed review of industries and issues of particular interest. The primary goal of the report is to improve the reader's understanding of the Utah economy. With improved economic literacy, decision makers in the public and private sector will be able to plan, budget, and make policy decisions with an awareness of how their actions are both influenced by and impact economic activity.

Utah Economic Council and Collaborators

The 2019 Economic Report to the Governor is published by the Utah Economic Council, a joint venture between the Salt Lake Chamber, the David Eccles School of Business, and the Governor's Office of Management and Budget. The Council aims to guide data development, inform research activities, share economic commentary, provide peer review and support an improved understanding of the Utah economy. The Economic Council and Kem C. Gardner Policy Institute, and authors from both the private and public sectors, devote a significant amount of time to the creation of this report, ensuring the latest economic and demographic information is included. More detailed information about the findings in each chapter can be obtained by contacting the authoring entity.

Data Used in This Report

The contents of this report come from a multitude of sources which are listed at the bottom of each table and figure. Data are generally for the most recent year or period available. There may be a quarter or more of lag time before economic data become final, therefore some statistics in this report are

estimates based on data available as of mid-November 2018. Readers should refer to noted sources later in 2019 for final data. Forecasts are also included in some of the tables and figures. All of the data in this report are subject to error arising from a variety of factors, including sampling variability, reporting errors, incomplete coverage, non-response, imputations, and processing error. If there are questions about the sources, limitations, and appropriate use of the data included in this report, the relevant entity should be contacted.

Data for States and Counties

This report focuses on the state, multi-county, and county geographies. Additional data at the metropolitan, city, and other sub-county level may be available. For information about data for a different level of geography than shown in this report, the contributing entity should be contacted.

Suggestions and Comments

Users of the Economic Report to the Governor are encouraged to write with suggestions that will improve future editions. Suggestions and comments for improving the coverage and presentation of data and quality of research and analysis should be sent to the Kem C. Gardner Policy Institute, 411 East South Temple Street, Salt Lake City, Utah 84111 or by email at gardnerinstitute@eccles.utah.edu.

Electronic Access

This report is available on the Kem C. Gardner Policy Institute's website at gardner.utah.edu.

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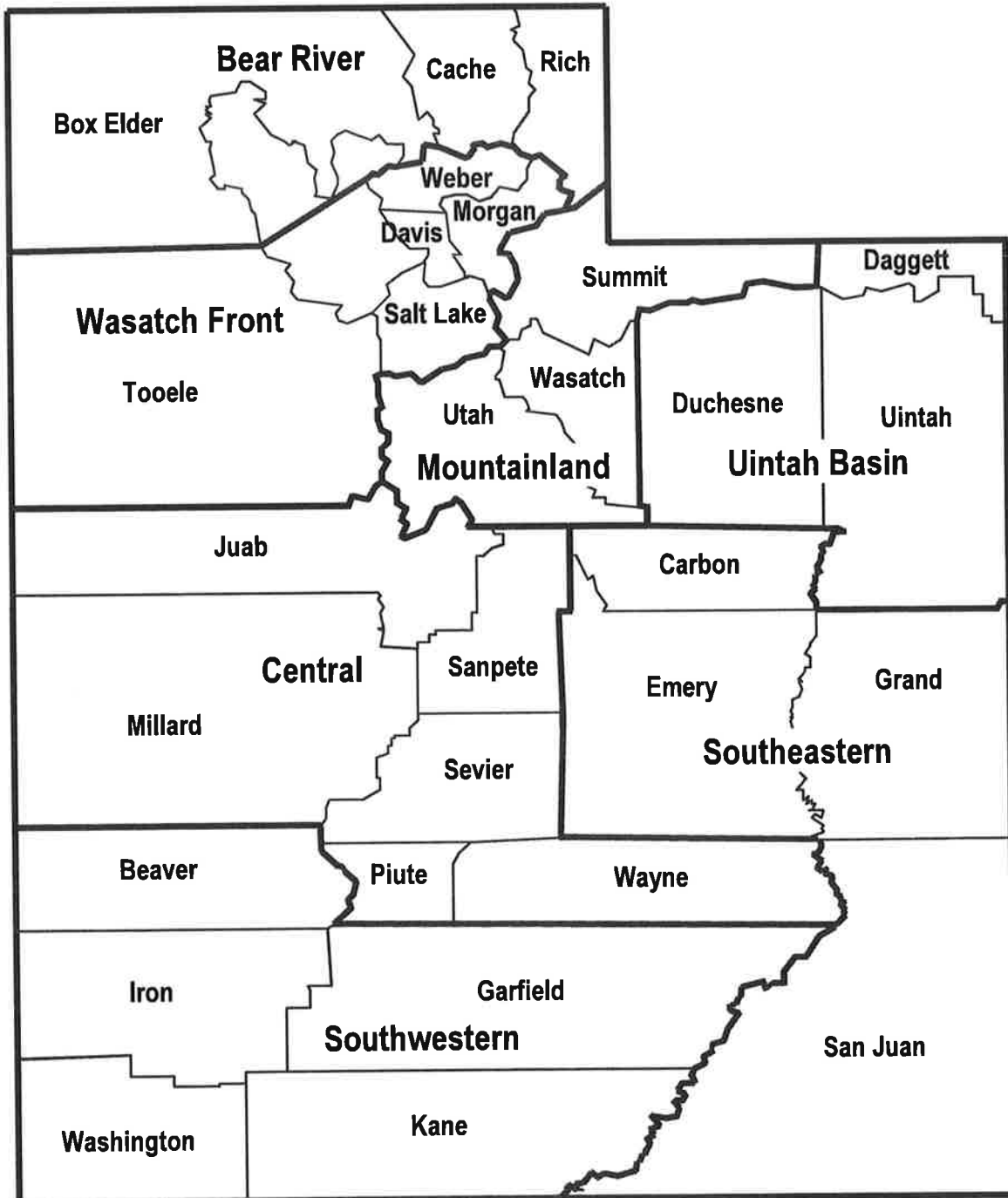
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Map of Utah



ECONOMIC INDICATORS FOR UTAH AND THE UNITED STATES: DECEMBER 2018

	UNITS	2016	2017	2018	2019	PERCENT CHANGE		
		ACTUAL	ACTUAL	ESTIMATE	FORECAST	16-17	17-18	18-19
PRODUCTION AND SPENDING								
U.S. Real Gross Domestic Product	Billion Chained \$2009	17,659	18,051	18,574	19,048	2.2	2.9	2.6
U.S. Real Exports	Billion Chained \$2009	2,378	2,450	2,550	2,653	3.0	4.1	4.0
Utah Exports (NAICS, Census)	Million Dollars	12,078	11,583	13,774	14,234	-4.1	18.9	3.3
Utah Coal Production	Million Tons	14.0	14.4	14.2	15.0	3.1	-1.5	5.6
Utah Crude Oil Production	Million Barrels	30.5	34.5	36.8	38.2	12.9	6.8	3.8
Utah Natural Gas Production Sales	Billion Cubic Feet	319	278	257	246	-12.9	-7.6	-4.3
Utah Copper Mined Production	Million Pounds	347	341	436	436	-1.8	27.9	-0.1

SALES AND CONSTRUCTION

U.S. Private Residential Investment	Billion Dollars	699	755	796	821	8.0	5.5	3.1
U.S. Nonresidential Structures	Billion Dollars	546	585	640	679	7.3	9.2	6.2
U.S. Purchase-only Home Price Index	1991Q1 = 100	231	247	263	274	6.6	6.5	4.5
U.S. Retail Sales	Billion Dollars	5,498	5,757	6,048	6,306	4.7	5.1	4.3
Utah Dwelling Unit Permits	Thousands	19.9	22.9	24.0	23.0	14.9	4.7	-4.2
Utah Residential Permit Value	Million Dollars	4,054	4,653	4,704	4,688	14.8	1.1	-0.3
Utah Nonresidential Permit Value	Million Dollars	2,529	2,268	2,100	1,750	-10.3	-7.4	-16.7
Utah Purchase-only Home Price Index	1991Q1 = 100	396	434	475	513	9.5	9.5	8.0
Utah Taxable Retail Sales	Million Dollars	29,303	31,779	33,687	36,799	8.4	6.0	9.2
Utah All Taxable Sales	Million Dollars	56,502	61,032	65,215	69,136	8.0	6.9	6.0

DEMOGRAPHICS

U.S. July 1st Population	Millions	324	326	329	331	0.7	0.7	0.7
Utah July 1st Population	Thousands	3,055	3,114	3,167	3,219	1.9	1.7	1.6
Utah Net Migration	Thousands	24.3	27.1	23.2	20.5			

PRICES, INFLATION, AND INTEREST RATES

West Texas Intermediate Crude Oil	\$ Per Barrel	43.2	51.0	65.6	63.6	17.9	28.7	-3.0
U.S. CPI Urban Consumers	1982-84 = 100	240	245	251	257	2.1	2.4	2.2
U.S. 3-Month Treasury Bills	Discount Rate	0.32	0.93	1.95	2.76			
U.S. 10-Year Treasury Notes	Yield (%)	1.84	2.33	2.93	3.31			
30-Year Mortgage Rate	Percent	3.65	3.99	4.56	5.05			
Utah Coal Prices	\$ Per Short Ton	36.4	35.3	34.0	34.5	-3.1	-3.6	1.5
Utah Oil Prices	\$ Per Barrel	36.9	44.2	57.0	46.0	19.8	28.8	-19.3
Utah Natural Gas Prices	\$ Per MCF	2.24	2.72	2.80	2.70	21.4	2.9	-3.6
Utah Copper Prices	\$ Per Pound	2.25	2.80	2.98	3.10	24.4	6.4	4.0

EMPLOYMENT AND WAGES*

U.S. Nonfarm Employment	Millions	144.3	146.6	149.0	151.1	1.6	1.6	1.4
U.S. Average Annual Pay	Dollars	55,980	57,657	59,228	60,863	3.0	2.7	2.8
U.S. Total Nonfarm Wages	Billion Dollars	8,081	8,454	8,826	9,198	4.6	4.4	4.2
Utah Nonfarm Employment	Thousands	1,426	1,469	1,518	1,565	3.0	3.3	3.1
Utah Average Annual Pay	Dollars	44,459	45,726	47,441	48,606	2.8	3.8	2.5
Utah Total Nonfarm Wages	Million Dollars	63,419	67,179	72,016	76,049	5.9	7.2	5.6

INCOME AND UNEMPLOYMENT

U.S. Personal Income	Billion Dollars	16,125	16,831	17,566	18,359	4.4	4.4	4.5
U.S. Unemployment Rate	Percent	4.9	4.4	3.9	3.5			
Utah Personal Income	Million Dollars	128,407	134,804	143,067	151,222	5.0	6.1	5.7
Utah Unemployment Rate	Percent	3.4	3.2	3.1	3.0			

*Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW) concept of employment and wages.

Source: Utah Economic Council, State of Utah Revenue Assumptions Working Group, HIS Global Insight, and Kem C. Gardner Policy Institute.

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20. Nonprofit Sector

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2018 Overview

The nonprofit sector plays a role in Utah's economy by fulfilling community needs unmet by public and private organizations. Registered 501(c)(3) public charities classified as serving the public interest in an educational, scientific, public, or religious manner can claim federal tax-exempt status. Because of its scope and representation, Utah's nonprofit sector generates statewide socioeconomic impacts.

In October 2018, there were 10,014 registered tax-exempt organizations in Utah, 82.0 percent of which were registered 501(c)(3) public charities.¹ Utah 501(c)(3) charities have increased 51.0 percent over the past five years from 5,444 in 2014 to 8,214 in 2018.²

Most state-funded universities and religious institutions are 501(c)(3) public charities. The majority of 501(c)(3) charities are underrepresented because they are not required to file an IRS Form 990 (unless they request public grant money and/or make less than \$25,000 annually). In 2018, nearly three-quarters (74.0 percent) of Utah registered public charities did not file an IRS Form 990 compared with 60.0 percent in 2017.³

Public charities are located throughout Utah with nearly half located in Salt Lake County (46.9 percent), followed by Utah County (13.5 percent), Davis County (7.9 percent), and Weber County (7.0 percent).⁴

In 2018, Utah nonprofit organizations reported a combined total gross revenue of over \$14.2 billion—an increase of \$4.9 billion (or 34.5 percent) from 2017. As of October 2018, Utah public charity assets

totaled \$30.0 billion, reflecting a \$10.0 billion increase over the last five years. Of the \$30.0 billion in assets, \$24.6 billion was held in registered 501(c)(3) public charities.⁵

Nearly all (99.0 percent) Utah registered 501(c)(3) public charities reported annual revenues below \$500,000. The other 1.0 percent, which includes IHC Health Services Inc., Western Governors University, and the Center for Excellence in Higher Education Inc., reported a combined revenue of over \$6.3 billion, or 44.4 percent of all tax-exempt organizations' total gross revenue.⁶

2019 Outlook

Utah's unemployment rate remains low at 3.2 percent, resulting in employer market confidence.⁷ Every other year nonprofit organization leaders supply compensation and benefit data to the Utah Nonprofits Association. Through the 2018 collection period, nonprofit employers provided salary data. According to the 2018 report, public charity employers with annual budgets of \$250,000–\$500,000 intended to increase their employee salaries. Specifically, 30.0 percent of employers in this category indicated a 0.0 to 3.0 percent salary increase and 35.0 percent a 3.0 to 5.0 percent increase. Public charities in the next budget category (\$500,000–\$750,000) also projected salary increases, with 50.0 percent anticipating a 0.0 to 3.0 percent increase and 10.0 percent a 3.0 to 5.0 percent increase.⁸ Of all reporting nonprofits, none planned to decrease employee salaries in the coming year.

In the most recent *Volunteering in America* report, Utah remains first in the nation for its volunteer

¹ Internal Revenue Service, (October 2018) Exempt Organizations Business Master File

² Internal Revenue Service (September 2014) Exempt Organizations Business Master File

³ Internal Revenue Service, (October 2018) Exempt Organizations Business Master File

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ Bureau of Labor Statistics (November 16, 2018) <https://www.bls.gov/news.release/laus.nr0.htm>

⁸ Columbia Books and Association TRENDS (2018) *The Compensation Report: An Analysis of Utah Nonprofits*

efforts—a trend that is expected to continue.⁹ Forty percent of Utahns surveyed reported doing something positive for their neighborhood, and 51.0 percent volunteer.¹⁰ Utah volunteerism directly correlates to an increase of human capital and expertise at public charities across our state, thus strengthening the sector.

Preparation for the 2020 Census has begun for community-based and public charities across Utah. The goal of the U.S. Census Bureau is to obtain a complete and accurate enumeration of all Utah residents, which affects the distribution of federal

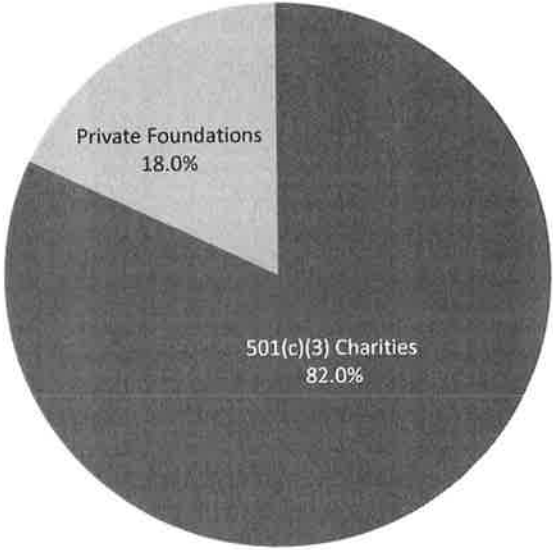
funds to the state. In 2019, Utah public charities will continue to work with the U.S. Census Bureau on education and outreach campaigns.

Various federal policies may affect public charities in Utah and across the country. Some of those policies include maintaining nonprofit nonpartisanship and a potential tax on public charities under the Unrelated Business Income Tax provisions associated with trade businesses and nonprofits. The Utah Nonprofits Association will continue to monitor federal policy throughout the year as these issues and others remain fluid and fast moving.

⁹ Commission for National & Community Service (2018) <https://www.nationalservice.gov/serve/via/states/utah>

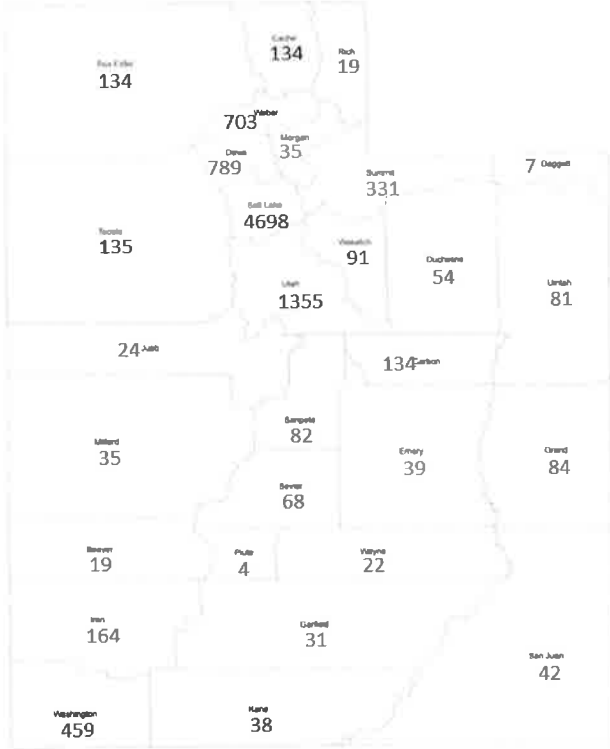
¹⁰ Ibid.

**Figure 20.1
Private Foundations Versus 501(c)(3) Charities**



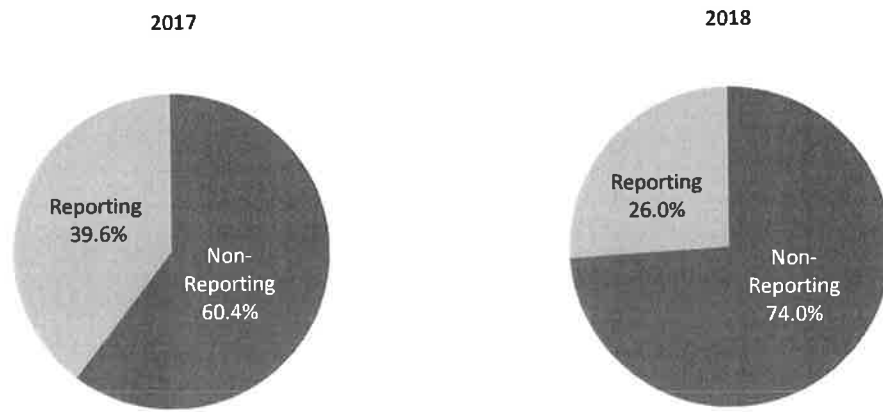
Source: Internal Revenue Service, October 2018, Exempt Organizations Business Master File

**Figure 20.2
Nonprofits by County**



Source: Internal Revenue Service, October 2018, Exempt Organizations Business Master File

Figure 20.3
Total Utah Nonprofit Sector Reporting



Note: "Non-Reporting" means less than \$25,000 in annual income.

Source: Internal Revenue Service, Exempt Organizations Business Master File List, September 2017

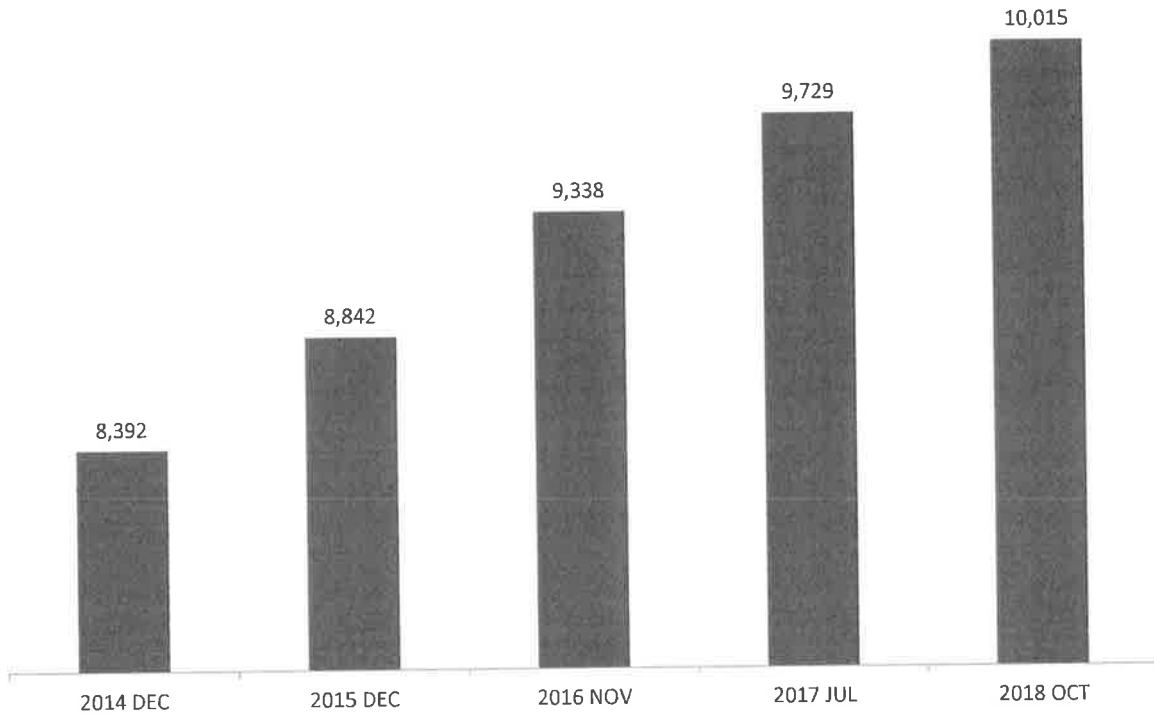
Source: Internal Revenue Service, Exempt Organizations Business Master File List, October 2018

Figure 20.4
Utah Tax-exempt Nonprofit Organization Assets
(Billions of Dollars)



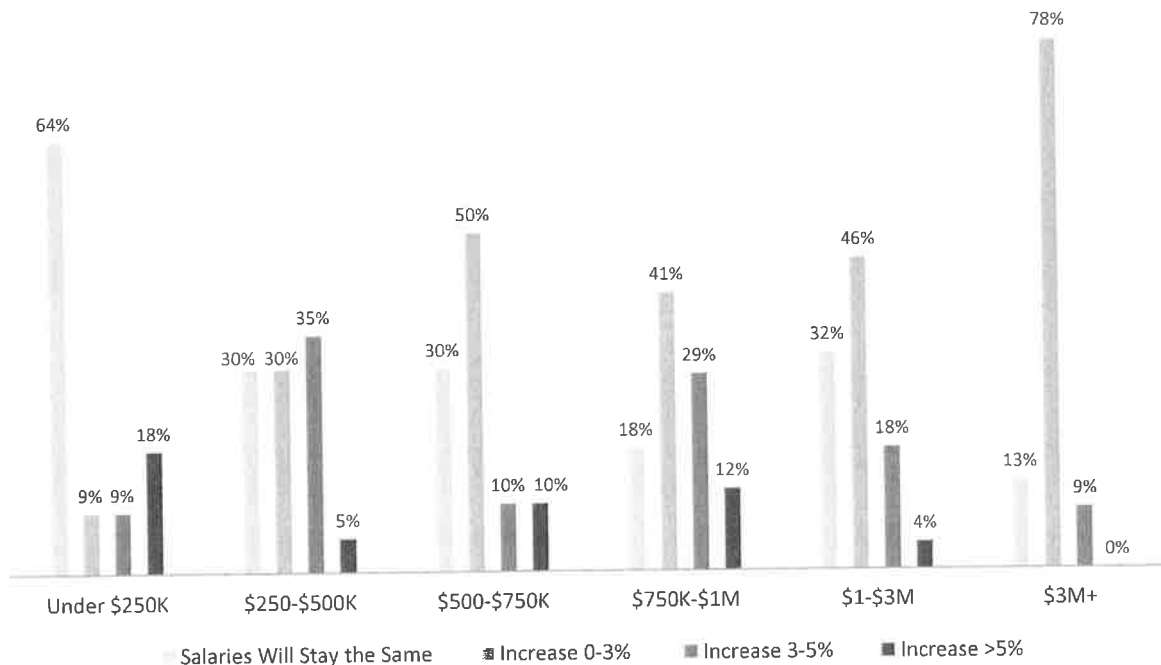
Sources: Internal Revenue Service, October 2018, July 2017, November 2016, December 2015, December 2014, Exempt Organizations Business Master File

Figure 20.5
Utah Tax-exempt Nonprofit Organizations



Sources: Internal Revenue Service, (October 2018, July 2017, November 2016, December 2015, December 2014) Exempt Organizations Business Master File

Figure 20.6
Utah Nonprofit Projected Salary Increases by Budget Size, FY 2018



Note: Salaries are not projected to decrease.

Source: Columbia Books and Association TRENDS (2018) The Compensation Report: An Analysis of Utah Nonprofits