

ECONOMIC REPORT *to the* GOVERNOR

.....
PREPARED BY THE
UTAH ECONOMIC COUNCIL



2020

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

 Utah Economic
Council

DAVID ECCLES SCHOOL OF BUSINESS

Preface

The 2020 Economic Report to the Governor is the 32nd 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 2020 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 2019. Readers should refer to noted sources later in 2020 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, contact the contributing authority.

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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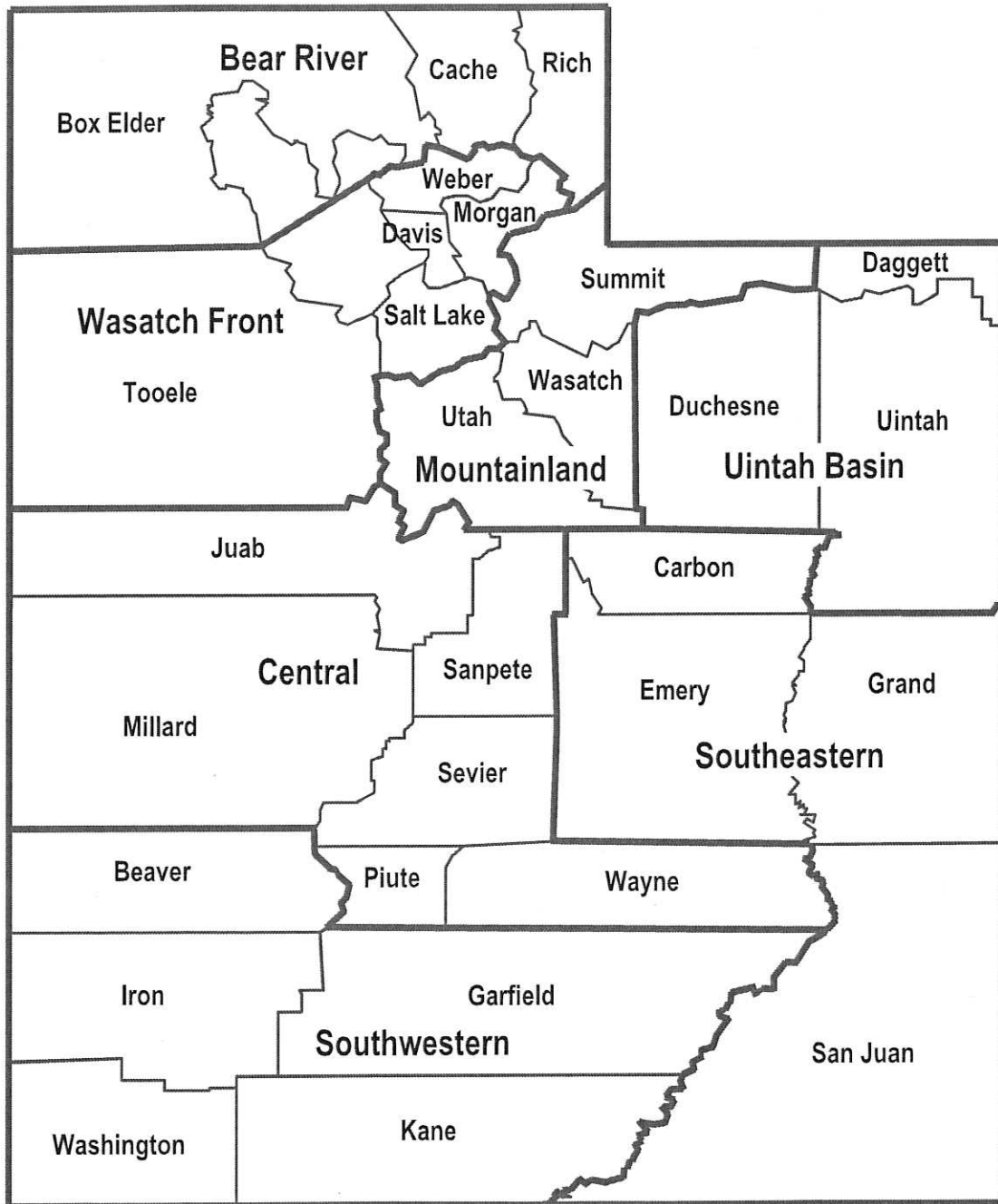
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Map of Utah



Economic Indicators for Utah and the United States, December 2019

| DEMOGRAPHICS | UNITS | 2017 ACTUAL | 2018 ACTUAL | 2019 ESTIMATE | 2020 FORE- CAST | PERCENT CHANGE | | |
|--|------------------------|----------------|----------------|------------------|-----------------------|----------------|-------|-------|
| | | | | | | 17-18 | 18-19 | 19-20 |
| U.S. July 1st Population | Millions | 326 | 328 | 330 | 332 | 0.6 | 0.7 | 0.7 |
| Utah July 1st Population | Thousands | 3,114 | 3,167 | 3,220 | 3,274 | 1.7 | 1.7 | 1.7 |
| Utah Net Migration | Thousands | 27.0 | 23.2 | 23.3 | 24.8 | -14.0 | 0.3 | 6.6 |
| Utah Households | Thousands | 1,038 | 1,061 | 1,086 | 1,112 | 2.2 | 2.4 | 2.4 |
| EMPLOYMENT AND WAGES | | | | | | | | |
| U.S. Nonfarm Employment (BLS) | Millions | 146.6 | 149.1 | 151.4 | 153.2 | 1.7 | 1.6 | 1.2 |
| U.S. Unemployment Rate (BLS) | Percent | 4.4 | 3.9 | 3.7 | 3.5 | | | |
| U.S. Total Nonfarm Wages (BLS) | Billion Dollars | 7,968 | 8,367 | 8,774 | 9,137 | 5.0 | 4.9 | 4.1 |
| U.S. Average Annual Pay (BLS) | Dollars | 54,348 | 56,130 | 57,959 | 59,662 | 3.3 | 3.3 | 2.9 |
| U.S. Personal Income (BEA) | Billion Dollars | 16,879 | 17,819 | 18,620 | 19,301 | 5.6 | 4.5 | 3.7 |
| Utah Nonfarm Employment (DWS) | Thousands | 1,469 | 1,517 | 1,563 | 1,605 | 3.3 | 3.0 | 2.7 |
| Utah Unemployment Rate (DWS) | Percent | 3.3 | 3.1 | 2.7 | 2.5 | | | |
| Utah Total Nonfarm Wages (DWS) | Million Dollars | 67,174 | 72,277 | 77,214 | 82,867 | 7.6 | 6.8 | 7.3 |
| Utah Average Annual Pay (DWS) | Dollars | 45,728 | 47,630 | 49,401 | 51,624 | 4.2 | 3.7 | 4.5 |
| Utah Personal Income (BEA) | Million Dollars | 136,544 | 146,423 | 155,244 | 164,559 | 7.2 | 6.0 | 6.0 |
| PRODUCTION AND SALES | | | | | | | | |
| U.S. Real Gross Domestic Product | Billion Chained \$2012 | 18,108 | 18,638 | 19,068 | 19,462 | 2.9 | 2.3 | 2.1 |
| U.S. Real Exports | Billion Chained \$2012 | 2,459 | 2,533 | 2,524 | 2,560 | 3.0 | -0.3 | 1.4 |
| U.S. Retail Sales | Billion Dollars | 5,747 | 6,023 | 6,242 | 6,475 | 4.8 | 3.6 | 3.7 |
| Utah Exports (NAICS, Census) | Million Dollars | 11,583.0 | 14,388 | 16,541 | 19,773 | 24.2 | 15.0 | 19.5 |
| Utah All Taxable Sales | Million Dollars | 61,032 | 64,983 | 67,842 | 71,343 | 6.5 | 4.4 | 5.2 |
| REAL ESTATE AND CONSTRUCTION | | | | | | | | |
| U.S. Private Residential Investment | Billion Dollars | 756 | 787 | 797 | 831 | 4.1 | 1.4 | 4.2 |
| U.S. Nonresidential Structures | Billion Dollars | 587 | 633 | 624 | 612 | 7.9 | -1.4 | -2.0 |
| U.S. Purchase-only Home Price Index | 1991Q1 = 100 | 245 | 261 | 274 | 285 | 6.6 | 5.1 | 3.8 |
| Utah Dwelling Unit Permits | Thousands | 22.9 | 24.2 | 26.9 | 26.0 | 5.8 | 11.2 | -3.3 |
| Utah Residential Permit Value | Million Dollars | 4,653 | 5,152 | 5,700 | 5,800 | 10.7 | 10.6 | 1.8 |
| Utah Nonresidential Permit Value | Million Dollars | 2,268 | 2,166 | 2,250 | 2,000 | -4.5 | 3.9 | -11.1 |
| Utah Purchase-only Home Price Index | 1991Q1 = 100 | 446 | 493 | 528 | 561 | 10.5 | 7.1 | 6.3 |
| ENERGY PRODUCTION AND PRICES | | | | | | | | |
| West Texas Intermediate Crude Oil | \$ Per Barrel | 51.0 | 64.9 | 56.7 | 52.0 | 27.4 | -12.6 | -8.3 |
| Utah Coal Production | Million Tons | 14.4 | 13.8 | 15.5 | 16.5 | -4.2 | 12.3 | 6.5 |
| Utah Coal Prices | \$ Per Short Ton | 34.2 | 33.0 | 34.0 | 35.0 | -3.5 | 3.0 | 2.9 |
| Utah Crude Oil Production | Million Barrels | 34.4 | 37.0 | 36.9 | 36.5 | 7.6 | -0.3 | -1.1 |
| Utah Oil Prices | \$ Per Barrel | 44.2 | 57.1 | 48.0 | 47.0 | 29.2 | -15.9 | -2.1 |
| Utah Natural Gas Production Sales | Billion Cubic Feet | 278 | 250 | 235 | 224 | -10.1 | -6.0 | -4.7 |
| Utah Natural Gas Prices | \$ Per MCF | 2.72 | 2.77 | 2.80 | 2.50 | 1.8 | 1.1 | -10.7 |
| Utah Copper Mined Production | Million Pounds | 334 | 466 | 425 | 440 | 39.5 | -8.8 | 3.5 |
| Utah Copper Prices | \$ Per Pound | 2.85 | 3.00 | 2.72 | 2.65 | 5.3 | -9.3 | -2.6 |
| PRICES, INFLATION, AND INTEREST RATES | | | | | | | | |
| U.S. CPI Urban Consumers | 1982-84 = 100 | 245 | 251 | 256 | 260 | 2.4 | 1.8 | 1.8 |
| U.S. Federal Funds Rate | Effective Rate | 1.00 | 1.83 | 2.17 | 1.63 | | | |
| U.S. 3-Month Treasury Bills | Discount Rate | 0.93 | 1.94 | 2.06 | 1.54 | | | |
| U.S. 10-Year Treasury Notes | Yield (%) | 2.33 | 2.91 | 2.14 | 2.12 | | | |
| 30-Year Fixed Mortgage Rate | Percent | 3.99 | 4.54 | 3.93 | 3.92 | | | |

Sources: Utah Economic Council, State of Utah Revenue Assumptions Working Group, IHS Markit, and Kem C. Gardner Policy Institute.

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| 15.1 | Residential and Nonresidential Construction Activity | 109 |
| 15.2 | Average Rates for 30-Year Mortgages | 110 |
| 15.3 | Housing Price Index for Utah | 110 |

Nonresidential Construction

| | | |
|------|--|-----|
| 16.1 | Nonresidential Construction Activity | 112 |
|------|--|-----|

Collyn Mosquito, Utah Nonprofits Association
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Kate Rubalcava, Utah Nonprofits Association

2019 OVERVIEW

Utah's nonprofit sector continues to play a role in the state's economy, with missions that aim to increase the quality of life for all Utahns. Healthcare, education, chambers of commerce, human services, and environmental stewardship are some examples of what the sector provides and addresses. 2019 was another year of healthy growth for the state's nonprofit sector.

As of September 2019, there are 10,395 registered nonprofits in Utah, 3.8% more than in 2018.¹ The value of all assets held by Utah's nonprofit sector totaled almost \$32.5 billion—a \$2.5 billion or 8.3% increase from 2018. The sector also earned a combined \$23.7 billion in total income—a new measure for this report. Lastly, combined total gross revenue was almost \$15.0 billion—an \$800 million or 5.6% increase from 2018. These figures do not include nonprofit organizations that do not file a form 990 or report the value of their assets, total income, and revenue.²

The 2019 data show that 9,588 nonprofit organizations in the state are required to submit an IRS Form 990, 990-EZ, 990-PF, or 990-N. Of that number, 8,833 organizations report an asset value, income, and revenue on their form. An analysis of that data shows 7,733 organizations reporting incomes below \$500,000 (74.4% of the sector or 80.7% of 990 filers), with 5,316 of them reporting incomes below \$10,000 (51.1% of the sector or 55.4% of 990 filers). Lastly, 1,562 nonprofit organizations (15.0% of the sector) either did not file a form 990 or did not report any dollar amounts on their form 990.³

There are 8,602 501(c)(3) organizations in Utah, a 58.0% increase from 2014 (5,444)—about 82.8% of the nonprofit sector. The second and third largest groups of nonprofits are 501(c)(6) and 501(c)(4) organizations, the state having 490 (4.7% of the sector) and 296 (2.8% of the sector) of each type, respectively.⁴

There are 10 major groups for all 26 National Taxonomy of Exempt Entity (NTEE) codes.⁵ Of those categories, the largest for the state is “unknown/unclassified” with 3,105 (30.2%) nonprofit organizations. The second and third largest categories are “human services” and “public/societal benefits,” with 2,074 (20.1%) and 1,566 (15.2%) nonprofits under each, respectively.⁶

Nonprofit organizations are spread across Utah but are largely concentrated in Salt Lake, Utah, Davis, and Weber counties. Those counties account for three-quarters of all nonprofits in the state, with Salt Lake County home to 46.8% of all nonprofits. The counties with the fewest nonprofits are Piute, Daggett, Rich, and Beaver, with all four counties representing just 0.45% of all nonprofits in the state, and Piute County having only four organizations.⁷

The top three nonprofit organizations in the state in terms of assets, income, and revenue (filed and reported on IRS Form 990) are IHC Health Services Inc., SelectHealth Inc., and Western Governors University. They report a combined \$12.0 billion in assets, over \$15.6 billion in income, and over \$9.3 billion in revenue, representing 37.0%, 65.8%, and 62.5% of the sector, respectively.⁸

1 “Exempt Organizations Business Master File Extract (EO BMF).” *Internal Revenue Service*. Data. Sept. 2019.

2 Ibid.

3 Ibid.

4 Ibid.

5 “National Taxonomy of Exempt Entities (NTEE) Codes.” *Urban Institute: National Center for Charitable Statistics*. www.urban.org/research-area/national-center-charitable-statistics. 2 Apr. 2019.

6 “Exempt Organizations Business Master File Extract (EO BMF).” *Internal Revenue Service*. Data. Sept. 2019.

7 Ibid.

8 Ibid.

2020 OUTLOOK

In 2020, Utah's nonprofit sector is expected to grow in the number of nonprofits and the value of assets, total income, and revenue. Yet, nonprofit leaders in the state should watch two specific trends: changes to charitable giving and the 2020 Census.

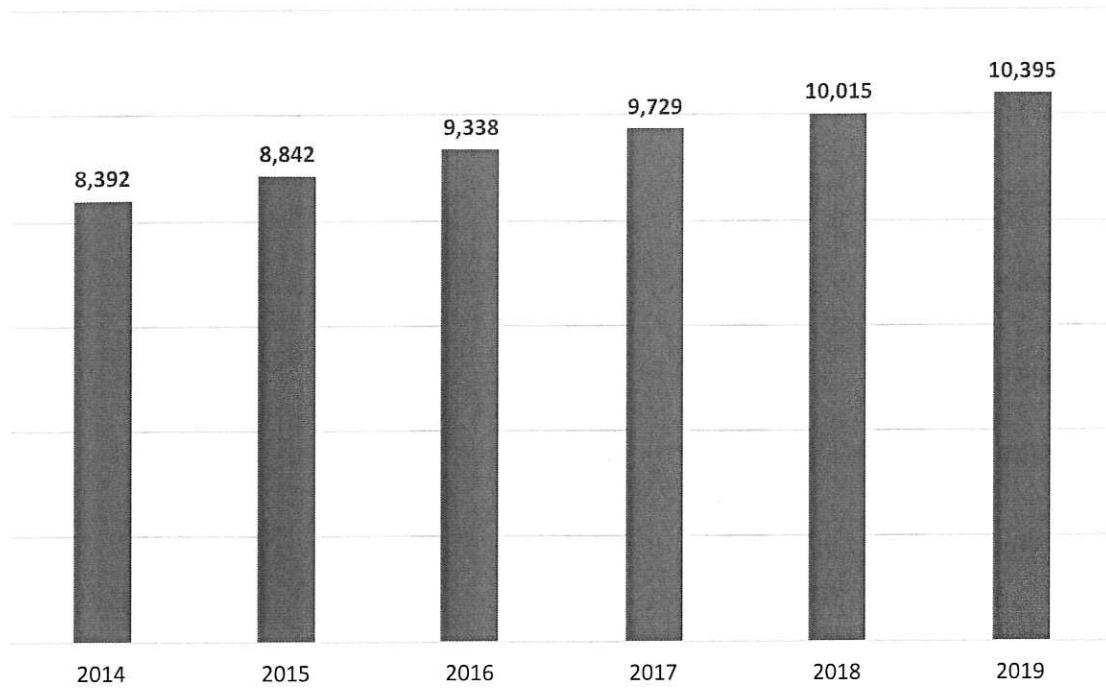
Most nonprofits rely upon the generosity of donors for much of their funding. Recent charitable giving reports indicate declining individual giving. The Institute of Policy Studies' *Gilded Giving 2018* reported that the share of households giving to charity dropped from 66% in 2000 to 55% in 2014. The report also noted that households making under \$200,000 shrank from about 70% of charitable deductions in the early 2000s to 48% in 2017; most gifts now come from households with incomes over \$200,000.⁹ The American Enterprise Institute found that giving from households declined by \$15.5 billion in 2018; their reason for it was the 2017 federal tax law.¹⁰ Lastly, Giving USA, in their most recent report, indicated that individual charitable giving declined by 3.4% from 2017 to 2018, adjusting for inflation. This group of donors now accounts for 68% of overall giving, down 2 percentage points from 2017.¹¹ On the other hand, donations from private foundations and corporations increased by 4.7% and 2.9%, respectively, after inflation.¹² Nonprofits in Utah can expect little change to these trends in 2020. The nonprofit sector's growing reliance on foundations and corporations increases competition for limited dollars, making fundraising more difficult for local nonprofits. Congress will be looking at policy solutions throughout 2020.¹³

Data collected for the 2020 Census will determine how hundreds of billions of federal dollars are allocated to states for key programs, many of which

are administered through nonprofits. Utah received \$5.7 billion in funding in fiscal year 2016 (the latest data available)¹⁴ from 55 federal programs, based on data collected during the 2010 Census. Assuring an accurate and complete count on Census Day will directly impact nonprofit budgets, the effectiveness of programming, and the ability to serve clients. Specifically, many nonprofits receive federal pass-through money for their work, based on Census data; they also utilize Census data in grant reports and funding requests to private sources. A lack of accurate data makes it difficult for nonprofits to understand and convey the needs of their communities. Without a complete count in 2020, Utah risks losing funding, forcing our charitable nonprofits to reduce their services. For example, the Head Start program in Utah is largely funded from federal pass-through money, with \$63 million allocated in FY 2016 toward school readiness for low-income children.¹⁵ If Utah does not have a complete count, the state loses sufficient funding to help the children and families who receive comprehensive education, health, nutrition, and family services.

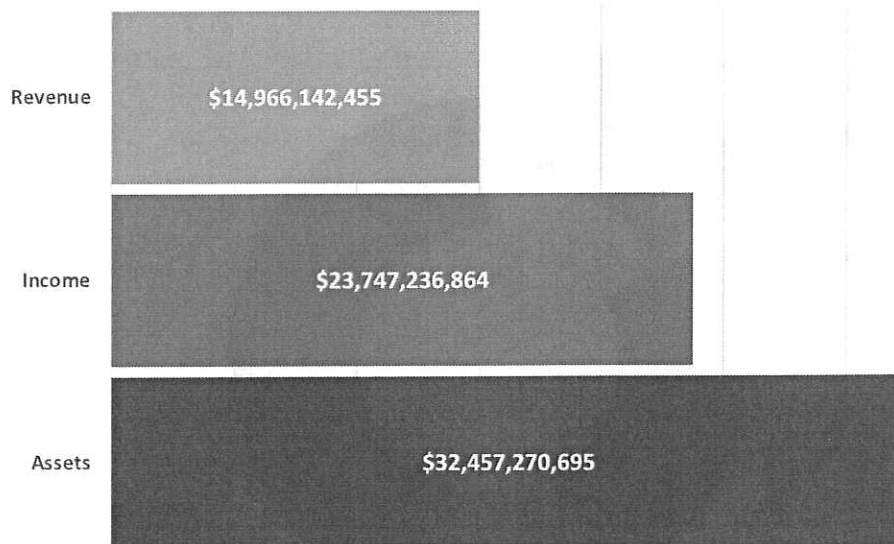
In 2020, Utah's charitable nonprofits will need to strengthen their cultures of philanthropy within their organizations, integrating quality data with intentional resource management in line with their missions. This focus will help nonprofits adapt and transform as the philanthropic landscape shifts, more organizations explore earned revenue models, the number of benefit-for-profit corporations (B-Corps.) increases, and as public policy impacting the sector changes at the federal and state levels.

Figure 24.1: Number of Utah Tax Exempt Nonprofit Organizations



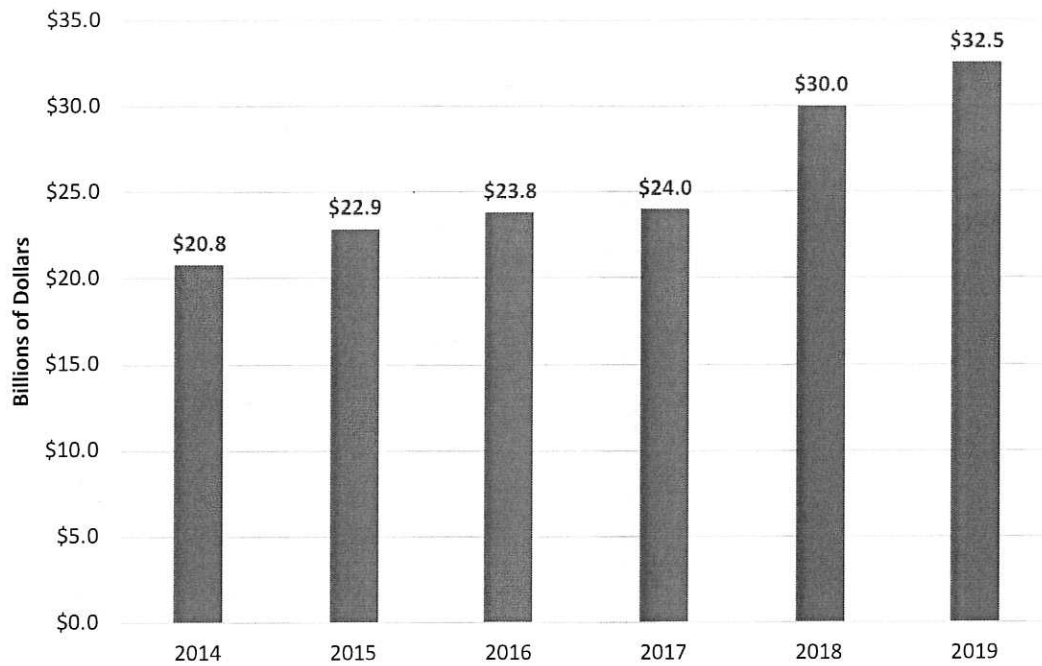
Sources: Internal Revenue Service, (October 2019, October 2018, July 2017, November 2016, December 2015, December 2014) Exempt Organizations Business Master File

Figure 24.2: Utah's Nonprofit Sector by Combined Revenue, Income, and Assets



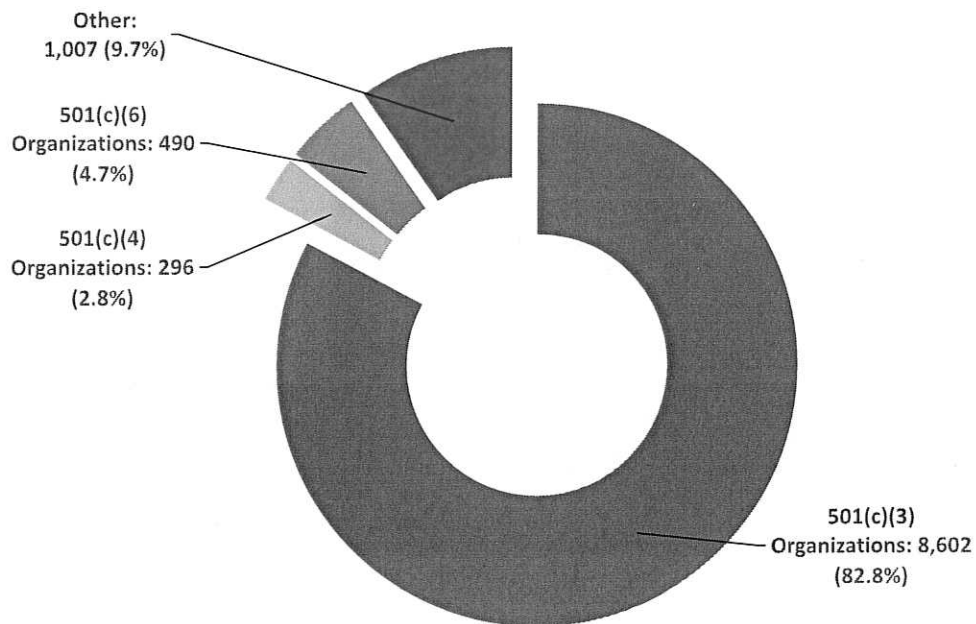
Sources: Internal Revenue Service, (October 2019) Exempt Organizations Business Master File

Figure 24.3: Utah Tax Exempt Nonprofit Organization Assets



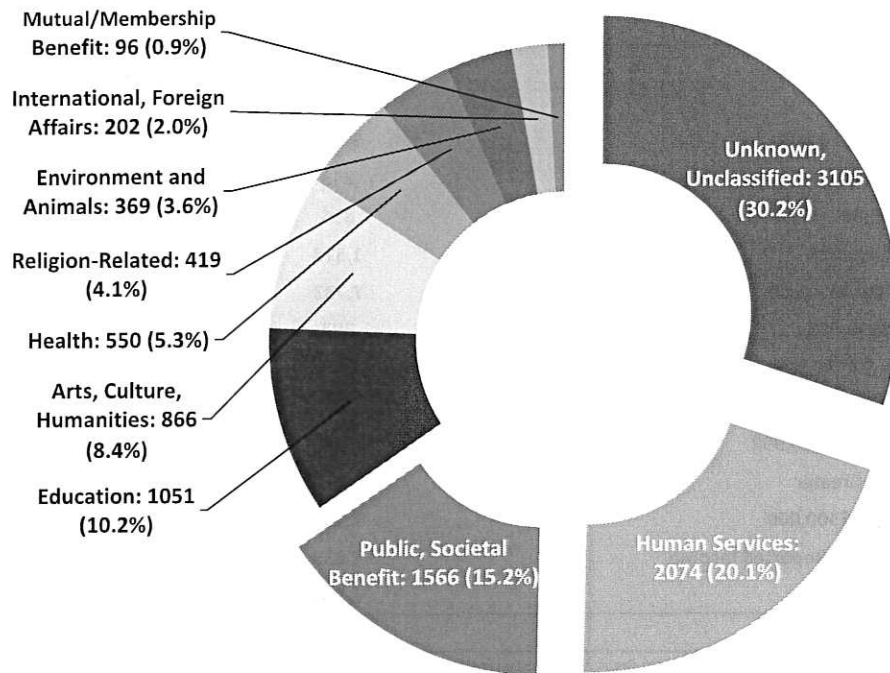
Sources: Internal Revenue Service, (October 2019, October 2018, July 2017, November 2016, December 2015, December 2014) Exempt Organizations Business Master File

Figure 24.4: Utah's Nonprofit Sector by IRS Subsection Designation



Sources: Internal Revenue Service, (October 2019) Exempt Organizations Business Master File

Figure 24.5: Utah's Nonprofit Sector by NTEE Major Groups



Sources: Internal Revenue Service, (October 2019) Exempt Organizations Business Master File;
Jones, "National Taxonomy of Exempt Entities (NTEE) Codes", 2019

Figure 24.6: Utah's Nonprofit Sector by County

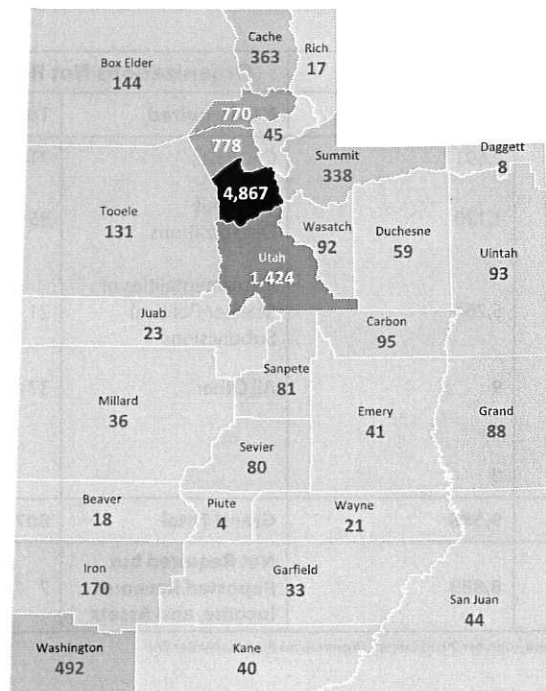


Table 24.1: Utah's Nonprofit Sector by Reported Income

| Reported Income | Number of Organizations |
|---|-------------------------|
| \$0 | 4,770 |
| \$1 to \$9,999 | 546 |
| Reported Below \$10,000 | 5,316 |
| \$10,000 to \$24,999 | 243 |
| \$25,000 to \$99,999 | 856 |
| \$100,000 to \$499,999 | 1,318 |
| Reported Below \$500,000 | 7,733 |
| \$500,000 to \$999,999 | 302 |
| \$1,000,000 to \$4,999,999 | 528 |
| \$5,000,000 to \$9,999,999 | 132 |
| \$10,000,000 to \$49,999,999 | 114 |
| \$50,000,000 to Greater | 24 |
| Reported Above \$500,000 | 1,100 |
| Organizations with Reported Income | 8,833 |
| No Reported Income | 1,562 |
| Total Organizations | 10,395 |

Sources: Internal Revenue Service, (October 2019) Exempt Organizations Business Master File

Table 24.2: Utah's Nonprofit Sector by Filing Type

| IRS Form 990 Filers | | Organizations Not Required to File | |
|---|--------------|--|------------|
| Required to File | Total | Not Required | Total |
| 990/990-EZ | 2,691 | Churches | 714 |
| 990-PF | 1,120 | Religious Organizations | 35 |
| 990-N | 5,764 | Instrumentalities of State or Political Subdivisions | 21 |
| 990-Group Return | 9 | All Other | 37 |
| 990-Gov't 501(c)(1) | 4 | | |
| 990-BL | 0 | | |
| Grand Total | 9,588 | Grand Total | 807 |
| Filers Reporting Revenue, Income, and Assets | 8,833 | Not Required but Reported Revenue, Income, and Assets | 7 |

Sources: Internal Revenue Service, (October 2019) Exempt Organizations Business Master File