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THE NEW UTAH

KEEPERS OF THE FLAME

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THE UNIVERSITY OF UTAH

DAVID ECCLES SCHOOL OF BUSINESS

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The Kem C. Gardner Policy Institute prepares and shares economic, demographic, and public policy research that helps policymakers make INFORMED DECISIONS™. This monograph focuses on the data needs of Utah leaders as they shape the state’s future. We wrote this document in what we call “informed decision-maker brevity style,” a writing framework that enables busy decision-makers to quickly become more knowledgeable on topics that matter.¹ For additional information about the New Utah, reach out to us at gardnerinstitute@eccles.utah.edu or 801-587-3717.

Special thanks to Mallory Bateman, Andrea Brandley, Dejan Eskic, Mike Hollingshaus, Heidi Prior, and Natalie Roney for their assistance in assembling the data and reviewing the content and Paul Springer for designing this monograph.

INTRODUCTION

At the dawn of the 21st century, Utah leaders placed a time capsule below the front steps of the Utah State Capitol. The historic cache included a leather-bound book with letters to the future from 124 executive, legislative, and judicial branch leaders. Former governor Mike Leavitt’s opening letter memorialized the solemn responsibility of Utah leaders to serve as “keepers of the flame.” The flame symbolizes all that is great about Utah and the light Utah shares with the world.

Utah now faces a critical inflection point. Demographic and economic changes have created a New Utah.



Demographic change

The New Utah is a more populous, mid-sized state, dominated by external growth (in part due to much lower fertility). It is older and more racially and ethnically diverse.



Economic change

The New Utah features an elite economy, but also faces the challenge of unaffordable housing.

As keepers of the flame, Utahns entrust those in public service with the responsibility to keep Utah strong and flourishing. Utah leaders’ guidance of the New Utah will determine the state’s future success.

This monograph presents evidence for the New Utah. It also shares ideas on what leaders can do today to keep Utah’s flame burning bright long into the future.

NEW UTAH OVERVIEW

Utah emerged from the COVID-19 pandemic larger, more tied to in-migration, older, more racially and ethnically diverse, supported by an elite economy, and grappling with high housing costs. Much lower fertility contributes to many of these changes. While the pandemic did not cause these transitions, it accelerated many of them.

The New Utah includes six significant transitions, all associated with growth and change, and deeply interconnected.

SIX SIGNIFICANT TRANSITIONS OF THE NEW UTAH

OLD UTAH	NEW UTAH
Small State Population rank 34th (2000, 2010)	→ More Populous, Mid-Sized State Population rank 30th (2020)
Internal Growth 34% of growth from migration (2000-2020)	→ External Growth and Much Lower Fertility 61% of growth from migration (2021 and 2022) Utah fertility below replacement level since 2018
Young 9.1% age 65+ (2010)	→ Older 20% age 65+ (2050)
Less Multicultural 9.5% racial/ethnic minority (1990)	→ More Multicultural 23.3% racial/ethnic minority (2022) (<i>30+% in 2040</i>)
Strong Economy Utah job growth strong , but ebbs and flows	→ Elite Economy Utah job growth consistently best in nation and top COVID outcomes
Affordable Housing Utah housing costs to wages highly competitive	→ Unaffordable Housing Utah housing costs represent major economic risk

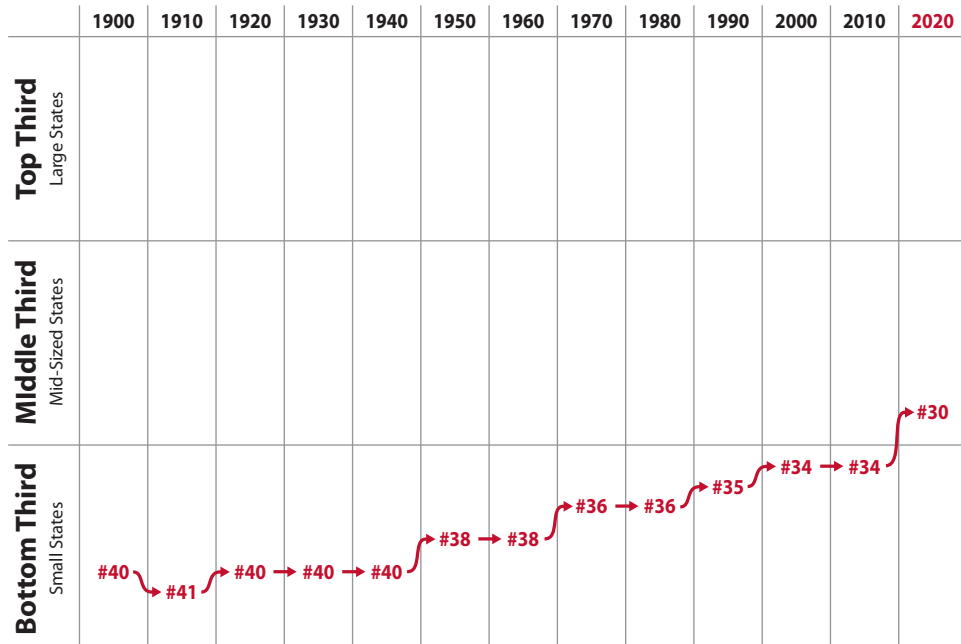
Demographic Transition

1

More populous, mid-sized state

Since 2010, Utah transitioned from a small-sized state to a medium-sized state. Between 2010 and 2020, Utah leap-frogged four states – Iowa, Arkansas, Mississippi, and Nebraska. We expect Utah’s population rank to continue climbing. Population growth in Utah is not new. What is new is a critical mass of people creating new opportunities and also bumping up against various constraints. Many ask how we can continue to grow and still maintain the attributes we love about Utah.

UTAH’S STATE RANK BY POPULATION SIZE



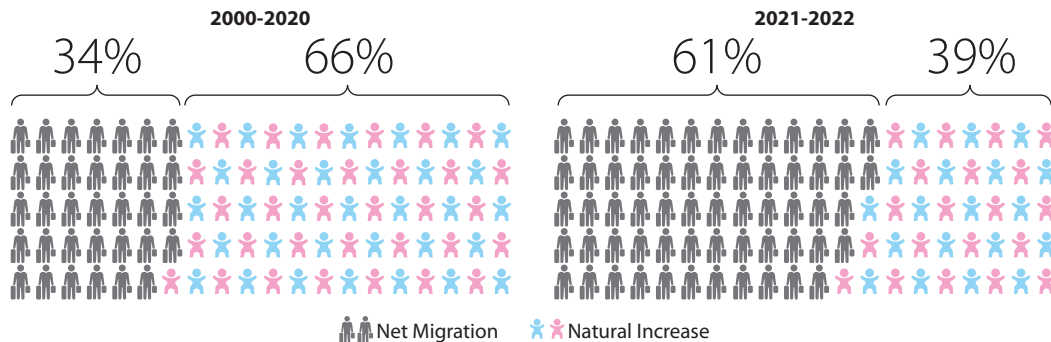
Source: U.S. Census Bureau, Decennial Census

2

External growth and much lower fertility

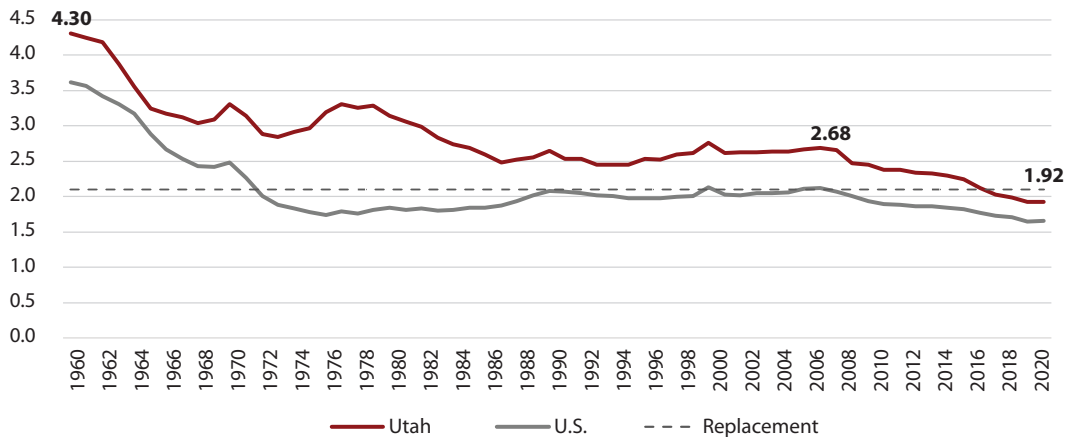
Utah gained more population from external growth (in-migration) than internal growth (births minus deaths) over the past two years. We expect migration to outpace internal growth for the foreseeable future, even as it ebbs and flows in individual years. Utah's fertility rate has declined or held steady for 14 consecutive years. The story here is Utah has both become a destination of choice for new migrants and now has significantly lower fertility rates.

UTAH COMPONENTS OF POPULATION CHANGE



Source: Utah Population Committee, Kem C. Gardner Policy Institute

TOTAL FERTILITY RATE: 1960-2021



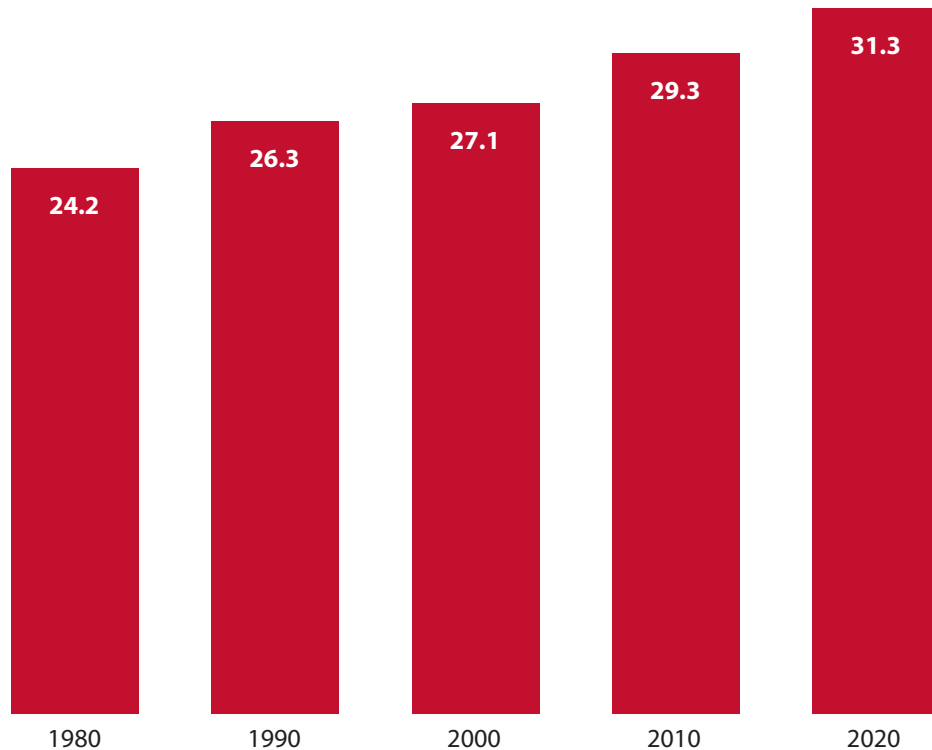
Source: National Center for Health Statistics

3

Older

Utah's population continues to age as fertility rates remain well below replacement level and existing generations age. We expect this aging trend to continue for the foreseeable future, with even greater impacts in coming decades. Modern medicine is another reason for an aging population.

UTAH MEDIAN AGE BY DECADE, 1980–2020



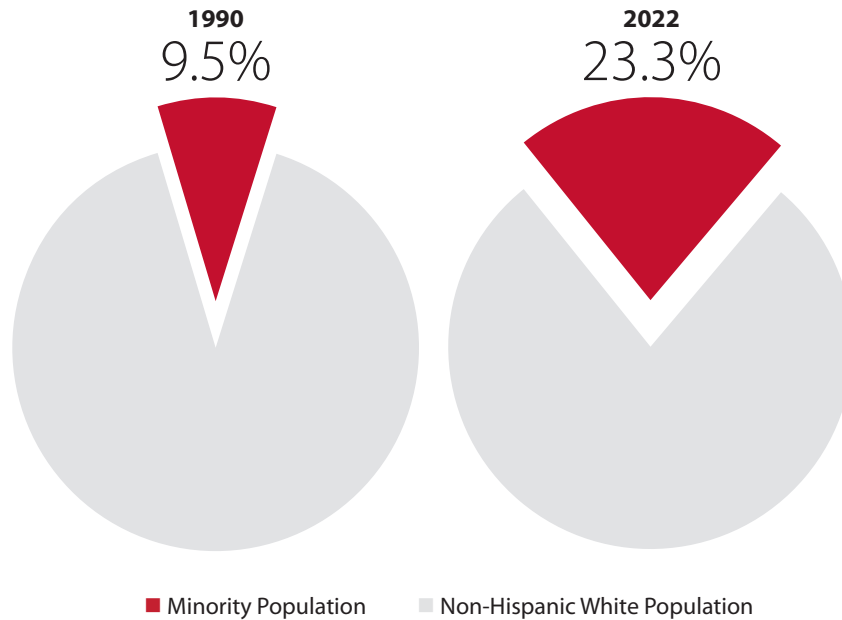
Source: Kem C. Gardner Policy Institute, 2020-2060 Projections

4

More multicultural

Utah enjoys a rich multicultural heritage and has become even more multicultural over the past few decades. Today, nearly one in four Utahns is a racial/ethnic minority. As recently as 1990, this percentage was one in ten. We expect the minority share of Utah's population to continue increasing.

RACIAL/ETHNIC MINORITY POPULATION SHARES

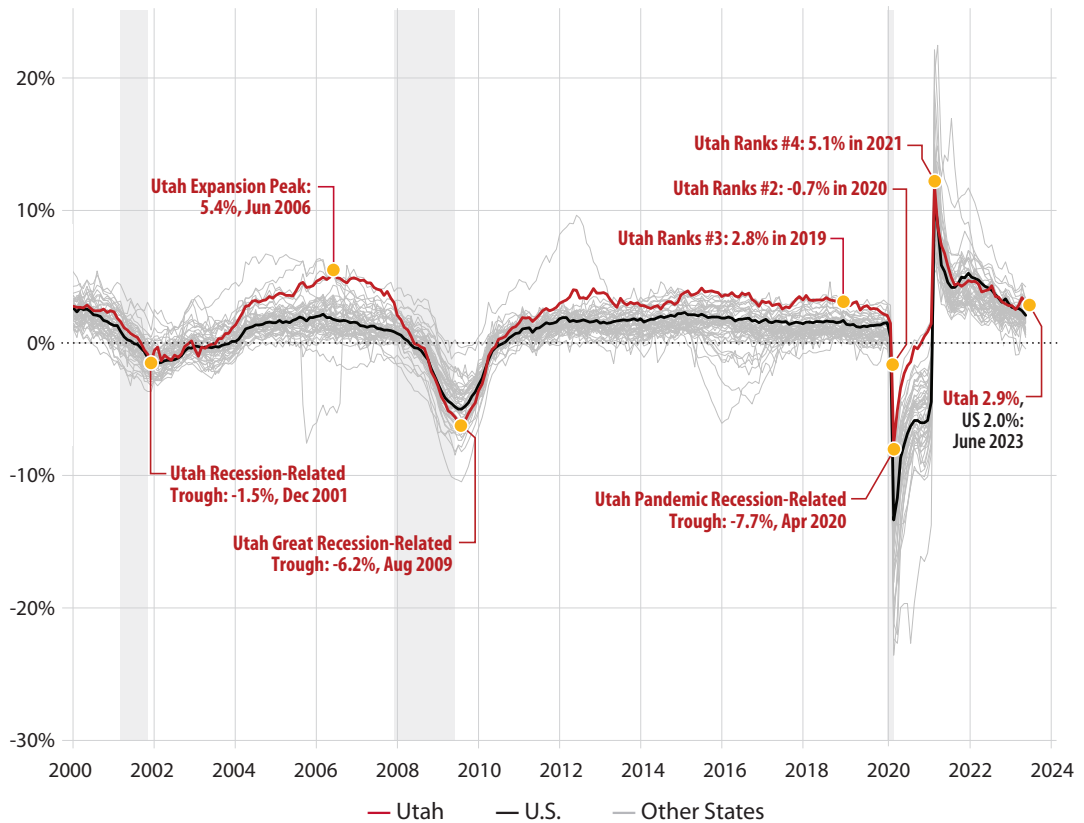


Economic Transition

5 Elite economy

Utah's traditionally strong economy has become elite relative to other states. For example, Utah's job growth consistently ranks at or near the top of states. We expect the Utah economy to continue to be among the best performing economies in the nation.

JOB GROWTH FOR ALL 50 STATES, 2000–2023



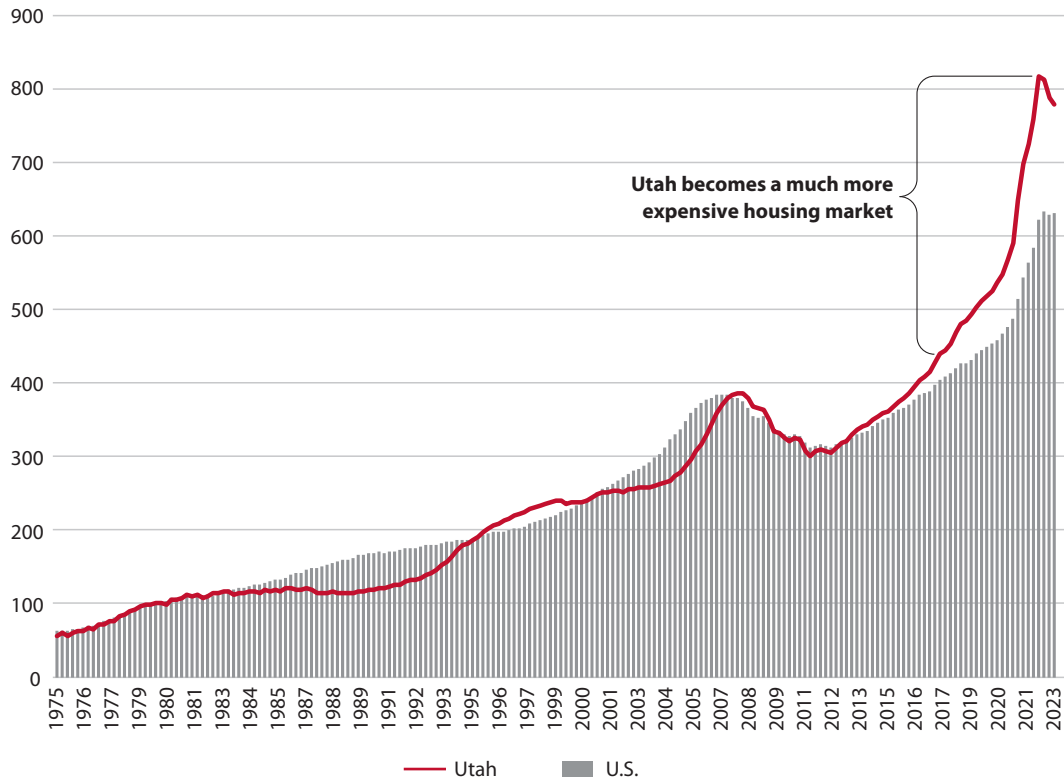
Note: Grey shaded areas indicate periods of recession.
Source: Utah Governor's Office of Planning and Budget and U.S. Bureau of Labor Statistics

6

Unaffordable housing

Utah's home prices shifted markedly in recent years from tracking roughly with U.S. prices to remaining well above the U.S. average. Utah's supply of housing has failed to keep pace with demand. Unless Utah significantly increases its housing supply, we expect high housing costs to continue for the foreseeable future, presenting a significant challenge to Utah's economic competitiveness and rising generation.

HOUSING PRICE INDEX: UTAH & UNITED STATES, 1975-2023



GUIDANCE FOR UTAH DECISION-MAKERS

The New Utah provides an opportunity for today's leaders to lead change by setting direction, aligning resources, and motivating action. As they do this, we recommend a bold approach that prioritizes five actions.

- 1. Keep an open mind** – If you thought a policy approach was a good or bad idea five years ago, rethink your assumptions and consider trying something different.
- 2. Listen to all Utahns** – The New Utah includes more perspectives than ever before. All voices matter.
- 3. Invest even more** – Carefully evaluate the benefits and costs of current consumption in relation to future needs.
- 4. Fortify great institutions** – The degradation of our associational life – families, schools, churches, government, and other forms of common life – requires social replenishment.
- 5. Dignify and unify** – We can disagree over ideas, but we must respect every human being and offer dignity to everyone. We can unify behind common ideals.

Insights from leaders

Our recommended New Utah approach of an open mind, attentive listening, enhanced investment, fortified institutions, and greater dignity and unity serves as a guide for future public policies. We find these insights from local and national leaders helpful in shaping a New Utah strategy:

“Be prepared to change.”

- **University of Utah President Taylor Randall**

Success in the New Utah will require leaders to adjust old approaches to new realities. This requires an open mind and a willingness to try new things.

If you thought a policy approach was a good or bad idea five years ago, rethink your assumptions and consider trying something different.

“The key to succeeding in the choir is to listen louder than you sing.”

- **Tabernacle at Temple Square Musical Director Mack Wilberg**

If Utah leaders sing “too loudly” it will drown out less influential but important voices. If Utah leaders sing “too quietly” critical perspectives will not be heard. If Utah leaders dwell in “discord and conflict,” we will miss opportunities and fail to prevent and solve problems. Only by “harmonizing” will Utah leaders lead change.

“Be present...proximity is incredibly important... especially with people of different cultures, different backgrounds, different ideologies.”

- **Lt. Gov. Deidre Henderson**

Put yourself in situations where you can learn about diverse life experiences.

Expand the civic tent.

Actively seek positive points of contact.

“Spending is about us, investing is about our children and grandchildren. It’s imperative we are purposeful about the future”

**- Amanda Covington, Chief Corporate Affairs Officer,
The Larry H. Miller Company**

Carefully evaluate the benefits and costs of current consumption in relation to future needs.

If Utah leaders adopt a future mindset and invest in future success, the future will be more prosperous.

“If we don’t solve the problem of division, we can’t solve any of the big problems of our time.”

- University of Utah Impact Scholar Tim Shriver

Division is not becoming of a state like Utah that possesses the secret sauce of collaboration and the social capital of a unified populace.

We can disagree, even passionately, over ideas. But we must recognize diverse life experiences, respect every human being, and offer dignity to everyone...no matter what.

“The challenge we face is a challenge of institutional revival.”

- Yuval Levin, founding editor of *National Affairs*

Institutions include the durable forms of common life, including government institutions, schools, the military, the family, churches, the courts, and other frameworks and structures we do together.

Much of the social shapelessness that exists right now occurs because of the decline in great and foundational institutions.

We need to build, not tear down the institutions that support associational life.

NEW UTAH DETAIL

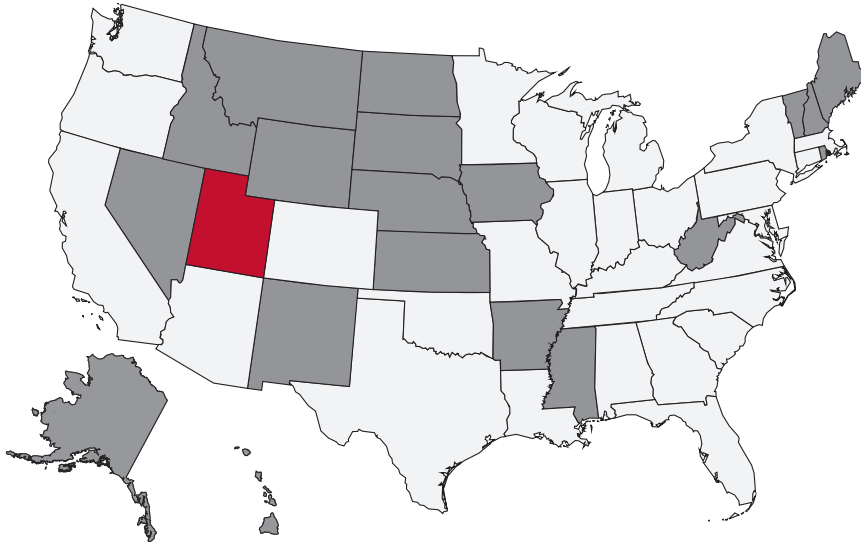
More Populous, Mid-sized State

Utah now ranks larger in population than 20 states and the District of Columbia. This makes Utah a mid-sized state for the first time in history.

During the last decade, Utah leap-frogged four states – Iowa, Arkansas, Mississippi, and Nebraska.

- Utah's population will likely surpass Connecticut by 2030.
- Utah is projected to surpass 4 million people by 2032.
- As a mid-sized state, Utah's western peers will increasingly become states like Oregon and Colorado instead of New Mexico and Idaho.

20 STATES AND D.C. HAVE SMALLER POPULATIONS THAN UTAH



Note: States shaded gray had populations less than 3,271,616 in 2020. If Washington D.C. is included, 20 states and D.C. have smaller populations than Utah.

Source: U.S. Census Bureau, DEC Redistricting Data 2020

Context/Why it matters

Population growth creates economic opportunities, draws new business to the state, attracts popular amenities (shopping, dining, arts, sports, culture, and entertainment), increases the opportunity for nonstop international flights better connecting Utah with the world, and drives political representation in Washington, D.C.

- **Employers** – Major national and international employers that have recently expanded in Utah include: Goldman Sachs, Adobe, Texas Instruments, Lockheed Martin, and Delta Air Lines.
- **Amenities** – A broader range of arts, culture, entertainment and culinary opportunities, and top-tier professional sports franchises (Utah Jazz, Real Salt Lake, Utah Royals) adds richness to the community. Interest for expansion teams from other major league sports including MLB and NHL and other sporting events (Olympic and Paralympic Winter Games, PGA Tour, Ironman Triathlon, and more) is growing.
- **International Travel** – Salt Lake International Airport now offers nonstop international service to Europe (Amsterdam, Frankfurt, London, Paris), Canada (Calgary, Toronto, Vancouver) and Mexico (Cancun, Guadalajara, Los Cabos, Mexico City, Puerto Vallarta).²
- **Delta Hub** – Delta Air Lines recently signed a long-term airline use agreement with Salt Lake City International Airport through 2044, with an option to extend the contract an additional 10 years. This unprecedented agreement shows Delta’s commitment to maintaining SLC as a key western hub.

If not managed well, population growth can contribute to many challenges, such as transportation congestion, water availability, crime, environmental harm, greater need for homeless services, lifestyle, and other changes.

Go deeper/Choose to learn more

Utah has a long history of growth planning. Within days of entering the Salt Lake Valley, the Latter-day Saint pioneers planned the width of their streets and sidewalks and designated setbacks for their homes. The Plat of Zion organized streets in a grid pattern, with larger lots on the periphery.³

Today, Envision Utah stands out as one of the nation's most successful quality growth partnerships. Over the past 25 years, Envision Utah led multiple planning efforts to help Utah remain beautiful, prosperous, healthy, and neighborly. The partnership released a Utah quality growth strategy in 1999; *Your Utah, Your Future* in 2015; and sixteen other local area vision plans through 2023.

The Wasatch Front Regional Council, Mountainland Association of Governments, and other metropolitan planning organizations develop regional land-use and transportation visions for Utah's counties. For example, *Wasatch Choice Vision*, developed by the Wasatch Front Regional Council, establishes goals and a plan for the future of the northern metropolitan region.

Gov. Spencer Cox is leading a statewide conversation about Utah's future through a growth planning initiative called *Guiding Our Growth*. The collaborative effort aims to both provide education to the public pertaining to growth as well as gain public feedback to inform big ideas for considering state growth, with a focus on water, affordable housing, open space, and transportation. Learn more at <https://guidingourgrowth.utah.gov>.

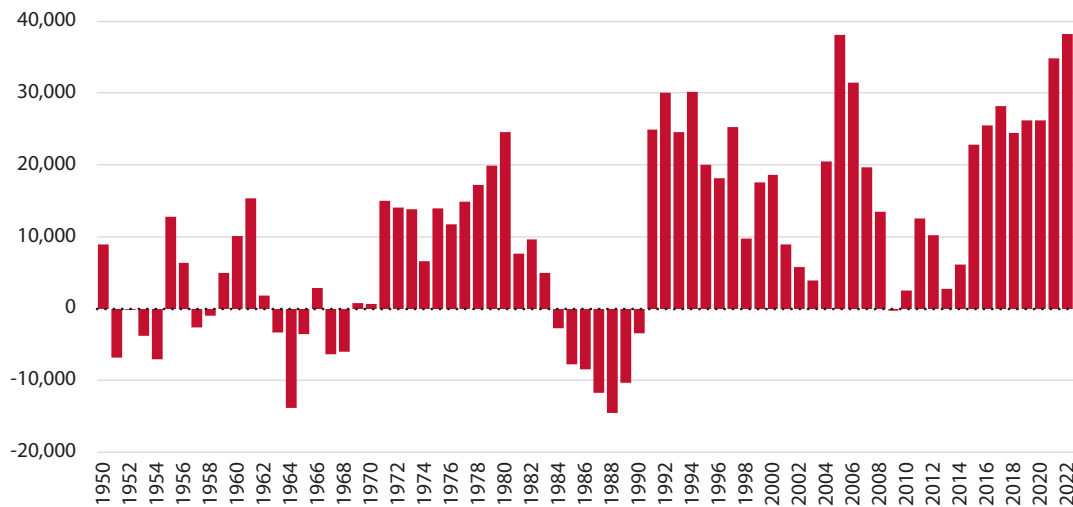
External Growth and Much Lower Fertility

Utah now experiences more growth from migration than from internal growth (births minus deaths). This changes who we are.

Net in-migration contributed nearly two-thirds of Utah's population growth in each of the last two years. By contrast, in the past, natural increase (births in excess of deaths) created two-thirds of Utah's growth.

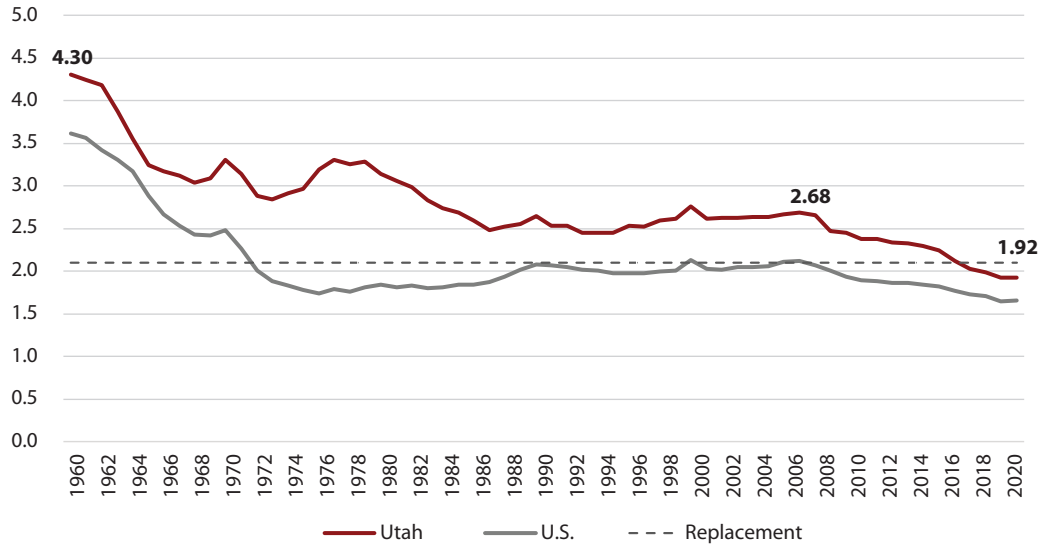
- Utah net in-migration reached a modern record high in 2022.⁴
- Utah has now experienced net in-migration for 31 of the past 32 years.
- Since 2015, net migration exceeded 22,000 every single year (the longest run in modern history).
- An estimated one in five new migrants to Utah was born in Utah.
- Utah's historically low fertility rates contribute dramatically to this trend. Since 2018, Utah's fertility rates have consistently fallen below replacement level.

UTAH NET MIGRATION, 1950–2022



Source: Kem C. Gardner Policy Institute and Utah Population Committee

TOTAL FERTILITY RATE: 1960–2021



Source: National Center for Health Statistics

Context/Why it matters

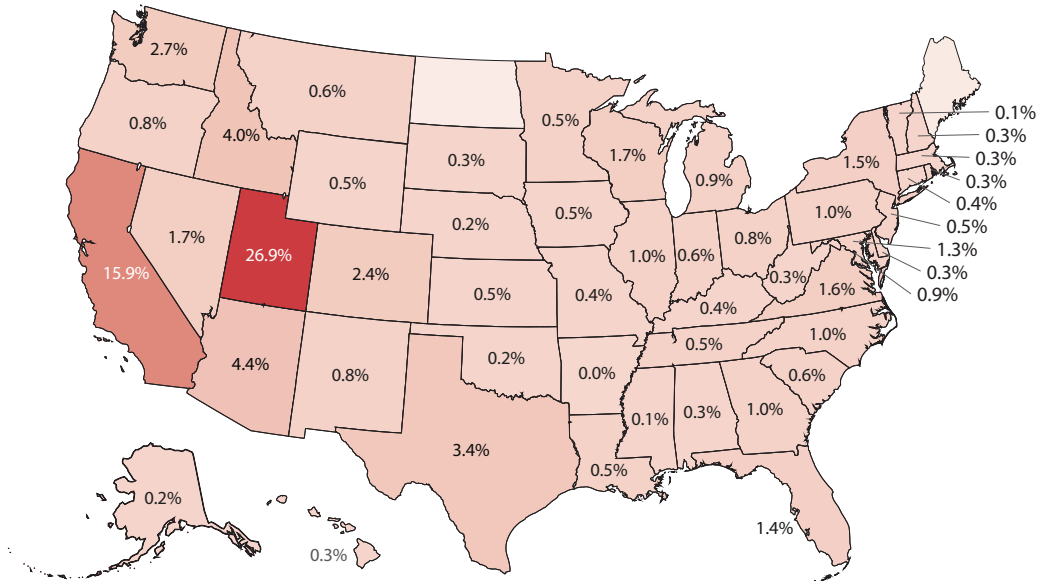
New migrants bring with them the demographic characteristics of their source region, which may be different from what currently exists in Utah. This changes Utah's demographic characteristics.

Migration likely changes these and other Utah attributes:

- Age structure.
- Fertility patterns.
- Racial and ethnic composition.
- Languages spoken at home.
- Consumer preferences.
- Workforce size and characteristics.
- Cost structures, including housing.
- Economic structure.
- Cultural and religious makeup.

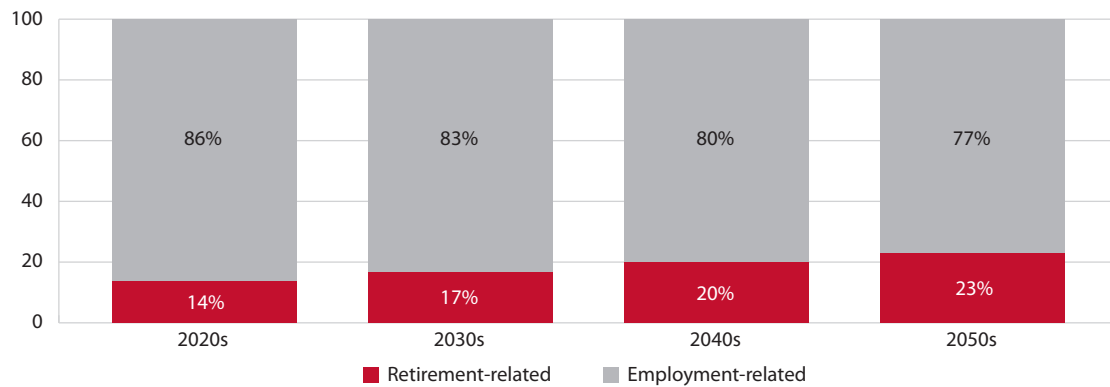
Public policies that recognize, address, and optimize these demographic, economic, and societal changes will advantage Utah in the future.

UTAH IN-MIGRANT PLACE OF BIRTH, 2021



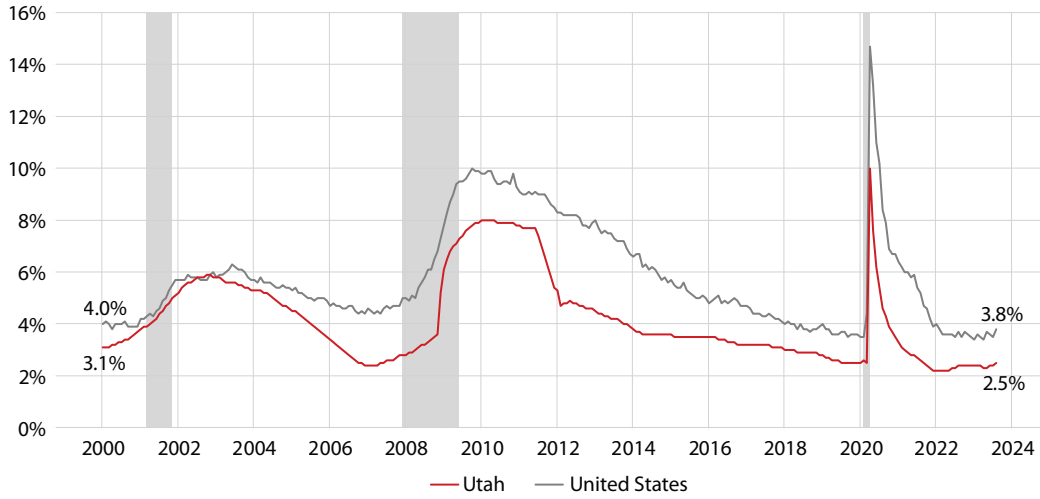
Source: U.S. Census Bureau, 2021 American Community Survey 1-Year Estimates

REASONS FOR MIGRATING TO UTAH, 2020-2060 PROJECTIONS



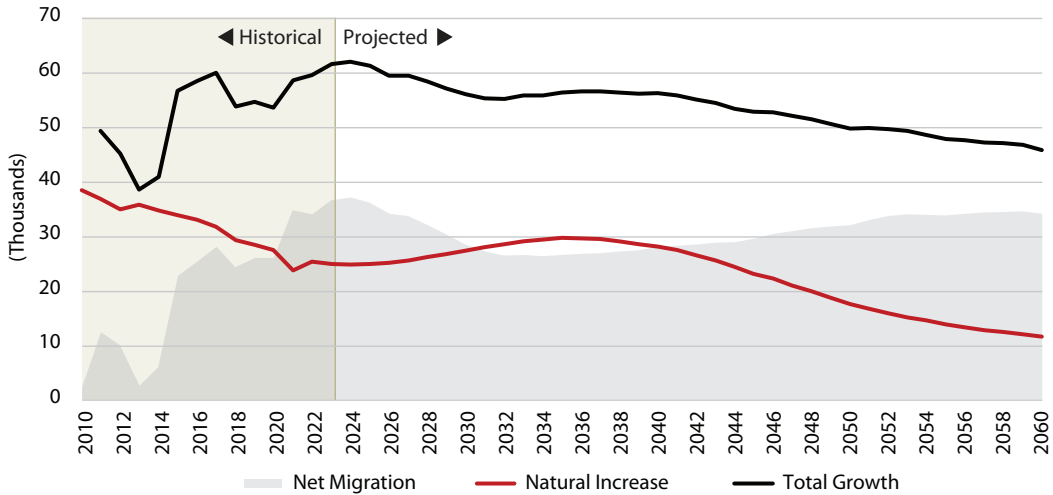
Source: Kem C. Gardner Policy Institute, 2020-2060 Projections

UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)



Source: U.S. Bureau of Labor Statistics

UTAH COMPONENTS OF POPULATION CHANGE

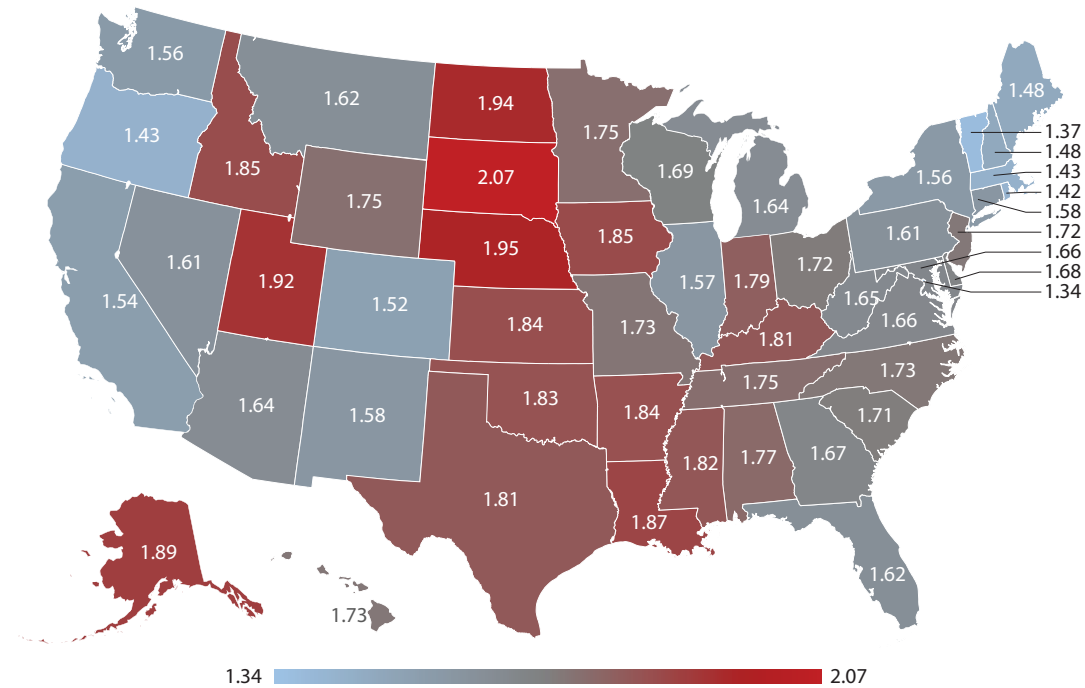


Source: Kem C. Gardner Policy Institute, Utah Demographic and Economic Model

Fertility

- Utah no longer has the highest total fertility rate in the nation.
- South Dakota, North Dakota, and Nebraska have higher total fertility rates than Utah.
- Every U.S. state now registers total fertility rates below replacement level.

TOTAL FERTILITY RATES BY STATE, 2021



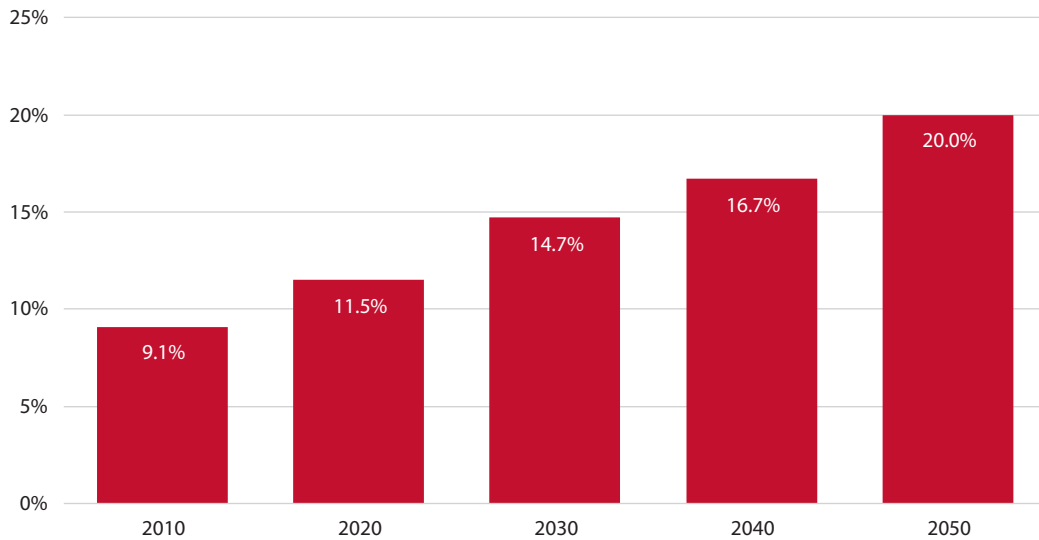
Note: Total Fertility Rate (TFR) is the average number of children a woman will have if she survives all her childbearing (or reproductive) years. Also the sum of the Age Specific Fertility Rates.

Source: CDC National Center for Health Statistics

Older Population

Utah's population 65 and older is projected to increase from approximately one in ten today to one in five by 2050. This occurs because of an aging population and lower fertility rates.

UTAH POPULATION 65+ AND OVER



Source: Kem C. Gardner Policy Institute, 2020-2060 Projections

Context/Why it matters

An aging population changes everything: the structure of the economy, transportation, housing, consumer preferences, tax structure, and spending pressures...just to name a few. Utah's population pyramid (a visual representation of age and sex distribution) vividly changes from a pine tree shape to a pine cone shape, demonstrating a much older age structure.

As Utah's population ages, watch for these and other changes to occur:

- The health care sector will continue to grow rapidly.
- Tight labor markets will intensify, with particularly acute health care sector challenges as more older adults drive more health care demand.
- Housing design will adapt to older adults' preferences.
- Transportation modalities will change, including transit, ride share, e-bikes, and other modes.
- The economy's composition will change to accommodate the needs and preferences of an older population (e.g. health care products and services, home delivery, landscaping, to name just a few).
- Even with no policy changes, the state tax structure will change. Non-labor income (such as Social Security and pensions) will comprise a larger share of income. Older generations will shift from taxed goods to untaxed service-sector purchases, such as health care.
- State budget spending pressures will change, with less education enrollment pressure and more potential pressure on health and human services.

UTAH POPULATION PYRAMID: 2020 AND 2060



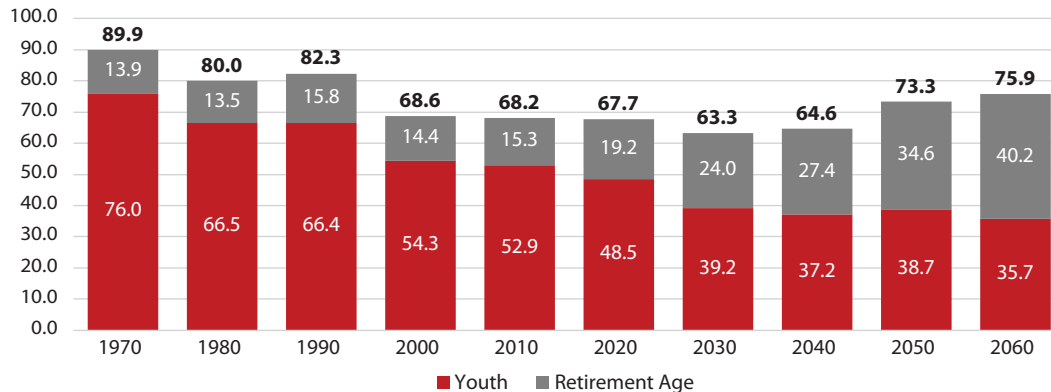
Source: Kem C. Gardner Policy Institute, 2020-2060 Projections

Go deeper/Choose to learn more

Dependency ratio

- The dependency ratio provides a helpful construct for understanding the significance of Utah's aging population and declining fertility rates.
- The dependency ratio compares the number of those more likely to be dependents (defined as persons under 18 years of age and 65 years and over) compared to the working age population (ages 18 to 64).
- Utah's total dependency ratio decreased for three consecutive decades from 1970 to 2020 and is projected to bottom out in 2030 at 63.3 dependents for every 100 of working age.
- Utah is projected to then begin a three decade rise in the dependency ratio as Utah's population ages and fewer children age into the working years.
- By 2060, every 100 working-age Utahns will need to support a projected 12.6 more dependents than in 2030.

UTAH DEPENDENCY RATIOS, 1970–2060



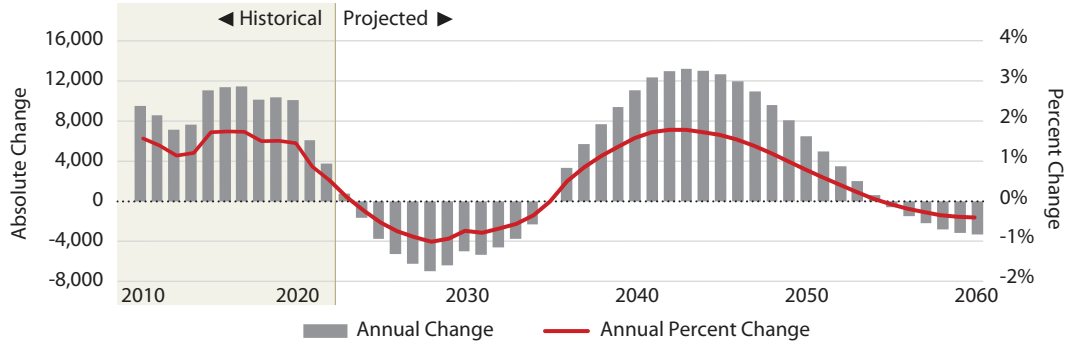
Note: Dependency Ratios are computed as the number of nonworking age persons per 100 working age (18-64 year old) persons in the population. Youth are less than 18 years old and retirement age is 65 years and older.

Source: Kem C. Gardner Policy Institute analysis of U.S. Census Bureau Decennial Census data and Kem C. Gardner Policy Institute 2020-2060 State and County Projections

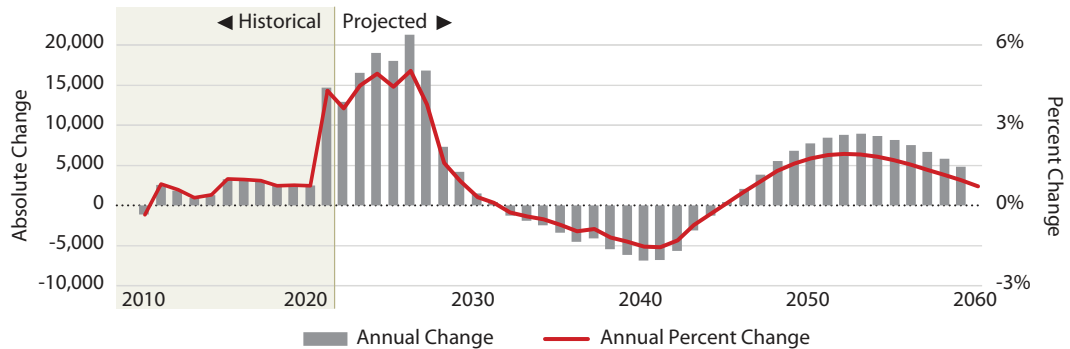
School-age and college-age population

- Utah's school-age and college-age population will experience periods of population decline in coming decades.

UTAH SCHOOL-AGE POPULATION AND SCHOOL-AGE POPULATION AS SHARE OF TOTAL UTAH POPULATION, 2010–2060



UTAH COLLEGE-AGE POPULATION AND COLLEGE-AGE POPULATION AS SHARE OF TOTAL UTAH POPULATION, 2010–2060



Source: Kem C. Gardner Policy Institute, Utah Demographic and Economic Model

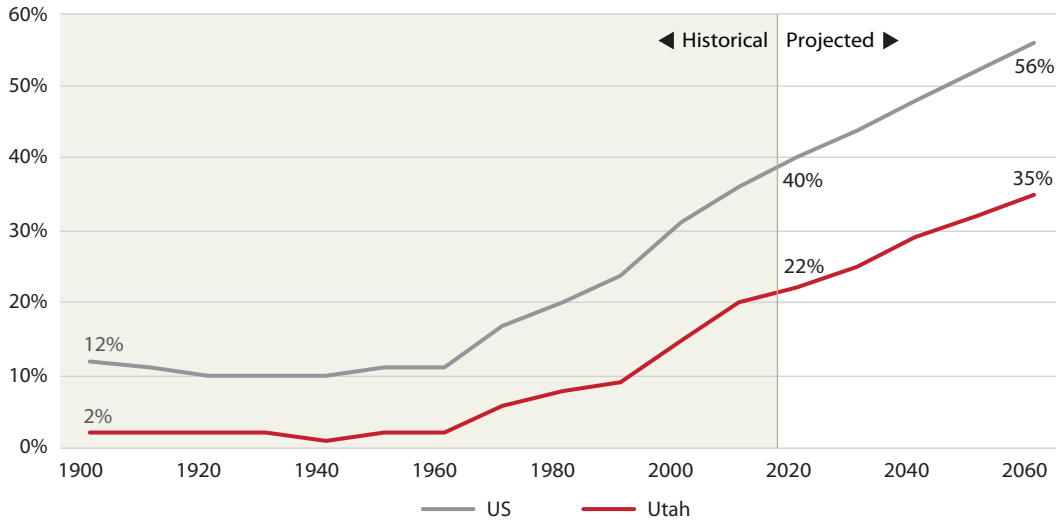
More Multicultural

Nearly one in four Utahns are now a racial and ethnic minority.

Utah's racial and ethnic minority share of the population is now larger than states like Indiana, Nebraska, Missouri, Ohio, Minnesota, and Wisconsin, and is about the same as Pennsylvania. Utah now ranks 34th for the largest racial and ethnic minority share in the country.

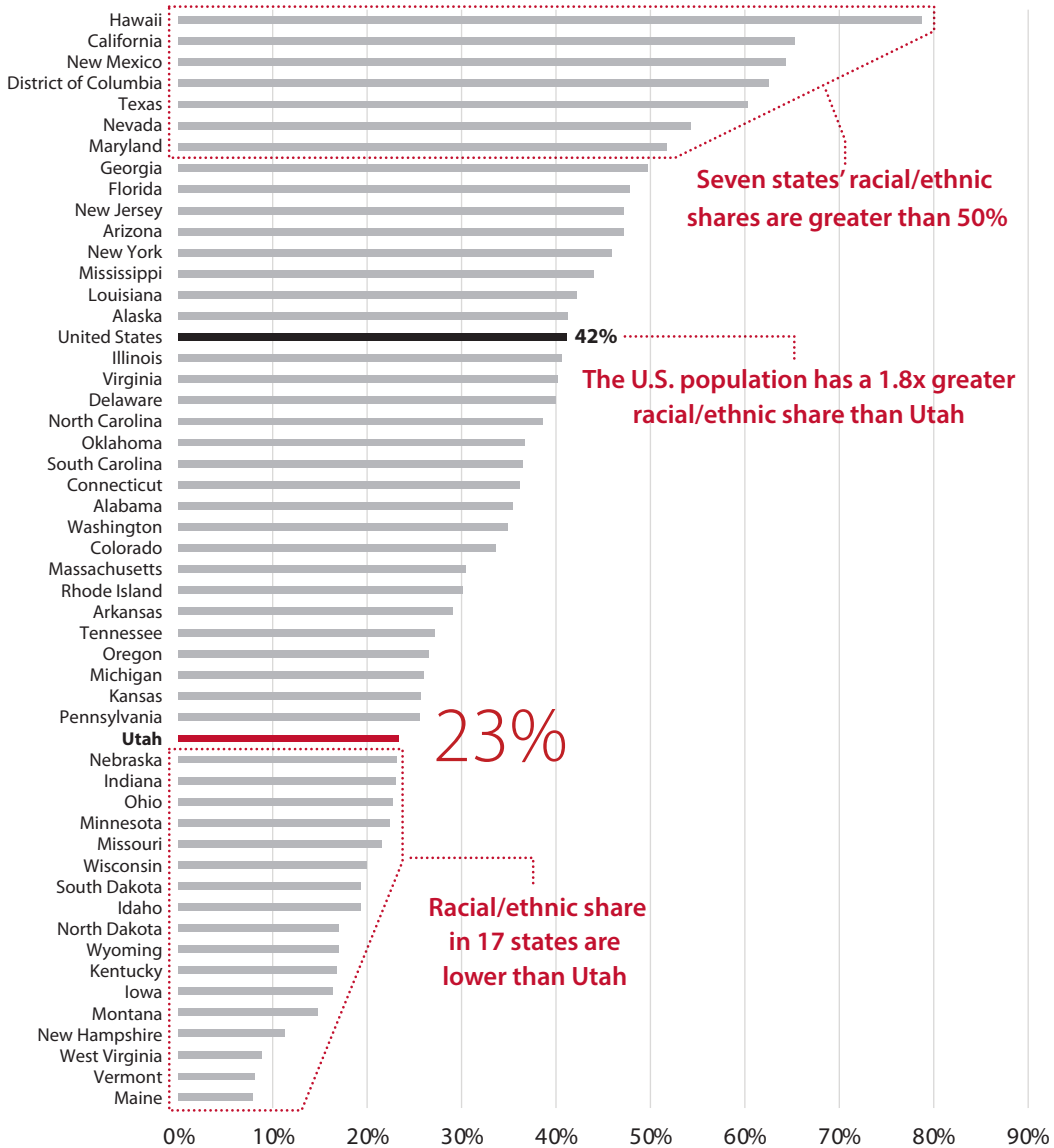
Projections indicate approximately one in three Utahns will be a racial and ethnic minority within the next two decades.

UTAH RACIAL/ETHNIC MINORITY SHARE OF POPULATION, 1900-2060



Note: Racial/ethnic minority includes those identifying as something other than Non-Hispanic White alone.
Source: U.S. Census Bureau; Kem C. Gardner Policy Institute

RACIAL/ETHNIC MINORITY SHARE OF POPULATION BY STATE, 2022



Source: U.S. Census Bureau, Population Division

Context/Why it matters

Utah benefits from a rich multicultural history, as people from many different backgrounds made Utah what it is today. Over time, Utah has become even more multicultural. Today's leaders are tasked with serving a more diverse and complex constituency with differing needs. When Utah was a more homogeneous state than it is today, more commonalities made governing simpler.

Language, household composition, consumer preferences ranging from food, entertainment, and housing, health care delivery, and educational attainment change with a more diverse population.

Utah is increasingly becoming even more connected with the rest of the world, with extensive domestic and international trade, significant global engagement, and a high percentage of the population who speak multiple languages. Salt Lake City is emerging as a world city.

Public policy that recognizes the multicultural composition and international engagement of Utah will advantage Utah's future.

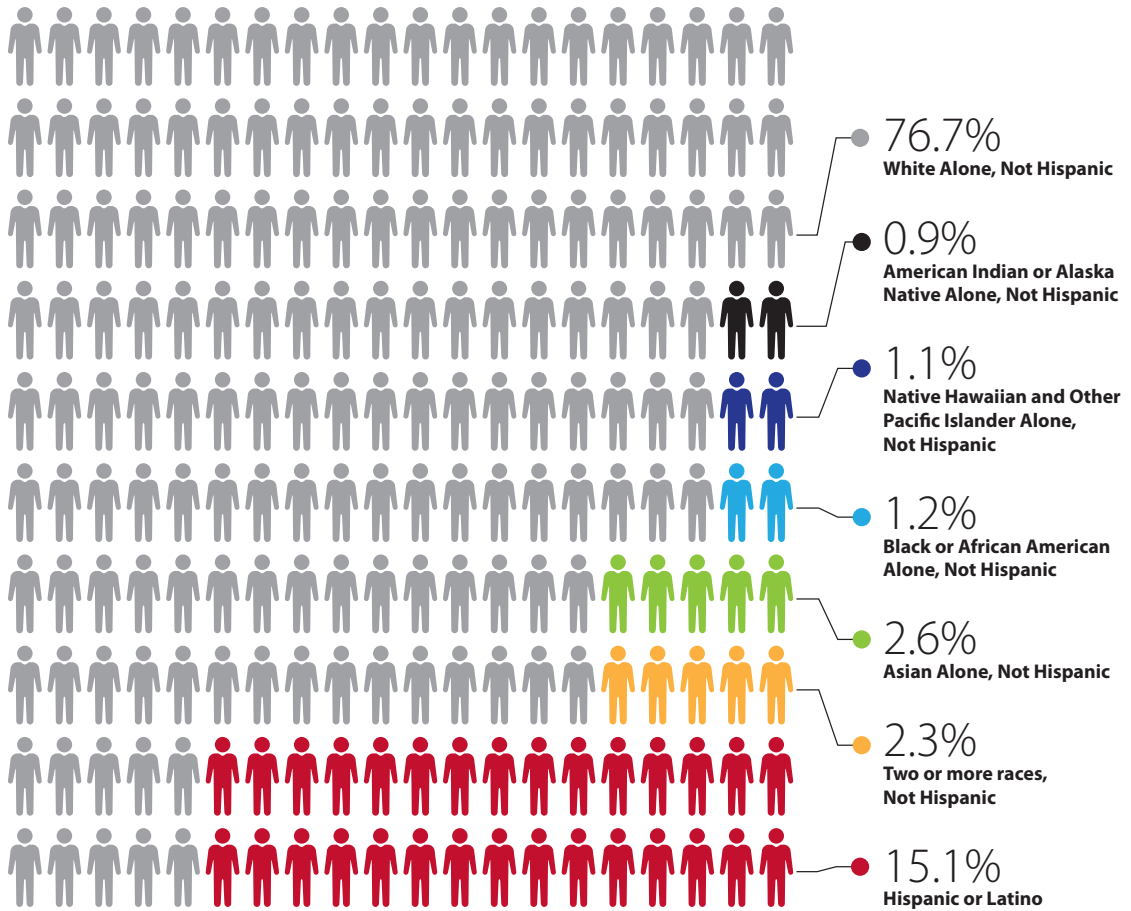
Go deeper/Choose to learn more

As recently as 1990, one in ten Utahns identified as a racial or ethnic minority. By 2040, projections suggest this ratio will increase to one in three.

Utah's Hispanic or Latino population, at 15.1%, is by far the second largest racial or ethnic group in the state behind the Non-Hispanic White population.

Utah's multiculturalism extends beyond race and ethnicity. The Beehive State's 2022 Fall Enrollment report from the State Board of Education noted 147 different languages spoken in Utah homes.⁷

UTAH POPULATION BY RACE AND ETHNICITY, 2022



Source: U.S. Census Bureau, Population Division

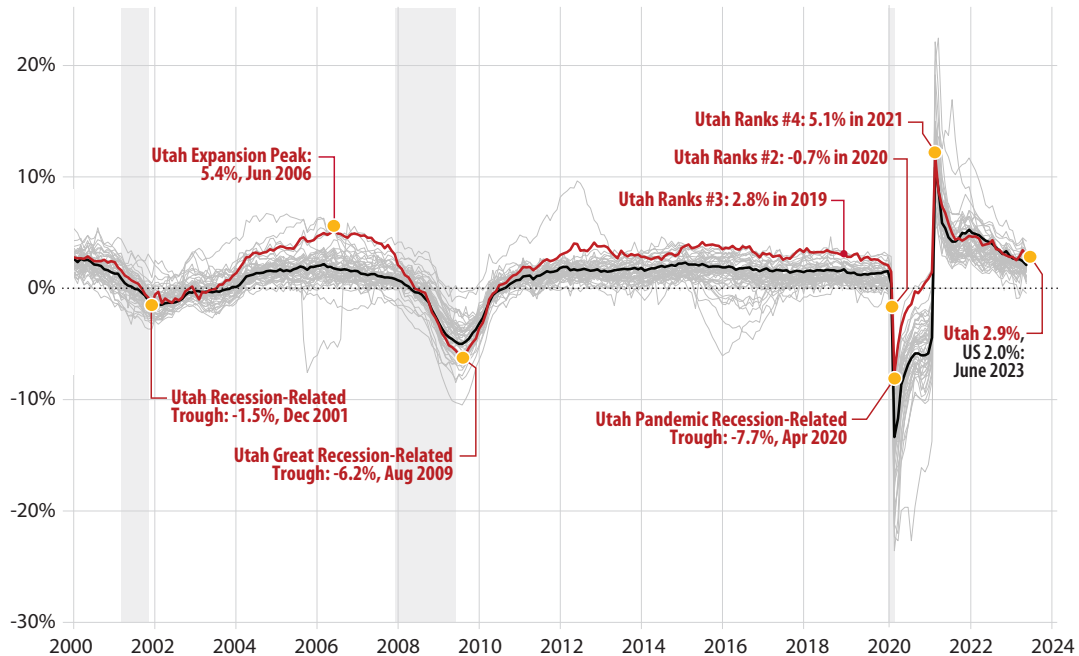
High Performing to Elite Economy

Utah's economy has become elite. We don't use that word lightly.

Since 2011, Utah's economy consistently outperformed other states and demonstrated considerable strength relative to other states during and emerging from the COVID-19 pandemic. Utah ranked third lowest among states for COVID-19 deaths.

Utah's COVID-19 outcomes exceeded most states'. Utah's cumulative job growth from February 2020 (pre-pandemic) to June 2023 ranked third among states.

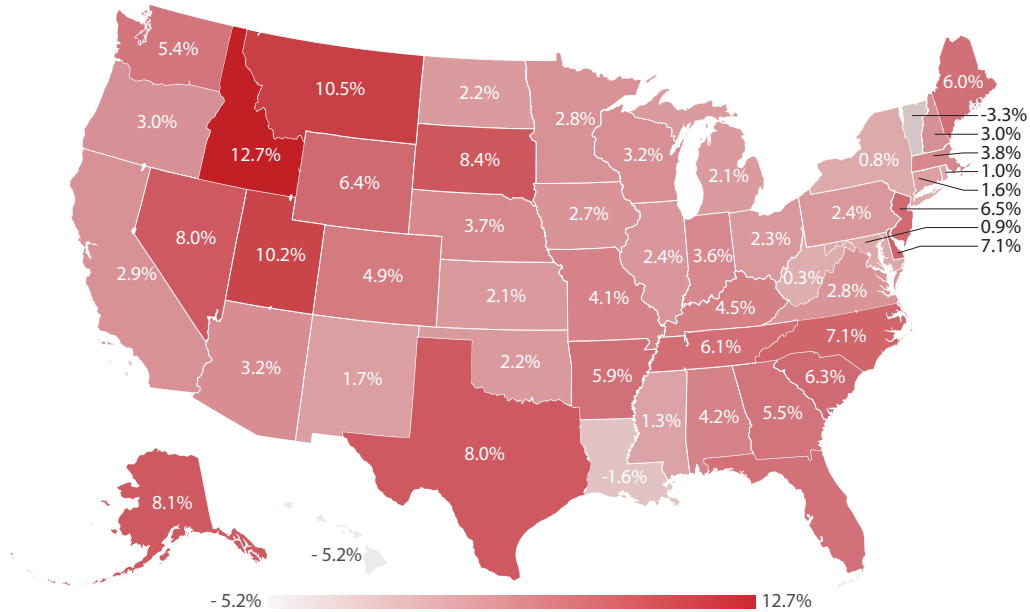
JOB GROWTH PRE TO POST PANDEMIC ALL 50 STATES



Note: Shaded grey areas indicate periods of recession.

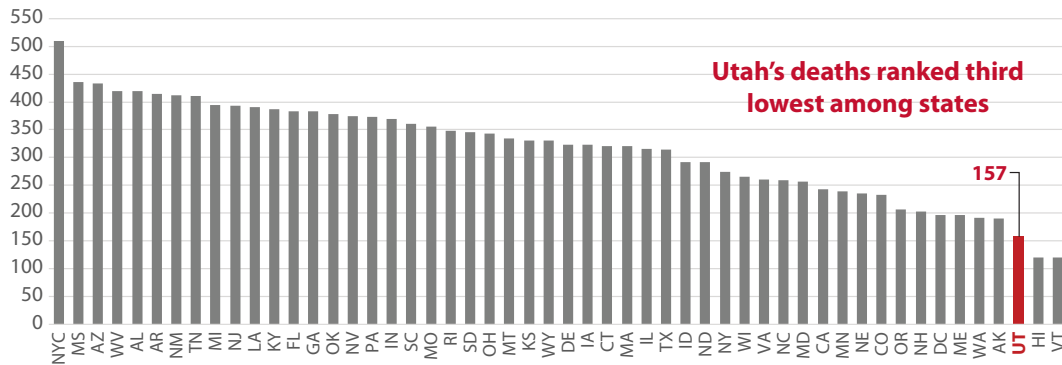
Source: Utah Governor's Office of Planning and Budget and U.S. Bureau of Labor Statistics

CUMULATIVE JOB GROWTH BY STATE, FEBRUARY 2020 TO JUNE 2023



Source: U.S. Bureau of Labor Statistics

COVID-19 DEATHS PER 100,000 PEOPLE BY STATE AS OF NOVEMBER 8, 2022



Note: Counts for New York City and New York State are shown separately for case and death metrics; data for New York State case and death metrics are for the state excluding data for New York City. Testing metrics for New York State include data for New York City. Data is since January 21, 2020.
Source: Centers for Disease Control and Prevention (CDC) Data as of: Tuesday, November 8, 2022

Context/Why it matters

An elite economy creates opportunities for Utahns to thrive. It also helps state and local governments pay for current needs and invest in the future.

- Elite economies have strong and durable job growth, low unemployment, rising real wages, and upward mobility.
- The Salt Lake City commuting zone (which includes Salt Lake, Davis, Weber, Summit, Tooele, Wasatch, and Morgan counties) ranks first in absolute economic mobility among the 50 largest commuting zones in the United States.
- Higher levels of social capital correspond with higher levels of social mobility. In Salt Lake City, the odds of rising from the bottom fifth of the income distribution to the top fifth are twice the national average.⁸

UPWARD MOBILITY

Top Five

Rank	Commuting Zone	Population (2000)	Absolute Mobility
1	Salt Lake City, UT	1,426,729	46.2
2	Pittsburgh, PA	2,561,364	45.2
3	San Jose, CA	2,393,183	44.7
4	Boston, MA	4,974,945	44.6
5	San Francisco, CA	4,642,561	44.4

Bottom Five

Rank	Commuting Zone	Population (2000)	Absolute Mobility
46	Detroit, MI	5,327,827	37.5
47	Indianapolis, IN	1,507,346	37.2
48	Raleigh, NC	1,412,127	36.9
49	Atlanta, GA	3,798,017	36.0
50	Charlotte, NC	1,423,942	35.8

Cost increases

The New Utah will be more expensive. As economies grow, costs often rise. This occurs because decision-makers choose to implement the least expensive options first. Each additional investment costs more. This is often referred to as the “low-hanging fruit” phenomenon.

- Consider, for instance, the sizable transportation costs of addressing congestion on I-15 in Davis County, Kimball Junction in Summit County, or Big and Little Cottonwood canyons in Salt Lake County. More of the less expensive options have already been done.
- Similarly, the easiest, most accessible land for building new homes has already been developed.

Technological advancements

Fortunately, technological advancements and investments funded by a vibrant economy can help.

- Ubiquitous broadband connects people in new and meaningful ways, reduces travel demand, and can benefit rural Utah.
 - » Remote work
 - » Remote learning
 - » Telehealth
- New water-saving technologies can stretch existing water resources further.
- New methods can save costs on constructing roads, buildings, and homes.

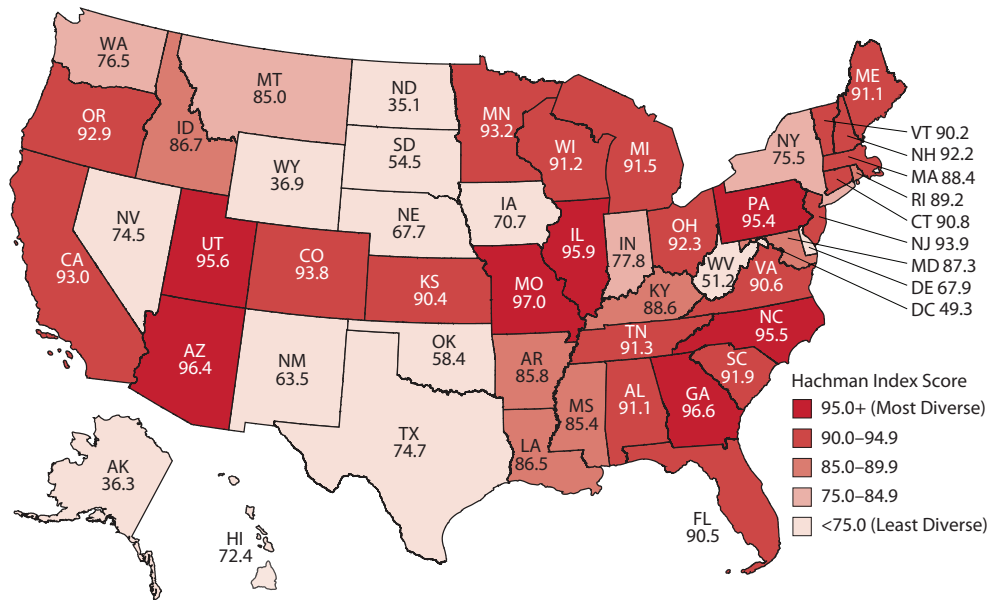
Go deeper/Choose to learn more

In April 2020 during the pandemic recession, Utah experienced a 7.7% job contraction, compared to the national average of 13.7%. Michigan suffered the worst contraction at 23.5%.

Economic diversity

One major reason for Utah's success is our economic diversity, which in 2021 ranked fifth among states.⁹

ECONOMIC DIVERSITY, 2021 - HACHMAN INDEX



Social capital

Another reason for Utah's success is what locals often call Utah's "secret sauce." Researchers have another name for this: social capital. It includes the network of relationships in Utah that enable us to function effectively.

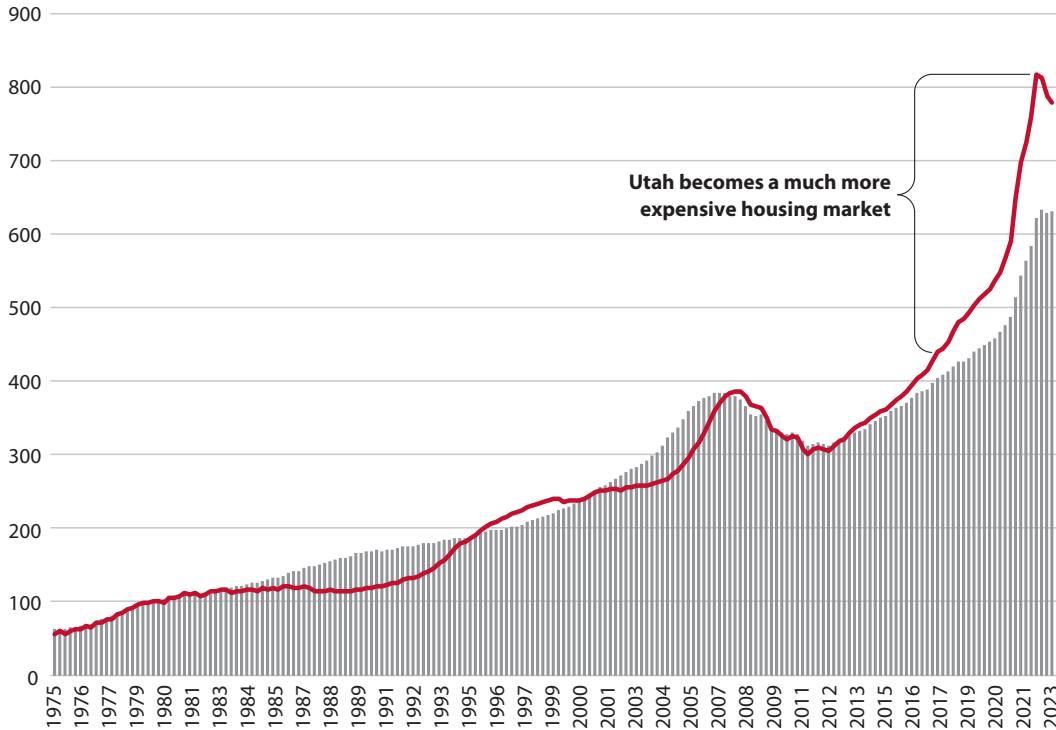
- Just like physical capital and human capital can increase productivity, so can social capital.¹⁰
- The Joint Economic Committee of the U.S. Congress sponsored a multiyear research effort to explore "associational life," or the web of human social relationships through which society pursues joint endeavors. They found Utah's social capital ranked highest in the nation.¹¹
- Utah put this social capital to work during the COVID-19 pandemic when Gov. Gary Herbert's Economic Response Task Force had a state economic plan published for Utahns by March 24, 2020, the first of any state.¹²
- Utah leaders learned a lot during the pandemic about the value of collaborative policy leadership. In 2021, they formed the Unified Economic Opportunity Commission, a joint legislative, executive, and private sector endeavor to coordinate and foster successful economic policies. In the 2023 General Legislative Session, the Commission led out on 19 passed bills focused on Utah's success.

Unaffordable Housing

Housing is increasingly unaffordable for many Utahns and represents a major risk to both Utah's economy and broader society.

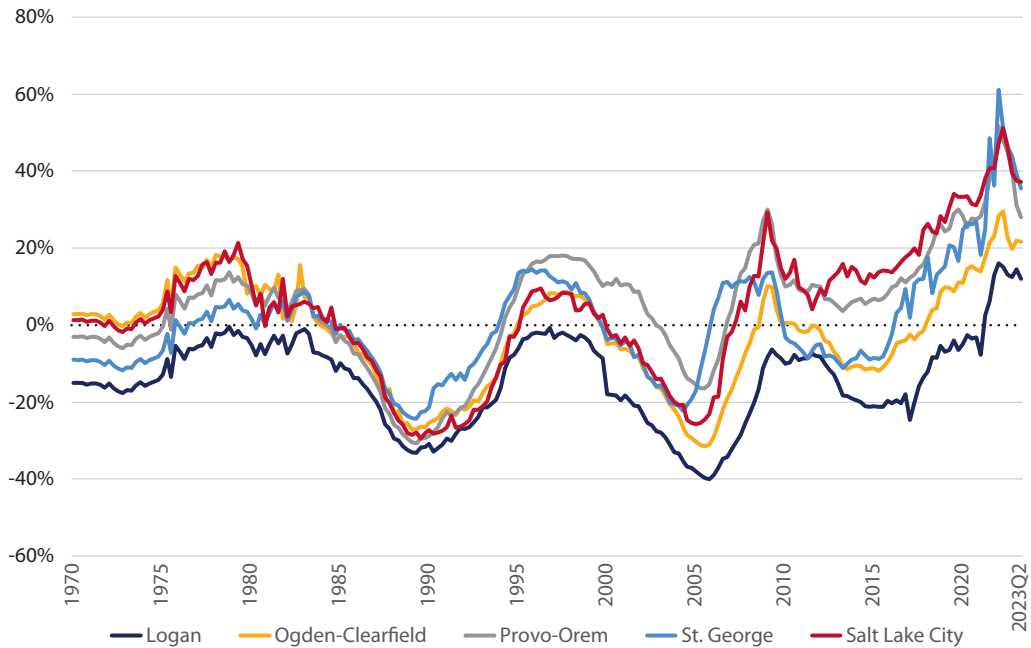
Historically, Utah's home prices roughly tracked with national home prices. However, Utah home prices now far exceed national home prices. This provides a massive financial benefit to incumbent homeowners, but prices out the rising generation and many middle-class workers. Rents also increased dramatically in recent years.

HOUSING PRICE INDEX: UTAH & UNITED STATES



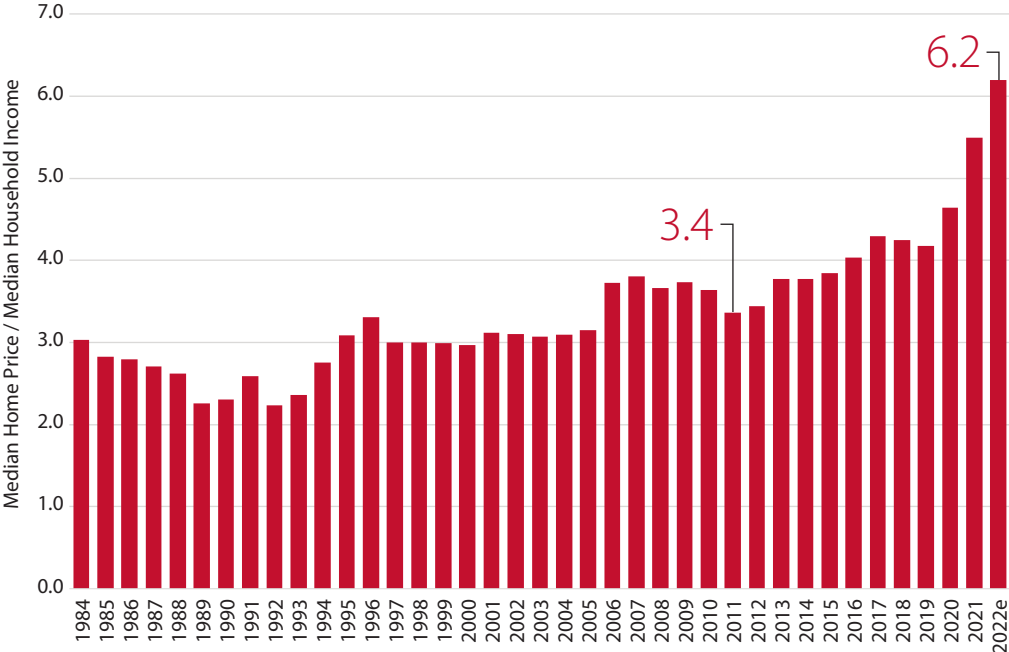
- Only six states (Hawaii, California, Massachusetts, Washington, Oregon, and Colorado) and Washington D.C. have higher median single family home prices than Utah as of the second quarter of 2023.¹³ Utah home prices now exceed those in states like New York, New Jersey, Virginia, and Florida.
- Even traditionally more affordable areas of Utah experienced dramatic housing price increases in recent years. For example, the Logan median home price exceeds the U.S. median by approximately 12%.
- Home prices matter in relation to available income. The ratio of median Utah home prices to incomes has increased dramatically. Although abnormally low interest rates propped up recent COVID-era spikes, this elevated trend pre-dates the pandemic. Utah median home prices surpassed 4.0 times median household income in 2017.

UTAH MSA SINGLE FAMILY HOME PRICES COMPARED TO US SINGLE FAMILY HOME PRICES



Source: National Association of Realtors (NAR): Real Estate Outlook; Moody's Analytics Estimated

RATIO OF UTAH MEDIAN HOME PRICE TO MEDIAN HOUSEHOLD INCOME, 1984-2022



Source: U.S. Census Bureau and National Association of Realtors

Context/Why it matters

High home prices benefit existing homeowners while rising generations and current renters face increasing unaffordability. This tension creates a core challenge. If existing trends continue, high costs will price our children and grandchildren out of home ownership. This trend portends far-reaching societal impacts that threaten to hollow out Utah's middle class over time.

- Higher housing costs hamstring an entire cohort of Utahns from home ownership and wealth creation until later in life, if at all. This housing cost challenge alters lifetime wealth and consumption.
- High housing prices can ultimately hollow out the middle class, leading to greater pressure for government dependency.
- Inflated housing costs also constrains spending on other areas of the economy, subjecting other industries to economic risk.

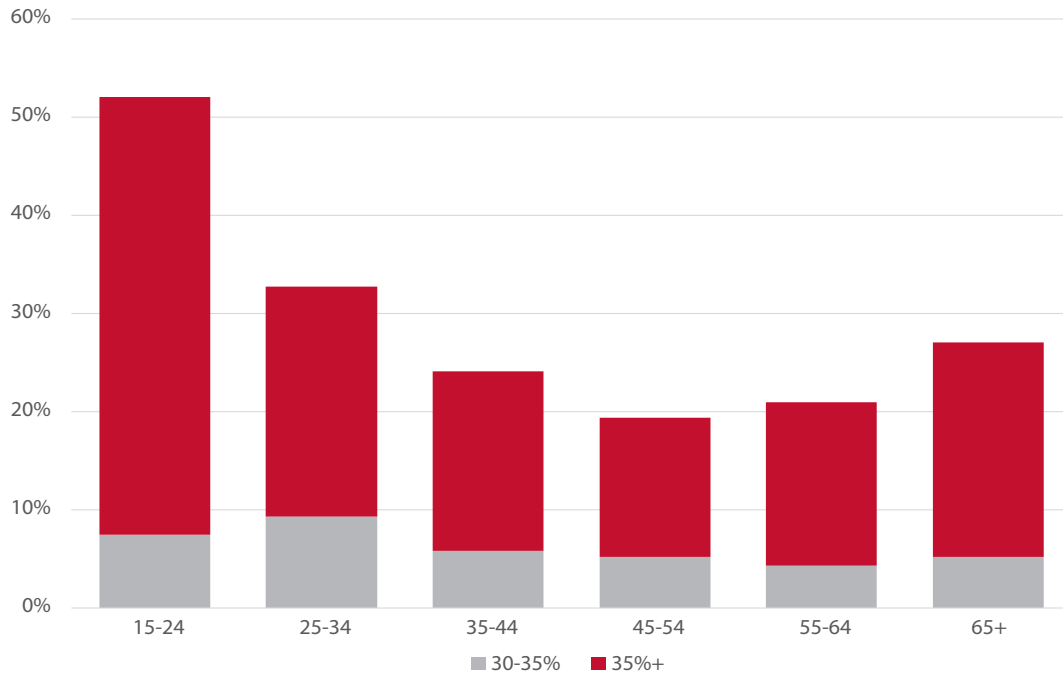
A major contributing factor to Utah's success is its strong middle class. When only high-income earners can afford to live in Utah, this undermines social stability. If current trends continue, Utah will struggle to fill middle-class jobs (such as nurses, police officers, firefighters, teachers, and truck drivers).

Fortunately, solutions to Utah's housing challenges fall within decision-makers' sphere of influence, not world events beyond our control. Utah's problem directly relates to undersupply.

Go deeper/Choose to learn more

Analysts and mortgage lenders generally consider 30% of income a standard housing affordability standard. They consider housing costs over 30% of income unaffordable, and those below 30% affordable. As shown, over half of young Utahns have housing costs considered unaffordable given their income levels. Notably, for many of these households this metric exceeds not only 30%, but exceeds 35%. This occurs due to a combination of high housing costs and normal life cycle effects, as average incomes rise during working years when people obtain work experience.

HOUSING UNAFFORDABILITY BY AGE, 2021



GUIDANCE FOR UTAH DECISION-MAKERS

A former Utah business leader said, “Fight change and die; accept change and survive; lead change and prosper.”¹⁴ Utah will prosper if it leads change.

The New Utah provides an opportunity for today’s leaders to lead bold and positive change that will benefit the state for generations to come. We recommend an approach that features an open mind, listens more, invests even more, reinforces great institutions, and dignifies and unifies.

- **Open mind** – Be prepared to change and try new policy approaches. The old approaches may not work anymore.
- **Listen more** – Hear the voices of all Utahns. The New Utah includes more perspectives than before.
- **Invest even more** – Utah has been investing at historical levels but it is still not enough. If we want to preserve what we value, we must forgo some current consumption for future benefits, and invest more.
- **Fortify great institutions** – The degradation of our associational life – families, schools, churches, government, and other forms of common life – requires social replenishment. Utah will benefit if leaders strengthen our foundational institutions.
- **Dignify and unify** – We will be just another mid-sized state if we don’t work well together and treat each other with dignity. Utah’s social capital can and should continue to be a competitive advantage.

Context/Why it matters

Growth and change have led to an inflection point. If handled well, Utah can ascend to a new level of prosperity and continue to be a true land of opportunity. If handled poorly, future Utahns – including our children and grandchildren – may experience compromised livability, less upward mobility, and potentially lower standards of living.

Consider several flashpoints currently impacting the Beehive State.

- **Home ownership** – Owning a home is increasingly out of reach for many Utahns.
- **Water** – Municipal and industrial (M&I) water demand will require significantly more M&I water conservation combined with agricultural water optimization. This will require behavioral change.
- **Great Salt Lake** – Utah’s inland sea reached a historical low elevation level in 2023, putting at risk human health, ecological health, and lakeside industries.
- **Fertility** – Utah’s total fertility rate is now below replacement level. Many worry that higher costs of raising a family contribute to this trend.
- **Mental health** – Mental health challenges continue to mount, particularly among Utah’s youth.
- **Rural Utah** – Coal-dependent economies in rural Utah show signs of significant economic stress, including, at times, job contraction and net out-migration.
- **Traffic** – Congestion continues to increase on our major roads.
- **Air quality** – Although Utah’s air is clean much of the year, in some areas pollutants exceed air quality standards in the winter and summer months.
- **Livability** – Congestion in Big and Little Cottonwood canyons during the ski season threatens Utah’s visitor economy and diminishes life quality for residents.
- **Education disparities** – Education disparities by race and ethnicity threaten Utah’s long-term economic success.
- **Labor** – Labor shortages in critical industries like construction, education, and health care impair growth and are likely to worsen.

By creating forward-looking public policies on these and other issues, Utah can lead change and continue to flourish.

Utah's state and local governments play an important role in guiding Utah's growth, including but not limited to the following:

- Workforce development (public and higher education).
- Infrastructure (transportation, water, buildings, broadband, and more).
- Tax and regulatory policies.
- Human services (aging, disabilities, socio-economically disadvantaged, and more).
- Livability (parks, trails, arts and culture, and more).
- Partnering with businesses, nonprofit organizations, and other entities.

In the New Utah, state and local government need to be more effective, responsive, speedy, and innovative to keep Utah thriving. The New Utah requires bold action.

Go deeper/Choose to learn more

Utah governors and legislators lead Utah well, in part, by collaborating not only with each other, but with the business and nonprofit community. Utah leaders also prioritize fiscal responsibility and planning for the future.

Unified Economic Opportunity Commission

- The Unified Economic Opportunity Commission, formed in 2021, develops, directs, and coordinates Utah's statewide and regional economic development strategies. Utah follows an executive-legislative branch collaborative model.
- Gov. Spencer Cox chairs the commission, which also includes the Senate President, Speaker of the House, and other senior leaders from Utah's legislative and executive branches, education, local government, and subject matter experts.
- Prior to the 2023 General Legislative Session, the Commission considered 50 policy initiatives, which resulted in 19 bills focused on Utah's economic success.

Fiscal Responsibility

- Utah consistently saves for a rainy day, stress tests its budget to prepare for economic uncertainty, and addresses long-term liabilities, such as fully funding pension and retiree health care benefits.
- The New Utah will require the state to continue and even improve its collaborative spirit, fiscal leadership, and long-term focus.

Strategic Questions

The transition to the New Utah compels Utah leaders to ask two strategic questions:

1. How do we grow and maintain the distinctive features Utahns value?

For instance, Utah is much less affordable for the rising generation than it once was.

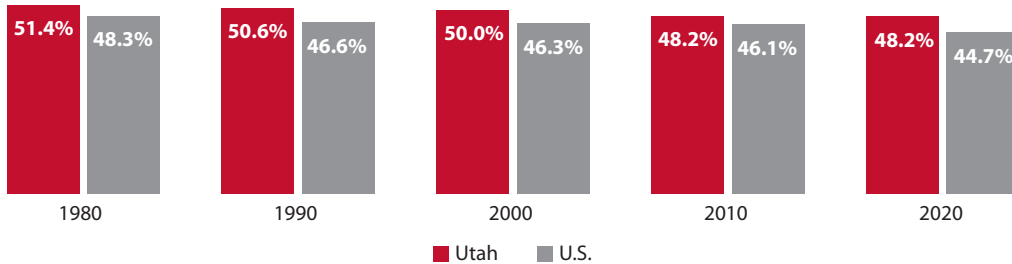
- **Hollowing out of middle class** – The high cost of housing restricts an entire cohort of Utahns from home ownership and wealth creation until later in life, if at all. This permanently alters lifetime wealth and consumption and can ultimately hollow out the middle class, leading to greater pressure for government dependency.
- **Constrained spending** – High housing costs also constrain spending on other areas of the economy, subjecting other industries to economic risk.
- **Relocation risk** – Expensive housing impedes economic growth by making it difficult to attract companies, employees, and students from remaining or relocating here. We view housing affordability as one of the single biggest risks to Utah’s economic prosperity.

2. How do we remain prosperous and help all Utahns thrive?

Even with strong growth, many parts of Utah are at risk or do not thrive.

- Life expectancy in Salt Lake County by neighborhood includes a range of ten years (85.4 in Foothill v. 73.5 in central South Salt Lake).
- Mental health concerns - including depression, and suicide ideation and attempts - have increased for Utah youth since 2015. Today, one in four youth have high mental health care needs.
- While rates of homelessness in Utah remain lower than the national average, chronic homelessness increased 96% from 2019 to 2023 and 27% in just the last year. A Person is defined as chronically homeless if they have been homeless for at least a year while struggling with a chronic condition such as mental illness or a physical disability.
- Eastern Utah counties, especially in the coal-dependent counties of Carbon and Emery, frequently indicate distress such as employment declines and net out-migration.
- Educational attainment by race and ethnicity varies significantly. If disparities are left uncorrected, Utah’s workforce will suffer, especially as the minority share of the population grows in relative size.

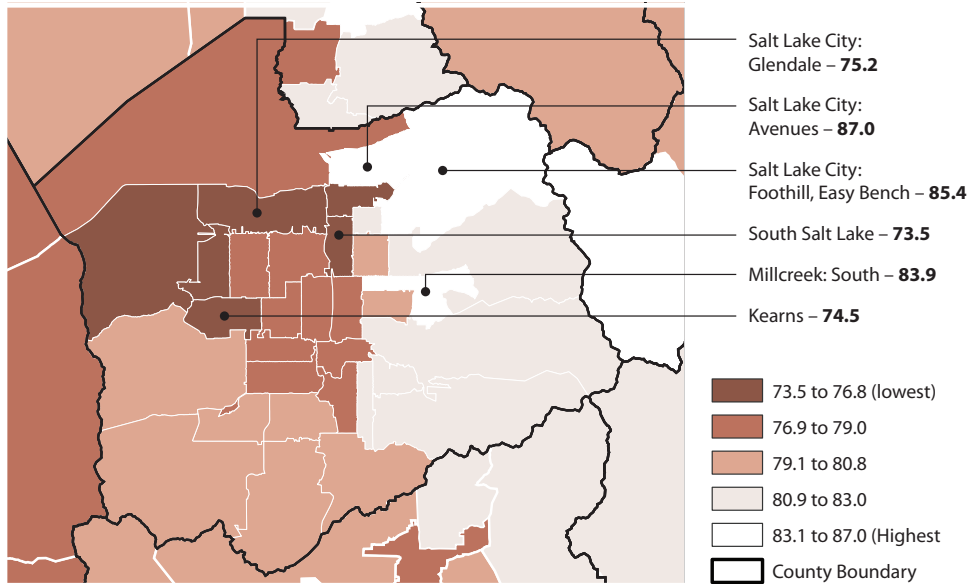
MIDDLE CLASS POPULATION: SHARE OF TOTAL POPULATION



Note: Middle-class population estimated by household size as the average of 50% to 150% of median household income and the 30th to 70th percentile of the ratio of household income to federal poverty guidelines. Economic conditions in Utah and the U.S. varied during these window years. Recessions occurred during parts of 1980, 1990, and 2021. Recovery from the Great Recession began in 2010. Utah and U.S. economic performance were relatively strong in 2000. These results are from survey data subject to uncertainty from sampling error. Census Bureau samples in both Utah and the U.S. included 5.0% of all households from 1980 to 2000 and 1.0% of households in 2010 and 2021. Comparisons to 2020 sample data are not recommended due to uncharacteristic survey issues.

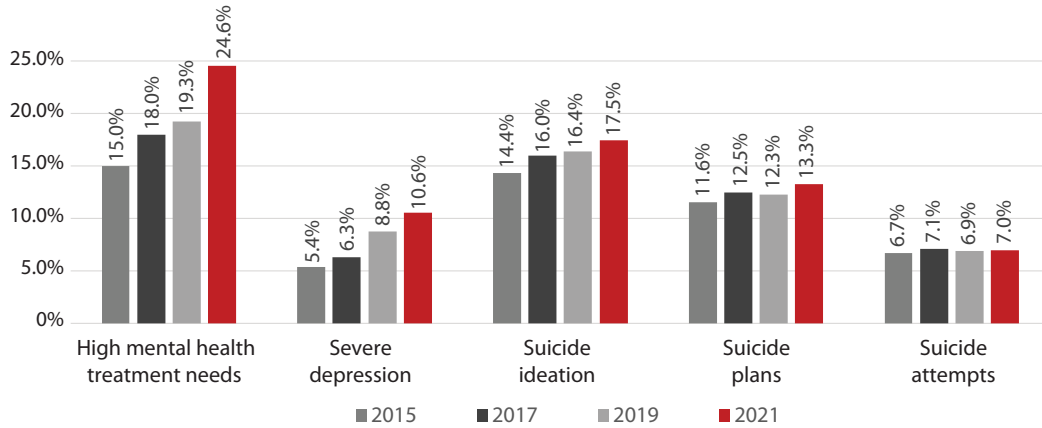
Source: Kem C. Gardner Policy Institute analysis of data from the U.S. Census Bureau, American Community Survey, Integrated Public Use Microdata Series

LIFE EXPECTANCY AT BIRTH, 2016-2020



Source: Utah Department of Health, IBIS; compiled by Kem C. Gardner Policy Institute

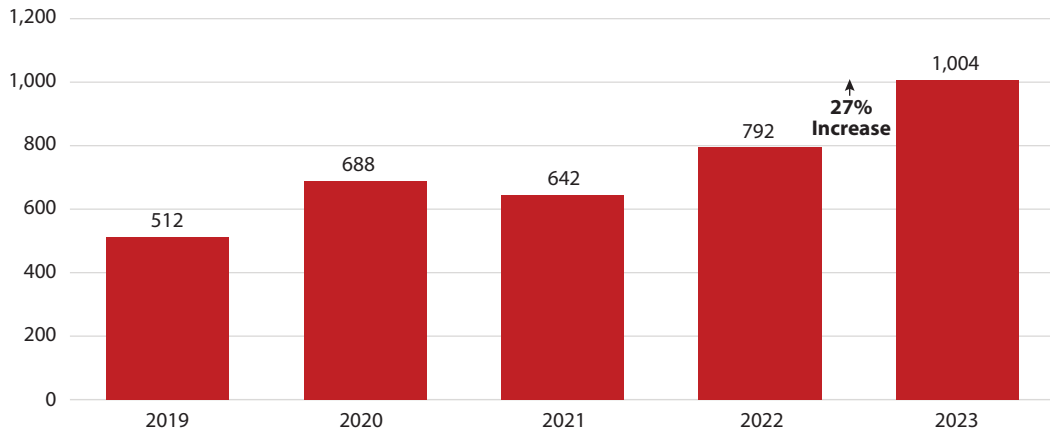
UTAH'S YOUTH MENTAL HEALTH INDICATORS, 2015-2021



Note: Survey responses are from students in grades 6, 8, 10, and 12.

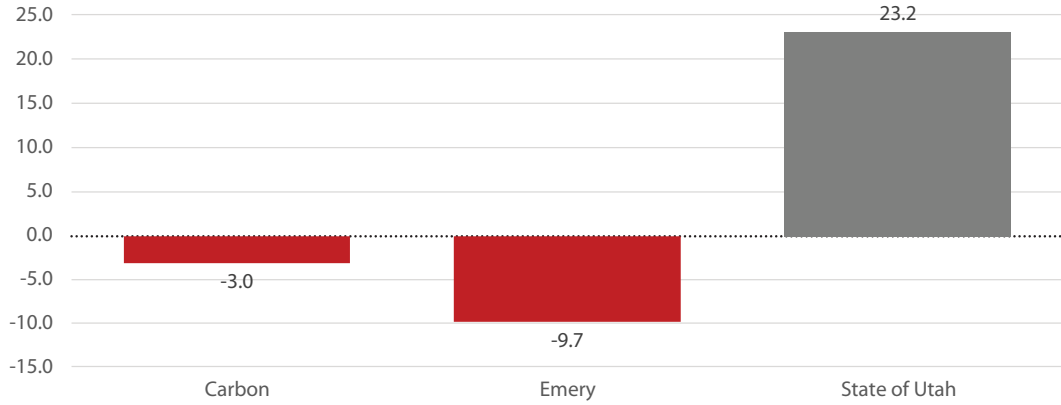
Source: Student Health and Risk Prevention: Prevention Needs Assessment Survey. Utah Division of Substance Abuse and Mental Health

PEOPLE EXPERIENCING CHRONIC HOMELESSNESS IN UTAH



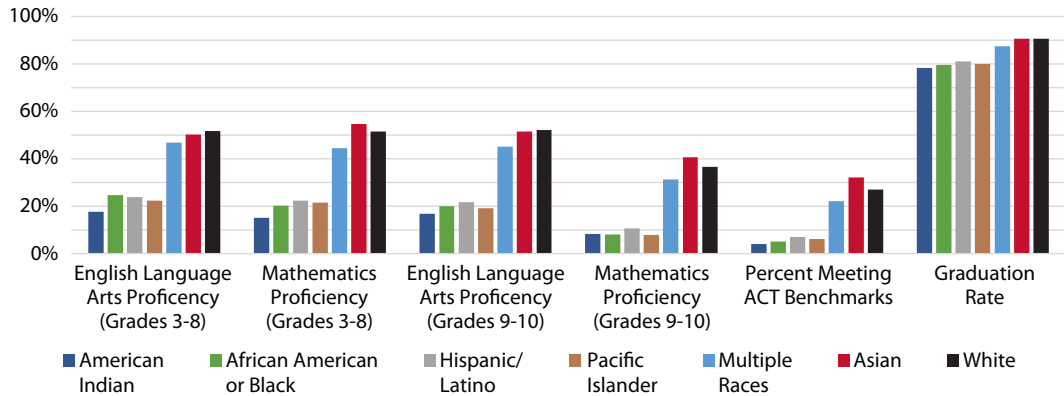
Source: Utah Point in Time Count (2021 is not comparable to other years because of inconsistencies caused by COVID)

COAL COUNTRY POPULATION CHANGE, 2010-2022



Source: Utah Population Committee

UTAH STUDENT ACHIEVEMENT BY RACE/ETHNICITY, 2022



Source: Utah State Board of Education

“As you face the next one hundred years, you can proceed with the confidence that a nation or state acting on [Utah’s] values will be prosperous and therefore will have the capacity to care for the truly needy, fund great institutions, foster education, and improve the human condition. But be warned: prosperity can also expose a community’s soft underbelly by breeding complacency, arrogance, and social division.”

– Gov. Mike Leavitt, January 2000, from *The New Century* time capsule
preserved under the steps of the Utah State Capitol



Endnotes

1. The Kem C. Gardner Institute “informed decision-maker brevity style” is an adapted version of the “smart brevity style” pioneered by the founders of the political news site Axios. The style serves busy decision-makers by focusing on brief, clear, and applied communications. While the style has limitations, it does efficiently and effectively convey information. For important nuance or details about any of the points made in this monograph reach out to the Gardner Institute at gardner@eccles.utah.edu or 801-587-3717.
2. Salt Lake City International Airport, Nancy Volmer, July 5, 2023.
3. See *BYU Studies*, 44, no. 1, 2005, Greg D. Galli.
4. Based on demographic accounting records from 1950 to 2022 maintained by the Utah Population Committee.
5. 2014–2018, 5-Year American Community Survey, U.S. Census Bureau.
6. International migrants include foreign-born, non foreign-born, and returning LDS missionaries
7. 2023 Utah Fall Enrollment Report
8. Chetty, R. et al (2014). “Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States.”
9. Lloyd, Nathan, “Hachman Index of Economic Diversity, 2021,” Kem C. Gardner Policy Institute, March 2023.
10. Robert Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon and Schuster, 2000) 18-19.
11. “The Geography of Social Capital in America,” United States Congress Joint Economic Committee, April 2018, 20-21
12. See “Utah Leads Together I, Utah’s plan for a health and economic recovery”, Economic Response Task Force, March 24, 2020
13. National Association of Realtors median sales price of existing single family homes
14. Ray Noorda, Novell CEO.

THE NEW UTAH IS HERE

