Industry Snapshot

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Kem C. Gardner POLICY INSTITUTE
THE UNIVERSITY OF UTAH
DAVID ECCLES SCHOOL OF BUSINESS

Utah's Tech Industry

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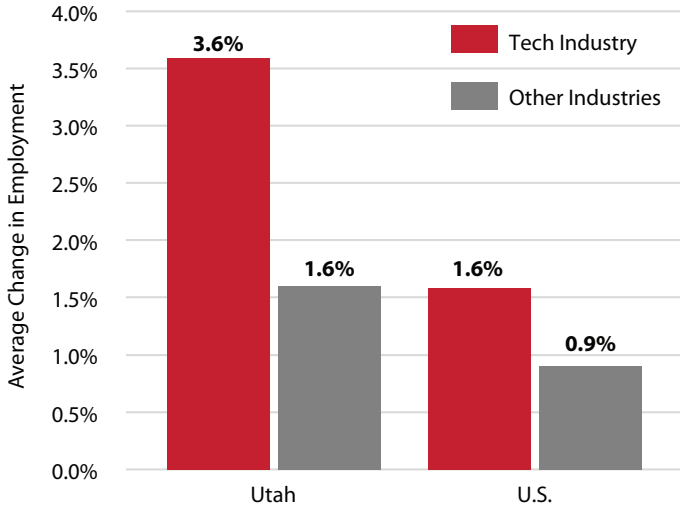
The tech industry develops digital platforms that enable the ubiquitous information economy. Tech companies provide software for many applications. They manufacture and distribute computers and devices used by individuals and organizations. The industry also encompasses e-commerce and IT support.

This document and the companion research brief present preliminary results of the Kem C. Gardner Policy Institute's research program for 2018 and 2019 on Utah's innovation economy. We are preparing a more comprehensive report for publication in July 2019.

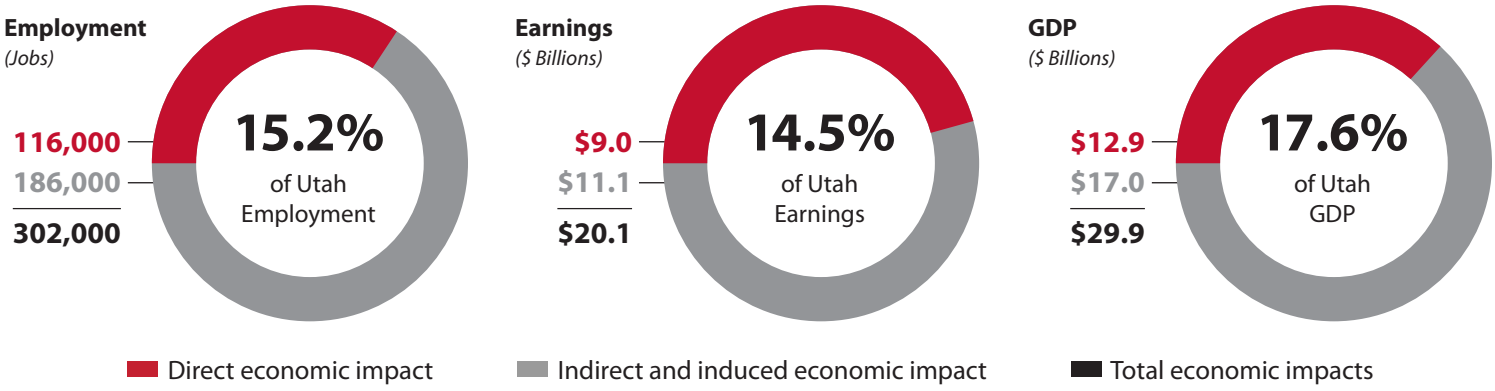
- Total economic impacts during 2017 exceeded 302,000 jobs at companies that paid $20.1 billion in earnings and generated $29.9 billion in GDP.
- In-state spending by tech companies and workers supported nearly 186,000 Utah jobs outside the tech industry.
- Tech companies in Utah directly and indirectly supported more than one in seven Utah jobs (15.2 percent) and over one-sixth of state GDP (17.6 percent).

Average Annual Job Growth, 2007–2017



Note: Includes most tech industry employment, 91.1 percent of 2017 Utah tech jobs.
Source: Bureau of Labor Statistics, Bureau of Economic Analysis.

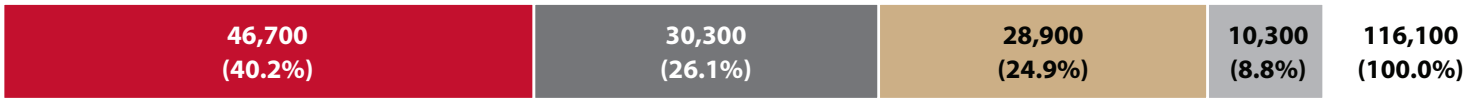
Tech industry job growth averaged **3.6 percent per year** from 2007 to 2017, more than double employment growth in the tech industry nationwide.



Note: Employment includes full-time and part-time jobs, rounded to the nearest thousand. Earnings include employee compensation (with benefits) and income from self-employment. Gross domestic product (GDP) measures total economic activity in a region as the value added by companies. We adjusted earnings and GDP for inflation to 2018 dollars based on the U.S. consumer price index from the Bureau of Labor Statistics.
Source: Kem C. Gardner Policy Institute analysis of 2017 data from the Utah Department of Workforce Services and Bureau of Economic Analysis using the REMI PI+ economic model.

Utah Tech Industry Employment and Earnings, 2017

Jobs



Earnings *($ Billions)*

■ IT Support ■ Infomation ■ Trade ■ Manufacturing

IT support

- Custom computer programming
- Computer systems design
- Systems management and support
- Computer training
- Electronics repair and maintenance

Trade

- Computer and software wholesale
- E-Commerce wholesale
- E-Commerce retail

Information

- Software
- Telecommunications
- Data processing and hosting
- Internet publishing

Manufacturing

- Semiconductor machinery
- Computer and peripheral equipment
- Instruments and devices
- Communications equipment
- Electronic components and media

Note: Totals do not match due to rounding. Employment includes full-time and part-time jobs held by company employees and self-employed workers.
Source: Utah Department of Workforce Services.

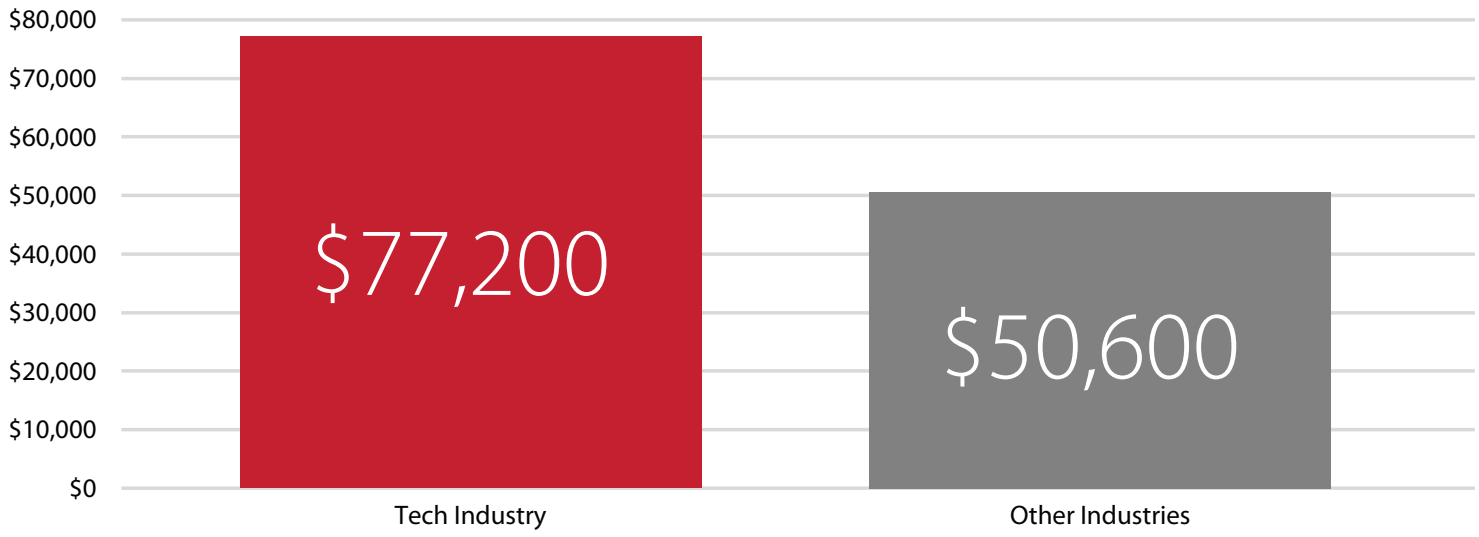
Background: The Utah State Legislature appropriated fiscal year 2019 funding to the Kem C. Gardner Policy Institute for a pathbreaking economic study of Utah's innovation economy. The Gardner Policy Institute convened its Tech Industry Advisory Council, with participation from three Utah trade associations—Silicon Slopes, Utah Technology Council, and Women Tech Council—as well as the Utah Governor's Office of Economic Development and Economic Development Corporation of Utah.

Research Overview: With input from advisory council members, the Gardner Policy Institute reviewed best practices for identifying Utah tech companies. We analyzed detailed employment and earnings data for the state's tech industry. Our tailored economic model measured economic activity in other industries resulting from spending by tech companies and workers.

This study addresses the question, "What would Utah's economy look like without its tech industry?" The state would lose outside money flowing into it from sales by tech companies to buyers in other states and countries. Utah would also lose in-state purchases of tech products and services as Utah buyers switch to out-of-state tech companies. We use economic impact analysis to measure the cross-section of Utah's economic activity that depends on the tech industry.

Economic Impacts: Total economic impacts include direct, indirect, and induced effects. Direct economic impacts are from companies within Utah's tech industry. Indirect economic impacts are from in-state suppliers to tech industry companies. Induced economic impacts result from in-state personal spending by workers who earn income from tech companies or their suppliers. Most induced activity supports companies that are neither tech companies nor their suppliers.

Average Earnings per Job in Utah, 2017



Note: Earnings include employee compensation (with benefits) and income from self-employment.
Source: Utah Department of Workforce Services and Bureau of Labor Statistics

Average earnings were

$77,200

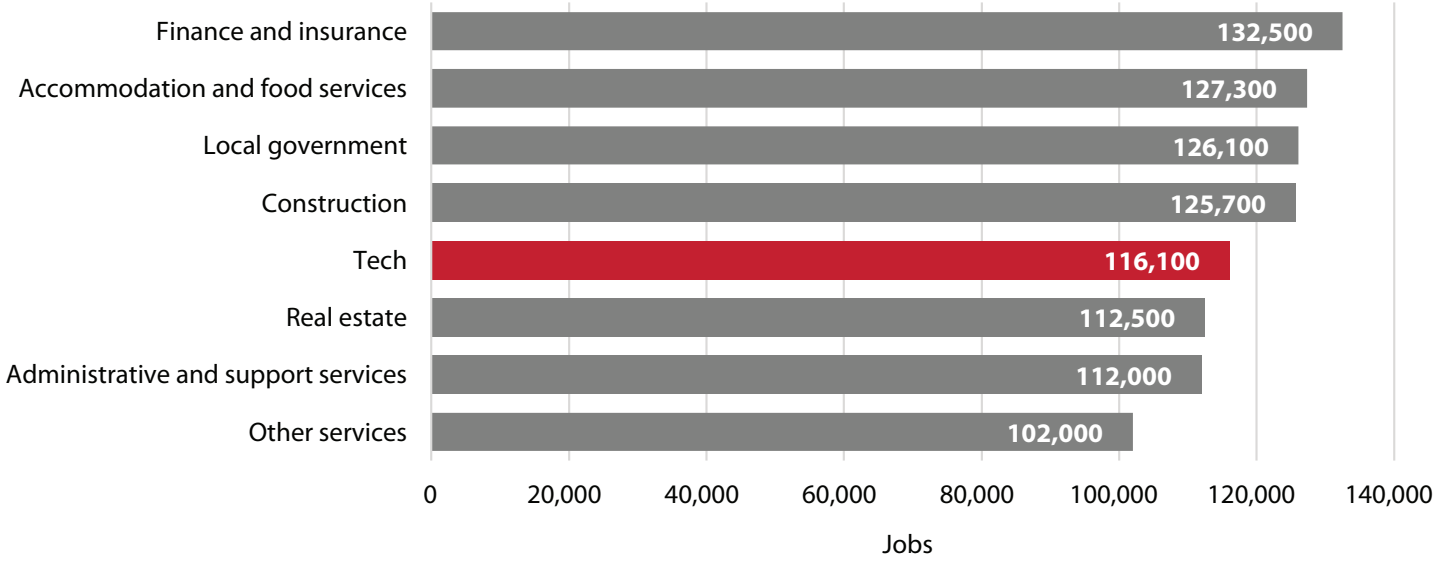
per job in the tech industry, 53 percent higher than in other industries.

With over

116,000

Utah jobs, the tech industry was similar to the real estate industry in terms of employment.

Utah Tech Employment Compared with Selected Industries, 2017



Note: Of 21 major sectors in Utah's economy, we include the nine with employment within 20,000 jobs of tech industry employment.
Source: Utah Department of Workforce Services and Bureau of Economic Analysis.

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