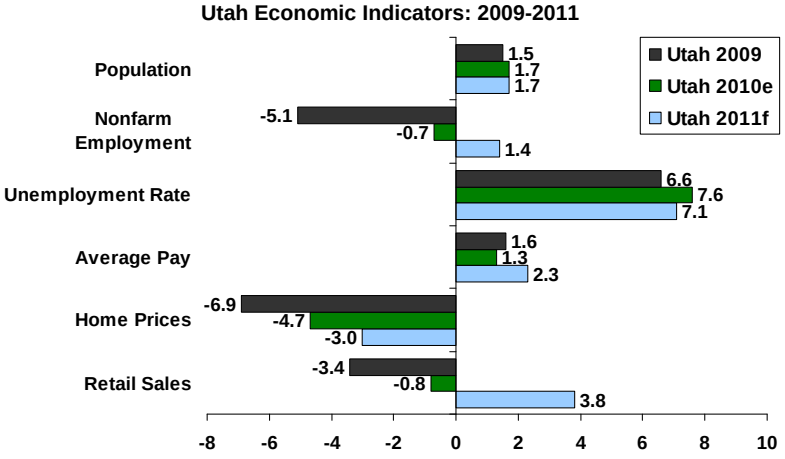
Utah Governor's Office of Planning and Budget

ECONOMIC OUTLOOK 2011 Excerpts

State of Utah
Governor Gary R. Herbert

Economic Outlook

- **Overview of the Economy**—Utah fared better than the nation during the recession, and is leading the U.S. as the recovery strengthens. Employment, which decreased during 2009 by 5.1%, only declined 0.7% in 2010, but began growing mid-year. The unemployment rate increased from 6.6% in 2009 to 7.6% in 2010. The continuing housing slump combined with business caution about building, resulted in a decline in construction employment of 8.5%, after a decline of 22.1% in 2009.
- **Outlook 2011**—Economic growth in Utah is expected to accelerate during 2011. Employment is forecast to increase 1.4% for the year as a whole, with larger increases as the year progresses. Construction employment is forecast to increase 2.8%, the first year of growth following three years of contraction. Housing permits are forecast to move up slightly from historic lows. As the overall unemployment rate declines to 7.1%, the improving labor market will support increased consumer spending and a broad based recovery.



Source: Council of Economic Advisors' Revenue Assumptions Working Group e = estimate f = forecast

Highlights

- **Construction**—The value of permit authorized construction in Utah in 2010 was $3.1 billion, 10% lower than 2009. In inflation-adjusted dollars the value of authorized construction is at the lowest level since 1992. The sharp decline in value in 2010 was led by the severe contraction in non-residential construction, which fell from $1.1 billion in 2009 to $900 million in 2010, a 14.6% decline. In addition, the weakness of the residential sector continued, with permit values falling 10.8% to $1.6 billion in 2010, although the decline appears to be slowing.
- **Tourism**—Utah's travel and tourism sector was not immune to the economic recession, but regional and in-state travel helped to soften the downturn. The Utah ski industry experienced the fourth best season on record and visitation at national parks increased for the fourth year in a row in 2010. State park visitation also increased an estimated 1.4%.
- **Exports**—Improving economic conditions in Utah, the nation, and around the globe, were reflected in Utah's production and export levels in 2010. Utah's total exports increased from a record peak of $10.3 billion in 2009 to an estimated $14.1 billion in 2010, an increase of 36.0%. Exports have been above $4.0 billion since 2002 and above $6.0 billion since 2006. Exports are expected to grow more moderately in 2011 due to dampened expectations of gold appreciation. Computers and electronics should again have strong production in the coming year.
- **Energy**—Consumption increased across the board in 2010 after declining in 2009 due to the recession. Crude oil production and electricity generation experienced new growth, while natural gas production declined from 2009-record highs and coal production continued its slide as several mines experienced expected and unexpected delays or shut-downs. Early indications are that 2011 will continue on the path of slow and cautious growth.
- **Minerals**—In 2010, the estimated value of energy and mineral production in Utah was $4.34 billion, an increase of $551 million over 2009. The estimated nominal value of nonfuel mineral production (excluding uranium) in Utah was $4.28 billion in 2010, approximately $280 million (7%) higher than the $4.0 billion for 2009.
- **Agriculture**—Agricultural sectors in Utah were more profitable in 2010 compared to 2009, with the exception of the hay sector. Factors included higher commodity prices in 2010 than in 2009. Cattle and milk prices are expected to increase in 2011.
- **Education**—In 2010, there were an estimated 576,335 students in Utah's public education system, a 2.3% (11,044 students) increase over 2009. An estimated 14,754 new students are expected to enter the public education system in 2011, an increase of 2.6%. Utah System of Higher Education enrollment for 2010 was 173,017, an increase of 8,157 (4.9%) from 2009.

Rankings

Demographic	State Rank	Value	Year
Population Growth Rate	3rd	23.8%	2000-2010
Fertility Rate	1st	2.47	2005
Life Expectancy	3rd	78.7 years	2000
Median Age	1st	28.8 years	2009
Household Size	1st	3.14 persons	2009
Social Indicators			
Poverty Rate	3rd	9.0%	2007-2009
Educational Attainment	8th	90.4% of persons 25+ w/ high school degree	2009

Economic	State Rank	Value	Year
Rate of Job Growth	34th	-0.4%	Nov. 2010
Unemployment Rate	16th	7.5%	Nov. 2010
Urban Status	9th	88.3%	2000
Median Household Income	9th	$58,491	2009
Average Annual Pay	36th	$41,275	Q3 2010
Per Capita Personal Income	50th	$31,612	2009

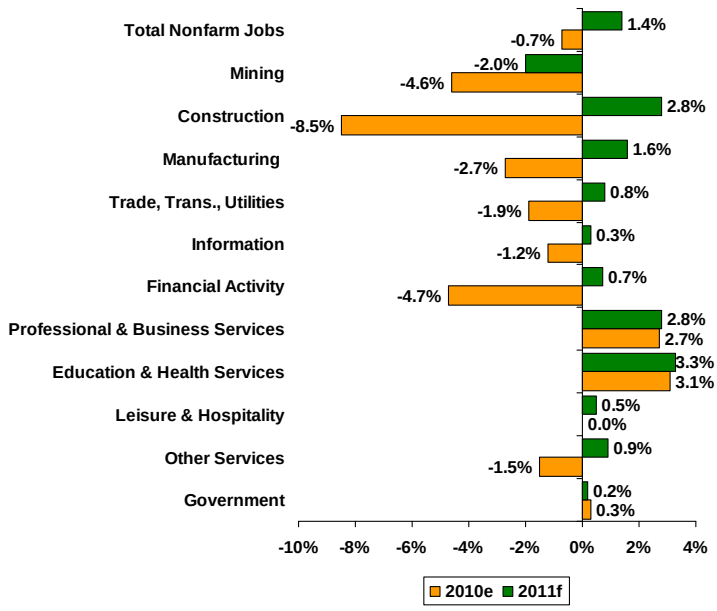
Notes: 1. Rankings are based on the most current national data available for all states, and may differ from other data.
2. Rank is most favorable to least favorable.

Employment and Wages

- **Employment**—Total Nonfarm employment declined 8,700 jobs (0.7%) in 2010 and is expected to increase 16,500 jobs (1.4%) in 2011.
- **Unemployment**—Utah's 2010 unemployment rate was 7.6%, up from 6.6% in 2009. In 2010, there were an average of 102,300 unemployed Utahns. The unemployment rate is anticipated to decline to 7.1% in 2011.
- **Average Wage**—In 2010, Utah's average annual nonfarm wage was $38,547, an increase of 1.3% from 2009. Average annual pay is forecast to increase 2.3% in 2011.

Total Nonfarm Employment (2010e)	**1,180,000**
Change (2009-2010)	-8,736
Percent Change (2009-2010)	-0.7%
Unemployment (2010)	7.6%
Total Nonfarm Wages (2010e)	**$45.5 billion**
Percent Change (2009-2010)	0.5%
Average Annual Wage (2010e)	**$38,547**
Percent Change (2009-2010)	1.3%
Total Personal Income (2010e)	**$90.3 billion**
Percent Change (2009-2010)	2.5%
Per Capita Personal Income (2010e)	**$31,669**
Percent Change (2009-2010)	0.2%

Note: e = estimate



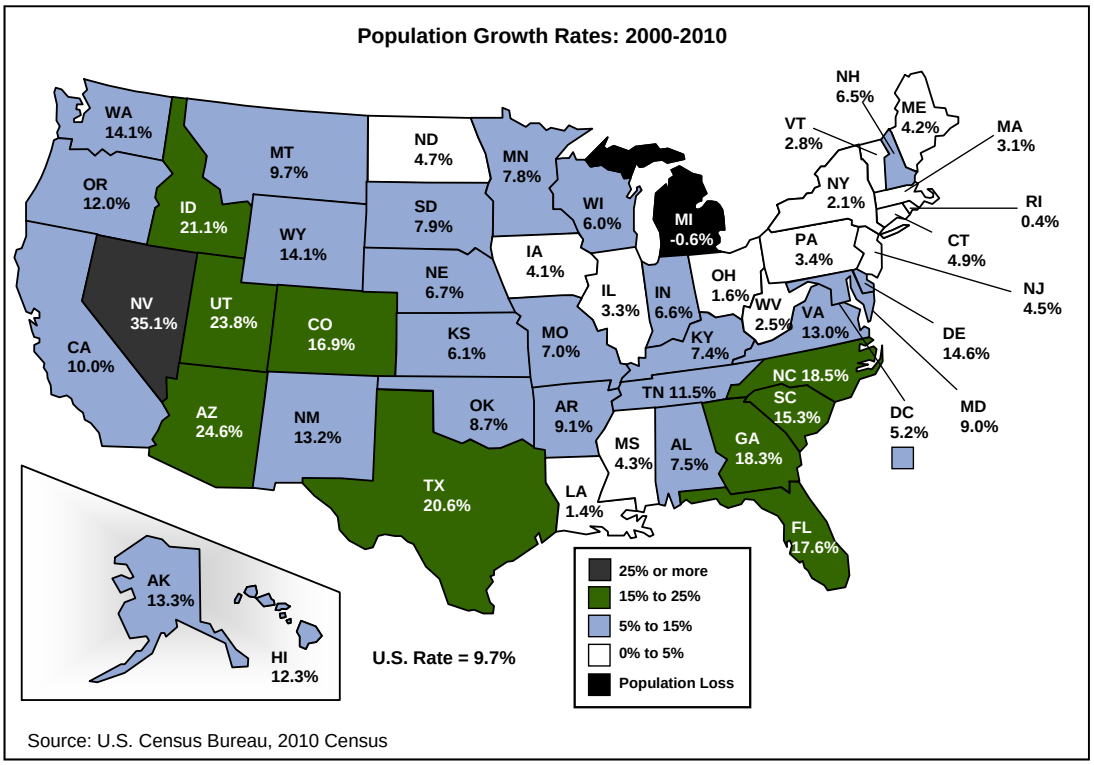
Source: Utah Department of Workforce Services e = estimate f = forecast

Demographics

- **2010 Census National and State Population Counts**—On April 1, 2010, the U.S. Census Bureau conducted the 23rd national census. The Census Bureau released national and state population totals on December 21, 2010. This is the first set of data released from the 2010 decennial census. The total 2010 population count for the United States was 308,745,538. This represents a population increase of 27,323,632 people, or 9.7% from 2000. Utah's 2010 total population count was 2,763,885. This represents a population increase of 530,716 people, or 23.8% from 2000, ranking Utah third among states in population growth. Utah grew more than twice as fast as the nation from 2000 to 2010.

	Utah	United States
2000 Census	2,233,169	281,421,906
2010 Census	2,763,885	308,745,538
Percent Change	23.8%	9.7%
Absolute Change	530,716	27,323,632

- **Rate of Growth**—The majority of states that experienced the highest growth rates from 2000 to 2010 are located in the South and West regions of the United States. The top ten states with the highest growth rates include: Nevada (35.1%), Arizona (24.6%), Utah (23.8%), Idaho (21.1%), Texas (20.6%), North Carolina (18.5%), Georgia (18.3%), Florida (17.6%), Colorado (16.9%), and South Carolina (15.3%).
- **2011 Outlook**—Utah will continue to experience population growth at a rate higher than most states in 2011 on account of strong natural increase in addition to in-migration. Natural increase (births less deaths) is anticipated to add 37,000 people to Utah's population. While net in-migration has slowed since the peak of the economic expansion, Utah's net migration is projected to remain positive at 10,000 people.



Source: U.S. Census Bureau, 2010 Census

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Preface

The *2011 Economic Outlook* is the first publication in what will become an annual companion piece to the *Economic Report to the Governor* series, which will now be published in the fall. Through the last two decades, the *Economic Report to the Governor* has served as the preeminent source for data, research, and analysis about the Utah economy. The *Economic Outlook* will focus on an estimated summary of the previous year and a forecast for the forthcoming year.

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.

Collaborative Effort/Contributors. Authors, who represent both public and private entities, devote a significant amount of time to this report, ensuring that it contains the latest economic and demographic information. While this report is a collaborative effort which results in a consensus outlook for the next year, each topic is the work of the contributing organization, with review and comment by the Governor's Office of Planning and Budget. More detailed information about the findings in each chapter can be obtained by contacting the authoring entity.

Statistics Used in This Report. The statistical contents of this report come from a multitude of sources which are listed at the bottom of each table and figure. Statistics 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 2010 estimates and 2011 forecasts in this report are based on data available as of mid-December 2010. 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.

Statistics for States and Counties. This report focuses on data for the state, with occasional data for county geographies. For information about data for a different level of geography than shown in this report, the contributing entity should be contacted.

Electronic Access. This report is available on the Governor's Office of Planning and Budget's web site at http://www.governor.utah.gov/dea.

Suggestions and Comments. Users of the *Economic Outlook* are encouraged to write or call 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 Governor's Office of Planning and Budget, PO Box 142210, Salt Lake City, Utah 84114-2210. The telephone number is (801) 538-1027 and the email address is dea@utah.gov.

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Map of Utah


Bear River
Cache
Rich
Box Elder
Weber
Morgan
Davis
Summit
Daggett
Wasatch Front
Salt Lake
Tooele
Wasatch
Utah
Duchesne
Uintah
Mountainland
Uintah Basin
Juab
Carbon
Central
Sanpete
Emery
Grand
Millard
Sevier
Southeastern
Beaver
Piute
Wayne
Iron
Garfield
Southwestern
San Juan
Washington
Kane

Economic Indicators for Utah and the United States: December 2010

ECONOMIC INDICATORS	UNITS	2008 ACTUAL	2009 ACTUAL	2010 ESTIMATE	2011 FORECAST	PERECENT CHANGE 2009	2010	2011
PRODUCTION AND SPENDING								
U.S. Real Gross Domestic Product	Billion Chained $2005	13,228.9	12,880.6	13,246.9	13,564.0	-2.6	2.8	2.4
U.S. Real Personal Consumption	Billion Chained $2005	9,265.0	9,153.9	9,311.9	9,565.0	-1.2	1.7	2.7
U.S. Real Private Fixed Investment	Billion Chained $2005	1,997.0	1,630.6	1,688.8	1,766.1	-18.3	3.6	4.6
U.S. Real Federal Defense Spending	Billion Chained $2005	657.7	693.0	719.4	715.6	5.4	3.8	-0.5
U.S. Real Exports	Billion Chained $2005	1,647.7	1,490.7	1,663.7	1,794.7	-9.5	11.6	7.9
Utah Exports (NAICS, Census)	Million Dollars	10,306.0	10,337.1	14,062.0	15,327.5	0.3	36.0	9.0
Utah Coal Production	Million Tons	24.3	21.9	18.8	19.8	-9.7	-14.3	5.3
Utah Crude Oil Production	Million Barrels	22.0	22.9	24.2	25.2	4.1	5.5	4.1
Utah Natural Gas Production Sales	Billion Cubic Feet	402.0	405.6	386.0	380.0	0.9	-4.8	-1.6
Utah Copper Mined Production	Million Pounds	629.0	619.8	536.6	575.7	-1.5	-13.4	7.3
Utah Molybdenum Production	Million Pounds	29.6	23.1	29.8	30.7	-22.0	29.0	3.0
SALES AND CONSTRUCTION								
U.S. New Auto and Truck Sales	Millions	13.2	10.4	11.5	12.8	-21.2	10.3	11.4
U.S. Housing Starts	Millions	0.90	0.55	0.59	0.70	-38.4	6.2	19.0
U.S. Private Residential Investment	Billion Dollars	472.5	352.1	337.7	341.1	-25.5	-4.1	1.0
U.S. Nonresidential Structures	Billion Dollars	582.5	451.6	378.0	356.2	-22.5	-16.3	-5.8
U.S. Home Price Index (FHFA)	1980Q1 = 100	368.1	353.3	337.1	313.1	-4.0	-4.6	-7.1
U.S. Nontaxable & Taxable Retail Sales	Billion Dollars	4,409.4	4,131.5	4,385.3	4,613.6	-6.3	6.1	5.2
Utah New Auto and Truck Sales	Thousands	90.9	66.2	70.7	80.0	-27.1	6.8	13.2
Utah Dwelling Unit Permits	Thousands	10.6	10.5	9.3	11.0	-1.1	-11.3	18.3
Utah Residential Permit Value	Million Dollars	1,876.2	1,674.0	1,607.0	2,000.0	-10.8	-4.0	24.5
Utah Nonresidential Permit Value	Million Dollars	1,915.5	1,054.3	900.0	750.0	-45.0	-14.6	-16.7
Utah Additions, Alterations and Repairs	Million Dollars	789.0	660.1	553.0	575.0	-16.3	-16.2	4.0
Utah Home Price Index (FHFA)	1980Q1 = 100	375.0	349.1	332.7	322.8	-6.9	-4.7	-3.0
Utah Taxable Retail Sales	Million Dollars	26,489	25,600	25,404	26,365	-3.4	-0.8	3.8
DEMOGRAPHICS AND SENTIMENT								
U.S. July 1st Population	Millions	305.2	307.8	310.8	313.8	0.9	1.0	1.0
U.S. Consumer Sentiment (U of M)	Diffusion Index	63.8	66.3	71.7	75.7	3.9	8.2	5.6
Utah July 1st Population (UPEC)	Thousands	2,758	2,800	2,849	2,896	1.5	1.7	1.7
Utah Net Migration (UPEC)	Thousands	16.6	1.5	10.0	10.0			
PROFITS AND RESOURCE PRICES								
U.S. Corporate Before Tax Profits	Billion Dollars	1,333.2	1,316.7	1,825.2	1,724.2	-1.2	38.6	-5.5
U.S. Corporate Profit [above less Fed. Res.]	Billion Dollars	1,298.1	1,269.4	1,763.3	1,652.0	-2.2	38.9	-6.3
West Texas Intermediate Crude Oil	$ Per Barrel	99.8	61.8	78.9	82.8	-38.1	27.7	5.0
U.S. Coal Producer Price Index	1982 = 100	161.6	182.1	188.5	187.4	12.7	3.5	-0.6
Utah Coal Prices	$ Per Short Ton	25.7	31.5	30.0	29.0	22.6	-4.8	-3.3
Utah Oil Prices	$ Per Barrel	86.6	50.2	67.0	70.5	-42.0	33.4	5.2
Utah Natural Gas Prices	$ Per MCF	6.15	3.15	3.90	4.00	-48.8	23.8	2.6
Utah Copper Prices	$ Per Pound	3.16	2.34	3.30	3.35	-25.9	41.0	1.5
Utah Molybdenum Prices	$ Per Pound	30.0	11.5	16.0	15.0	-61.6	38.8	-6.3
INFLATION AND INTEREST RATES								
U.S. CPI Urban Consumers (BLS)	1982-84 = 100	215.2	214.5	218.0	220.9	-0.3	1.6	1.3
U.S. GDP Chained Price Index (BEA)	2005 = 100	108.6	109.6	110.7	111.9	0.9	0.9	1.1
U.S. Federal Funds Rate (FRB)	Effective Rate	1.93	0.16	0.18	0.17			
U.S. 3-Month Treasury Bills (FRB)	Discount Rate	1.40	0.15	0.14	0.29			
U.S. 10-Year Treasury Notes (FRB)	Yield (%)	3.67	3.26	3.17	2.77			
30 Year Mortgage Rate (FHLMC)	Percent	6.04	5.04	4.68	4.45			
EMPLOYMENT AND WAGES								
U.S. Establishment Employment (BLS)	Millions	136.8	130.9	130.3	131.8	-4.3	-0.5	1.2
U.S. Average Annual Pay (BLS)	Dollars	47,954	47,927	49,182	50,677	-0.1	2.6	3.0
U.S. Total Wages & Salaries (BLS)	Billion Dollars	6,559.1	6,274.1	6,406.3	6,679.7	-4.3	2.1	4.3
Utah Nonagricultural Employment (DWS)	Thousands	1,252.5	1,188.7	1,180.0	1,196.5	-5.1	-0.7	1.4
Utah Average Annual Pay (DWS)	Dollars	37,456	38,059	38,547	39,433	1.6	1.3	2.3
Utah Total Nonagriculture Wages (DWS)	Million Dollars	46,913	45,242	45,485	47,182	-3.6	0.5	3.7
INCOME AND UNEMPLOYMENT								
U.S. Personal Income (BEA)	Billion Dollars	12,391	12,175	12,551	13,021	-1.7	3.1	3.7
U.S. Unemployment Rate (BLS)	Percent	5.8	9.3	9.6	9.5			
Utah Personal Income (BEA)	Million Dollars	88,902	88,026	90,253	94,016	-1.0	2.5	4.2
Utah Unemployment Rate (DWS)	Percent	3.7	6.6	7.6	7.1			

Sources: State of Utah Revenue Assumptions Working Group, Moody's Economy.Com, and IHS Global Insight.

National Outlook

After its largest contraction since the 1930s, the U.S economy began growing during the second quarter of 2009. Officially, the recession that began in December 2007 ended in June 2009. The recovery for gross domestic product (GDP), however, has progressed more rapidly than for employment. Despite monthly private sector job gains throughout 2010, total employment at the end of the year was still more than 7 million below its peak. Because this recession started with unprecedented and unsustainable debt levels, the resolution of bad loans will be time-consuming, which will hinder job creation. The outlook for 2011 calls for the recovery to continue at a tempered pace.

2010 Summary

As 2010 opened, the main concern for policy makers was when to begin reducing the Federal Reserve's massive balance sheet. It seemed the panic from the fall of 2008 and its residual effects during 2009 had ended. Consumer and business spending were picking up as the economic situation appeared to be normalizing. The expectation was employment growth would begin to pick up as well, perhaps reaching 200,000 per month by the end of the year. As the Federal Reserve ended its $1.25 trillion mortgage backed security (MBS) purchase program in April, hiring to complete the 2010 Decennial Census surged, masking an underlying weakness in the labor market. The reversal of Census hiring over the summer resulted in total employment declines, though private sector hiring continued at a subdued pace. By August it was evident the economy was stalling and a second round of so-called "quantitative easing" (QE2) was considered, designed and implemented. As 2010 closed, QE2 purchases of medium and long term Treasury securities were about $100 billion per month, but employment was growing less than 100,000 per month.

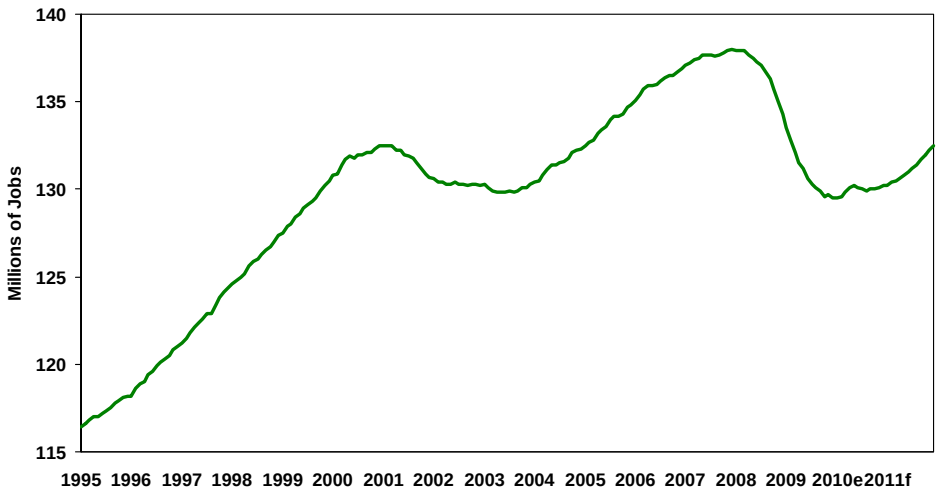
For the year ending in November, employment grew 0.6%, but for the year as a whole, it declined 0.5%. With the continuing slump in housing and business structures, construction had the largest rate of employment decline at 7.0%. Healthy production growth slowed manufacturing layoffs, but jobs still declined 2.0%. Despite the strong increase in sales, both wholesale and retail trade posted small job losses of less than 1.0%. Increasing production and sales, and the consequent need to ship goods, slowed the decline in transportation and warehousing jobs to 1.4%. The 2010 Decennial Census provided a temporary boost of 4.6% to federal employment, but this will be gone in 2011. Weak tax collections lead to a 1.1% decline in the state and local government workforce. While increased production did not result in permanent hires, the administrative support sector, which includes temporary help, increased 3.3%, a very strong showing given the decline in total employment. Temporary help tends to be a leading indicator because it begins growing six months to a year before total employment. Its strong growth suggests total employment will begin growing rapidly enough to bring the unemployment rate down from near 10.0%, if only slightly. Education and health care both increased almost 2.0%. Firming energy prices lifted mining employment 3.7%. After experiencing the largest decline in jobs since the Great Depression during 2009, the labor market stabilized during 2010, with employment growing at a measured pace at year end.

Significant Issues

Significant issues include the continuing housing slump, the extraordinary actions of the Federal Reserve in implementing monetary policy and the retrenchment of federal, state and local governments reigning in expansionary fiscal policy in the face of lagging tax revenue.

Housing. After a collapse that began late in 2005, housing stabilized during 2009 and 2010, but is not expected to recover much during 2011. The current housing downturn is the worst in the last 60 years. Residential investment was 2.5% of GDP in 2009 and 2.3% in 2010, where it is expected to remain during 2011. Relative to GDP, these levels of housing investment are the lowest since the height of the World War II build-up and the depths of the Great Depression. While sales, starts, and prices have begun to increase,

Figure 1
Seasonally Adjusted U.S. Nonfarm Payroll Employment

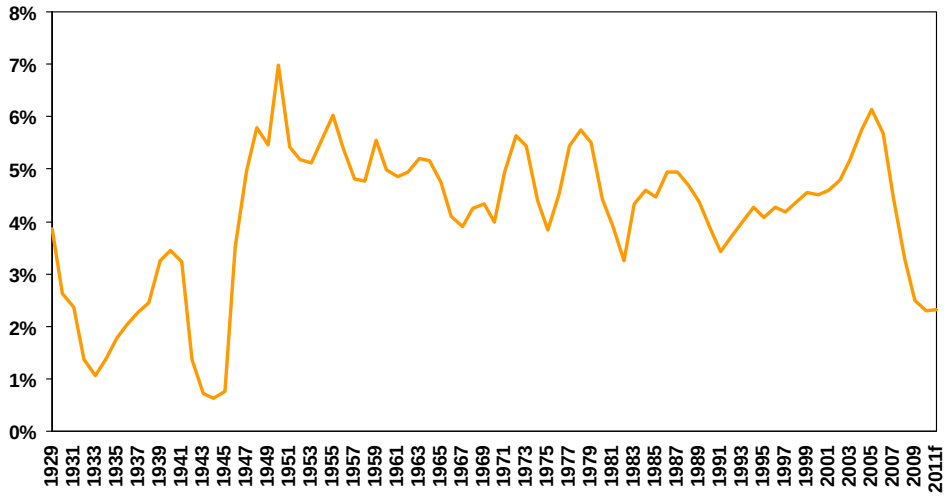


Note: Vertical axis does not begin at zero e = estimates f = forecast
Source: Bureau of Labor Statistics and Global Insight

foreclosures have not abated. After a record 2.9 million home foreclosures during 2009, another record 3.5 million homes were foreclosed during 2010, or more than half of home sales. Foreclosures should begin to fall now that employment has begun rising, but will remain above normal as long as the economy remains weak. These forced sales, in a vicious cycle, will continue to weigh on housing and the broader recovery.

There are at least three widely followed home price measures: Standard and Poor's Case-Shiller Price Index, Federal Housing Finance Agency (FHFA) Price Index, and National Association of Realtors (NAR) Home Sales Price.

Figure 2
U.S. Housing Cycles Since the Great Depression: Residential Investment as a Percent of GDP



Source: U.S. Bureau of Economic Analysis and Global Insight f = forecast

Typically the median price is reported: half of homebuyers pay more than this price, half pay less. The average is also reported, but this can be skewed by high-priced homes that do not reflect the cost to most home buyers. Because the average can be skewed, most observers prefer the median. Unlike simple commodities such as an apple or a gallon of gas, very few houses are exactly the same. Estimating the change in home prices from one month to the next does not reflect sales of the same product, in contrast to apples or gas. Case-Shiller makes the most determined effort to estimate what the same product would sell for. FHFA only includes mortgages from the portfolios of FreddieMac and FannieMae. Both Case-Shiller and FHFA are indexes, as opposed to actual prices, constructed from repeat sales of the same home. In any given month, the index is based on sales of a group of homes compared with previous sales of that same group. In contrast, NAR simply reports the median price of all homes sold in a given period, in dollars, as opposed to an index. While the NAR price is not tracking the exact same product, the median-priced home from one month to the next will be fairly constant in quality. NAR also has the advantage of being reported in dollars, which enables comparison to income and estimates of housing affordability.

Since peaking around 2006, home prices have fallen between 14%, according to FHFA, and 32%, according to Case-Shiller. Prices troughed during 2009 and have been roughly constant during 2010 slightly above trough levels. While the precise estimate varies, home prices have fallen sharply from the peak, but stabilized during 2009 and began to recover modestly during 2010. Two separate federal home-buyer credits, the first expiring in November 2009, and the second in June 2010, induced more sales at higher prices, but at the cost of dampening the recovery in late 2010. With price stability, home construction has moved up from post-World War II lows, with single family housing starts increasing from a low of 360,000 in January, 2009 (seasonally adjusted at an annual rate), to about 450,000 during the second half of 2010.

Monetary Policy. Ben Bernanke, Chairman of the Federal Reserve, has pointedly refused to use the phrase "quantitative easing" (QE) to describe the tripling of the central bank's balance sheet since late summer 2008. Bernanke described the initial program during the panic of fall 2008 as "credit easing." Rather than increase the quantity of bank reserves available for long term lending, which is the classic form of QE, the Federal Reserve's various programs were designed to provide short term liquidity support to stop the panic—to ease credit. The current program, commonly referred to as QE2, will purchase about $900 billion of medium-term (two to ten years) and long-term (from ten to thirty years) Treasury securities. QE2 is comprised of a $600 billion net increase in the Federal Reserve's balance sheet from Treasury holdings plus $300 billion of repaid principal from MBS reinvested in Treasuries. Bernanke notes the program, which will purchase about $100 billion per month of Treasuries, is designed to affect the yields on those instruments and on other high risk assets, as investors substitute out of government bonds in search of higher return. The increased demand for higher risk assets will lower their yields. In Bernanke's view, a chief problem with the credit markets currently is the high spread of yields on risky assets, such as corporate junk bonds, over risk-free assets, such as 30 day Treasury bills. Small business lending, in particular, has been seen as high risk by banks and

investors. In addition to providing broad support to the economy so the unemployment rate can come down, one of the Federal Reserve's chief objectives with QE2 is to increase the amount of lending to small business.

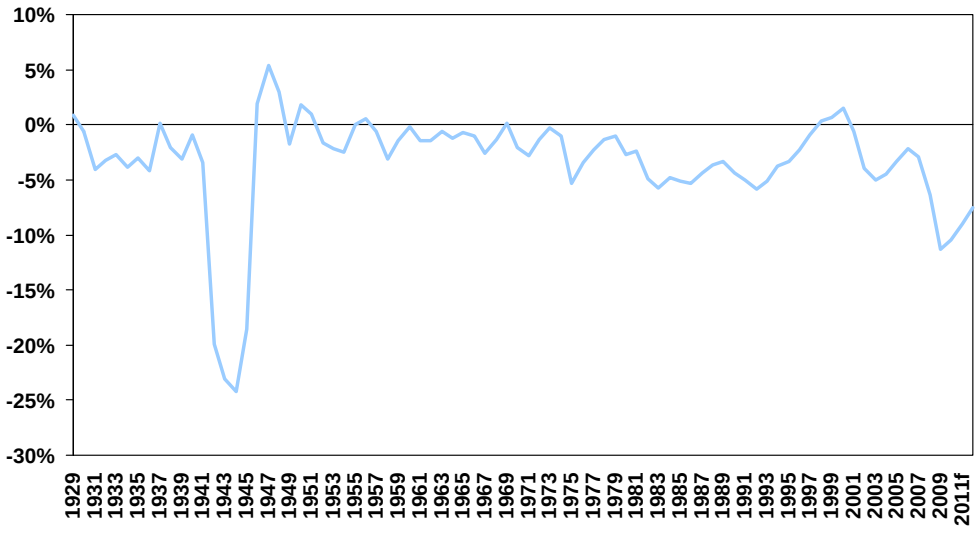
A number of leading macroeconomists, including James Hamilton of the University of California and John Taylor of Stanford, have grave doubts concerning the Federal Reserve's course. Hamilton observes every hyperinflation begins with the central bank funding the government's excess of spending over tax revenue, as the Federal Reserve has been doing for the Treasury. In its most virulent form, a hyperinflation renders money useless so the economy must operate through barter—with devastating impacts to production and employment. While agreeing with Hamilton, Taylor elaborates that the federal government, including the Federal Reserve, has been off-track since the early 2000s. Rates were too low after 2001, which helped fuel the housing bubble. Above and beyond the easy money regime, Taylor observes the government sponsored enterprises, FannieMae and FreddieMac, drove the origination of bad sub-prime mortgages. Further, supervisors failed to properly monitor the creation of off-balance sheet investment structures used by banks to finance risky mortgages. These three failures of federal policy, according to Taylor, caused the financial crisis. He argues the extraordinary expansion of the Federal Reserve's balance sheet has compromised its independence, been of little value, will be difficult to unwind, and has increased the risk of future inflation.

Fiscal Policy. In broad terms, fiscal policy is the balance of government spending and tax revenues, combining federal, state and local activities. Most economists agree when spending exceeds revenue, or the budget is in deficit, the short-term effects will expand the economy. There is less consensus on the long-term effects of temporary deficits. Robert Barro, of Harvard University, in particular, argues the economy will be worse off in the long run from higher inflation and higher taxes. Fiscal policy is comprised of automatic stabilizers such as unemployment insurance, and discretionary measures such as one-time tax cuts and infrastructure spending. John Taylor observes the contribution of federal civilian spending to GDP growth, one measure of fiscal policy, has been near zero throughout the crisis. Thus he doubts the current federal stimulus has had much effect even in the short term. The consensus on the immediate effects of the federal government's discretionary fiscal measures, however, is best reflected in work by the Congressional Budget Office (CBO). CBO estimates that as of June 2010, the federal stimulus program had increased the number of people employed by between 1.4 million and 3.3 million, but expects this effect to diminish during 2011, with essentially no impact in the long term.

At the height of the New Deal, the combined federal, state and local deficit reached 4.1% of GDP, matching, but not exceeding, the level from 1931. Thus, relative to GDP, the New Deal was a conscientious decision to continue deficit spending at the level that unintentionally resulted in 1931, when tax revenue collapsed, but government programs continued to operate at pre-Depression levels. With the economy on war footing, the deficit reached 24.3% in 1944. During the cold war build-up of the 1980s the deficit exceeded 5.0% in a few years. Likewise, during recovery from the 1991 and 2001 recessions the deficit exceeded 5.0%. At 11.3% of GDP in 2009, 10.5% in 2010, and an expected 9.1% in 2011, the current deficits are more than twice the level during the 1930s, unprecedented absent full scale mobilization for war.

The uneven impacts of the housing downturn caused greater deficits in some state and local budgets than for the nation as a whole. The combined deficit was $408 billion in 2007, or 2.3% of GDP, but 22.8% of the shortfall was due to prob-

Figure 3
U.S. Fiscal Policy Since the Great Depression: Combined Federal, State and Local Budget Balance as a Percent of GDP



f = forecast
Source: Bureau of Economic Analysis, Global Insight, and Governor's Office of Planning and Budget

lems in states such as California, Arizona, and Florida where housing first collapsed. By 2010, the combined deficit was over $1.5 trillion, but just 2.5% was from state and local. The fiscal effect of state and local action has been mildly contractionary as the federal deficit has ballooned. The mid-term elections of 2010 have moved national policy-making in a more conservative fiscal direction, so there should be a continuing fiscal retrenchment over the next few years that will dampen the expansionary effects of government action.

2011 Outlook

The consensus outlook is for accelerating GDP growth during 2011 with continuing slow progress in the labor market. The year should end with GDP growing 3.1%, employment growing 200,000 per month but the unemployment rate still above 9.0%. For the year as a whole, employment is expected to grow 1.2%, or by about 1.5 million jobs. With increasing production and sales, employers will need help, but with continuing tight credit and uncertain future conditions, they will still be reluctant to hire permanently. Temporary jobs in administrative support will account for almost one-third of total employment growth, or 447,000 jobs, which is also the highest industry growth rate at 6.0%. Health care will grow 406,000 jobs, 2.5%, or about one-quarter of the total. Despite the preference for temporary help, increasing production will require an addition of 183,000, or 1.6%, to manufacturing payrolls. Increasing sales will require 145,000 more workers in transportation, 117,000 in wholesale trade, and 25,000 in retail trade. Slightly declining business structure investment combined with sluggish housing growth will result in a 2.2% drop in construction employment, or 125,000 jobs. The conclusion of the 2010 Decennial Census will reduce the federal payroll by 134,000. Lagging tax revenue will require state and local government to cut 170,000 jobs. Excluding the declines in government, private sector job growth will be 1.9 million.

Most indicators suggest the recovery is proceeding and accelerating, but the pace is too slow to bring unemployment down much. GDP will continue to expand at a rate near its long term trend which will increase total employment, but barely enough to offset the increase in the labor force. The resolution of bad debt, through foreclosures in the household sector, and loan losses in the business sector, will continue to weigh on growth, but as the expansion proceeds the drag will diminish and the economy will gradually move toward full employment over the next few years.

Table 1
U.S. Nonfarm Payroll Employment by Sector

	Level of Employment													Annual Rate of Change				
	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010e	2011f	1990-2010	2000-2010	2009-2010	2010-2011
Natural Resources & Mining	764	640	599	606	583	572	591	627	684	724	766	700	726	738	-0.3%	1.9%	3.7%	1.6%
Construction	5,266	5,276	6,788	6,827	6,715	6,736	6,973	7,333	7,692	7,630	7,161	6,036	5,615	5,490	0.3%	-1.9%	-7.0%	-2.2%
Manufacturing	17,695	17,244	17,265	16,440	15,257	14,508	14,315	14,225	14,157	13,877	13,401	11,884	11,650	11,833	-2.1%	-3.9%	-2.0%	1.6%
Wholesale Trade	5,268	5,433	5,933	5,773	5,653	5,608	5,661	5,762	5,904	6,015	5,943	5,625	5,584	5,701	0.3%	-0.6%	-0.7%	2.1%
Retail Trade	13,183	13,895	15,279	15,240	15,027	14,918	15,061	15,281	15,354	15,517	15,284	14,530	14,459	14,485	0.5%	-0.5%	-0.5%	0.2%
Transportation & Warehousing	3,476	3,839	4,412	4,373	4,224	4,184	4,250	4,363	4,469	4,540	4,507	4,234	4,174	4,319	0.9%	-0.6%	-1.4%	3.5%
Utilities	740	666	601	599	596	577	564	554	548	553	559	561	555	550	-1.4%	-0.8%	-1.0%	-1.0%
Information	2,688	2,843	3,629	3,629	3,394	3,189	3,117	3,061	3,038	3,031	2,984	2,808	2,722	2,747	0.1%	-2.8%	-3.0%	0.9%
Finance & Insurance	4,976	5,069	5,677	5,770	5,814	5,919	5,945	6,019	6,155	6,131	6,015	5,762	5,654	5,742	0.6%	0.0%	-1.9%	1.5%
Real Estate	1,637	1,759	2,011	2,039	2,034	2,057	2,086	2,134	2,173	2,169	2,128	1,996	1,942	1,964	0.9%	-0.3%	-2.7%	1.1%
Professional	4,539	5,079	6,702	6,871	6,647	6,601	6,746	7,024	7,357	7,660	7,798	7,509	7,419	7,590	2.5%	1.0%	-1.2%	2.3%
Management of Companies	1,667	1,686	1,796	1,779	1,706	1,688	1,725	1,760	1,811	1,866	1,904	1,856	1,829	1,844	0.5%	0.2%	-1.5%	0.8%
Administrative	4,644	6,082	8,173	7,831	7,622	7,696	7,918	8,168	8,402	8,417	8,032	7,209	7,446	7,893	2.4%	-0.9%	3.3%	6.0%
Educational Services	1,688	2,010	2,391	2,510	2,645	2,696	2,760	2,834	2,899	2,942	3,042	3,089	3,144	3,208	3.2%	2.8%	1.8%	2.1%
Health Care & Social Assistance	9,295	11,278	12,718	13,133	13,556	13,892	14,190	14,536	14,925	15,379	15,797	16,099	16,408	16,814	2.9%	2.6%	1.9%	2.5%
Arts, Entertainment & Recreation	1,133	1,459	1,786	1,824	1,783	1,814	1,847	1,891	1,928	1,970	1,972	1,914	1,900	1,964	2.6%	0.6%	-0.7%	3.4%
Accommodation & Food Services	8,154	9,041	10,074	10,208	10,203	10,361	10,645	10,923	11,180	11,455	11,465	11,187	11,208	11,300	1.6%	1.1%	0.2%	0.8%
Other Services	4,261	4,572	5,168	5,258	5,372	5,401	5,409	5,395	5,438	5,494	5,515	5,363	5,356	5,466	1.2%	0.4%	-0.1%	2.0%
Federal Government	3,196	2,947	2,865	2,763	2,766	2,760	2,731	2,732	2,733	2,734	2,762	2,827	2,958	2,824	-0.4%	0.3%	4.6%	-4.5%
State & Local Government	15,218	16,488	17,925	18,357	18,744	18,820	18,887	19,073	19,239	19,484	19,743	19,724	19,505	19,335	1.2%	0.8%	-1.1%	-0.9%
Total	109,490	117,306	131,793	131,830	130,340	129,996	131,419	133,694	136,085	137,588	136,776	130,911	130,256	131,808	0.9%	-0.1%	-0.5%	1.2%
Annual Change		1,563	2,897	36	-1,489	-344	1,423	2,275	2,391	1,503	-812	-5,866	-654	1,551				
Annual Rate of Change		1.4%	2.4%	0.0%	-1.1%	-0.3%	1.1%	1.7%	1.8%	1.1%	-0.6%	-4.3%	-0.5%	1.2%				

e = estimate
f = forecast

Source: Bureau of Labor Statistics and Global Insight

Utah Outlook

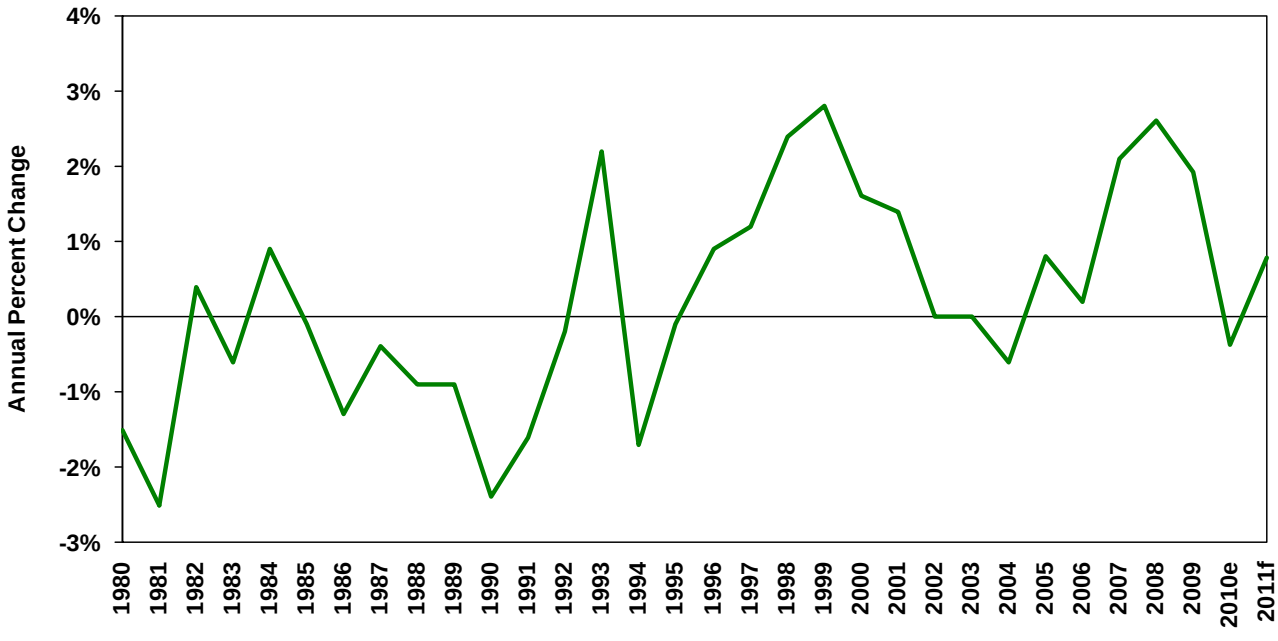
Utah fared better than the nation during the recession, and is poised to lead the U.S. into the recovery. Heading into the downturn, Utah's unemployment rate was less than 3.0%, which spurred large amounts of in-migration. During the expansion following the 2001 recession, national companies looking for western production and distribution sites viewed Salt Lake at the cross-roads of I-15 and I-80, as well as the entire I-15 corridor from Tremonton to St. George, as a natural location to do business. When the U.S. economy slowed, business expansion in Utah declined, local unemployment increased and in-migration fell off from a high of about 40,000 during 2007 to about 10,000 during 2010. The expectation of a tempered national recovery limits the state's growth outlook, though Utah is still expected to expand more rapidly than the nation.

2010 Summary

For the year ending November 2010, employment grew 1.1%, but for the year as a whole it declined an estimated 0.7%. As of November, the unemployment rate had reached 7.5%, 0.9% higher than a year earlier, but still more than 2% less than the U.S. The continuing housing and commercial real estate slump reduced construction employment by 6,000, or 8.5%, the largest decline both as a percent and in absolute amount by sector. The problems in housing and construction spilled over to financial activities, where employment declined 4.7%. With declining demand for Utah's natural gas, and declining coal production, mining employment declined 4.6%. Despite a pick-up in sales during the second half of the year, wholesale trade employment grew just 0.4%, while retail jobs declined 1.5%. Employment in the broad trade, transportation, and utilities sector declined 1.9%. With increasing demand, instead of hiring permanent employees, employers hired temporary help, boosting jobs in this sector 3.1%. Employment in the broad professional and business services sector increased 2.7%. Education and health services posted a 3.1% gain, or 4,600 jobs, the largest amount of growth by industry. Government employment increased 0.3%, though this was entirely due to federal employment, which grew 1.1%, to complete the 2010 Census. State government jobs declined 0.6%, while local government declined 0.2%.

Gross domestic product (GDP) is the broadest measure of state economic activity, but is only available on an annual basis for 2009. Because personal income is available quarterly for the current year, it is often used in place of GDP. During 2010, Utah personal income increased 2.5%, but total wages, its largest component, increased just 0.5%. The small increase in wages was more than offset by other components to boost the increase in total personal income. Dividends, interest and rent increased 1.7%, but this was augmented by a 7.8% increase in government support payments such as unemployment insurance, temporary assistance to needy fami-

Figure 4
Inflation-Adjusted Utah Average Annual Pay Growth Rates



e = estimate f = forecast
Source: Bureau of Labor Statistics; Utah Department of Workforce Services; State of Utah Revenue Assumptions Working Group

lies, and food stamps. Fringe benefits such as health and retirement increased 2.7%. Profits accruing to small business owners increased 3.2%.

The slight increase in total wages combined with the slight decline in employment to increase average pay 1.3%, from $38,059 to $38,547. Since inflation, as measured by the consumer price index (CPI), increased 1.6%, the net result was that the real inflation-adjusted average wage declined 0.3%. As a percent of the nation, Utah's average pay has ranged between 75% and 85% since 1990.

Significant Issues

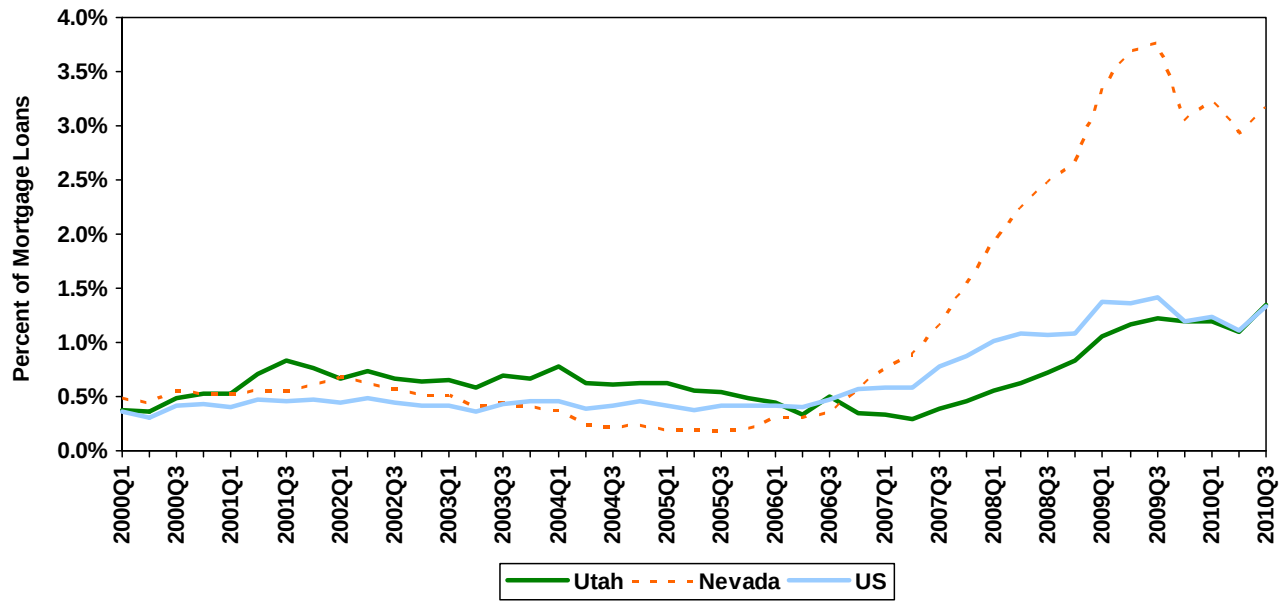
Significant issues include the continuing housing slump, selected job and project announcements, and Utah's favorable rankings among the states.

Housing. The continuing national housing slump is playing out in Utah too. Since the end of the boom, Utah's rate of foreclosure starts has increased from 39th in the nation, at 0.33% of mortgages in 2007 first quarter compared to 0.59% for the U.S., to 14th, at 1.35% in 2010 third quarter compared to a national rate of 1.34%. Foreclosure starts are the best measure of current consumer credit quality, while total foreclosures, which include starts as well as loans in the process of being foreclosed, indicate how fast foreclosures proceed after being started. Utah's total foreclosure rate during 2010 third quarter was 3.23% compared to a U.S. rate of 4.39%. Given their current start rates were nearly equal, the fact that the rate of total foreclosures was 36% higher for the U.S. suggests the backlog of foreclosures in Utah is relatively small compared to the nation as a whole. Nevada has ranked first in foreclosure starts since 2007 fourth quarter, and its 2010 third quarter rate was 3.17%, more than twice the nation. Housing peaked about a year earlier across the U.S., so Utah's foreclosure start rate lagged the nation's, until recently. Throughout 2010, however, the rate of foreclosure starts in Utah has been close to the U.S. With 22,000 homes in some stage of foreclosure during October 2010, and 3,600 starts, it appears construction of new homes will continue to be dampened for most of 2011 if not 2012. From a peak near 30,000 in 2005, building permits have progressively declined to 9,300 in 2010.

Distressed property sales will continue to weigh on home prices as well as home sales and home building. Utah has the same home price measures as the nation—the Federal Housing Finance Agency (FHFA) reports prices for Utah and the National Association of Realtors (NAR) reports prices for the Salt Lake metropolitan area, Case-Shiller has no reporting in Utah. In addition, the Utah Association of Realtors (UAR) has historically reported average selling price, but changed their method to median beginning the second quarter of 2010. NAR and UAR measures have declined 10% to 15% since the peak in third quarter of 2007, while FHFA has declined over 20%. Prices stabilized during 2010, but they have been drifting down by each measure.

Selected Job and Project Announcements. As the recovery strengthens, numerous companies have announced local

Figure 5
Foreclosure Starts in Utah, Nevada, and U.S. Percent of Mortgage Loans



Source: Mortgage Bankers Association

expansions. Two billion dollar projects, City Creek Center and the National Security Agency (NSA) data center, are under way. City Creek is midway through a massive reconstruction of downtown Salt Lake City, on schedule to finish in 2012. The contract to build the NSA data center was awarded to Big-D, with construction expected to be complete during 2012. About ten transportation projects worth several billion dollars are under construction or scheduled to begin in 2011. The Utah Transit Authority will be completing TRAX lines in Salt Lake County, and FrontRunner from Salt Lake City south into Utah County. The Utah Department of Transportation has begun I-15 Core in Utah, with a total project cost of $1.5 billion. Construction on Mountain View Corridor in western Salt Lake County has also begun, at a cost of $480 million.

Table 2
Selected Job and Project Summary

2010 additions of 50 or more jobs	Future additions of 50 or more jobs	2010 and Future Construction projects over $200 million
ACS	Accelerated Payments	City Creek Center
ATK--Davis County	Great Salt Lake Minerals	Ebay Computer Center
Dougway	Merit Medical	Federal Courthouse
Ebay Computer Center	Oracle Data Center	I-15 Core
Goldman Sachs	Pinnacle Security	I-15 Ogden Weber
IHC Riverton Hospital		Kennecott Molybdenum Smelter
Kohl's Department Store		Milford Wind Corridor
Lofthouse		Mountain View Corridor
Microsoft Research Center		NSA Data Center
Nelson Labs		Oracle Data Center
Quality Bikes		Pioneer Crossing Road
Reckitt		Station Park
St. Regis Deer Crest		UTA Airport Trax
Stevens Heneger		UTA FrontRunner South
WinCo		UTA Mid-Jordan Trax
		UTA West Valley Trax

2010 reductions of 50 or more jobs
ATK--Box Elder and Salt Lake Counties
CompuCredit
Consol Energy
Continental

Source: Governor's Office of Planning and Budget

Rankings. Utah remains a happy place, switching from first to second with Hawaii during 2010, according to Gallup. No doubt a large part of the reason Utahns are so happy is they are so healthy, ranking first or second in half the years since 1990 and in the top five in every year, according to United Health Foundation. Utah has always been top ranked by Forbes "Best States for Business and Careers," but captured the number one spot in 2010. Utah was ranked 1st in expected economic recovery by the American Legislative Exchange Council for keeping taxes, spending and regulation low. Accordingly, Utah is Pollina's second most pro-business state, and is the most economically dynamic state, according to Kauffman. Utah is the best managed state in the nation, according to Pew, with top information technology processes, according to the Center for Digital Government.

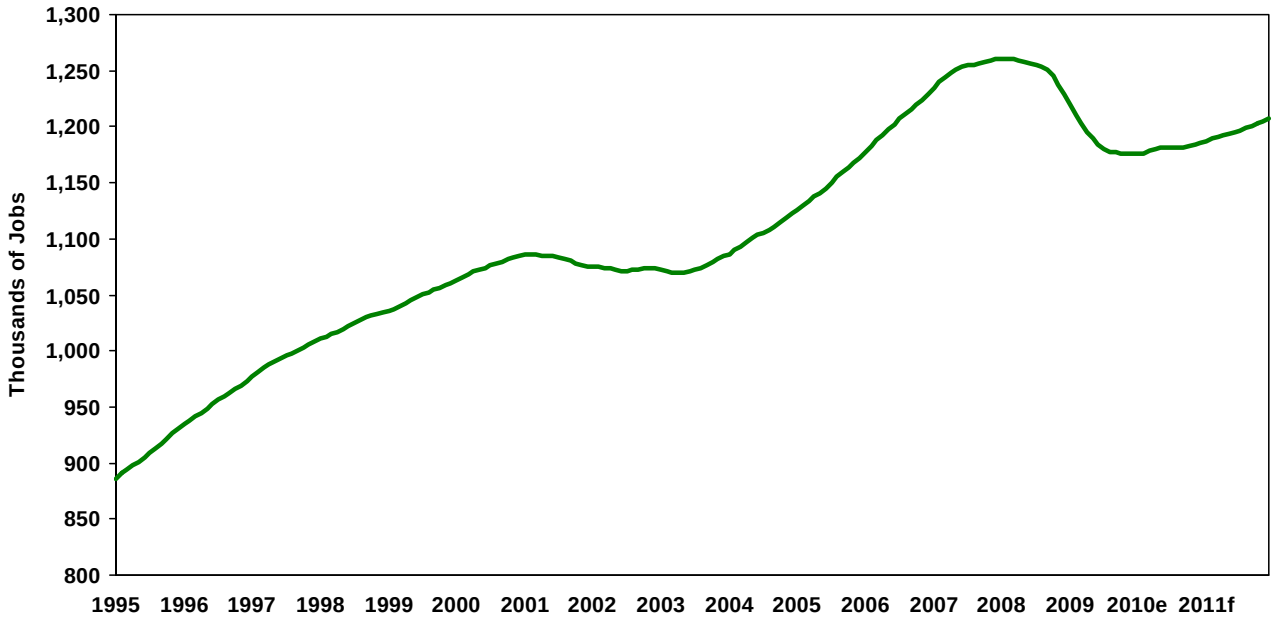
2011 Outlook

The current expectation is that Utah's recovery will be somewhat stronger than the nation's. Employment in Utah will grow 1.4% during 2011, as compared to 0.9% for the U.S. Total wages will grow 3.7%, while personal income grows 4.2%. Small business profits will increase 6.6%, dividends will increase 15.4% and interest income will increase 4.7%. These three sources are the main reason personal income will grow faster than wages during 2011. After growing 16.1% in 2009, and 7.8% in 2010, government support payments will grow just 2.4% in 2011. Average wages will grow 2.6% which combined with Consumer Price Index (CPI) growth of 1.6% will boost real pay 1.0%.

Employment in most sectors will grow during 2011. The long-term trend has been as the nation grows wealthier, the demand for medical services increases as a share of the economy. This trend will make education and health care the fastest growing sector in 2011 at 3.3%, which will also result in the largest number of new jobs, 5,200. Despite gradually stabilizing, continuing uncertainty about the economy will make employers slow to hire permanently. But the pick-up in sales and production will lead to increased need for help, albeit on a temporary basis. Temporary workers are the main component of the 4,300 job (2.8%) increase in professional and business services, though contract consulting will also boost growth. The turn-around in home-building and stabilizing commercial real estate will increase construction employment 2.8%, or 1,800 jobs. New orders will increase manufacturing employment 1.6%, for another 1,800 jobs. Oil, gas and coal production will increase slightly during 2011, but will not prevent mining jobs from declining by 200, or 2%.

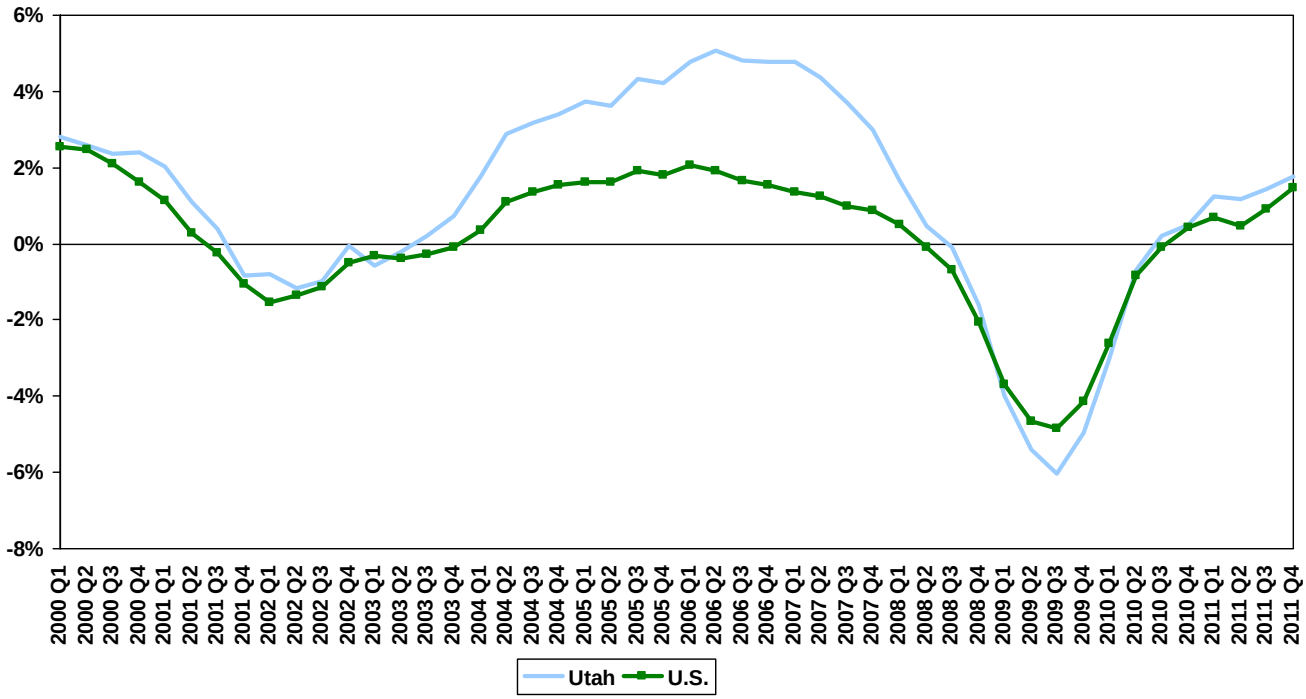
Utah has historically grown more rapidly than the U.S., especially during recoveries. While the rate of job decline during the recession was a bit higher for Utah than the nation, this was more a reflection of the state's strong growth during the expansion after the 2001 recession than any underlying weakness relative to the U.S. By the fourth quarter of 2011, the rate of job growth in Utah will accelerate to 1.8%, 0.3% higher than for the nation. As recovery takes hold, and the national expansion progresses, Utah's natural advantages as a western hub will drive strong growth for the state.

Figure 6
Seasonally Adjusted Nonfarm Payroll Employment in Utah



Note: Vertical axis does not begin at zero e = estimates f = forecast
Source: Department of Workforce Services and Governor's Office of Planning and Budget

Figure 7
Year Over Quarterly Employment Growth Rates for Utah and the U.S.



Source: Bureau of Labor Statistics; Utah Department of Workforce Services; and State of Utah Revenue Assumptions Working Group

Economic Indicators

Demographics

2010 Census National and State Population Counts

On April 1, 2010, the U.S. Census Bureau conducted the 23rd national census. The Census Bureau released national and state population totals on December 21, 2010. This is the first set of data released from the 2010 decennial census. The total 2010 population count for the United States was 308,745,538. This represents a population increase of 27,323,632 people, or 9.7% from 2000. Utah's 2010 total population count was 2,763,885. This represents a population increase of 530,716 people, or 23.8% from 2000, ranking Utah third among states in population growth. Utah grew more than twice as fast as the nation from 2000 to 2010.

The majority of states that experienced the highest growth rates from 2000 to 2010 are located in the South and West regions of the United States. The top ten states with the highest growth rates include: Nevada (35.1%), Arizona (24.6%), Utah (23.8%), Idaho (21.1%), Texas (20.6%), North Carolina (18.5%), Georgia (18.3%), Florida (17.6%), Colorado (16.9%), and South Carolina (15.3%).

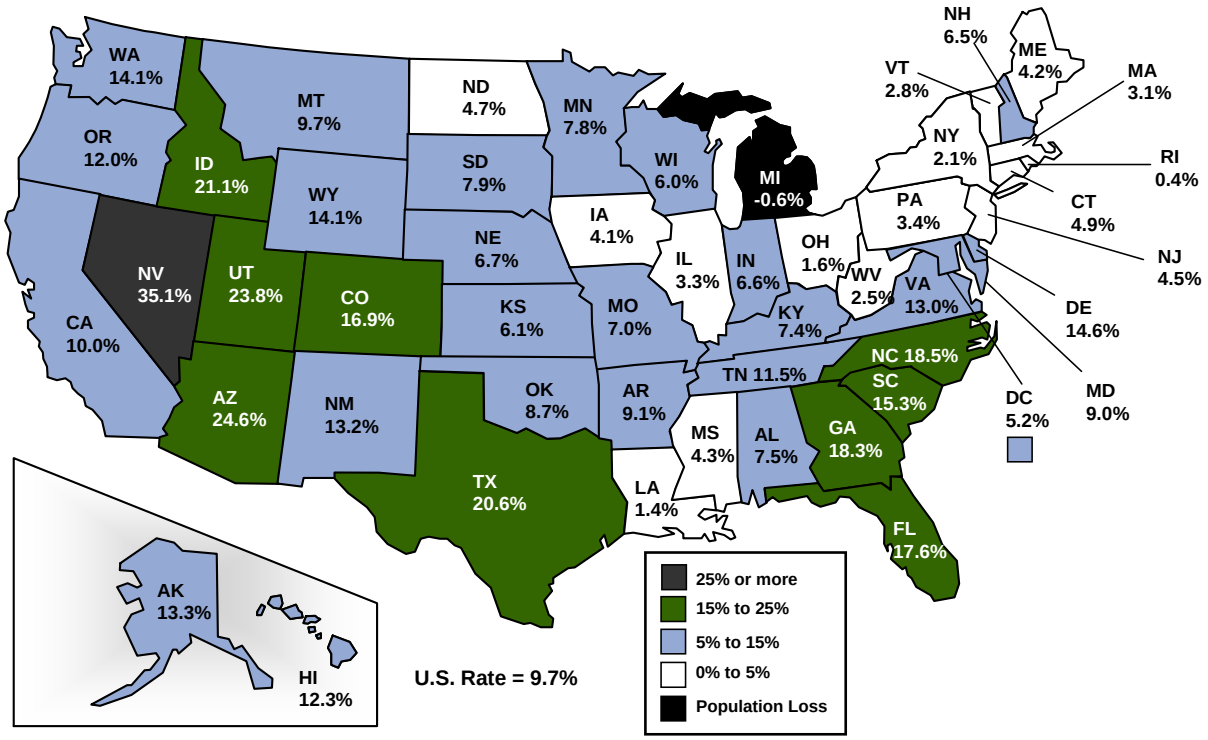
These unadjusted population totals will be used to apportion seats in the U.S. House of Representatives. Based on the 2010 results, Utah has gained a fourth seat in the House of Representatives. The last time Utah gained a seat was following the 1980 Census. States that gain house seats based on Census 2010 results include: Texas (4), Florida (2), Arizona (1), Georgia (1), Nevada (1), South Carolina (1), Utah (1), and Washington (1). States that lose house seats include: New York (2), Ohio (2), Illinois (1), Iowa (1), Louisiana (1), Massachusetts (1), Michigan (1), Missouri (1), New Jersey (1), and Pennsylvania (1).

The Utah Population Estimates Committee (UPEC) produces population estimates for the state and counties each year. UPEC will produce a July 1, 2010 estimate following the release of the 2010 Census county counts and will revise the intercensal estimates to reflect the new numbers. The 2010 Census data for smaller geographical areas, as well as more detail, will be released starting in March 2011 and continuing through 2013.

2011 Outlook

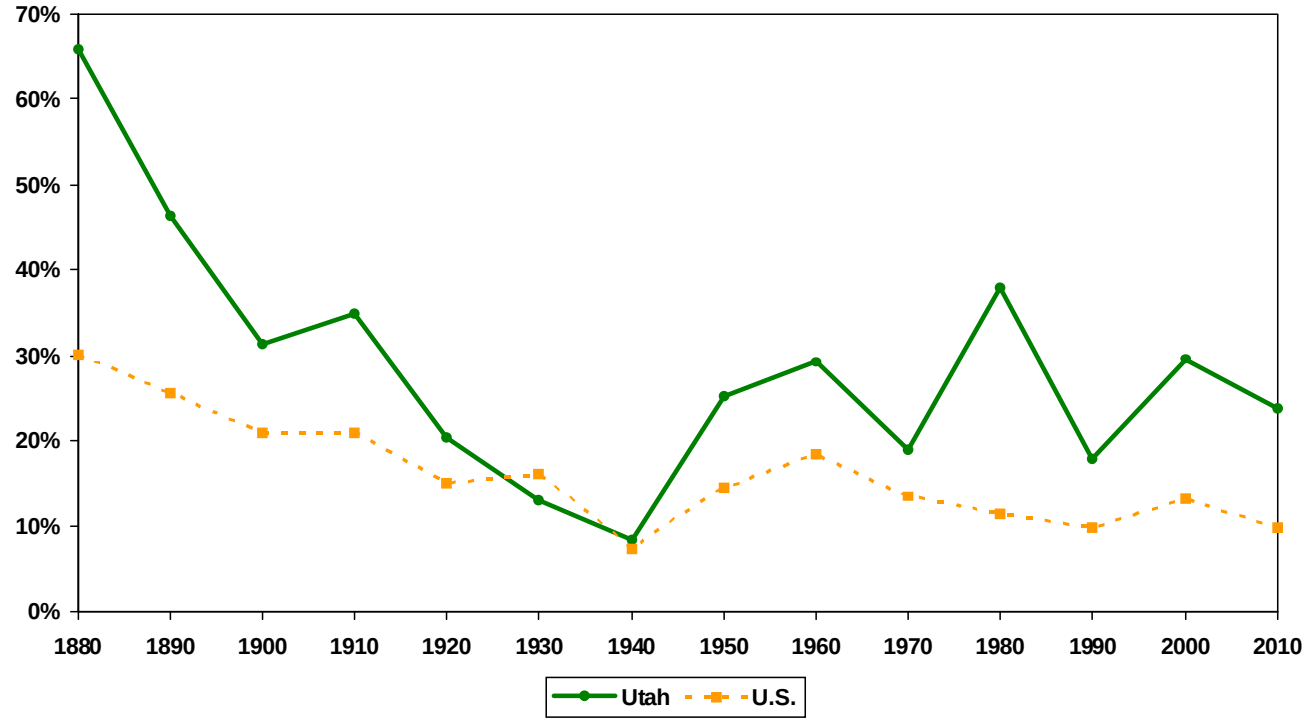
Utah will continue to experience population growth at a rate higher than most states in 2011 on account of strong natural increase in addition to in-migration. Natural increase (births less deaths) is anticipated to add 37,000 people to Utah's population. While net in-migration has slowed since the peak of the economic expansion, Utah's net migration is projected to remain positive at 10,000 people.

Figure 8
Percent Change in Population for States: 2000 to 2010



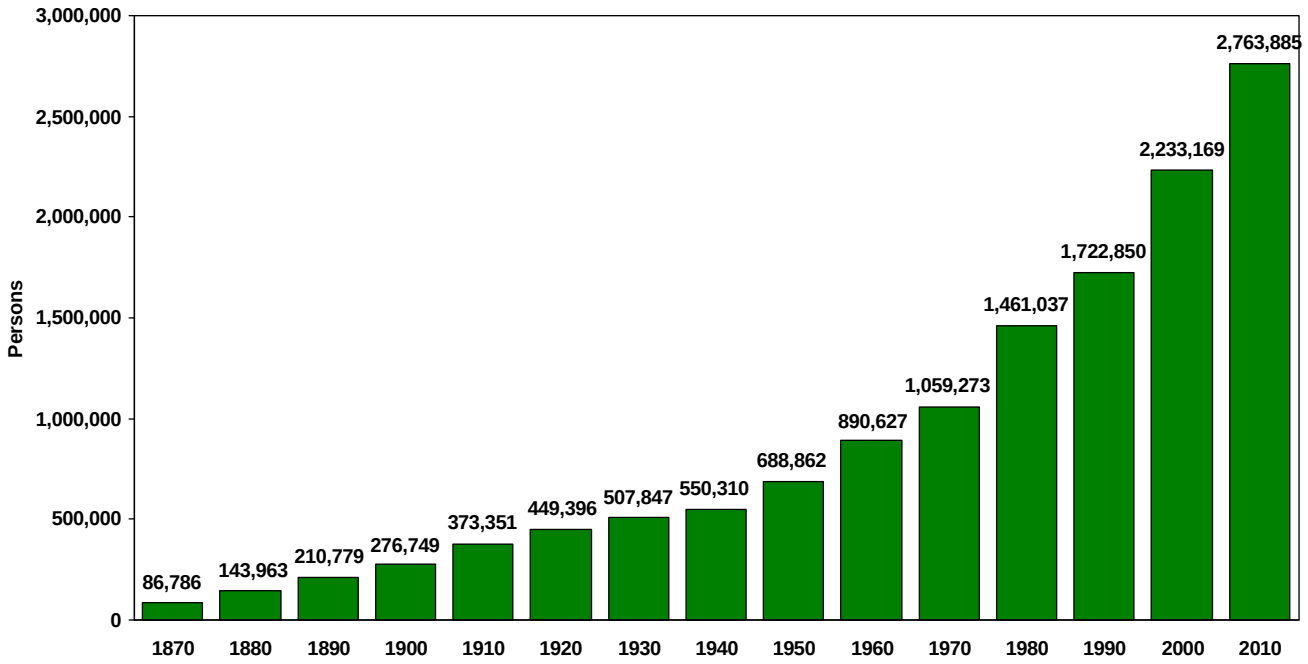
Source: U.S. Census Bureau, 2010 Census

Figure 9
Percent Change from Previous Census: Utah and the United States



Source: U.S. Census Bureau

Figure 10
Utah Total Population



Source: U.S. Census Bureau

Table 3
U.S. Census Bureau National and State Census Counts: 2000 and 2010

Area	April 1, 2000 Population	2000 Rank	April 1, 2010 Population	2010 Rank	2000-2010 Change	2000-2010 % Change	Rank Based on % Change
U.S.	281,421,906	na	308,745,538	na	27,323,632	9.7%	na
Region							
Northeast	53,594,378	4	55,317,240	4	1,722,862	3.2%	4
Midwest	64,392,776	2	66,927,001	3	2,534,225	3.9%	3
South	100,236,820	1	114,555,744	1	14,318,924	14.3%	1
West	63,197,932	3	71,945,553	2	8,747,621	13.8%	2
State							
Alabama	4,447,100	23	4,779,736	23	332,636	7.5%	27
Alaska	626,932	48	710,231	47	83,299	13.3%	14
Arizona	5,130,632	20	6,392,017	16	1,261,385	24.6%	2
Arkansas	2,673,400	33	2,915,918	32	242,518	9.1%	22
California	33,871,648	1	37,253,956	1	3,382,308	10.0%	20
Colorado	4,301,261	24	5,029,196	22	727,935	16.9%	9
Connecticut	3,405,565	29	3,574,097	29	168,532	4.9%	36
Delaware	783,600	45	897,934	45	114,334	14.6%	11
District of Columbia	572,059	50	601,723	50	29,664	5.2%	35
Florida	15,982,378	4	18,801,310	4	2,818,932	17.6%	8
Georgia	8,186,453	10	9,687,653	9	1,501,200	18.3%	7
Hawaii	1,211,537	42	1,360,301	40	148,764	12.3%	17
Idaho	1,293,953	39	1,567,582	39	273,629	21.1%	4
Illinios	12,419,293	5	12,830,632	5	411,339	3.3%	43
Indiana	6,080,485	14	6,483,802	15	403,317	6.6%	31
Iowa	2,926,324	30	3,046,355	30	120,031	4.1%	41
Kansas	2,688,418	32	2,853,118	33	164,700	6.1%	33
Kentucky	4,041,769	25	4,339,367	26	297,598	7.4%	28
Louisiana	4,468,976	22	4,533,372	25	64,396	1.4%	49
Maine	1,274,923	40	1,328,361	41	53,438	4.2%	40
Maryland	5,296,486	19	5,773,552	19	477,066	9.0%	23
Massachusetts	6,349,097	13	6,547,629	14	198,532	3.1%	44
Michigan	9,938,444	8	9,883,640	8	-54,804	-0.6%	51
Minnesota	4,919,479	21	5,303,925	21	384,446	7.8%	26
Mississippi	2,844,658	31	2,967,297	31	122,639	4.3%	39
Missouri	5,595,211	17	5,988,927	18	393,716	7.0%	29
Montana	902,195	44	989,415	44	87,220	9.7%	21
Nebraska	1,711,263	38	1,826,341	38	115,078	6.7%	30
Nevada	1,998,257	35	2,700,551	35	702,294	35.1%	1
New Hampshire	1,235,786	41	1,316,470	42	80,684	6.5%	32
New Jersey	8,414,350	9	8,791,894	11	377,544	4.5%	38
New Mexico	1,819,046	36	2,059,179	36	240,133	13.2%	15
New York	18,976,457	3	19,378,102	3	401,645	2.1%	47
North Carolina	8,049,313	11	9,535,483	10	1,486,170	18.5%	6
North Dakota	642,200	47	672,591	48	30,391	4.7%	37
Ohio	11,353,140	7	11,536,504	7	183,364	1.6%	48
Oklahoma	3,450,654	27	3,751,351	28	300,697	8.7%	24
Oregon	3,421,399	28	3,831,074	27	409,675	12.0%	18
Pennsylvania	12,281,054	6	12,702,379	6	421,325	3.4%	42
Rhode Island	1,048,319	43	1,052,567	43	4,248	0.4%	50
South Carolina	4,012,012	26	4,625,364	24	613,352	15.3%	10
South Dakota	754,844	46	814,180	46	59,336	7.9%	25
Tennessee	5,689,283	16	6,346,105	17	656,822	11.5%	19
Texas	20,851,820	2	25,145,561	2	4,293,741	20.6%	5
Utah	2,233,169	34	2,763,885	34	530,716	23.8%	3
Vermont	608,827	49	625,741	49	16,914	2.8%	45
Virginia	7,078,515	12	8,001,024	12	922,509	13.0%	16
Washington	5,894,121	15	6,724,540	13	830,419	14.1%	13
West Virginia	1,808,344	37	1,852,994	37	44,650	2.5%	46
Wisconsin	5,363,675	18	5,686,986	20	323,311	6.0%	34
Wyoming	493,782	51	563,626	51	69,844	14.1%	12

Source: U.S. Census Bureau

Employment, Wages, and Labor Force

Overview

Like every other state in the nation, Utah's employment situation was severely impacted by the recession. Signs of recovery began to emerge in 2010—consecutive monthly declined halted and the rate of increase in the unemployment rate slowed—but the average annual employment level for the year was an estimated 8,700 lower than in 2009 (the loss was 63,800 between 2008 and 2009). The unemployment rate rose to 7.6%, over 2.0% lower than the national rate but still the highest unemployment rate in Utah in more than 25 years.

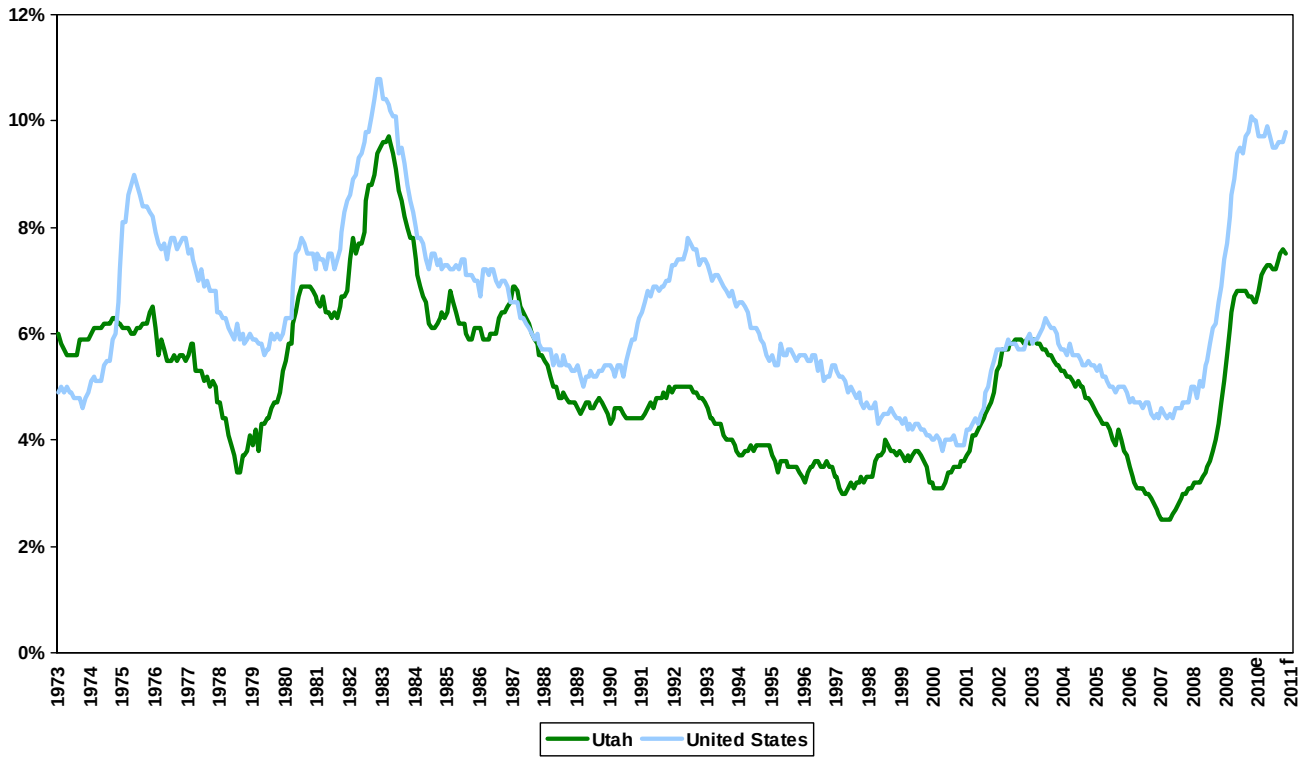
By the end of 2010, most industries had passed their low points and began to show employment growth. Those industries posting measurable gains in average annual employment between 2009 and 2010 were professional and business services and education and health services.

Following a decline of 3.6% between 2008 and 2009, total nonfarm wages increased 0.5% between 2009 and 2010 to $45.5 billion.

2011 Outlook

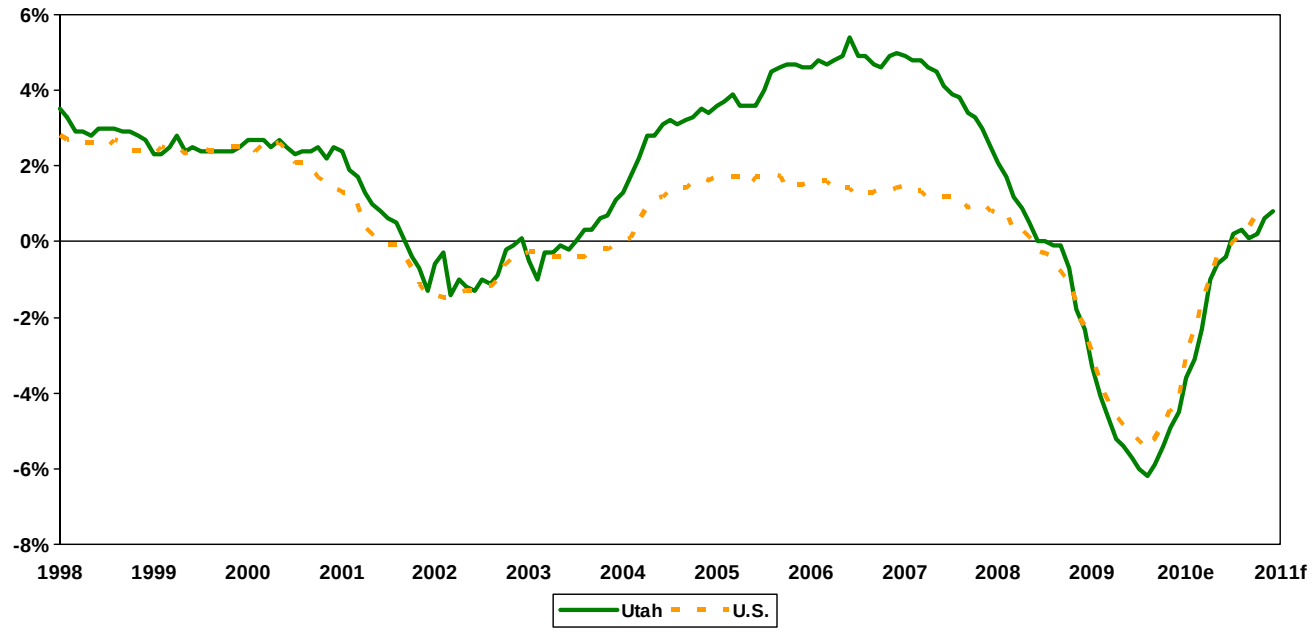
The Utah employment situation is anticipated to gradually improve during 2011. The average annual level of employment is anticipated to grow by 16,500 jobs, making up just under a quarter of the jobs lost over the last three years. The unemployment rate is projected to retreat slightly to an average of 7.1% for the year. Job gains and lower unemployment will lead to better growth in total nonfarm wages of 3.7%.

Figure 11
Utah Unemployment Rate



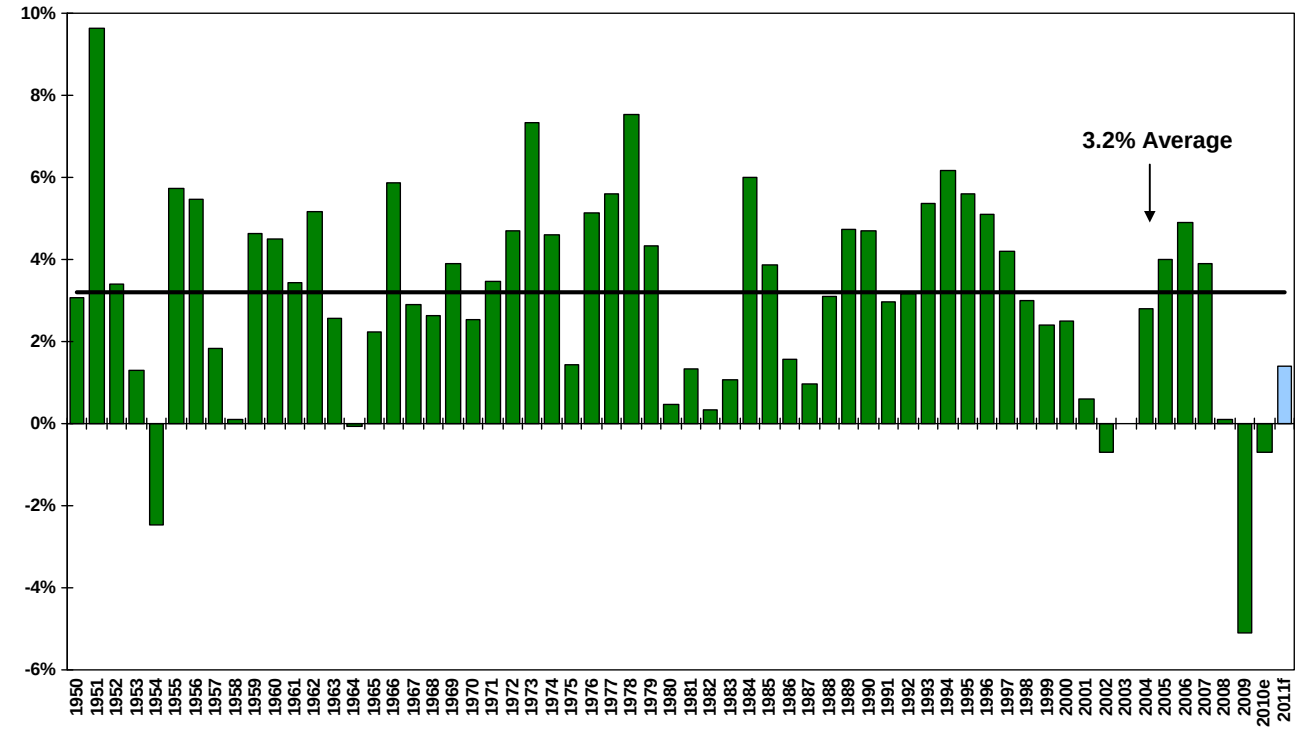
Source: Governor's Office of Planning and Budget e = estimate f = forecast

Figure 12
Year-Over Monthly Change In Utah Nonfarm Jobs



Source: Utah Department of Workforce Services e = estimate f = forecast

Figure 13
Annual Change Utah Nonfarm Employment



Source: Utah Department of Workforce Services e = estimate f = forecast

Table 4
Utah Nonfarm Employment by Industry and Unemployment Rate

Year	Total Employment Number	Percent Change	Absolute Change	Unemployment Rate	Year	Total Employment Number	Percent Change	Absolute Change	Unemployment Rate
1950	189,153	3.1	5,653	5.5	1981	559,184	1.3	7,295	6.7
1951	207,386	9.6	18,233	3.3	1982	560,981	0.3	1,797	7.8
1952	214,409	3.4	7,023	3.2	1983	566,991	1.1	6,010	9.2
1953	217,194	1.3	2,785	3.3	1984	601,068	6.0	34,077	6.5
1954	211,864	-2.5	-5,330	5.2	1985	624,387	3.9	23,319	5.9
1955	224,007	5.7	12,143	4.1	1986	634,138	1.6	9,751	6.0
1956	236,225	5.5	12,218	3.4	1987	640,298	1.0	6,160	6.4
1957	240,577	1.8	4,352	3.7	1988	660,075	3.1	19,777	4.9
1958	240,816	0.1	239	5.3	1989	691,244	4.7	31,169	4.6
1959	251,940	4.6	11,124	4.6	1990	723,629	4.7	32,385	4.3
1960	263,307	4.5	11,367	4.8	1991	745,202	3.0	21,573	5.0
1961	272,355	3.4	9,048	5.3	1992	768,602	3.2	23,488	5.0
1962	286,382	5.2	14,027	4.9	1993	809,731	5.4	41,129	3.9
1963	293,758	2.6	7,376	5.4	1994	859,626	6.2	49,895	3.7
1964	293,576	-0.1	-182	6.0	1995	907,886	5.6	48,260	3.6
1965	300,164	2.2	6,588	6.1	1996	954,183	5.1	46,297	3.5
1966	317,771	5.9	17,607	4.9	1997	993,999	4.2	39,816	3.1
1967	326,953	2.9	9,182	5.2	1998	1,023,480	3.0	29,461	3.8
1968	335,527	2.6	8,574	5.4	1999	1,048,498	2.4	25,018	3.7
1969	348,612	3.9	13,085	5.2	2000	1,074,879	2.5	26,381	3.4
1970	357,435	2.5	8,823	6.1	2001	1,081,685	0.6	6,806	4.4
1971	369,836	3.5	12,401	6.6	2002	1,073,746	-0.7	-7,939	5.7
1972	387,271	4.7	17,435	6.3	2003	1,074,131	0.0	385	5.7
1973	415,641	7.3	28,370	5.8	2004	1,104,328	2.8	30,197	5.2
1974	434,793	4.6	19,152	6.1	2005	1,148,320	4.0	43,992	4.3
1975	441,082	1.4	6,289	6.5	2006	1,203,914	4.8	55,594	2.9
1976	463,658	5.1	22,576	5.7	2007	1,251,282	3.9	47,368	2.7
1977	489,580	5.6	25,922	5.3	2008	1,252,470	0.1	1,188	3.7
1978	526,400	7.5	36,820	3.8	2009e	1,188,736	-5.1	-63,734	6.6
1979	549,242	4.3	22,842	4.3	2010e	1,180,000	-0.7	-8,736	7.6
1980	551,889	0.5	2,647	6.3	2011f	1,196,500	1.4	16,500	7.1

e = estimate
f = forecast

Source: Utah Department of Workforce Services, Workforce Information

Table 5
Utah Population, Labor Force, Nonfarm Jobs and Wages

						Annual Percent Change			
	2007	2008	2009	2010e	2011f	2008	2009	2010e	2011f
Civilian Labor Force	1,356,550	1,368,182	1,364,494	1,354,800	1,367,700	0.9	-0.3	-0.7	1.0
Employed Persons	1,319,784	1,317,082	1,274,788	1,252,500	1,270,500	-0.2	-3.2	-1.7	1.4
Unemployed Persons	36,766	51,100	89,706	102,300	97,200	39.0	75.5	14.0	-5.0
Unemployment Rate	2.7	3.7	6.6	7.6	7.1				
U.S. Rate	4.6	5.8	9.3	9.7	9.6				
Total Nonfarm Jobs	1,251,282	1,252,470	1,188,736	1,180,000	1,196,500	0.1	-5.1	-0.7	1.4
Mining	11,034	12,506	10,694	10,200	10,000	13.3	-14.5	-4.6	-2.0
Construction	103,450	90,469	70,492	64,500	66,300	-12.5	-22.1	-8.5	2.8
Manufacturing	127,695	125,852	112,874	109,800	111,600	-1.4	-10.3	-2.7	1.6
Trade, Trans., Utilities	245,672	247,978	234,097	229,700	231,500	0.9	-5.6	-1.9	0.8
Information	32,448	30,747	29,558	29,200	29,300	-5.2	-3.9	-1.2	0.3
Financial Activity	74,739	74,050	71,075	67,700	68,200	-0.9	-4.0	-4.7	0.7
Professional & Business Services	161,022	162,194	149,517	153,600	157,900	0.7	-7.8	2.7	2.8
Education & Health Services	139,991	146,617	150,874	155,500	160,700	4.7	2.9	3.1	3.3
Leisure & Hospitality	112,821	114,813	110,852	110,900	111,400	1.8	-3.4	0.0	0.5
Other Services	35,542	35,534	34,024	33,500	33,800	0.0	-4.2	-1.5	0.9
Government	206,868	211,710	214,679	215,400	215,800	2.3	1.4	0.3	0.2
Goods-producing	242,179	228,827	194,060	184,500	187,900	-5.5	-15.2	-4.9	1.8
Service-producing	1,009,103	1,023,643	994,676	995,500	1,008,600	1.4	-2.8	0.1	1.3
Percent Svc.-producing	80.6%	81.7%	83.7%	84.4%	84.3%				
U.S. Nonfarm Job Growth %	1.1	-0.6	-4.3	-0.5	0.9				
Total Nonfarm Wages (millions)	$45,691	$46,913	$45,242	$45,485	$47,182	2.7	-3.6	0.5	3.7
Average Annual Wage	$36,515	$37,456	$38,059	$38,547	$39,433	2.6	1.6	1.3	2.3
Average Monthly Wage	$3,043	$3,121	$3,172	$3,212	$3,286	2.6	1.6	1.3	2.3
Establishments (first quarter)	84,957	85,492	83,220	82,200	82,400				

e = estimate
f = forecast

Note: Numbers in this table may differ from other tables as not all industrial sectors are listed here.

Source: Utah Department of Workforce Services, Workforce Information

Personal Income

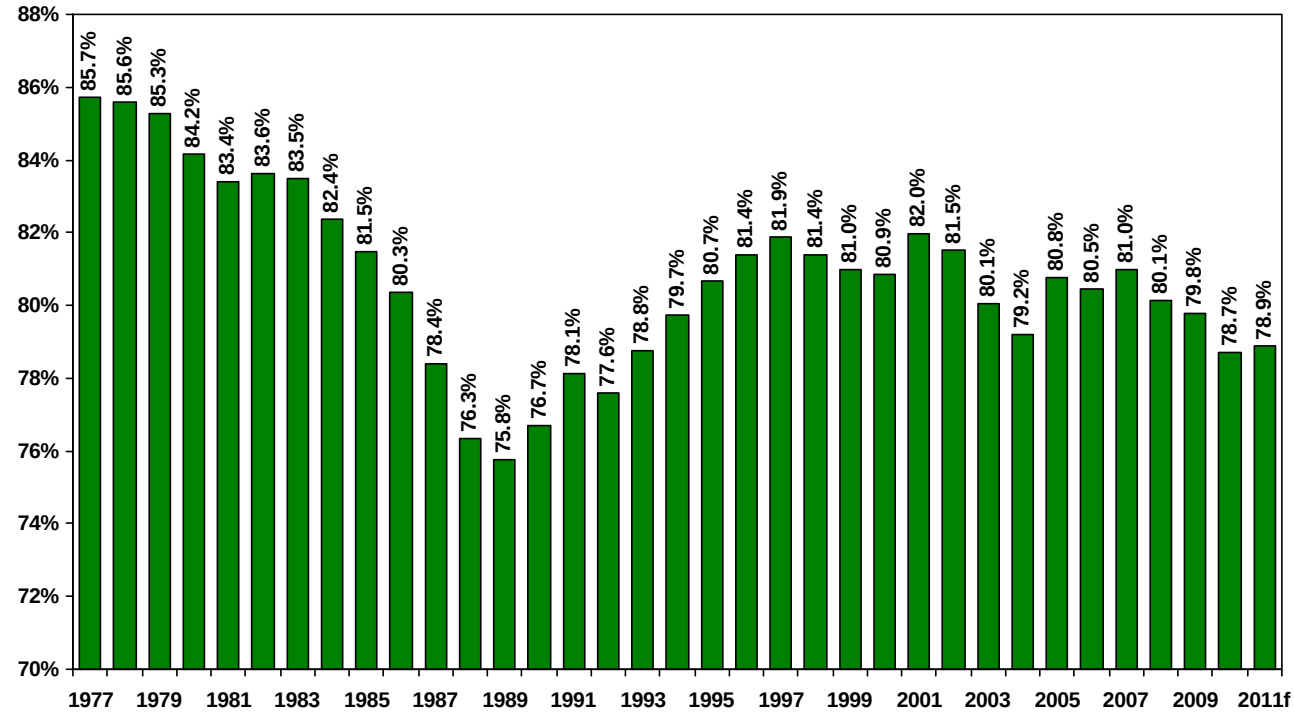
Overview

Total personal income (TPI) is the sum of all individual personal income in a given region. There are three components of TPI: 1) earnings by place of work; 2) income from dividends, interest and rent (DIR); and, 3) income from transfer payments, such as social security, welfare and pensions. The largest component of TPI is typically earnings by place of work, which consists of the total earnings from farm and nonfarm industries including contributions for social insurance. Per capita income (PCI) is a region's total personal income divided by its total population. Personal income and per capita earnings data are reported quarterly by the U.S. Bureau of Economic Analysis.

2011 Outlook

Utah's total personal income is expected to increase by 2.5% in 2010, a positive change from the 1% decline in 2009. The 2010 increase in personal income was facilitated by the American Recovery and Reinvestment Act which stimulated the Utah economy and increased transfer receipts. Income from wages, proprietorships, dividends, and interest all turned positive in 2010. Moving into 2011 as the economy slowly recovers Utah personal income is expected to increase by 4.2%, 1% above the anticipated U.S. increase. Income growth from wages and proprietorships in 2011 is expected to increase. Interest rates are predicted to gradually increase in 2011 with slower growth in dividend income and increasing growth in interest income. Per capita personal income is forecast to increase 2.5% in 2011.

Figure 14
Utah Per Capita Personal Income as a Percent of the United States



Note: Vertical axis does not begin at zero f = forecast
Source: U.S. Department of Commerce, Bureau of Economic Analysis; Governor's Office of Planning and Budget

Table 6
Personal and Per Capita Income

Year	Total Personal Income (Dollars) Utah	U.S.	Utah as % of U.S.	Annual Growth Rates Utah	U.S.	Per Capita Personal Income (Dollars) Utah	U.S.	Utah as % of U.S.
1960	$1,827,251	$408,128,000	0.45%			$2,030	$2,268	89.5%
1961	1,951,550	425,625,000	0.46%	6.8%	4.3%	2,085	2,326	89.6%
1962	2,131,718	453,003,000	0.47%	9.2%	6.4%	2,225	2,439	91.2%
1963	2,215,267	475,971,000	0.47%	3.9%	5.1%	2,274	2,526	90.0%
1964	2,327,175	510,348,000	0.46%	5.1%	7.2%	2,380	2,671	89.1%
1965	2,463,814	551,193,000	0.45%	5.9%	8.0%	2,479	2,849	87.0%
1966	2,617,442	598,480,000	0.44%	6.2%	8.6%	2,594	3,061	84.7%
1967	2,764,340	641,974,000	0.43%	5.6%	7.3%	2,713	3,253	83.4%
1968	2,975,393	704,759,000	0.42%	7.6%	9.8%	2,892	3,536	81.8%
1969	3,251,099	772,084,000	0.42%	9.3%	9.6%	3,105	3,836	80.9%
1970	3,611,237	832,238,000	0.43%	11.1%	7.8%	3,389	4,084	83.0%
1971	4,016,049	897,559,000	0.45%	11.2%	7.8%	3,649	4,340	84.1%
1972	4,505,225	987,073,000	0.46%	12.2%	10.0%	3,971	4,717	84.2%
1973	5,044,791	1,105,426,000	0.46%	12.0%	12.0%	4,316	5,230	82.5%
1974	5,680,307	1,217,673,000	0.47%	12.6%	10.2%	4,738	5,708	83.0%
1975	6,383,606	1,329,714,000	0.48%	12.4%	9.2%	5,173	6,172	83.8%
1976	7,322,002	1,469,355,000	0.50%	14.7%	10.5%	5,755	6,754	85.2%
1977	8,350,739	1,626,621,000	0.51%	14.0%	10.7%	6,344	7,402	85.7%
1978	9,624,760	1,830,836,000	0.53%	15.3%	12.6%	7,055	8,243	85.6%
1979	11,033,558	2,052,037,000	0.54%	14.6%	12.1%	7,792	9,138	85.3%
1980	12,505,546	2,292,903,000	0.55%	13.3%	11.7%	8,492	10,091	84.2%
1981	14,164,852	2,572,070,000	0.55%	13.3%	12.2%	9,347	11,209	83.4%
1982	15,509,675	2,757,048,000	0.56%	9.5%	7.2%	9,953	11,901	83.6%
1983	16,755,896	2,941,857,000	0.57%	8.0%	6.7%	10,506	12,583	83.5%
1984	18,447,506	3,256,048,000	0.57%	10.1%	10.7%	11,371	13,807	82.4%
1985	19,592,700	3,482,520,000	0.56%	6.2%	7.0%	11,926	14,637	81.5%
1986	20,489,507	3,683,091,000	0.56%	4.6%	5.8%	12,322	15,338	80.3%
1987	21,231,293	3,909,771,000	0.54%	3.6%	6.2%	12,652	16,137	78.4%
1988	22,235,719	4,216,123,000	0.53%	4.7%	7.8%	13,162	17,244	76.3%
1989	23,782,174	4,541,996,000	0.52%	7.0%	7.7%	13,941	18,402	75.8%
1990	25,703,869	4,831,282,000	0.53%	8.1%	6.4%	14,847	19,354	76.7%
1991	27,549,134	5,013,484,000	0.55%	7.2%	3.8%	15,479	19,818	78.1%
1992	29,635,837	5,335,268,000	0.56%	7.6%	6.4%	16,135	20,799	77.6%
1993	31,978,241	5,558,374,000	0.58%	7.9%	4.2%	16,845	21,385	78.8%
1994	34,847,778	5,866,796,000	0.59%	9.0%	5.5%	17,775	22,297	79.7%
1995	37,795,185	6,194,245,000	0.61%	8.5%	5.6%	18,765	23,262	80.7%
1996	41,150,761	6,584,404,000	0.62%	8.9%	6.3%	19,899	24,442	81.4%
1997	44,517,564	6,994,388,000	0.64%	8.2%	6.2%	21,001	25,654	81.9%
1998	48,057,488	7,519,327,000	0.64%	8.0%	7.5%	22,188	27,258	81.4%
1999	50,554,948	7,906,131,000	0.64%	5.2%	5.1%	22,943	28,333	81.0%
2000	55,024,962	8,554,866,000	0.64%	8.8%	8.2%	24,517	30,318	80.9%
2001	58,503,761	8,878,830,000	0.66%	6.3%	3.8%	25,534	31,145	82.0%
2002	59,873,183	9,054,702,000	0.66%	2.3%	2.0%	25,647	31,461	81.5%
2003	61,484,844	9,369,072,000	0.66%	2.7%	3.5%	25,835	32,271	80.1%
2004	65,452,597	9,928,790,000	0.66%	6.5%	6.0%	26,837	33,881	79.2%
2005	71,529,976	10,476,669,000	0.68%	9.3%	5.5%	28,616	35,424	80.8%
2006	78,378,401	11,256,516,000	0.70%	9.6%	7.4%	30,335	37,698	80.5%
2007	85,116,065	11,899,853,000	0.72%	8.6%	5.7%	31,953	39,458	81.0%
2008	88,901,329	12,379,745,000	0.72%	4.4%	4.0%	32,596	40,673	80.1%
2009	88,025,491	12,165,474,000	0.72%	-1.0%	-1.7%	31,612	39,626	79.8%
2010e	90,226,128	12,506,107,272	0.72%	2.5%	2.8%	31,669	40,238	78.7%
2011f	94,015,626	12,906,302,705	0.73%	4.2%	3.2%	32,464	41,129	78.9%

e = estimate
f = forecast

Sources:
1. U.S. Department of Commerce, Bureau of Economic Analysis 1960-2009
2. Utah Revenue Assumptions Working Group

Utah Taxable Sales

Overview

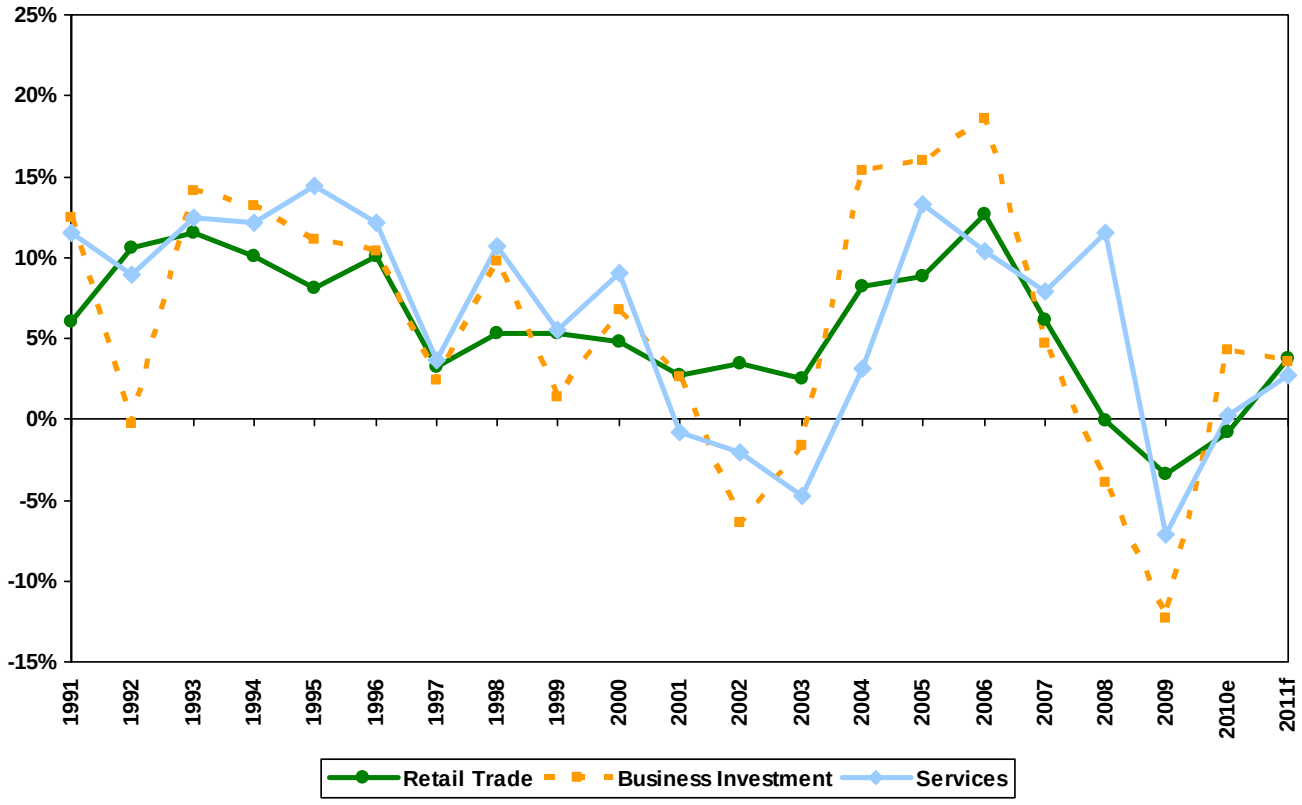
Taxable sales are comprised of three major components: retail trade, business investments and utility taxable sales, and taxable services. In 2010, total taxable sales in Utah increased by 0.8% to an estimated $44.8 billion. After two years of decline in taxable sales, 2010 was the first year of positive change.

Retail trade taxable sales were an estimated $25.4 billion in 2010, representing 56.7% of taxable sales. This is an 0.8% decrease from 2009. Business investment and utility taxable sales were an estimated $11.5 billion in 2010, representing 25.8% of taxable sales. This is an increase of 4.3% over 2009. Taxable services were estimated at $6.4 billion for 2010, representing 14.2% of all taxable sales—a 0.2% increase over 2009.

2011 Outlook

Total taxable sales are expected to increase by 3.5% to $46.4 billion, from $44.8 billion in 2010. Retail trade is projected to grow by 3.8% in 2011. Business investment and utility taxable sales is expected to grow another 3.6% in 2011. Taxable services are expected to increase by 2.7% in 2011. The economy is expected to take a slow path to recovery as both investor and consumer confidence continues to grow.

Figure 15
Change in Taxable Sales by Major Sector



Source: Utah State Tax Commission e = estimate f = forecast

Table 7
Utah Taxable Sales by Component

Millions of Dollars

Calendar Year	Retail Sales	Business Investment Purchases	Taxable Services	All Other	Total Taxable Sales
1985	$6,708	$4,122	$1,379	$304	$12,513
1986	7,010	3,689	1,414	265	12,378
1987	6,951	3,398	1,587	252	12,188
1988	7,346	3,684	1,718	269	13,017
1989	8,048	3,675	1,849	320	13,892
1990	8,407	3,874	1,829	664	14,774
1991	8,918	4,355	2,040	685	15,998
1992	9,860	4,342	2,223	888	17,313
1993	10,994	4,956	2,499	892	19,341
1994	12,097	5,609	2,802	1,019	21,527
1995	13,080	6,231	3,205	1,093	23,609
1996	14,404	6,878	3,594	968	25,844
1997	14,873	7,044	3,724	1,188	26,829
1998	15,657	7,729	4,122	1,137	28,646
1999	16,493	7,839	4,351	1,316	29,999
2000	17,278	8,372	4,746	1,250	31,645
2001	17,748	8,588	4,709	1,381	32,426
2002	18,356	8,039	4,615	1,502	32,512
2003	18,808	7,909	4,396	1,447	32,560
2004	20,351	9,121	4,534	1,305	35,311
2005	22,155	10,579	5,135	1,372	39,241
2006	24,969	12,546	5,670	1,610	44,795
2007	26,504	13,136	6,119	1,931	47,690
2008	26,489	12,628	6,822	1,422	47,361
2009	25,600	11,071	6,338	1,400	44,409
2010e	25,395	11,547	6,350	1,483	44,775
2011f	26,360	11,963	6,521	1,519	46,363

Percent Change

Calendar Year	Retail Sales	Business Investment Purchases	Taxable Services	All Other	Total Taxable Sales
1985	4.8%	-3.1%	4.0%	7.0%	2.0%
1986	4.5	-10.5	-1.8	-12.7	-1.6
1987	-0.8	-7.9	12.3	-5.0	-1.5
1988	5.7	8.4	8.2	6.7	6.8
1989	9.6	-0.2	7.6	18.8	6.7
1990	4.5	5.4	-1.1	107.8	6.3
1991	6.1	12.4	11.6	3.2	8.3
1992	10.6	-0.3	9.0	29.6	8.2
1993	11.5	14.1	12.4	0.5	11.7
1994	10.0	13.2	12.1	14.2	11.3
1995	8.1	11.1	14.4	7.2	9.7
1996	10.1	10.4	12.1	-11.4	9.5
1997	3.3	2.4	3.6	22.7	3.8
1998	5.3	9.7	10.7	-4.2	6.8
1999	5.3	1.4	5.5	15.7	4.7
2000	4.8	6.8	9.1	-5.0	5.5
2001	2.7	2.6	-0.8	10.5	2.5
2002	3.4	-6.4	-2.0	8.8	0.3
2003	2.5	-1.6	-4.7	-3.7	0.1
2004	8.2	15.3	3.1	-9.8	8.4
2005	8.9	16.0	13.3	5.1	11.1
2006	12.7	18.6	10.4	17.3	14.2
2007	6.1	4.7	7.9	19.9	6.5
2008	-0.1	-3.9	11.5	-26.3	-0.7
2009	-3.4	-12.3	-7.1	-1.6	-6.2
2010e	-0.8	4.3	0.2	5.9	0.8
2011f	3.8	3.6	2.7	2.4	3.5

e = estimate f = forecast

Source: Utah State Tax Commission

Tax Collections

Overview

General and Education Fund (GF/EF) revenue for Fiscal Year 2010 fell 8.1% over Fiscal Year 2009. For Fiscal Year 2010, total collections reached $4,193.6 million, $367.8 million less than prior year collections of $4,561.4 million. The decline is a continued reflection of the recent economic recession, but shows moderation in the decline. In Fiscal Year 2009, GF/EF revenue declined 12.5% as the state lost $651.5 million in tax collections. This marks the third consecutive year of revenue declines, as collections also fell 1.8% in FY2008.

Compared to forecast expectations, GF/EF collections in FY2010 were $47.6 million short, a -1.1% difference. Revenue was expected to fall $320.2 million (-7.0%) in FY2010; collections actually fell $367.8 million (-8.1%).

The outlook for tax collections in FY2011 is positive, with expected collections of $4,537.1 million. A growing economy, combined with a shift in the earmarking of funds is expected to produce an extra $343.5 million in GF/EF tax collections, an 8.2% increase. This is $6.3 million higher than forecast in the 2010 General Legislative Session. General Fund collections are expected to grow $210.7 million (11.8%). Education Fund collections are expected to grow $132.8 million (5.5%).

Fiscal Year 2010 Tax Collections

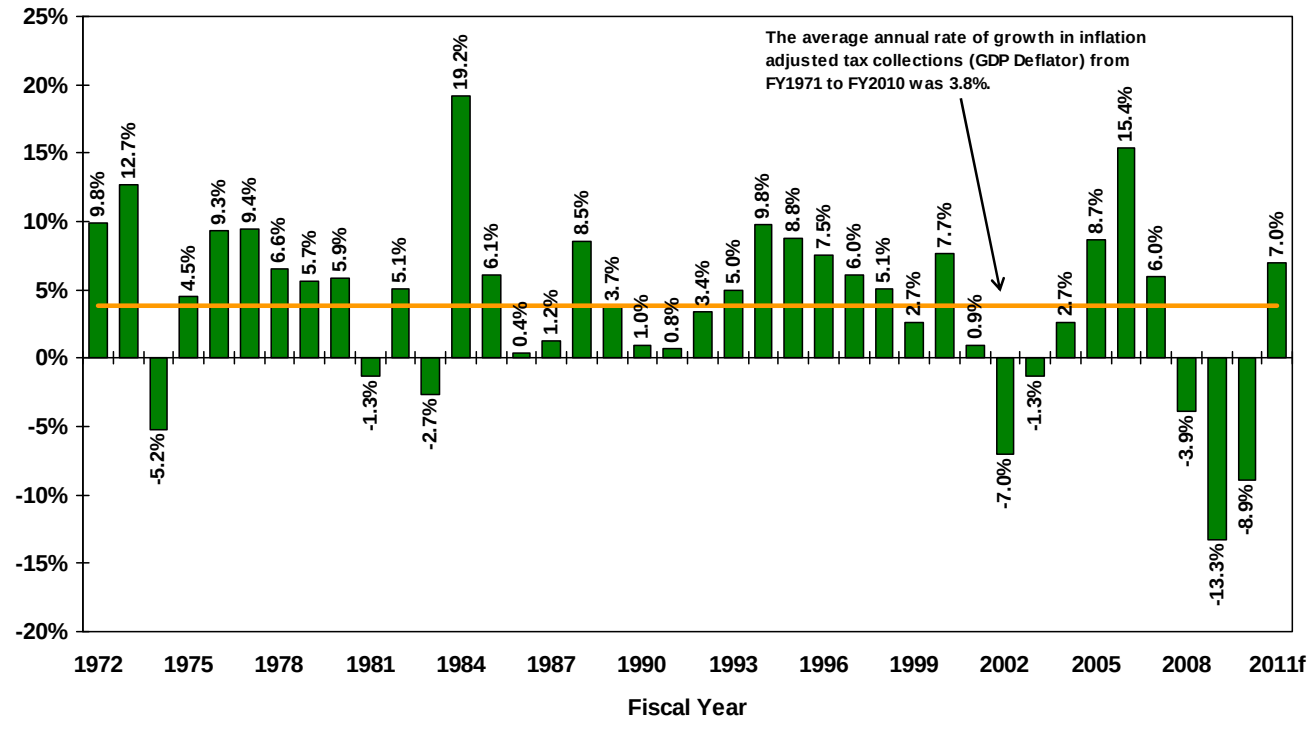
Tax collections in the GF/EF reached $4,193.6 million in FY2010, a fall of $367.8 million (-8.1%) over prior year. The General Fund fell to $1,781.4 million, a loss of $153.3 million (-7.9%). The Education Fund fell to $2,412.2 million, a loss of $214.6 million (-8.2%).

The General Fund was 42.5% of all collections, with the Education Fund with the balance at 57.5%. Individual Income tax collections were $2,104.6 million and represent 50.2% of all collections. Sales and Use Tax collections were $1,402.7 million and were 33.4% of collections. All other General Fund collections were $378.7 million and represent 9.1% of collections. All other Education Fund collections were $307.6 million and represent 7.3% of collections.

2010 Revenue Forecast

The first forecast for FY2010, in late 2008 was for tax collections of $4,599.6 million, a 2.1% decline over prior year. Months later, in early 2009, with the scale and magnitude of the recession becoming clear, the forecast predicted $4,364.6

Figure 16
Inflation-Adjusted Percent Change in General/Education Fund Revenue



Source: Governor's Office of Planning and Budget f = forecast

million (-3.6%), a drop of $235 million. In late 2009, having realized FY2009 revenue at $4,561.4 million (-12.5%), the FY2010 revenue forecast was again modified down $124.5 million to $4,240.1 million (-7.0%). The last revenue forecast in early 2010, with four months until the end of FY2010, kept the revenue forecast unchanged at $4,240.1 (-7.0%). Actual tax collections for FY2010 were $47.6 million short of this last forecast, falling 8.1% instead of a 7.0% decline.

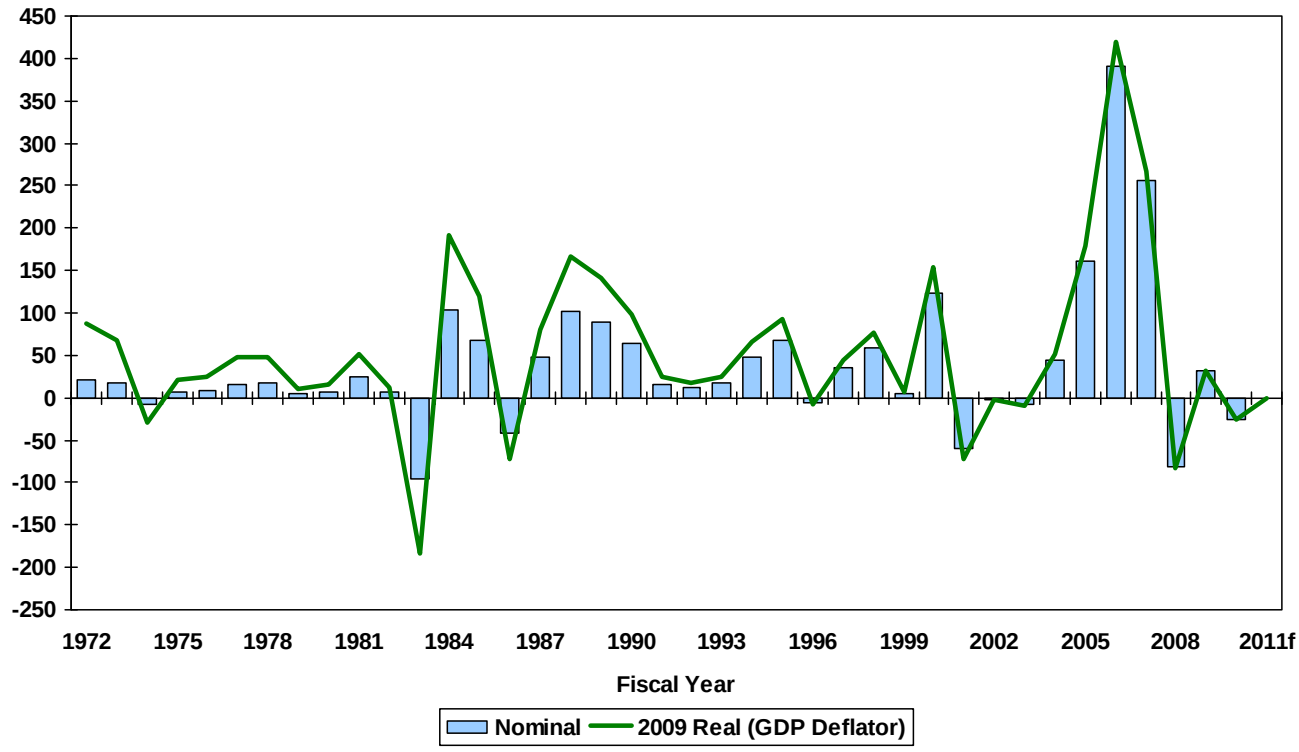
2010 Legislation Impacting Tax Collections

During the 2010 General Legislative Session, several bills impacting tax collections were enacted. Two major policy changes boosted expected tax collections to the GF/EF in FY2011. The largest, HB438, shifted $113 million in sales tax earmarked for transportation spending back the GF for FY2011 only. HB196, increased the cigarette tax from 69.5 cents per pack to $1.70 per pack (with proportional increases in tax for other tobacco products). This was expected to generate an extra $43.2 million for the GF in FY2011.

2011 Revenue Forecast

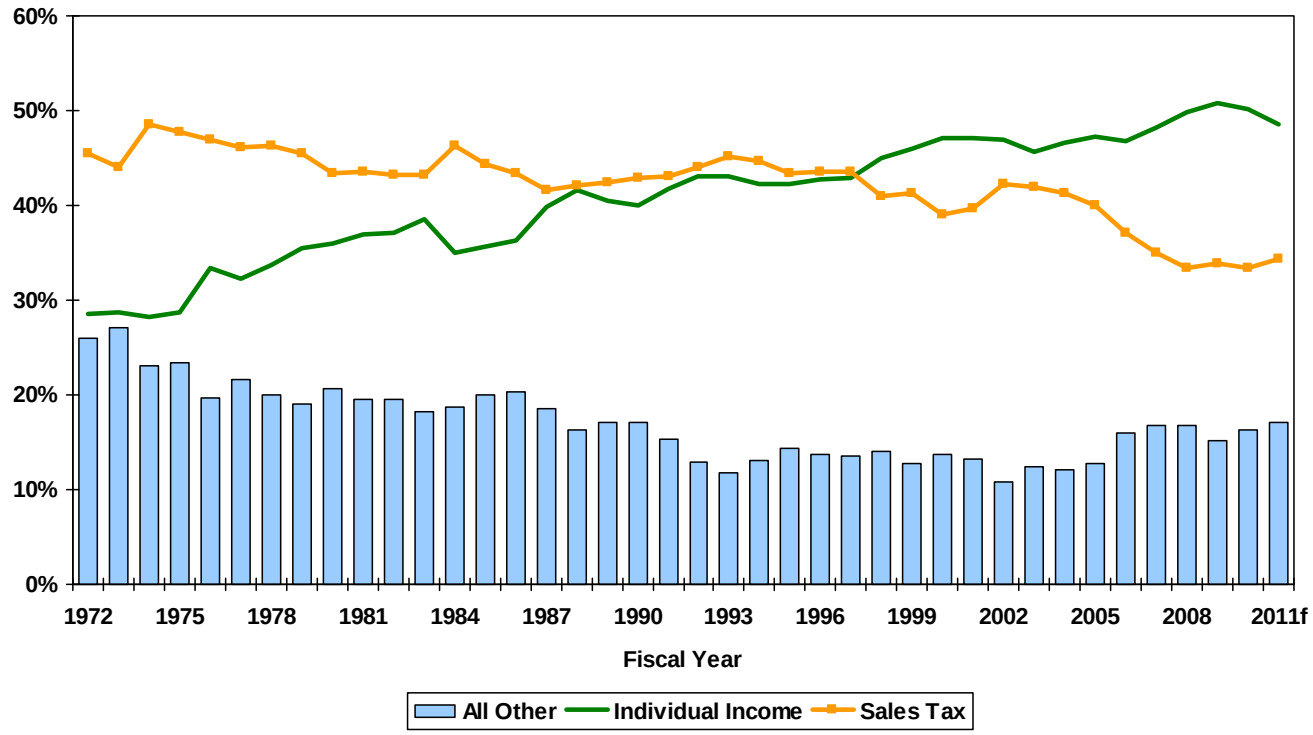
The initial forecast for FY2011, in late 2009 was for tax collections of $4,410.7 million, 4% higher than prior year. Months later, in early 2010, the forecast was revised down $49.6 million to $4,361.1 million (2.9%). Projected policy changes from 2010 legislation moved forecast expectations to $4,529.4 million (6.8%). In late 2010, with FY2010 revenue realized at $4,193.7 million (-8.1%), and a strengthening economic recovery, tax collections in FY2011 were forecast to grow to $4,537.1 million (8.2%), an increase of $343.4 million. A little more than half, 4.2% of forecast growth comes from the improving economy, while 4.0% comes from enacted policy changes.

Figure 17
Actual and Inflation-Adjusted Revenue Surplus for the General and Education Fund Revenue



Source: Governor's Office of Planning and Budget f = forecast

Figure 18
Composition of the General and Education Fund Revenue



Source: Governor's Office of Planning and Budget f = forecast

Table 8
Fiscal Year Cash Collections Unrestricted Revenues

Revenue Source	Nominal Revenue (millions) 1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011f
Sales and Use Tax	$1,252.1	$1,251.8	$1,316.4	$1,369.6	$1,431.4	$1,441.3	$1,444.0	$1,501.9	$1,634.5	$1,806.3	$1,857.8	$1,739.4	$1,547.5	$1,402.7	$1,557.6
Cable/Satellite Excise Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.7	20.5	20.8	24.1	24.8	25.3	26.3
Liquor Profits	24.3	26.3	27.0	28.7	30.3	32.6	31.7	37.7	38.1	47.3	53.2	59.7	59.7	58.4	63.5
Insurance Premiums	43.1	44.6	47.7	52.2	46.0	56.6	59.0	62.4	67.4	71.4	71.8	77.2	83.0	80.0	84.0
Beer, Cigarette, and Tabacco	41.2	53.2	60.0	58.0	57.9	60.0	54.2	62.8	61.9	60.8	62.4	62.8	60.6	58.7	101.0
Oil and Gas Severance Tax	17.2	14.0	7.9	17.3	39.4	18.9	26.7	36.7	53.5	71.5	65.4	65.5	71.0	56.2	63.9
Metal Severance Tax	6.6	9.0	5.1	5.7	6.2	5.0	5.8	6.0	11.4	17.0	23.6	26.5	14.6	20.9	23.4
Inheritance Tax	10.3	25.4	8.2	64.6	30.0	9.4	33.0	9.7	3.0	7.4	0.5	0.1	0.3	0.1	0.1
Investment Income	16.3	15.7	15.0	19.5	27.5	9.7	6.5	5.5	13.6	40.0	83.5	62.8	25.1	5.3	4.4
General Fund Other	34.9	40.1	38.0	40.8	46.0	45.3	46.7	45.6	46.4	50.8	58.0	53.4	54.4	80.3	74.9
Property and Energy Credit	-4.4	-4.5	-5.3	-4.4	-5.4	-5.3	-5.5	-5.6	-5.9	-5.6	-6.2	-6.4	-6.2	-6.4	-6.7
General Fund Total	**1,441.5**	**1,475.6**	**1,520.2**	**1,652.1**	**1,709.3**	**1,673.5**	**1,702.1**	**1,762.7**	**1,935.4**	**2,187.5**	**2,290.9**	**2,165.1**	**1,934.6**	**1,781.4**	**1,992.1**
Individual Income Tax	1,233.5	1,374.5	1,461.3	1,651.4	1,705.3	1,605.3	1,572.5	1,692.3	1,926.6	2,277.6	2,561.4	2,598.8	2,319.6	2,104.6	2,201.0
Corporate Tax	186.5	191.8	188.1	181.1	171.1	119.0	156.3	158.2	204.2	366.6	414.1	405.1	255.4	258.4	306.5
Mineral Production Withholding	9.3	7.5	6.8	9.3	19.5	13.2	7.2	17.3	16.7	22.7	23.1	23.8	32.5	24.6	26.7
Education Fund Other	4.8	7.1	7.6	8.5	9.7	5.6	5.0	4.5	0.0	9.8	18.2	20.1	19.3	24.6	10.9
Education Fund Total	**1,434.2**	**1,580.8**	**1,663.7**	**1,850.4**	**1,905.5**	**1,743.0**	**1,741.0**	**1,872.2**	**2,147.6**	**2,676.8**	**3,016.8**	**3,047.8**	**2,626.8**	**2,412.2**	**2,545.0**
GF/EF Total	**2,875.7**	**3,056.5**	**3,183.9**	**3,502.4**	**3,614.8**	**3,416.5**	**3,443.1**	**3,634.9**	**4,083.0**	**4,864.2**	**5,307.7**	**5,212.9**	**4,561.4**	**4,193.6**	**4,537.1**
Motor Fuel Tax	168.4	217.7	224.7	237.6	229.4	237.9	236.6	239.9	241.5	240.4	254.7	250.7	235.5	243.3	243.1
Special Fuel Tax	46.3	72.4	73.7	76.6	80.6	84.4	84.5	86.2	93.8	101.1	111.1	113.0	101.2	94.4	100.5
Other	52.6	54.8	58.5	64.9	64.2	62.8	65.4	64.9	70.0	76.6	78.8	82.4	85.4	73.6	77.7
Transportation Fund Total	**267.4**	**344.9**	**356.9**	**379.0**	**374.2**	**385.1**	**386.6**	**391.0**	**405.3**	**418.1**	**444.6**	**446.0**	**422.1**	**411.4**	**421.3**
Mineral Lease Payments	34.1	33.5	31.5	39.6	57.9	36.5	53.1	74.8	92.0	170.0	160.9	150.3	189.1	147.2	150.5
TOTAL	**3,177.2**	**3,434.8**	**3,572.2**	**3,921.1**	**4,046.8**	**3,838.1**	**3,882.7**	**4,100.7**	**4,580.3**	**5,452.4**	**5,913.2**	**5,809.2**	**5,172.7**	**4,752.2**	**5,108.8**

f = forecast

Sources:
1. FiNET, Division of Finance
2. Governor's Office of Planning and Budget

Table 9
Fiscal Year Cash Collection Unrestricted Revenues (Current Dollar Percent Changes)

	Percent Change														
Revenue Source	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011f**
Sales and Use Tax	7.7%	0.0%	5.2%	4.0%	4.5%	0.7%	0.2%	4.0%	8.8%	10.5%	2.9%	-6.4%	-11.0%	-9.4%	11.0%
Cable/Satellite Excise Tax										75.8	1.7	15.5	3.0	2.0	3.8
Liquor Profits	9.7	8.2	2.5	6.3	5.6	7.7	-2.5	18.6	1.1	24.2	12.5	12.2	0.0	-2.2	8.7
Insurance Premiums	7.6	3.5	7.1	9.3	-11.8	23.1	4.2	5.8	7.9	6.0	0.5	7.6	7.5	-3.6	4.9
Beer, Cigarette, and Tabacco	9.0	29.2	12.8	-3.3	-0.2	3.5	-9.6	15.9	-1.4	-1.8	2.6	0.7	-3.6	-3.1	71.9
Oil and Gas Severance Tax	42.7	-18.8	-43.2	118.0	127.3	-52.0	41.6	37.1	45.9	33.7	-8.5	0.1	8.4	-20.8	13.7
Metal Severance Tax	-20.8	37.4	-43.3	11.5	8.9	-20.2	17.8	3.3	90.0	48.9	38.5	12.5	-45.1	43.2	11.9
Inheritance Tax	23.5	147.2	-67.6	683.7	-53.5	-68.6	249.9	-70.7	-69.5	152.3	-93.3	-80.9	236.7	-81.1	23.8
Investment Income	-2.8	-3.7	-4.5	30.0	40.8	-64.6	-33.5	-14.9	147.1	194.1	108.7	-24.8	-60.1	-78.8	-17.3
General Fund Other	-6.1	15.1	-5.3	7.4	12.8	-1.5	2.9	-2.3	1.6	9.5	14.3	-8.0	1.8	47.6	-6.7
Property and Energy Credit	-4.4	1.8	17.0	-17.3	23.8	-1.3	3.2	2.2	5.6	-5.7	9.9	3.8	-2.6	2.4	5.0
General Fund Total	**7.5**	**2.4**	**3.0**	**8.7**	**3.5**	**-2.1**	**1.7**	**3.6**	**9.8**	**13.0**	**4.7**	**-5.5**	**-10.6**	**-7.9**	**11.8**
Individual Income Tax	8.6	11.4	6.3	13.0	3.3	-5.9	-2.0	7.6	13.8	18.2	12.5	1.5	-10.7	-9.3	4.6
Corporate Tax	8.5	2.8	-1.9	-3.7	-5.5	-30.5	31.4	1.2	29.1	79.6	13.0	-2.2	-36.9	1.2	18.6
	13.7	-19.7	-9.6	37.7	109.2	-32.0	-45.7	140.3	-3.1	35.8	1.4	3.4	36.3	-24.4	8.5
Education Fund Other	-42.7	45.9	7.1	11.9	13.8	-42.4	-10.7	-8.9	-99.1	23,989.4	85.9	10.4	-3.8	27.4	-55.8
Education Fund Total	**8.3**	**10.2**	**5.2**	**11.2**	**3.0**	**-8.5**	**-0.1**	**7.5**	**14.7**	**24.6**	**12.7**	**1.0**	**-13.8**	**-8.2**	**5.5**
GF/EF Total	**7.9**	**6.3**	**4.2**	**10.0**	**3.2**	**-5.5**	**0.8**	**5.6**	**12.3**	**19.1**	**9.1**	**-1.8**	**-12.5**	**-8.1**	**8.2**
Motor Fuel Tax	3.2	29.3	3.2	5.7	-3.4	3.7	-0.5	1.4	0.6	-0.4	5.9	-1.6	-6.1	3.3	-0.1
Special Fuel Tax	6.0	56.2	1.8	3.9	5.2	4.7	0.1	1.9	8.9	7.7	9.9	1.7	-10.4	-6.7	6.4
Other	15.7	4.1	6.7	10.9	-1.1	-2.2	4.2	-0.8	7.9	9.5	2.8	4.6	3.7	-13.8	5.5
Transportation Fund Total	**5.9**	**29.0**	**3.5**	**6.2**	**-1.3**	**2.9**	**0.4**	**1.1**	**3.7**	**3.2**	**6.3**	**0.3**	**-5.4**	**-2.5**	**2.4**
Mineral Lease Payments	-1.7	-1.8	-5.9	25.7	46.0	-36.9	45.6	40.9	23.0	84.8	-5.4	-6.5	25.8	-22.2	2.2
TOTAL	**7.6**	**8.1**	**4.0**	**9.8**	**3.2**	**-5.2**	**1.2**	**5.6**	**11.7**	**19.0**	**8.5**	**-1.8**	**-11.0**	**-8.1**	**7.5**

f = forecast

Sources:
1. FiNET, Division of Finance
2. Governor's Office of Planning and Budget

Exports

Overview

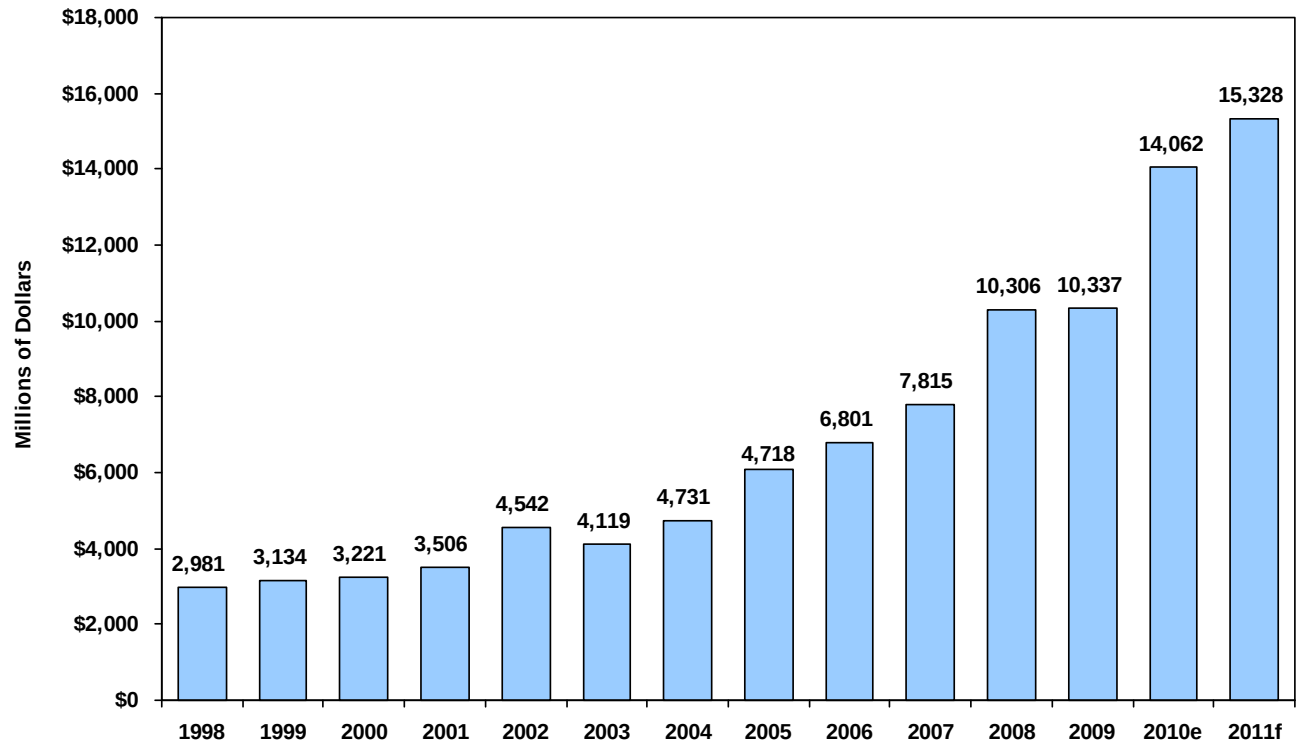
Improving economic conditions in Utah, the nation, and around the globe were reflected in Utah's production and export levels through 2009 and 2010. Utah's total exports rose from $10.3 billion in 2009 to an estimated $14.1 billion in 2010, an increase of 36.0%. Exports have been above $4.0 billion since 2002 and above $6.0 billion since 2006.

Utah exports fall into one of two categories: primary metals and everything else. Shipments of primary metals, particularly gold, accounted for approximately 55% of total exports during 2010. Computers and electronics comprised the second highest proportion of total exports, 14%. In 2010, exports declined in three of 35 major destinations for Utah merchandise—a sharp contrast to 2009, when exports declined in 22 countries and overall exports were up only 0.3% over the prior year.

2011 Outlook

Utah's exports increased 36.0%, from $10.3 billion in 2009 to an estimated $14.1 billion in 2010. Exports are expected to grow more moderately in 2011 due to dampened expectations of gold appreciation. Computers and electronics should again have strong production in the coming year. With the expectations of an improved economy in 2011, export levels are forecast to increase to $15.3 billion.

Figure 19
Utah Merchandise Exports



Source: U.S. Census Bureau e = estimate f = forecast

Table 10
Utah Merchandise Exports by Industry (Millions of Dollars)

Industry Rank	Code	Name	2002	2003	2004	2005	2006	2007	2008	2009	2010e	2009-10 Percent Change	2010 Share
18	111	Agricultural Products	$4.4	$5.5	$9.1	$12.9	$12.5	$15.4	$30.3	$54.7	$23.1	-57.7%	0.2%
25	112	Livestock and Livestock Products	0.7	1.7	1.6	0.7	1.0	1.9	0.9	4.0	9.9	150.5%	0.1%
30	113	Forestry Products	0.5	0.5	0.6	0.7	0.8	0.8	1.2	0.9	0.7	-20.9%	0.0%
29	114	Fish and Marine Products	1.3	1.7	4.1	3.7	5.3	3.2	2.7	2.6	1.3	-49.8%	0.0%
31	211	Oil and Gas	0.0	0.1	0.9	0.0	0.5	0.1	0.8	1.1	1.5	39.0%	0.0%
8	212	Minerals	62.3	43.0	96.8	619.0	572.4	549.8	577.3	236.5	389.6	64.7%	2.8%
5	311	Food	255.2	282.9	311.1	358.8	382.7	428.1	512.9	513.9	616.1	19.9%	4.4%
15	312	Beverages	5.9	26.7	8.2	52.3	50.0	33.1	28.0	50.4	42.6	-15.5%	0.3%
19	313	Raw Textiles	7.1	3.6	3.9	3.5	4.2	5.2	6.0	5.8	26.8	363.8%	0.2%
22	314	Milled Textiles	2.1	5.2	5.5	6.8	8.3	10.6	15.7	16.2	12.0	-25.5%	0.1%
23	315	Apparel	3.4	4.3	4.5	5.3	6.5	6.0	5.4	5.9	11.0	87.5%	0.1%
26	316	Leather	6.6	6.1	7.9	7.4	7.8	7.0	10.3	8.3	7.1	-14.2%	0.1%
28	321	Wood Products	2.0	2.7	2.6	2.2	2.5	3.7	9.0	4.3	4.2	-3.1%	0.0%
14	322	Paper	43.5	27.7	32.0	34.9	59.3	75.2	62.4	47.0	43.8	-6.8%	0.3%
20	323	Printed Material	24.2	22.0	26.8	28.2	30.9	37.9	29.7	29.7	19.7	-33.8%	0.1%
27	324	Petroleum and Coal	2.7	1.8	4.2	5.9	9.5	6.1	7.1	3.6	4.7	29.4%	0.0%
3	325	Chemicals	265.7	340.7	430.0	456.1	469.0	481.4	496.5	522.1	717.6	37.4%	5.1%
12	326	Plastics	65.6	75.0	67.0	59.8	79.6	72.5	96.4	81.7	107.4	31.5%	0.8%
17	327	Nonmetallic Minerals	11.2	9.9	12.0	13.5	13.5	22.4	24.9	22.5	30.1	33.9%	0.2%
1	331	Primary Metals	1,910.4	1,464.4	1,512.4	2,060.2	2,770.0	3,222.3	4,240.4	5,466.2	7,770.4	42.2%	55.3%
9	332	Fabricated Metals	53.9	62.0	71.7	90.9	111.6	133.6	167.6	168.0	192.1	14.3%	1.4%
7	333	Machinery	140.1	141.8	205.8	226.8	267.0	294.7	354.1	321.0	434.8	35.4%	3.1%
2	334	Computers and Electronics	758.0	624.0	910.0	854.9	587.4	943.4	1,982.9	1,588.5	1,974.6	24.3%	14.0%
11	335	Electrical Equipment	102.8	85.7	80.5	102.7	104.6	117.4	126.9	112.5	153.3	36.3%	1.1%
4	336	Transportation Equipment	489.8	471.1	479.2	546.8	621.2	702.9	812.9	541.1	695.0	28.4%	4.9%
16	337	Furniture	12.3	13.4	20.8	27.3	61.6	63.8	55.0	38.9	30.0	-23.1%	0.2%
6	339	Miscellaneous Manufactures	213.4	294.1	289.8	333.0	377.7	383.5	427.3	358.3	433.8	21.1%	3.1%
24	511	Publications	0.0	2.2	8.0	8.2	8.2	13.6	9.3	5.9	8.0	35.6%	0.1%
10	910	Scrap	9.7	12.8	26.0	40.8	78.7	104.1	111.6	65.0	215.8	232.2%	1.5%
21	920	Used Merchandise	2.6	2.0	2.9	3.8	8.2	18.5	34.5	9.9	20.4	107.1%	0.1%
13	980, 990	Unclassified	84.2	84.7	95.4	99.6	88.1	56.5	66.1	50.6	64.2	26.8%	0.5%
		Total	$4,542	$4,119	$4,731	$6,067	$6,801	$7,815	$10,306	$10,337	$14,062	36.0%	100.0%

e = estimate
Note: Rank based on 2010 estimated exports

Source: U.S. Census Bureau

Table 11
Utah Merchandise Exports by Purchasing Country (Millions of Dollars)

Rank	Country	2002	2003	2004	2005	2006	2007	2008	2009	2010e	2010 Percent Change	2010 Share
1	United Kingdom	$710.0	$486.5	$559.5	$1,105.8	$2,282.6	$2,382.4	$3,516.1	$4,364.1	$4,272.9	-2.1%	30.4%
2	Canada	512.2	548.5	877.2	713.9	890.8	947.3	1,082.8	1,019.4	1,336.5	31.1%	9.5%
3	India	12.8	23.5	18.5	54.2	20.6	384.0	496.8	649.5	1,271.3	95.7%	9.0%
4	Hong Kong	67.3	58.8	89.1	146.0	90.4	101.6	133.4	153.4	855.7	457.7%	6.1%
5	Switzerland	1,341.2	1,105.2	772.6	777.1	484.1	455.7	64.3	94.8	854.4	801.2%	6.1%
6	China	64.1	113.9	124.0	321.4	245.1	386.6	527.0	542.3	619.6	14.2%	4.4%
7	Taiwan	59.7	62.8	79.5	97.0	81.7	211.0	727.6	567.9	582.3	2.5%	4.1%
8	Singapore	263.6	38.4	125.7	127.5	57.0	222.9	373.2	253.3	514.2	103.0%	3.7%
9	Mexico	134.5	111.0	122.0	129.4	267.3	223.8	241.9	279.4	455.7	63.1%	3.2%
10	Japan	427.3	476.5	540.9	588.8	483.7	416.4	375.9	342.2	416.7	21.7%	3.0%
11	South Korea	88.4	69.8	105.5	124.6	128.8	126.2	201.5	294.5	296.3	0.6%	2.1%
12	Belgium	62.7	69.3	93.5	428.2	345.3	393.3	543.4	208.7	284.7	36.4%	2.0%
13	Germany	68.8	118.7	170.1	209.1	205.0	170.6	234.0	165.9	224.8	35.5%	1.6%
14	Australia	51.6	67.2	74.5	109.7	121.0	126.6	183.9	182.8	193.4	5.8%	1.4%
15	Italy	39.1	39.0	43.5	59.5	71.3	67.0	72.7	73.3	163.8	123.3%	1.2%
16	United Arab Emirates	5.5	4.5	93.5	138.0	32.3	27.5	99.3	63.7	153.1	140.5%	1.1%
17	Philippines	84.8	103.6	117.8	110.4	113.7	146.3	144.2	106.5	152.4	43.1%	1.1%
18	Malaysia	31.2	26.6	40.0	49.6	29.7	40.6	51.8	69.4	147.0	111.7%	1.0%
19	Thailand	29.0	30.4	61.1	40.0	28.2	41.0	163.1	46.6	145.8	213.2%	1.0%
20	Netherlands	137.7	124.4	105.4	119.2	116.5	188.7	175.7	92.7	117.3	26.5%	0.8%
21	France	51.1	66.3	72.9	112.7	94.8	106.4	86.5	77.8	112.8	45.0%	0.8%
22	Brazil	12.8	22.9	40.3	30.5	79.7	95.5	100.5	99.8	83.3	-16.5%	0.6%
23	Turkey	23.4	12.7	4.6	14.0	18.4	16.9	38.6	18.2	71.0	289.9%	0.5%
24	Israel	9.4	20.4	47.7	57.5	58.8	60.2	80.3	45.5	59.7	31.3%	0.4%
25	Spain	23.9	26.8	24.6	49.4	41.5	49.5	48.8	44.7	56.5	26.3%	0.4%
26	Sweden	14.0	11.3	17.7	16.0	27.0	25.9	38.1	34.3	46.4	35.4%	0.3%
27	Russian Federation	7.8	11.7	13.8	11.4	10.6	16.0	39.7	23.8	44.8	88.0%	0.3%
28	Ukraine	7.0	5.8	6.7	7.6	7.8	5.5	7.4	3.6	44.0	1114.1%	0.3%
29	Chile	6.2	12.4	31.3	11.6	14.1	16.3	30.1	23.1	30.4	31.1%	0.2%
30	Lebanon	0.1	0.4	0.4	0.7	0.5	0.8	1.0	1.3	29.2	2198.6%	0.2%
31	Peru	3.7	7.2	8.7	7.5	7.7	10.3	12.9	12.0	22.9	90.7%	0.2%
32	New Zealand	6.9	8.7	14.2	12.6	12.4	16.8	27.4	16.8	19.0	13.2%	0.1%
33	Costa Rica	30.9	32.2	24.8	21.1	23.9	21.5	18.6	24.8	17.0	-31.4%	0.1%
34	South Africa	3.6	4.2	9.8	16.0	32.0	17.7	15.2	14.4	16.3	13.2%	0.1%
35	Indonesia	2.0	2.4	2.1	5.5	5.4	7.7	10.2	12.7	16.0	26.2%	0.1%

e = estimate
Note: Rank based on 2010 estimated exports.

Source: U.S. Census Bureau

Public Education

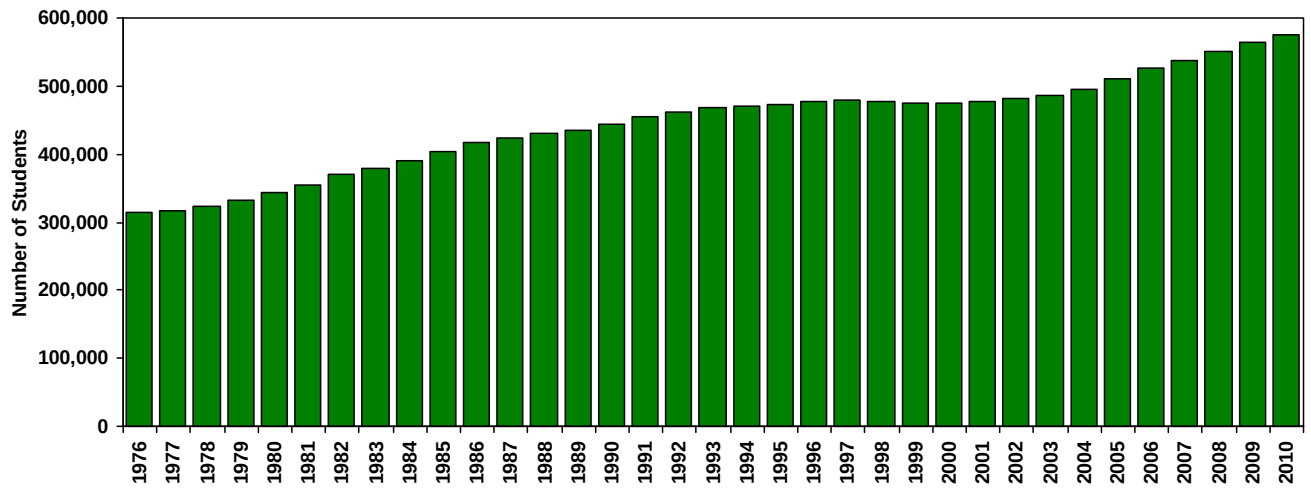
Overview

In 2010, there were an estimated 576,335 students in Utah's public education system, an increase of 11,044 students or 2.3% over 2009. These students are becoming increasingly diverse and score respectably with their national peers. In FY 2007, Utah's per pupil expenditure was $5,645, the lowest in the nation. Utah's total public education expenditure per $1,000 of personal income was $34, ranking Utah 45th in the nation. Utah's public education system operates over 800 community-based schools. The system provides an education that continually evolves in order to prepare students for the future, while competing for revenues, land, personnel, and students.

2011 Outlook

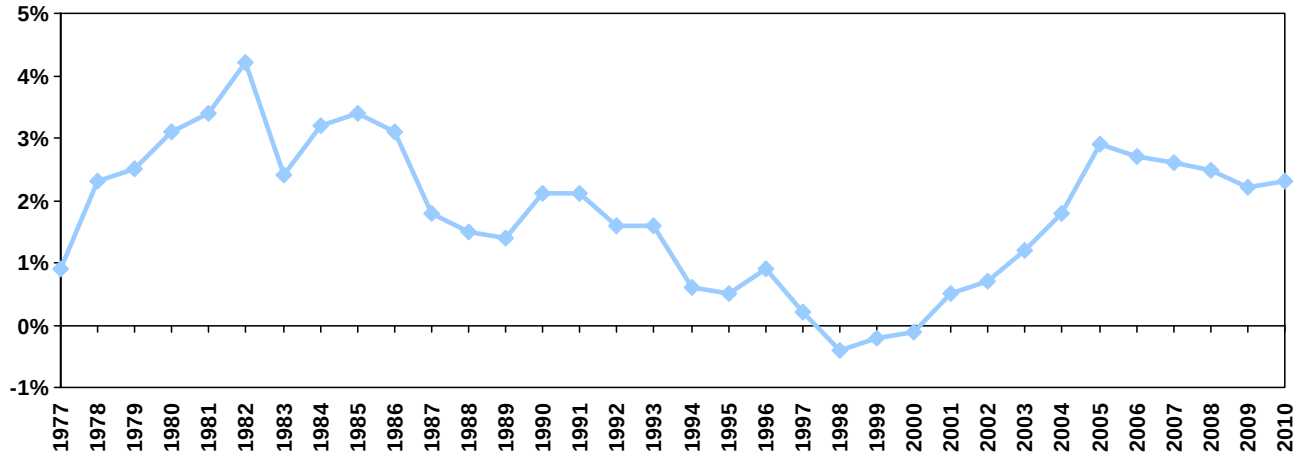
The school-age population will continue to constitute approximately 20% of the state's population. An estimated 14,754 new students are expected to enter the public education system in 2011, an increase of 2.6%.

Figure 20
Utah Public Education Enrollment



Source: Utah State Office of Education, Finance and Statistics

Figure 21
Growth of Public Education Enrollment



Source: Utah State Office of Education, Finance and Statistics

Table 12
Utah Public School Enrollment and State of Utah Population

Year	October 1 Enrollment	Annual Change	Percent Change	July 1 State Pop	Annual Change	Percent Change	Enrollment/ Population
1980	342,885	10,310	3.1%	1,474,000	58,050	4.1%	23.3%
1981	354,540	11,655	3.4%	1,515,000	41,000	2.8%	23.4%
1982	369,338	14,798	4.2%	1,558,000	43,000	2.8%	23.7%
1983	378,208	8,870	2.4%	1,595,000	37,000	2.4%	23.7%
1984	390,141	11,933	3.2%	1,622,000	27,000	1.7%	24.1%
1985	403,305	13,164	3.4%	1,643,000	21,000	1.3%	24.5%
1986	415,994	12,689	3.1%	1,663,000	20,000	1.2%	25.0%
1987	423,386	7,392	1.8%	1,678,000	15,000	0.9%	25.2%
1988	429,551	6,165	1.5%	1,690,000	12,000	0.7%	25.4%
1989	435,762	6,211	1.4%	1,706,000	16,000	0.9%	25.5%
1990	444,732	8,970	2.1%	1,729,227	23,227	1.4%	25.7%
1991	454,218	9,486	2.1%	1,780,870	51,643	3.0%	25.5%
1992	461,259	7,041	1.6%	1,838,149	57,279	3.2%	25.1%
1993	468,675	7,416	1.6%	1,889,393	51,244	2.8%	24.8%
1994	471,402	2,727	0.6%	1,946,721	57,328	3.0%	24.2%
1995	473,666	2,264	0.5%	1,995,228	48,507	2.5%	23.7%
1996	478,028	4,362	0.9%	2,042,893	47,665	2.4%	23.4%
1997	479,151	1,123	0.2%	2,099,409	56,516	2.8%	22.8%
1998	477,061	-2,090	-0.4%	2,141,632	42,223	2.0%	22.3%
1999	475,974	-1,087	-0.2%	2,193,014	51,382	2.4%	21.7%
2000	475,269	-705	-0.1%	2,246,553	53,539	2.4%	21.2%
2001	477,801	2,532	0.5%	2,305,652	59,099	2.6%	20.7%
2002	481,143	3,342	0.7%	2,358,330	52,678	2.3%	20.4%
2003	486,938	5,795	1.2%	2,413,618	55,288	2.3%	20.2%
2004	495,682	8,744	1.8%	2,469,230	55,612	2.3%	20.1%
2005	510,012	14,330	2.9%	2,547,389	78,159	3.2%	20.0%
2006	525,660	15,648	3.1%	2,615,129	67,740	2.7%	20.1%
2007	537,653	11,993	2.3%	2,699,554	84,425	3.2%	19.9%
2008	551,013	13,360	2.5%	2,757,779	58,225	2.2%	20.0%
2009	563,273	12,260	2.2%	2,800,089	42,310	1.5%	20.1%
2010	576,335	11,044	2.3%	2,849,000	48,911	1.7%	20.2%
2011	591,089	14,754	2.6%	2,896,000	47,000	1.6%	20.4%

Note:
The 2001 to 2009 Utah Population estimates have not been updated to reflect results of the 2010 Census. Revisions to these estimates will be released in mid-2011. Contact the Governor's Office of Planning and Budget for further information.

Sources:
1. Utah State Office of Education, School Enrollment Counts
2. Interagency Common Data Committee (county-level single-year enrollment projections model), October 2008
3. Governor's Office of Planning and Budget
4. Utah Population Estimates Committee (UPEC)

Table 13
Fall Enrollment by District

District	2007	2008	2009	2010	Total Annual Change 2007-08	Total Annual Change 2008-09	Total Annual Change 2009-10	Percent Change 2007-08	Percent Change 2008-09	Percent Change 2009-10	2010 Rank Size	2010 Rank Total Change	2010 Rank Percent Change
Alpine	58,665	61,223	64,351	66,044	2,558	3,128	1,693	4.4%	5.1%	2.6%	2	1	9
Beaver	1,562	1,577	1,600	1,566	15	23	-34	1.0%	1.5%	-2.1%	31	38	37
Box Elder	10,931	11,132	11,052	11,187	201	-80	135	1.8%	-0.7%	1.2%	14	11	16
Cache	14,194	14,579	14,917	15,409	385	338	492	2.7%	2.3%	3.3%	10	5	5
Canyons	na	na	33,184	33,469	na	na	285	na	na	0.9%	5	8	20
Carbon	3,562	3,502	3,462	3,458	-60	-40	-4	-1.7%	-1.1%	-0.1%	23	29	30
Daggett	134	142	147	168	8	5	21	6.0%	3.5%	14.3%	41	21	1
Davis	64,551	65,014	65,452	66,019	463	438	567	0.7%	0.7%	0.9%	3	4	19
Duchesne	4,224	4,355	4,436	4,448	131	81	12	3.1%	1.9%	0.3%	21	23	25
Emery	2,262	2,256	2,316	2,359	-6	60	43	-0.3%	2.7%	1.9%	29	18	14
Garfield	933	911	931	925	-22	20	-6	-2.4%	2.2%	-0.6%	36	30	33
Grand	1,486	1,498	1,526	1,510	12	28	-16	0.8%	1.9%	-1.0%	32	34	34
Granite	67,948	68,403	68,131	68,573	455	-272	442	0.7%	-0.4%	0.6%	1	7	21
Iron	8,643	8,344	8,365	8,483	-299	21	118	-3.5%	0.3%	1.4%	15	14	15
Jordan	80,187	81,017	48,411	49,729	830	-32,606	1,318	1.0%	-40.2%	2.7%	4	2	8
Juab	2,147	2,203	2,244	2,286	56	41	42	2.6%	1.9%	1.9%	30	19	12
Kane	1,178	1,202	1,194	1,176	24	-8	-18	2.0%	-0.7%	-1.5%	34	35	36
Logan	5,755	5,960	6,123	6,133	205	163	10	3.6%	2.7%	0.2%	18	24	27
Millard	2,852	2,829	2,820	2,826	-23	-9	6	-0.8%	-0.3%	0.2%	26	26	26
Morgan	2,183	2,276	2,338	2,437	93	62	99	4.3%	2.7%	4.2%	27	17	4
Murray	6,426	6,458	6,515	6,500	32	57	-15	0.5%	0.9%	-0.2%	17	33	32
Nebo	26,588	27,592	28,282	29,136	1,004	690	854	3.8%	2.5%	3.0%	7	3	6
North Sanpete	2,340	2,329	2,319	2,419	-11	-10	100	-0.5%	-0.4%	4.3%	28	16	3
North Summit	1,000	988	1,003	978	-12	15	-25	-1.2%	1.5%	-2.5%	35	37	38
Ogden	12,603	12,884	12,578	12,568	281	-306	-10	2.2%	-2.4%	-0.1%	13	31	29
Park City	4,443	4,477	4,563	4,351	34	86	-212	0.8%	1.9%	-4.6%	22	41	39
Piute	300	319	328	305	19	9	-23	6.3%	2.8%	-7.0%	39	36	41
Provo	13,083	13,288	13,241	13,376	205	-47	135	1.6%	-0.4%	1.0%	12	11	18
Rich	431	450	457	484	19	7	27	4.4%	1.6%	5.9%	38	20	2
Salt Lake	23,536	23,678	23,850	23,960	142	172	110	0.6%	0.7%	0.5%	9	15	23
San Juan	2,844	2,889	2,953	2,912	45	64	-41	1.6%	2.2%	-1.4%	25	39	35
Sevier	4,475	4,511	4,528	4,533	36	17	5	0.8%	0.4%	0.1%	20	28	28
South Sanpete	2,911	2,955	3,025	3,038	44	70	13	1.5%	2.4%	0.4%	24	22	24
South Summit	1,374	1,427	1,424	1,433	53	-3	9	3.9%	-0.2%	0.6%	33	25	22
Tintic	238	232	233	220	-6	1	-13	-2.5%	0.4%	-5.6%	40	32	40
Tooele	12,988	13,406	13,180	13,439	418	-226	259	3.2%	-1.7%	2.0%	11	9	11
Uintah	5,952	6,408	6,489	6,683	456	81	194	7.7%	1.3%	3.0%	16	10	7
Wasatch	4,588	4,745	4,959	5,089	157	214	130	3.4%	4.5%	2.6%	19	13	10
Washington	25,295	25,775	25,202	25,671	480	-573	469	1.9%	-2.2%	1.9%	8	6	13
Wayne	548	531	561	567	-17	30	6	-3.1%	5.6%	1.1%	37	26	17
Weber	30,097	29,879	30,417	30,347	-218	538	-70	-0.7%	1.8%	-0.2%	6	40	31
Charter Schools	22,196	27,369	34,166	40,121	5,173	6,797	5,955	23.3%	24.8%	17.4%			
State of Utah	537,653	551,013	563,273	576,335	13,360	12,260	13,062	2.5%	2.2%	2.3%			

Notes:

1. Beginning with 2007, Youth In Custody (YIC) counts are no longer included in enrollment.
2. Counts for 2006 were revised to exclude YIC for comparability with 2007 in calculating growth.
3. Utah Schools for the Deaf and Blind (USDB) counts are not included in any years. For 2008, USDB reported 357 students.
4. The Jordan District was divided into the Canyons District and the Jordan District in 2009.

Source: Utah State Office of Education

Higher Education

Overview

The Utah System of Higher Education (USHE) consists of eight public colleges and universities governed by the Utah State Board of Regents, each assisted by a local Board of Trustees. The system includes two major research/teaching universities, three regional universities, one state college, and two community colleges. In addition, the Utah College of Applied Technology (UCAT) provides technical education at eight regional Applied Technology Colleges (ATCs) to meet the needs of Utah's employers for skilled workers.

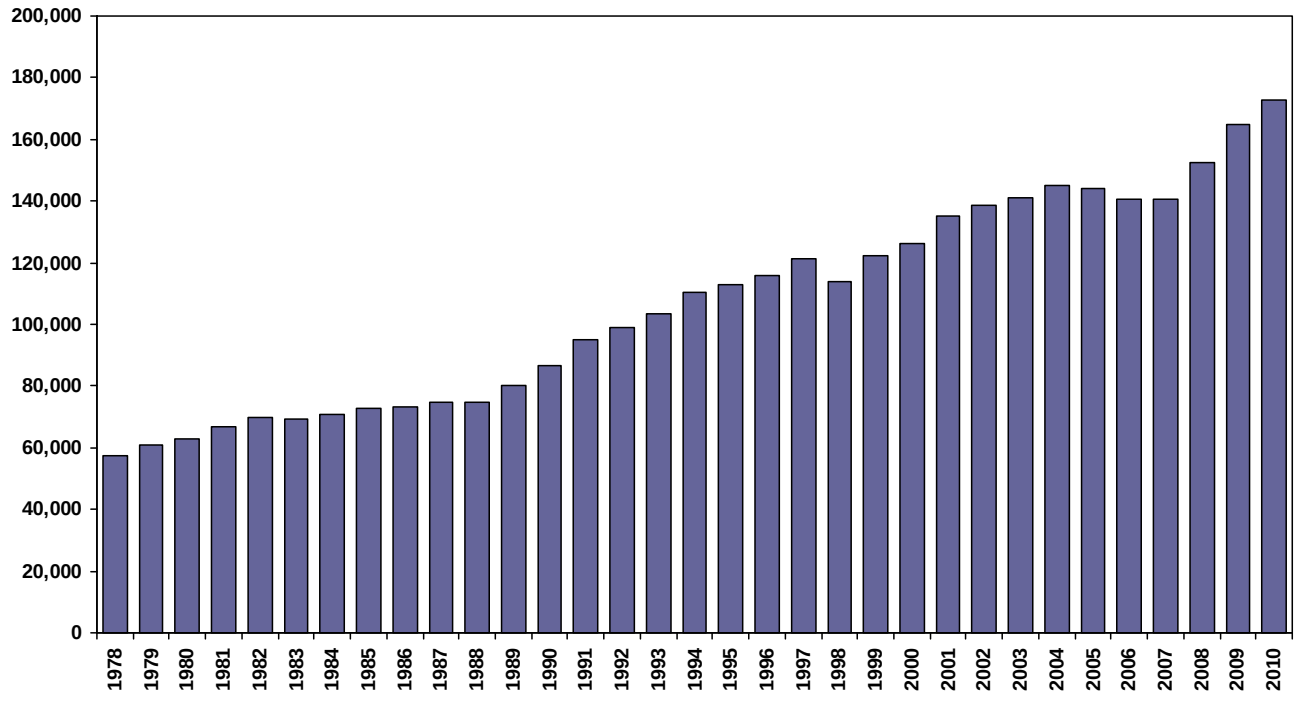
Fall 2010 enrollment was 173,017 or a 4.9% increase from the previous year. While the growth in 2010 is not a high as the two previous years, it marks the third year in a row higher education enrollment has increased from the previous year.

Outlook

A Georgetown University study indicates by the year 2018, 66% of all jobs in Utah will require a post-secondary degree or certificate. To meet Utah's education and workforce needs, the Board of Regents and the Commissioner of Higher Education have set a "Big Goal" for Utah: to have 66% of Utahns with a post-secondary degree or certificate by the year 2020.

In 2009, 37.6% of Utahns age 25 and older had an associate's degree or higher. In order to reach the goal, 55% of Utah's population between the ages of 25 and 64 will need to complete an associate's degree or higher. In addition to those with an associate degree or higher, 11% more of Utah's future workforce needs to earn a one-year post-secondary certificate from an ATC or trade group, bringing the total to 66%. USHE institutions will also need to encourage greater participation and increase capacity to accommodate more students entering the system. With the increased emphasis on higher education, it is expected that the 2011 fall enrollment will increase from 2010.

Figure 22
Utah System of Higher Education Enrollment Fall Third Week Headcount



Source: USHE Annual Data Books for Fall third Week Enrollment

Table 14
Utah System of Higher Education and State of Utah Population

Year	Fall Enrollment	Annual Change	Percent Change	July 1 State Pop	Annual Change	Percent Change	Enrollment/ Population
1976	55,586			1,272,050			4.4%
1977	56,838	1,252	2.3%	1,315,950	43,900	3.5%	4.3%
1978	56,588	-250	-0.4%	1,363,750	47,800	3.6%	4.1%
1979	57,641	1,053	1.9%	1,415,950	52,200	3.8%	4.1%
1980	61,115	3,474	6.0%	1,474,000	58,050	4.1%	4.1%
1981	63,090	1,975	3.2%	1,515,000	41,000	2.8%	4.2%
1982	67,056	3,966	6.3%	1,558,000	43,000	2.8%	4.3%
1983	69,579	2,523	3.8%	1,595,000	37,000	2.4%	4.4%
1984	69,212	-367	-0.5%	1,622,000	27,000	1.7%	4.3%
1985	70,615	1,403	2.0%	1,643,000	21,000	1.3%	4.3%
1986	72,674	2,059	2.9%	1,663,000	20,000	1.2%	4.4%
1987	73,088	414	0.6%	1,678,000	15,000	0.9%	4.4%
1988	74,929	1,841	2.5%	1,690,000	12,000	0.7%	4.4%
1989	74,884	-45	-0.1%	1,706,000	16,000	0.9%	4.4%
1990	80,430	5,546	7.4%	1,729,227	23,227	1.4%	4.7%
1991	86,843	6,413	8.0%	1,780,870	51,643	3.0%	4.9%
1992	94,923	8,080	9.3%	1,838,149	57,279	3.2%	5.2%
1993	99,163	4,240	4.5%	1,889,393	51,244	2.8%	5.2%
1994	103,633	4,470	4.5%	1,946,721	57,328	3.0%	5.3%
1995	110,594	6,961	6.7%	1,995,228	48,507	2.5%	5.5%
1996	112,666	2,072	1.9%	2,042,893	47,665	2.4%	5.5%
1997	116,047	3,381	3.0%	2,099,409	56,516	2.8%	5.5%
1998	121,053	5,006	4.3%	2,141,632	42,223	2.0%	5.7%
1999	113,704	-7,349	-6.1%	2,193,014	51,382	2.4%	5.2%
2000	122,417	8,713	7.7%	2,246,553	53,539	2.4%	5.4%
2001	126,377	3,960	3.2%	2,305,652	59,099	2.6%	5.5%
2002	134,939	8,562	6.8%	2,358,330	52,678	2.3%	5.7%
2003	138,625	3,686	2.7%	2,413,618	55,288	2.3%	5.7%
2004	140,933	2,308	1.7%	2,469,230	55,612	2.3%	5.7%
2005	144,937	4,004	2.8%	2,547,389	78,159	3.2%	5.7%
2006	144,302	-635	-0.4%	2,615,129	67,740	2.7%	5.5%
2007	140,397	-3,905	-2.7%	2,699,554	84,425	3.2%	5.2%
2008	152,228	11,831	8.4%	2,757,779	58,225	2.2%	5.5%
2009	164,860	12,632	8.3%	2,800,089	42,310	1.5%	5.9%
2010	173,017	8,157	4.9%	2,849,000	48,911	1.7%	6.1%

Note:
The 2001 to 2009 Utah Population estimates have not been updated to reflect results of the 2010 Census. Revisions to these estimates will be released in mid-2011. Contact the Governor's Office of Planning and Budget for further information.

Sources:
1. Utah System of Higher Education
2. Common Data Committee
3. Utah Population Estimates Committee

Table 15
Utah System of Higher Education Enrollment Fall Third Week Headcount

County	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Total Annual Change 2008	Total Annual Change 2009	Total Annual Change 2010	Percent Change 2008	Percent Change 2009	Percent Change 2010
Beaver	281	364	366	405	83	2	39	29.5%	0.5%	10.7%
Box Elder	1,712	2,181	2,255	2,265	469	74	10	27.4%	3.4%	0.4%
Cache	4,199	5,365	5,471	5,570	1,166	106	99	27.8%	2.0%	1.8%
Carbon	1,026	1,046	1,112	1,114	20	66	2	1.9%	6.3%	0.2%
Daggett	25	28	34	32	3	6	-2	12.0%	21.4%	-5.9%
Davis	11,143	14,653	15,154	16,340	3,510	501	1,186	31.5%	3.4%	7.8%
Duchesne	486	437	472	532	-49	35	60	-10.1%	8.0%	12.7%
Emery	614	664	530	720	50	-134	190	8.1%	-20.2%	35.8%
Garfield	177	190	205	174	13	15	-31	7.3%	7.9%	-15.1%
Grand	195	206	255	255	11	49	0	5.6%	23.8%	0.0%
Iron	2,175	2,497	2,562	2,680	322	65	118	14.8%	2.6%	4.6%
Juab	508	556	637	712	48	81	75	9.4%	14.6%	11.8%
Kane	241	251	282	279	10	31	-3	4.1%	12.4%	-1.1%
Millard	816	853	873	869	37	20	-4	4.5%	2.3%	-0.5%
Morgan	440	513	559	551	73	46	-8	16.6%	9.0%	-1.4%
Piute	69	75	128	112	6	53	-16	8.7%	70.7%	-12.5%
Rich	91	85	87	114	-6	2	27	-6.6%	2.4%	31.0%
Salt Lake	38,171	46,540	46,227	46,714	8,369	-313	487	21.9%	-0.7%	1.1%
San Juan	1,058	622	640	725	-436	18	85	-41.2%	2.9%	13.3%
Sanpete	1,553	1,512	1,504	1,594	-41	-8	90	-2.6%	-0.5%	6.0%
Sevier	1,281	1,277	1,441	1,406	-4	164	-35	-0.3%	12.8%	-2.4%
Summit	1,182	1,366	1,392	1,496	184	26	104	15.6%	1.9%	7.5%
Tooele	1,239	1,660	1,813	1,865	421	153	52	34.0%	9.2%	2.9%
Uintah	601	562	622	696	-39	60	74	-6.5%	10.7%	11.9%
Utah	19,398	22,126	24,452	26,597	2,728	2,326	2,145	14.1%	10.5%	8.8%
Wasatch	937	1,104	1,095	1,227	167	-9	132	17.8%	-0.8%	12.1%
Washington	5,205	5,634	6,833	7,453	429	1,199	620	8.2%	21.3%	9.1%
Wayne	133	165	175	184	32	10	9	24.1%	6.1%	5.1%
Weber	7,207	9,351	9,703	10,321	2,144	352	618	29.7%	3.8%	6.4%
Other US Locations	17,085	17,804	22,097	23,485	719	4,293	1,388	4.2%	24.1%	6.3%
Foreign Locations	3,599	6,756	5,499	6,359	3,157	-1,257	860	87.7%	-18.6%	15.6%
Unknown/Unidentified	17,550	5,785	10,385	10,171	-11,765	4,600	-214	-67.0%	79.5%	-2.1%
Total	140,397	152,228	164,860	173,017	11,831	12,632	8,157	8.4%	8.3%	4.9%

Source: Utah System of Higher Education

Economic Development

Overview
As Utah and the nation begin to recover from the recent recession, economic development activities picked up during 2010. The Governor's Office of Economic Development (GOED) extended offers to 11 firms to locate to or expand operations in Utah. Companies making announcements of plans included high tech, aerospace manufacturing, software development, and retail. Construction has continued on City Creek Center, with sales starting for some of the residential units. Ground was broken for the first building in the Falcon Hill development at Hill Air Force Base. Other projects which were delayed have been reactivated, such as Station Park in Farmington where building permits have been issued for a theater complex and retail establishments. The Utah Science and Technology and Research Initiative (USTAR) completed the research building at Utah State University and continues to attract researchers and spin out companies.

Utah rose from second to first place as the best state for doing business according to Forbes Magazine. This recognition, coupled with effective efforts to attract new business to the state and to encourage existing business to expand their operation, bode well for future economic development in Utah.

Governor's Office of Economic Development
The Economic Development Tax Increment Financing (EDTIF) is a post-performance tax credit based on sales, corporate, and withholding taxes paid to the state. It is available to companies seeking relocation to and expansion of existing operations in Utah. In FY 2010, the GOED Board extended 11 EDTIF incentive offers, of which, eight were made to existing businesses within the State of Utah. Counties affected included Salt Lake, Utah, Davis, Sanpete and Weber. The incentive payments will extend from five to 20 years. The developments are expected to bring over 4,000 new jobs, $3.3 billion in new wages, and $296 million in new state revenue. The capital expenditure is projected to total $275 million.

Downtown Rising
Utah's capitol city experienced another great year in 2010. The Downtown Arts and Culture District continues to take shape with continued design work on the Performing Arts Center and the Utah Film Center. Questar broke ground on their new corporate headquarters located at 333 South State and construction continues on Harmon's City Creek with an expected completion in late 2011. Downtown continues to attract local entrepreneurs in restaurant and retail with 30 restaurants and retail locations opening downtown in 2010. City Creek continues to move forward with residents moving into the Richards Court condominiums and construction nearing completion on the Regent Condominiums.

Companies Opening or Expanding Facilities in Utah
In October, Edwards Lifesciences Corporation, manufacturer of cardiac surgery systems and appliances, opened a new facility in Draper. The company is moving approximately 250 current employees from their Midvale facility and has plans to hire up to 1,000 new employees.

In September the Federal Government announced the award of a $1.2 billion contract to a consortium including Salt Lake City-based Big-D Construction to build a data center for U.S. intelligence agencies at Camp Williams. Site preparation is nearing completion. Also in September ATK announced an expansion of 800 employees to meet increased orders from the airline industry. At the same time, Janicki Industries is building a new facility with 50 jobs in Layton that will make tools for ATK.

Adobe Systems, Inc. announced plans to build a $100 million campus that will add up 1,000 new employees in the next 20 years. Social networking company Twitter Inc. will move its data center to Salt Lake City. Electronic Arts Inc. opened a new facility in Salt Lake City with 100 employees to contribute to the firm's video game empire. Black Diamond Equipment, Inc. is expanding by acquiring Gregory Mountain Products and moving employees to Utah, Retailer C-A-L Ranch Stores is moving its distribution center from Idaho to Utah.

Station Park
There was progress on a development project in Farmington that had been stalled for nearly two years. The Station Park development at the intersection of Interstate 15, Legacy Parkway, and FrontRunner commuter rail station, now includes plans for a multi-screen theater complex as well as retail establishments offering sporting goods, groceries, and home furnishings.

Falcon Hill
Under the direction of the Military Installation Development Authority (MIDA) commercial development of property adjacent to Hill Air Force Base is underway. Ground was broken in October for the office building that will be occupied by Northrup-Grumman. Changes to the entry road into the base and movement of the security gate have been designed and building will begin in the spring.

The Utah Science and Technology and Research Initiative (USTAR)
As of last June, USTAR has recruited 34 top researchers to the University of Utah and Utah State University. The intellectual property generated has resulted in 87 invention disclosures. These researchers have created six new companies and brought more than $44 million of new out-of-state research funding. Based on jobs created through extramural research funding, USTAR has created an estimated 1,984 jobs, slightly ahead of projections (106%). This includes more than 800 construction jobs at USTAR building projects.

USTAR building projects are progressing within budget. Ribbon cutting at USU's BioInnovations Building took place

October 7, 2010, with research teams projected to take occupancy in December 2010. The UofU building may open as early as December 2011.

The UTAR regional Technology Outreach staff conducted projects that supported companies, entrepreneurs, and researchers in 19 of the 29 counties in the state. This has included the Technology Commercialization Grant program, which strives to encourage collaboration between local industry and regional and research universities. Some 68 projects were funded by Septempber 2010, and progress in terms of prototype creation and private equity financing has been encouraging.

Looking forward, USTAR expects to recruit new out-of-state researchers, bringing the total to above 40 for FY2011. The inflow of research funding is projected to top $60 million. Both research buildings are projected to attract new levels of industry-sponsored research funding. In addition, USTAR anticipates the creation of two to four new companies from the Technology Commercialization Grant program, as well as two to four new companies from the ranks of USTAR-recruited researchers.

Agriculture

Overview

Agricultural sectors in Utah were more profitable in 2010 compared to 2009, with the exception of the hay sector. Agricultural receipts in 2009 were greater than they had been for the past several years and total cash receipts for 2010 are estimated to have exceed 2009 levels. Cattle, dairy, and hay are the three largest sectors of the Utah agricultural economy, accounting for 20.5%, 18.0% and 15.4% of cash receipts in 2009. The hog sector accounts for 13.1% and the greenhouse and nursery sector has now grown to 10.1% of agricultural receipts.

Summary

Cash Receipts. Over the last four years, cattle, dairy, hay and hogs have accounted for about 65% to 75% of Utah agricultural cash receipts. Cattle had long held the top position for agricultural receipts in the state at about 33%. However, with cattle prices declining for three years starting in 2006, milk became the top industry in 2007 and 2008. With milk prices declining by 35% in 2009 compared to 2008, cattle sales were once again the largest contributor to cash receipts in Utah at 20.5% compared to dairy at 18%. Hay prices declined by about 20% in 2009 and declined again in 2010. In 2009 hog receipts were 13.1% of total agricultural receipts which was the highest level of this decade and are estimated to be 30% higher in 2010.

Profitability. Determining the profitability of agricultural sectors in Utah for 2010 is difficult. The beef cattle sector was expected to be more profitable with lower hay prices and higher calf prices. The dairy sector profits increased, but not as much as cattle. Other feed prices were higher in 2010, including corn, barley and protein supplements. Profitability in the hay sector was likely lower in 2010 compared to 2009. Hog prices were sharply higher in 2010, but corn and soybean meal prices, the two main feed ingredients were also higher. Grain producers only account for about 5% of total agricultural receipts, but they should have been more profitable in 2010 as grain prices were higher in 2010 compared to 2009.

Significant Issues

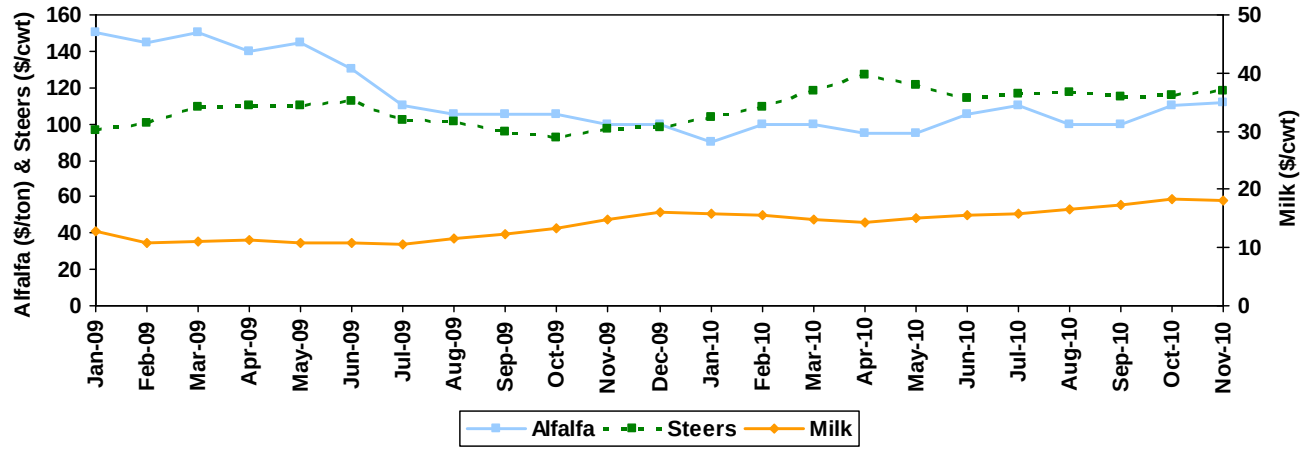
Demand. The main issue facing agriculture in 2010 was the same as it is for all other industries; the weakness of the overall economy. While domestic demand has been lower for most agricultural commodities, export demand has been higher in 2010 for many commodities. This has been beneficial to cattle, grains and the hog sectors.

Dairy. Milk prices in 2008 were at record levels and dairy producers were very profitable. Many of them expanded their herds. However, milk prices declined sharply in 2009 and feed costs were higher leading to significant economic losses in this sector. This past year has seen some improvement over 2009, but many dairies are operating near break-even levels. With grain prices at the end of 2010 higher and expected to remain higher for most of 2011, the dairy sector will likely continue to struggle to be profitable.

2011 Outlook

This past year there were higher returns to some sectors and lower returns to other sectors of the Utah agricultural economy. Cattle and grain producers had better returns in 2010 than in 2009, while hay producers had lower returns. With cattle and milk prices both increasing in 2010, these two sectors are expected again to be the largest agricultural sectors in 2011.

Figure 23
Utah Agricultural Commodity Prices



Source: U.S. Department of Agriculture

Construction

Overview

In 2010 the value of permit authorized construction in Utah dropped to $3.1 billion, a decline of 10% from the $3.4 billion of 2009. In inflation adjusted dollars the $3.1 billion in 2010 was the lowest level since 1992. The construction sector is comprised of three subsectors; residential, nonresidential and additions, alterations and repairs. In 2010 the value of residential construction was $1.6 billion followed by $900 million for nonresidential construction and $550 million for addition, alterations and repairs.

The continued decline in construction value in 2010 was led by the contraction in nonresidential construction and multifamily residential construction. The value of nonresidential construction fell by 15%. In contrast, new home construction had the first gain in value since 2005. The value of new home construction increased by nearly 30%, from $1.05 billion in 2009 to $1.35 billion in 2010. The modest recovery in 2010 for the homebuilding industry suggests that 2009 was likely the bottom for new homebuilding.

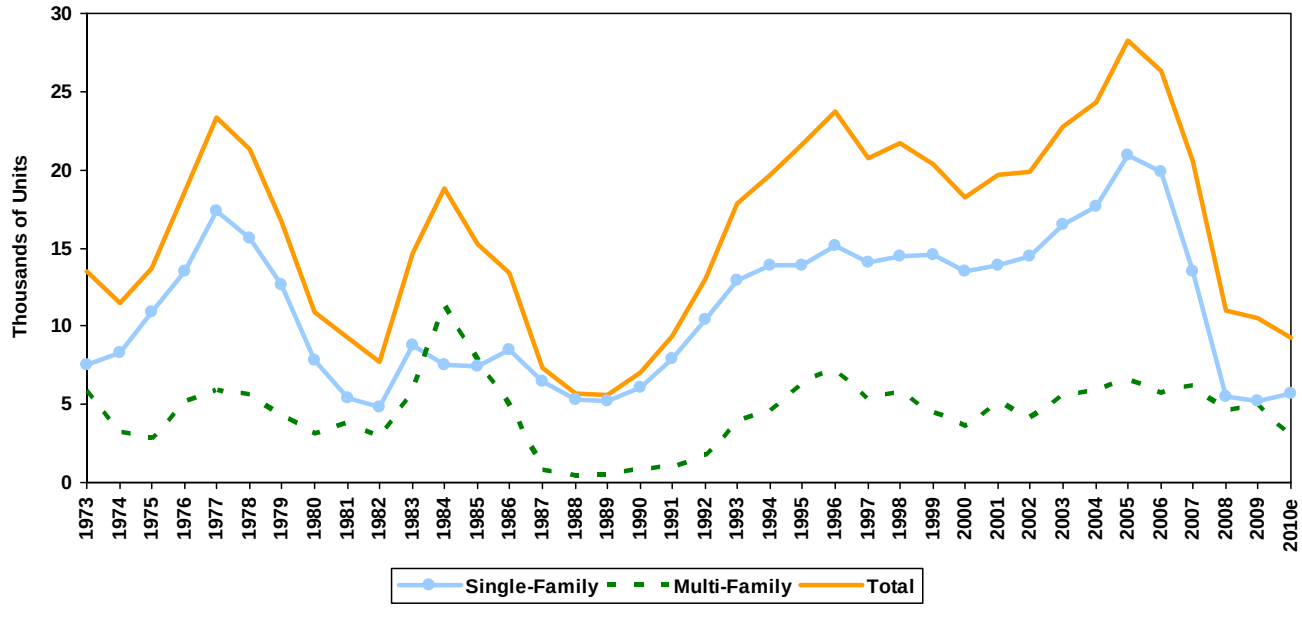
In terms of units, residential activity dropped from 10,488 building permits in 2009 to 9,300 in 2010, the lowest level since 1990. The 11% decline in residential permits was due entirely to the weakness in the multifamily sector. The number of apartments, condominiums and townhomes permits fell from 4,950 units in 2009 to 3,000 units in 2010. In contrast, the number of permits issued for new home construction increased from 5,200 in 2009 to 5,700 in 2010, an increase of 9.3%.

2011 Outlook

No residential construction contraction in Utah's postwar history has lasted longer than five years. This past year (2010) was the fifth year of decline for the current contraction however, there are some indications a modest recovery may get underway in 2011. The increase in single-family homes in 2010 was certainly an important sign of progress. Another positive development is an improving job market. In 2011, the number of jobs in Utah is expected to increase by nearly 20,000. Job growth will help reduce the loss of housing demand caused by households doubling-up due to unemployment and/or foreclosures. Favorable mortgage rates and housing affordability should also help stimulate demand. Mortgage rates are expected to be below 5% throughout 2011. The number of permits issued for residential units should increase by about 20% in 2011 to 11,000 units with a construction value of $2.0 billion.

On the nonresidential side excess capacity and rising vacancy rates will result in further declines in 2011. The value of permit authorized nonresidential construction is projected to drop to $750 million in 2011 as the nonresidential contraction is extended through a fourth year.

Figure 24
Utah Residential Construction Activity



Source: University of Utah, David Eccles School of Business, Bureau of Economic and Business Research e = estimate

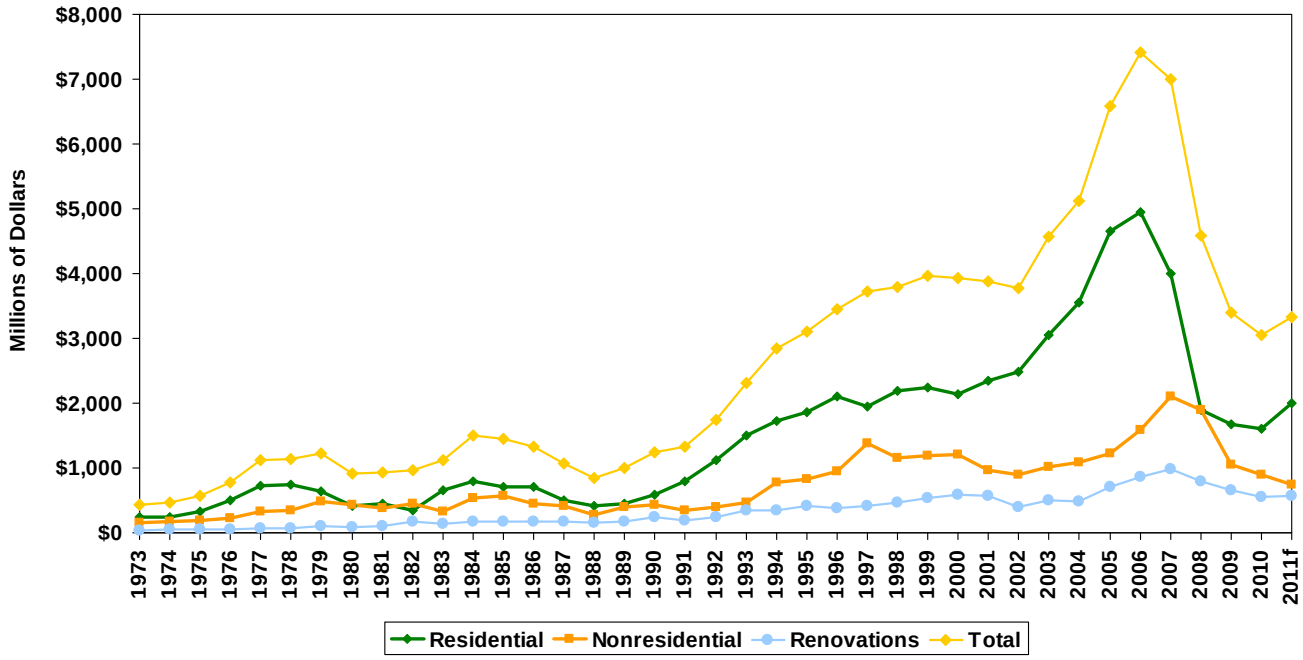
Table 16
Residential and Nonresidential Construction Activity

Year	Single-Family Units	Multi-Family Units	Mobile Homes/ Cabins	Total Units	Value of Residential Construction (millions)	Value of Nonresidential Construction (millions)	Value of Add., Alt., and Repairs (millions)	Total Valuation (millions)
1970	5,962	3,108	na	9,070	$117.0	$87.3	$18.0	$222.3
1971	6,768	6,009	na	12,777	176.8	121.6	23.9	322.3
1972	8,807	8,513	na	17,320	256.5	99.0	31.8	387.3
1973	7,546	5,904	na	13,450	240.9	150.3	36.3	427.5
1974	8,284	3,217	na	11,501	237.9	174.2	52.3	464.4
1975	10,912	2,800	na	13,712	330.6	196.5	50.0	577.1
1976	13,546	5,075	na	18,621	507.0	216.8	49.4	773.2
1977	17,424	5,856	na	23,280	728.0	327.1	61.7	1,116.8
1978	15,618	5,646	na	21,264	734.0	338.6	70.8	1,143.4
1979	12,570	4,179	na	16,749	645.8	490.3	96.0	1,232.1
1980	7,760	3,141	na	10,901	408.3	430.0	83.7	922.0
1981	5,413	3,840	na	9,253	451.5	378.2	101.6	931.3
1982	4,767	2,904	na	7,671	347.6	440.1	175.7	963.4
1983	8,806	5,858	na	14,664	657.8	321.0	136.3	1,115.1
1984	7,496	11,327	na	18,823	786.7	535.2	172.9	1,494.8
1985	7,403	7,844	na	15,247	706.2	567.7	167.6	1,441.5
1986	8,512	4,932	na	13,444	715.5	439.9	164.1	1,319.5
1987	6,530	755	na	7,305	495.2	413.4	166.4	1,075.0
1988	5,297	418	na	5,715	413.0	272.1	161.5	846.6
1989	5,197	453	na	5,632	447.8	389.6	171.1	1,008.5
1990	6,099	910	na	7,009	579.4	422.9	243.4	1,245.7
1991r	7,911	958	572	9,441	791.0	342.6	186.9	1,320.5
1992	10,375	1,722	904	13,001	1,113.6	396.9	234.8	1,745.3
1993	12,929	3,865	1,010	17,804	1,504.4	463.7	337.3	2,305.4
1994	13,947	4,646	1,154	19,747	1,730.1	772.2	341.9	2,844.2
1995	13,904	6,425	1,229	21,558	1,854.6	832.7	409.0	3,096.3
1996	15,139	7,190	1,408	23,737	2,104.5	951.8	386.3	3,442.6
1997	14,079	5,265	1,343	20,687	1,943.5	1,370.9	407.1	3,721.6
1998	14,476	5,762	1,505	21,743	2,188.7	1,148.4	461.3	3,798.4
1999	14,561	4,443	1,346	20,350	2,238.0	1,195.0	537.0	3,971.0
2000	13,463	3,629	1,062	18,154	2,140.1	1,213.0	583.3	3,936.0
2001	13,851	5,089	735	19,675	2,352.7	970.0	562.8	3,885.4
2002	14,466	4,149	926	19,941	2,491.0	897.0	393.0	3,782.0
2003	16,515	5,555	766	22,836	3,046.4	1,017.4	497.0	4,560.8
2004	17,724	5,853	716	24,293	3,552.6	1,089.9	476.0	5,118.5
2005	20,912	6,562	811	28,285	4,662.6	1,217.8	707.6	6,588.0
2006	19,888	5,658	776	26,322	4,955.5	1,588.0	865.3	7,408.8
2007	13,510	6,290	739	20,539	3,963.2	2,051.0	979.7	6,994.4
2008	5,513	4,544	546	10,603	1,877.0	1,919.1	791.1	4,587.2
2009	5,217	4,951	320	10,488	1,674.0	1,054.3	660.1	3,388.4
2010e	5,700	3,000	600	9,300	1,607.0	900.0	553.0	3,060.0

e = estimate

Source: University of Utah, David Eccles School of Business, Bureau of Economic and Business Research, December 2010

Figure 25
Value of New Construction



Source: University of Utah, David Eccles School of Business, Bureau of Economic and Business Research

Table 17
Summary of Construction Activity

Type of Construction	2006	2007	2008	2009	2010e	% Change 2009-2010
Total Construction Value	$7.4 billion	$7.0 billion	$4.6 billion	$3.4 billion	$3.1 billion	-9.7%
Residential Value	$4.95 billion	$4.0 billion	$1.9 billion	$1.7 billion	$1.6 billion	-5.9%
Total Dwelling Units	26,322 units	20,539 units	10,603 units	10,488 units	9,300 units	-11.3%
Single Family Units	19,888 units	13,510 units	5,513 units	5,217 units	5,700 units	9.3%
Multifamily Units	5,658 units	6,290 units	4,544 units	4,951 units	3,000 units	-39.4%
Mobile Homes/Cabins	776 units	739 units	546 units	320 units	600 units	99.0%
Nonresidential Value	$1.6 billion	$2.1 billion	$1.9 billion	$1.1 billion	$900 million	-14.6%
Additions, Alterations and Repairs	$865 million	$980 million	$791 million	$660 million	$553 million	-16.2%

e = estimate

Source: University of Utah, David Eccles School of Business, Bureau of Economic and Business Research

Energy

Overview
Energy consumption increased across the board in 2010 after experiencing declines in 2009 due to the recession. Also during 2010, crude oil production and electricity generation experienced new growth, while natural gas production declined from 2009-record highs and coal production continued its slide as several mines experienced expected and unexpected delays or shut-downs. Early indications are that 2011 will continue on the path of slow and cautious growth.

Production and Consumption. Despite an 87% increase in crude oil production over the past seven years and 2010 production totaling 24.3 million barrels, Utah continues to be dependent on other states and Canada for crude oil and petroleum products as current Utah production meets only 45% of in-state demand. Conversely, Utah continues to produce much more natural gas than it consumes (417 billion cubic feet produced in 2010 compared to 218 billion cubic feet consumed), allowing roughly half of total production to be exported out-of-state. Utah coal production fell to 18.8 million tons in 2010, the first time production has dropped below 20 million tons since 1988. This decrease was the result of planned down-time at the Deer Creek mine for equipment maintenance, as well as unexpected closures at the Dugout Canyon mine and the idling of the Emery mine. Nevertheless, Utah companies still exported 30% of total coal production to other states and countries, while in-state consumption, dominated by coal-fired power plants, remained near the long-term average of about 17 million tons. Electric generation rebounded in 2010 to 43,960 gigawatthours, including a 14% increase in renewable energy generation, resulting mostly from the new 203-megawatt Milford wind farm that came online in mid-2009. Utah consumes only 63% of total net generation, exporting the rest to surrounding states. For instance, about 75% of electricity generated at the coal-fired Intermountain Power Plant, 100% of the electricity generated by the Milford wind farm, and 100% of the electricity generated by Raser Technologies' new Hatch geothermal power plant, goes to markets in California.

Prices. Utah's crude oil price rose 36% to an average of $68 per barrel in 2010, Utah's second highest price in nominal dollars, helping spur continued growth in crude oil development. Utah's average price for natural gas increased 18% to $4.00 per thousand cubic feet in 2010, but unlike crude oil, prices were still not high enough to sustain the type of development seen in the past few years. The spot price for Utah coal hovered around $40 per ton throughout 2010, and the mine-mouth coal price averaged about $30 per ton due to lower-priced, long-term contracts controlling most of the production. With regard to electricity, Utah's well established coal-fired power plants will assure affordable, reliable electric power for the foreseeable future and help keep Utah's electricity prices well below the national average.

2011 Outlook
In 2011, Utah crude oil production should continue its recent growth as prices are expected to remain near $70 per barrel. Utah coal production should increase back to about 20 million tons as the Deer Creek mine returns to full production and the new Lila Canyon mine continues ramping up to future longwall production. Natural gas production is expected to decrease for the second straight year as prices remain near $4 per thousand cubic feet, not high enough to spur significant new development. Electricity generation in Utah should also increase as demand rises with an improved economy. In addition, as the economy grows, consumption of energy from all sources is expected to increase in 2011, while prices should remain near 2010 averages.

Table 18
Electric Generation in Utah: 2010

	GWh	Percent of Total
Coal	36,000	81.9%
Natural gas	6,200	14.1%
Hydro	700	1.6%
Wind	500	1.1%
Geothermal	280	0.6%
Other [1]	200	0.5%
Petroleum	50	0.1%
Other Renewables [2]	30	0.1%
Total	43,960	

[1] Includes nonbiogenic municipal solid waste and other manufactured and waste gases derived from fossil fuels

[2] Landfill gas and biogenic municipal solid waste

Source: Utah Geological Survey; U.S. Energy Information Administration

Table 19
Production, Consumption, and Selected Prices for Energy Sources in Utah

	Crude Oil and Petroleum Products			Natural Gas			Coal			Electricity				
Year	Production	Consumption	Wellhead Price	Marketed Production	Consumption	Wellhead Price	Production	Consumption	Minemouth Price	Generation from Fossil Fuels[1]	Generation from Renewables[2]	Total Generation	Consumption	Residential Electricity Price
	Thousand barrels	Thousand barrels	$/barrel	Million cubic feet	Million cubic feet	$/thousand cubic feet	Thousand tons	Thousand tons	$/ton	Gigawatt-hours	Gigawatt-hours	Gigawatt-hours	Gigawatt-hours	¢/kilowatthour
1980	24,979	35,983	19.79	47,857	115,092	1.12	13,236	7,106	25.63	11,291	821	12,112	10,705	5.5
1981	24,309	30,812	34.14	59,120	102,240	1.10	13,808	7,433	26.87	11,139	623	11,762	11,886	6.0
1982	23,595	30,563	30.50	49,995	117,706	3.06	16,912	6,787	29.42	10,867	1,024	11,891	12,391	6.3
1983	31,045	32,316	28.12	20,925	110,185	3.40	11,829	6,872	28.32	11,030	1,394	12,424	13,194	6.9
1984	38,054	32,101	27.21	74,698	115,578	4.08	12,259	7,905	29.20	12,359	1,429	13,788	12,717	7.4
1985	41,080	31,809	23.98	83,405	115,117	3.52	12,831	8,303	27.69	14,283	1,129	15,412	13,039	7.8
1986	39,243	34,406	13.33	90,013	105,175	2.90	14,269	8,112	27.64	15,235	1,585	16,820	12,989	8.0
1987	35,829	35,172	17.22	87,158	98,987	1.88	16,521	11,806	25.67	25,326	1,020	26,346	13,398	8.0
1988	33,365	35,971	14.24	101,372	108,953	2.39	18,164	14,513	22.85	28,870	767	29,637	14,507	7.8
1989	28,504	34,694	18.63	120,089	113,537	1.58	20,517	15,044	22.01	29,761	735	30,496	14,965	7.4
1990	27,705	35,082	22.61	145,875	116,648	1.70	22,012	15,737	21.78	31,903	660	32,563	15,401	7.1
1991	25,928	36,933	19.99	144,817	132,766	1.54	21,875	14,834	21.56	29,693	813	30,506	15,907	7.1
1992	24,074	36,524	19.39	171,293	122,785	1.63	21,015	15,719	21.83	32,448	835	33,283	16,567	7.0
1993	21,826	37,422	17.48	225,401	138,199	1.77	21,723	16,063	21.17	33,050	1,047	34,097	16,867	6.9
1994	20,668	38,275	16.38	270,858	137,222	1.54	24,422	16,603	20.07	34,252	983	35,235	17,847	6.9
1995	19,976	41,718	17.71	241,290	156,971	1.15	25,051	15,675	19.11	31,699	1,137	32,836	18,460	6.9
1996	19,529	44,628	21.10	250,767	161,285	1.39	27,071	15,616	18.50	31,711	1,272	32,983	19,858	7.0
1997	19,593	44,529	18.57	257,139	165,305	1.86	26,428	16,506	18.34	33,200	1,547	34,747	20,376	6.9
1998	19,218	45,452	12.52	277,340	170,134	1.73	26,600	17,482	17.83	34,436	1,510	35,946	20,700	6.8
1999	16,362	46,806	17.69	262,614	160,431	1.93	26,491	16,610	17.36	35,366	1,449	36,815	21,879	6.3
2000	15,609	49,179	28.53	269,285	165,023	3.28	26,920	17,373	16.93	35,697	941	36,638	23,185	6.3
2001	15,274	48,167	24.09	283,913	159,299	3.52	27,024	17,007	17.76	35,187	699	35,886	23,217	6.7
2002	13,771	47,607	23.87	274,739	163,379	1.99	25,299	16,434	18.47	35,927	682	36,609	23,266	6.8
2003	13,097	49,897	28.88	268,058	154,125	4.11	23,069	16,974	16.64	37,399	624	38,023	23,860	6.9
2004	14,745	50,625	39.35	277,969	155,891	5.24	21,818	17,614	17.70	37,564	649	38,213	24,511	7.2
2005	16,681	52,978	53.98	301,223	160,276	7.16	24,556	17,329	19.34	37,192	973	38,165	25,000	7.5
2006	17,928	57,015	59.70	348,320	187,399	5.70	26,131	17,515	22.51	40,312	953	41,265	26,366	7.6
2007	19,536	55,689	62.48	376,409	219,699	3.86	24,288	17,486	25.18	44,639	734	45,373	27,786	8.2
2008	22,036	52,949	86.58	433,566	224,219	6.15	24,275	17,779	25.70	45,609	970	46,579	28,191	8.3
2009	22,944	52,700	50.22	444,162	214,163	3.38	21,927	16,583	31.50	42,221	1,322	43,543	27,587	8.5
2010e	24,300	54,400	68.40	417,000	218,000	4.00	18,800	17,054	30.00	42,450	1,510	43,960	27,700	8.7
2011f	25,200	55,000	73.00	412,000	220,000	4.00	19,800	17,200	29.00	43,750	1,550	45,300	28,200	8.8

e = estimate
f = forecast
[1]Includes nonbiogenic municipal solid waste and other manufactured and waste gases derived from fossil fuels
[2]Includes hydroelectric, geothermal, biomass, wind, and solar

Note: Prices are in nominal dollars
Source: Utah Geological Survey, U.S. Energy Information Administration, Utah Division of Oil, Gas and Mining

Minerals

Overview

The Utah Geological Survey (UGS) estimates the gross production value of nonfuel mineral commodities and uranium produced in Utah in 2010 totaled $4.34 billion, an increase of about $551 million (15%) over 2009. The estimated nominal value of nonfuel mineral production (excluding uranium) in Utah was $4.28 billion in 2010, approximately $280 million (7%) higher than the $4.0 billion reported by the U.S. Geological Survey (USGS) for 2009. The USGS ranked Utah third among all states in the value of nonfuel mineral production in 2009.

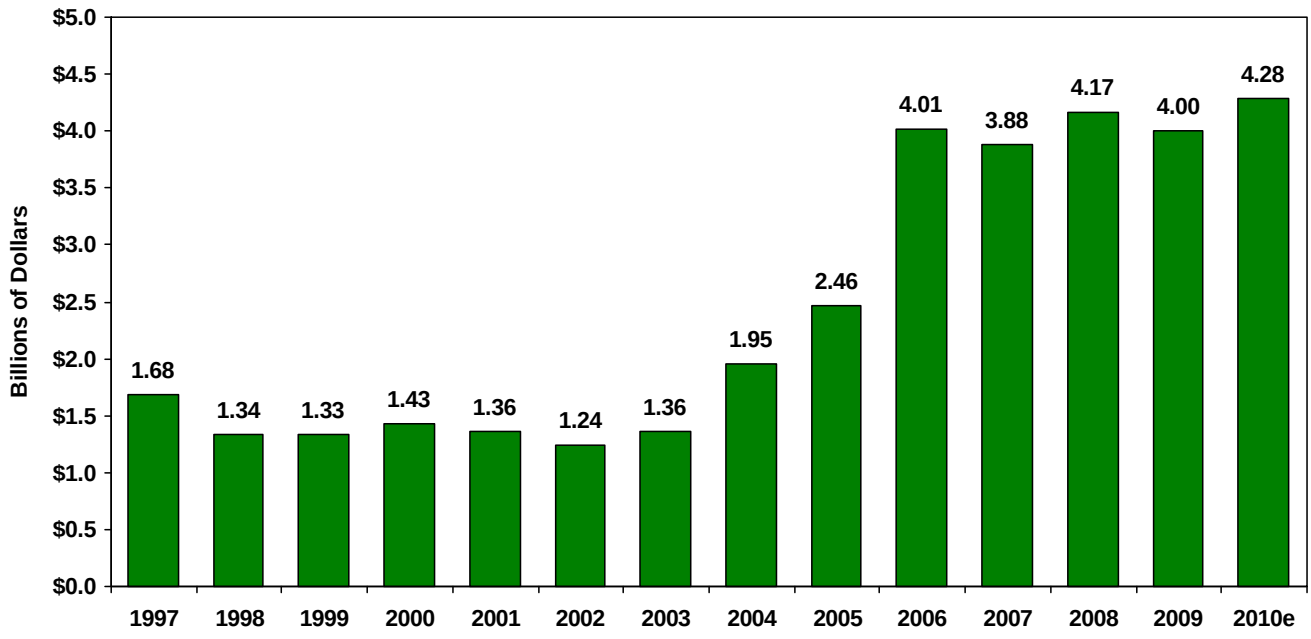
The value of industry sectors represented in this assessment includes base metals (62%), industrial minerals (21%), precious metals (15%), and uranium (2%). The value for all sectors except industrial minerals increased in 2010. The unit prices of all metals (base and precious) increased sufficiently in 2010 to offset the diminished production of gold, silver, and copper. The higher prices led to substantial value increases for all metals except silver, which decreased 4%. The value of industrial minerals decreased approximately 2%, which is primarily related to slow recovery in the construction industry. The overall drop can be attributed to production decreases and lower unit prices, although only the cement industry was hampered by both. Uranium production increased sharply despite low prices through most of 2010, resulting in an overall value increase of 139%, the highest of any Utah commodity.

2011 Outlook

Over 72% of the companies surveyed for this assessment plan to duplicate 2010 production in 2011 and 25% project slight to moderate increases. Therefore, the overall economic value of these commodities in 2011 will be strongly dependent on prices. Late 2010 price increases for many base and precious metals suggest overall value will rise in 2011. Additionally, new iron ore production at a recently rehabilitated mine is expected to commence in 2011. Industrial mineral production will probably remain stable or increase slightly in 2011, but prices for most commodities appear unlikely to make any substantial gains. Therefore, the overall value for industrial minerals will likely remain flat. Substantial increases in uranium spot prices at the end of 2010 suggest that several idle uranium mines may reopen in 2011, thereby increasing both uranium and byproduct vanadium production and overall value.

The expected value increase in metals and uranium, respectively comprising 77% and 2% of the total value in 2010, will likely compensate for the predicted stable value of industrial minerals as it did in 2010. Consequently, a modest overall value increase for all nonfuel minerals and uranium may be expected in 2011.

Figure 26
Total Annual Value of Utah's Nonfuel Mineral Production



Source: U.S. Geological Survey; estimate by the Utah Geological Survey e = estimate

Tourism

Overview

Utah's travel and tourism sector had a positive year in an economically uncertain 2010. Regional and in-state travel is estimated to be up slightly in 2010. The Utah ski industry experienced the fourth best season on record with 4,048,153 skier days.

During 2010, for the fourth year in a row, national park visitation was up from the previous year. National park visitation is estimated to be up 1.2% or 6.1 million in 2010. State park visitation is estimated to be up 1.4% with visitation estimated at 4.8 million in 2010.

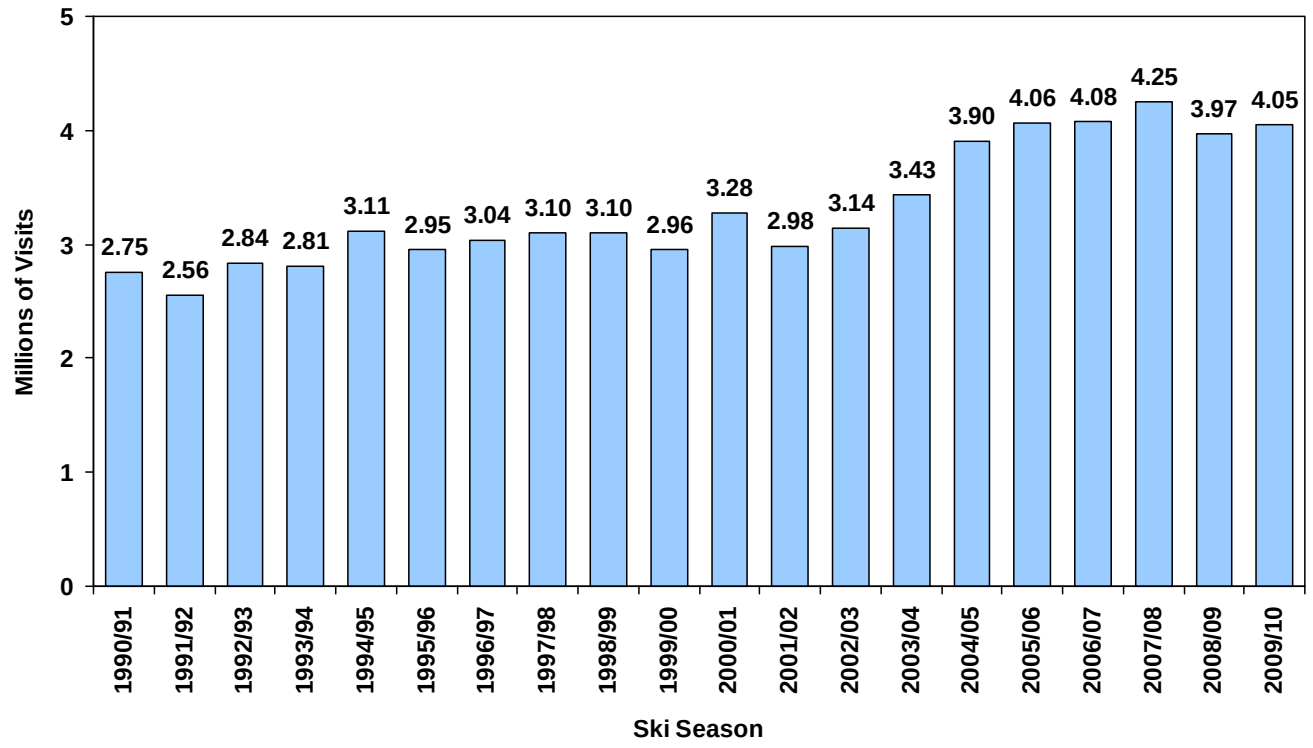
2011 Outlook

The outlook for 2011 is cautiously optimistic. Travel among in-state and domestic leisure travelers could maintain its current pace, or possibly increase. There are still concerns about the weak economy, high unemployment, continued housing market weakness, stock market uncertainty, and transportation weakness, but tourism industry experts forecast limited growth nationally in 2011. Utah tourism is expected to show a modest increase in travel. In-state and domestic leisure travel could experience slow but steady growth .

Additionally, travelers continue to show strong interest in national parks, from which Utah should benefit. Several of Utah's resorts again received high rankings from major ski publications and hope to build on the 2010-2011 season.

Competition among nearby destinations for the local and regional markets will continue to intensify. National trends highlight opportunities in key segments of the travel market including adventure travel, cultural and heritage tourism, nature-based travel, and family travel. Utah is well positioned to attract these visitors.

Figure 27
Total Utah Skier Visits



Source: Ski Utah