



STATE OF UTAH  
OFFICE OF THE GOVERNOR  
SALT LAKE CITY  
84114-0601

MICHAEL O. LEAVITT  
GOVERNOR

OLENE S. WALKER  
LIEUTENANT GOVERNOR

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My Fellow Utahns:

It is with great pleasure that I accept the *2003 Economic Report to the Governor*. I commend my Council of Economic Advisors for their service and for the research that went into the preparation of this annual report. The report serves as a critical resource for the state of Utah's research and planning needs during the upcoming year.

This past year was a tough one, with many Utahns finding themselves out of work or underemployed. The global, national, and state economies took a downturn in 2001, and were driven deeper by the terrorist attacks on September 11, 2001, and the falling stock market. The downturn continued into 2002 and the recovery has been slow to take hold. However, 2002 also had some highlights; most notably, the state hosted the first world class event following the terrorist attacks, demonstrating that terrorism could not break our nation's resolve. As the world watched, the state delivered one of the most successful Winter Olympics in history. I was proud to be governor during those 17 days when Utahns showed they could safely and competently host the "2002 Olympic Winter Games."

Utah begins 2003 with a sluggish economy and serious budgetary challenges. In 2002, I initiated a "1000 Day Plan" to renew the state's economic momentum. Utah's economic success is tied directly to the achievements of our education system. We must continue to maintain a high standard of public education so our children can obtain quality jobs. Our young and educated work force is the state's largest asset and serves as the greatest incentive for businesses to locate here.

We have outlined specific performance measures so we can track our progress, and the improvements are being felt statewide. In order to maintain our momentum and preserve our quality of life we need to be good stewards of our land and natural resources. Our strategy is to position Utah within the global marketplace as a capital for technology, investment, employment, and entrepreneurship. Utah's future resides with being a regional hub of economic activity, while preserving the quality of life our citizens have come to know and expect.

In this time of uncertainty I am grateful for the trust you have bestowed in me as governor of this great state to help turn our challenges into opportunities. I welcome your involvement as we move forward together into Utah's future.

Sincerely,

A handwritten signature in black ink that reads "Michael O. Leavitt".

Michael O. Leavitt  
Governor



# Preface

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The *2003 Economic Report to the Governor* is the 17th annual publication of its kind in Utah. The Economic Report is the principal source for data, research, and analysis about the Utah economy. It includes a national and state economic outlook, a summary of state government economic development activities, an analysis of economic activity based on the standard indicators, and a more detailed review of industries and issues of particular interest. The primary goal of the report is to improve readers' understanding of the Utah economy. With an improved economic literacy, decision makers in the public and private sector will then be able to plan, budget, and make policy with an awareness of how their actions are both influenced by, and impact economic activity.

**Council of Economic Advisors.** The Council of Economic Advisors (CEA) provides guidance for the contents of this report. The CEA is an advisory committee to the Governor and includes representatives from state government agencies, Wells Fargo Bank, Thredgold Economic Associates, Federal Reserve Bank of San Francisco, Utah Foundation, and all of Utah's major research universities. The mission of the CEA is to provide information and analysis that enhances economic decision-making in Utah. This report is the primary means of the CEA to communicate economic information to the general public.

**Collaborative Effort/Contributors.** Chapter authors, many of whom are special advisors to the CEA and who represent both public and private entities, devote a significant amount of time to this report, making sure that it contains the latest economic and demographic information. While this report is a collaborative effort which results in a consensus forecast for the next year, each chapter 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 specific authoring entity (see list of Contributors).

**Statistics Used in This Report.** The statistical contents of this report are 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 as of mid-December 2002. Since there is a quarter or more of lag time before economic data become final, the data for 2002

are preliminary estimates (p). Final estimates (e) can be obtained later in 2003 from the contributing entities. Forecasts will be indicated in tables and figures with an (f). An (r) indicates the data has been revised. An (na) indicates that the data was not available at the time of printing. 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 the state, multi-county, and county geographic level. Additional data at the metropolitan, city, and other sub-county level may be available. For information about data for a different level of geography than shown in this report, the contributing entity should be contacted.

**New This Year.** While the content of this report, other than introducing a new year of data and analysis, is consistent with prior years, several updates and new data series or research efforts are worthy of highlighting. The Special Topics section of this report contains four new chapters: *Income Distribution and Poverty Trends in Utah*; *Utah's School Age Population Boom*; *Future K-12 Education Challenges*; and *The Economic Impact of Utah's Drought*.

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

**Glossary.** Terms and definitions used in this report are available on the Governor's Office of Planning and Budget web site at the address listed above.

**Suggestions and Comments.** Users of the *Economic Report to the Governor* are encouraged to write or call with suggestions that will improve future editions. Suggestions and comments for improving the coverage and presentation of data, as well as the quality of research and analysis should be sent to the Governor's Office of Planning and Budget, 116 State Capitol, Salt Lake City, Utah 84114. The telephone number is (801) 538-1036.



# Contents

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<b>Figures</b> .....	v
<b>Tables</b> .....	vii
<b>Contributors</b> .....	ix
<b>Council of Economic Advisors</b> .....	xi
<b>Map of Utah</b> .....	xiii
<b>Executive Summary</b> .....	1
<b>Economic Outlook</b>	
• National Outlook .....	5
• Utah Outlook .....	7
• Utah's Long-Term Projections .....	15
<b>Economic Development Activities</b> .....	29
<b>Economic Indicators</b>	
• Demographics .....	31
• Employment, Wages, Labor Force .....	49
• Personal Income .....	65
• Gross State Product .....	71
• Utah Taxable Sales .....	75
• Tax Collections .....	81
• International Merchandise Exports .....	89
• Price Inflation and Cost of Living .....	97
• Regional/National Comparisons .....	103
• Social Indicators .....	117
<b>Industry Focus</b>	
• Agriculture .....	121
• Residential and Nonresidential Construction .....	129
• Defense .....	135
• Energy and Minerals .....	141
• High Technology .....	149
• Tourism, Travel, and Recreation .....	153
<b>Special Topics</b>	
• Income Distribution and Poverty Trends .....	161
• Utah's School Age and College Age Population Boom .....	169
• Future Challenges for K-12 Education .....	177
• The Economic Impact of Utah's Drought .....	189



# Figures

## Executive Summary

A.	Utah's Job Growth Rate Declines	1
B.	Utah Behind the Mountain States and the Nation	1
C.	Many Industries Contracting	2
D.	Defense Spending in Utah at a Record High	2
E.	Construction Downturn Softened by Low Rates	3
F.	The Coming Boom in Utah's School Enrollment	3

## National Outlook

1.	Comparison of Utah and U.S. Economic Indicators	6
----	---	---

## Utah Outlook

2.	Utah Economic Indicators	10
3.	Comparison of Utah and U.S. Economic Indicators	10
4.	Construction Jobs as a Percent of Total Jobs	11
5.	Construction Employment Before and After the Olympics	11

## Utah's Long-Term Projections

6.	Population Estimates and Projections by MCD	17
7.	Utah's Changing Age Structure	18
8.	Dependency Ratios for Utah and the U.S.	18
9.	Utah Dependency Ratios	19
10.	U.S. Dependency Ratios	19
11.	Projected School Age Population	20
12.	Growth of the 65 and Older Age Group	20
13.	Employment Growth by Decade for Utah and the U.S.	21
14.	Industry Employment as a Share of State Employment	21

## Demographics

15.	Population Growth Rates	33
16.	Utah Population--Annual Percent Change	34
17.	Utah Components of Population Change	34
18.	Utah Total Population	35
19.	Percent Change in Population for States	35
20.	Total Fertility for Utah and the U.S.	36
21.	Utah Family Characteristics	36

## Employment, Wages, Labor Force

22.	Unemployment Rates for Utah, California, and the U.S.	51
23.	Utah Employment--Annual Percent Change	51
24.	Percent Change in Employment by Industry	52
25.	Utah and U.S. Employment by Industry	52
26.	Utah Average Annual Pay as a Percent of U.S.	53
27.	Utah Average Annual Pay Growth Rates	53
28.	Growth Rates for Total Wages and Salaries	54
29.	Utah and U.S. Civilian Labor Force Participation Rates	54

## Personal Income

30.	Per Capita Personal Income as a Percent of U.S.	66
-----	---	----

## Gross State Product (GSP)

31.	Utah GSP--Percent Share by Industry	72
32.	U.S. GDP--Percent Share by Industry	72

## Utah Taxable Sales

33.	Annual Percent Change in Utah Taxable Sales	77
34.	Shares of Utah's Sales Tax Base--Four Major Sectors	77

## Tax Collections

35.	Base-Adjusted Revenue Growth	83
36.	Revenue Growth and Surpluses	83
37.	Unrestricted Revenues as a Percent of State	84
38.	Utah and U.S. Capital Gains	84

## International Merchandise Exports

39.	Utah Merchandise Exports	90
40.	Utah Merchandise Exports by Top Ten Industries	90
41.	Merchandise Exports to Top Ten Purchasing Countries	91

## Price Inflation and Cost of Living

42.	U.S. Consumer Price Index (CPI-U)	98
43.	CPI-U and GDP Deflator Inflation	98

## Regional/National Comparisons

44.	Population Growth Rates	105
45.	Per Capita Income as a Percent of U.S.	105
46.	Median Household Income as a Percent of U.S.	106
47.	Average Annual Pay as a Percent of U.S.	106
48.	Nonagricultural Employment Growth	107
49.	Percent of Persons in Poverty	107

## Agriculture

50.	Percent of Agricultural Cash Receipts by Sector	122
51.	Percent Cash Receipts by Commodity	122
52.	Farm Assets and Equity	123
53.	Net Farm Income	123
54.	Percent Cash Receipts from Livestock by County	124
55.	Farm Cash Receipts by County	124

## Residential and Nonresidential Construction

56.	Residential Construction Activity	130
57.	Value of New Construction	130

## Defense

58.	Federal Defense-Related Spending in Utah	136
59.	Primary Federal Defense-Related Spending in the U.S.	136

## Energy and Minerals

60.	Mineral Valuation--Gross Value Estimate	144
61.	Value of Nonfuel Minerals	144

## Tourism, Travel, and Recreation

62.	Travel-Related Employment	154
63.	Hotel Room Rents	155
64.	National Park and Skier Visits	155
65.	Traveler Spending	156
66.	Tourism Sector Taxable Sales	156

## Income Distribution and Poverty Trends

67.	Income Distribution Estimates in Utah and the U.S.	163
68.	Average Income in Utah and the U.S.	163
69.	Growth Rates of Utah's Average Income	164
70.	Utah Incomes as a Percent of U.S.	164
71.	Utah Income Distribution Trends	165
72.	Utah Ratios of Income-to-Poverty Levels	165

**Utah's School Age and College Age Population Boom**

73.	School Age Population Scenarios . . . . .	171
74.	College Age Population Scenarios . . . . .	171
75.	Projected School Age per Employed Worker in Utah . . . . .	172
76.	Projected Cumulative Population Increase . . . . .	173

**Future Challenges for K-12 Education**

77.	Utah's Tax Burden . . . . .	179
78.	Utah's K-12 Education Spending . . . . .	179
79.	K-12 Public Education per Pupil Expenditures . . . . .	180
80.	K-12 Public School Pupil Teacher Ratios . . . . .	180
81.	Utah Average Annual Pay as a Percent of U.S. . . . .	181
82.	Utah and the U.S. Average Annual Pay . . . . .	181
83.	CRT Statewide Language Arts Results by Grade . . . . .	182
84.	CRT Statewide Math Results by Grade/Subject . . . . .	182
85.	CRT Statewide Science Results by Grade . . . . .	183
86.	Actual and Projected K-12 Enrollment . . . . .	183
87.	Projected K-12 Operating Funds per Pupil . . . . .	184
88.	Language Arts Results by Ethnicity, Income, and Grade . . . . .	184
89.	Math Results by Ethnicity, Income, and Grade . . . . .	185
90.	Science Results by Ethnicity, Income, and Grade . . . . .	185

**The Economic Impact of Utah's Drought**

91.	Drought Conditions in the U.S. . . . .	191
92.	Statewide Reservoir Storage by Percent of Capacity . . . . .	192
93.	Statewide Reservoir Storage by River Basin . . . . .	192
94.	Reservoir Storage Deficit by River Basin . . . . .	193
95.	Comparison of Wasatch Front Total Water Use . . . . .	193

# Tables

## Utah Outlook

1.	Economic Indicators for Utah and the U.S.	12
2.	Large Construction and Employment Summary	13
3.	2002 Olympic Winter Games Projects and Infrastructure	14

## Utah's Long-Term Projections

4.	Economic and Demographic Summary	22
5.	Population Projections by County and District	23
6.	Total Employment Projections by Major Industry	24
7.	Population Projections by Selected Age Groups	25
8.	Population by Age Groups as a Percent of Total	25
9.	Location Quotients and Hachman Index	26
10.	Hachman Index by County	27
11.	Utah Dependency Ratios	28
12.	Life Expectancies for Utah and the U.S.	28

## Demographics

13.	Population, Migration, Births and Deaths	37
14.	Utah Population Estimates by County	38
15.	Total Fertility Rates for Utah and the U.S.	39
16.	National and State Population Counts	40
17.	Rankings of States by Selected Age Groups	41
18.	Dependency Ratios for States	42
19.	Housing Units, Households, Persons Per Household	43
20.	County Population by Race and Hispanic Origin	44
21.	Net In-Migration by State	45
22.	City Population Counts	46

## Employment, Wages, Labor Force

23.	Employment by Industry and Unemployment	55
24.	Employment by County and Industry	56
25.	Wages by County and Industry	57
26.	Utah Average Monthly Wage by Industry	58
27.	Utah Population, Labor Force, and Jobs by Industry	59
28.	Labor Force and Components by District & County	60
29.	Largest Nonagricultural Employers	61
30.	Employment Status of Utah's Population	62
31.	Employment Status of Population by Sex and Age	63

## Personal Income

32.	Components of Total Personal Income	67
33.	Personal and Per Capita Income for Utah and the U.S.	68
34.	Personal Income by District and County	69
35.	Per Capita Income by District and County	70

## Gross State Product (GSP)

36.	GSP by Industry (Current Dollars)	73
37.	GSP by Industry (1996 Chained Dollars)	74

## Utah Taxable Sales

38.	Utah Taxable Sales By Component	78
39.	Utah Taxable Retail Sales by Sector	79
40.	Utah Taxable Retail Sales by County	80

## Tax Collections

41.	Cash Collection Unrestricted Revenues	85
42.	Cash Collection Unrestricted Revenues (% Changes)	86
43.	State Tax and Fee Changes in Legislative Sessions	87

## International Merchandise Exports

44.	Merchandise Exports by Country and Region	92
45.	U.S. Merchandise Exports by State	93
46.	Merchandise Exports by Industry	94
47.	Merchandise Export to Top Ten Purchasing Countries	95

## Price Inflation and Cost of Living

48.	U.S. Consumer Price Index	99
49.	Gross Domestic Product Deflators	100
50.	Cost-of-Living Comparisons for Selected Areas	101

## Regional/National Comparisons

51.	Population and Households	108
52.	Total Personal Income	109
53.	Per Capita Personal Income	110
54.	Median Income of Households	111
55.	Average Annual Pay	112
56.	Employees on Nonagricultural Payrolls	113
57.	Unemployment Rates	114
58.	Percent of People in Poverty	115

## Social Indicators

59.	Crime, Education, and Home Ownership	118
60.	Vital Statistics and Health	119
61.	Poverty and Public Assistance	120

## Agriculture

62.	Farm Balance Sheet for Utah	125
63.	Percent of Agricultural Receipts by Sector	126
64.	Cash Receipts by Source and County	127
65.	Personal Income from Farming by County	128

## Residential and Nonresidential Construction

66.	Residential and Nonresidential Construction Activity	131
67.	Summary of Construction Activity	132
68.	Average Annual Mortgage Rates	132
69.	Housing Prices for Utah	133

## Defense

70.	Federal Defense-related Spending: Utah Total	137
71.	Primary Federal Defense-related Spending for the U.S.	137
72.	Federal Defense-related Spending by County	138
73.	Federal Defense-related Spending in Utah	139
74.	Federal Defense-related Spending for the U.S.	140

## Energy and Minerals

75.	Supply and Disposition of Crude Oil	145
76.	Supply and Disposition of Petroleum Products	145
77.	Supply and Disposition of Natural Gas	146
78.	Supply and Disposition of Electricity	146
79.	Energy Prices	147

## High Technology

80.	High Tech Employment Additions and Reductions	151
81.	High Tech Sector Employment Trends	151

## Tourism, Travel and Recreation

82.	Impacts of the 2002 Olympic Winter Games	157
83.	Profile of the Utah Travel Industry	158

## Tables (Continued)

---

84.	Utah Tourism Indicators . . . . .	159
85.	National Parks' Recreation Visits . . . . .	160

### **Income Distribution and Poverty Trends**

86.	Income Distributions for all States . . . . .	166
87.	Ratios of Income-to-Poverty Levels . . . . .	167
88.	Poverty by Age . . . . .	168

### **Utah's School Age and College Age Population Boom**

89.	Utah Projections--Baseline and Scenarios . . . . .	174
90.	School Age Population Change . . . . .	175

### **Future Challenges for K-12 Education**

91.	Tax Burden by Type of Tax . . . . .	186
92.	Utah's NAEP Results by Subject, Grade, and Year . . . . .	186
93.	Demographic Indicators of UT School Age Population . . . . .	187

### **The Economic Impact of Utah's Drought**

94.	Economic Impacts of Drought . . . . .	194
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# Contributors

## Governor's Office of Planning and Budget

116 State Capitol / Salt Lake City, Utah 84114  
(801) 538-1027

<http://governor.utah.gov/gopb>

Lynne N. Ward, CPA, Director  
Neil Ashdown, Deputy Director/ DEA Manager  
Neena Verma, Research Analyst  
Sophia DiCaro, Research Analyst  
Peter Donner, Senior Economist  
Robert Spendlove, Economist  
Scott Frisby, Economist  
Clara Walters, Administrative Assistant  
Ross Reeve, Research Consultant  
Lance Rovig, Senior Economist

*Chapters:* Executive Summary; Utah Outlook; Utah's Long-Term Projections; Demographics; Gross State Product; Price Inflation and Cost of Living; Tax Collections; International Merchandise Exports; Social Indicators; Defense/Aerospace; Income Distribution and Poverty Trends; The Economic Impact of Utah's Drought

## Utah Department of Community and Economic Development

324 South State, Suite 500 / Salt Lake City, UT 84114  
(801) 538-8700

<http://dced.utah.gov>

Douglass Jex, Research Director  
Jon Kemp, Utah Travel Council

*Chapters:* Economic Development Activities; Tourism, Travel, and Recreation

## University of Utah, Bureau of Economic and Business Research

Salt Lake City, Utah 84112  
(801) 581-6333

[www.business.utah.edu/BEER](http://www.business.utah.edu/BEER)

James A. Wood, Director  
Jan Crispin-Little, Senior Economist  
Pam Perlich, Senior Research Economist  
Alan E. Isaacson, Senior Research Analyst

*Chapters:* Residential and Nonresidential Construction; High Technology; Utah's School Age and College Age Population Boom

## Utah State Tax Commission

210 North 1950 West / Salt Lake City, Utah 84134  
(801) 297-3900

<http://tax.utah.gov>

Doug Macdonald, Chief Economist  
Tom Williams, Senior Economist  
Leslee Katayama, Economist

*Chapter:* Utah Taxable Sales

## Utah Department of Workforce Services

140 East 300 South / Salt Lake City, Utah 84111  
(801) 526-9463

<http://jobs.utah.gov>

Kris Beckstead, Senior Data Analyst  
Mark Knold, Senior Economist  
Renada Peery, Senior Data Analyst  
Dana Knold, Data Analyst

*Chapters:* Employment, Wages, Labor Force; Personal Income

## Utah Department of Natural Resources

1594 W. North Temple, Suite 3610 / Salt Lake City, UT 84114  
(801) 538-7200

<http://www.nr.utah.gov>

Roger Lee Bon, Geologist, Utah Geological Survey

Tom Brill, Director

Jeff Burks, Energy Policy Coordinator  
Lyle Summers, Chief Economist, Water Resources  
Jon Allred, Energy Analyst

*Chapters:* Energy and Minerals

## Utah Foundation

5242 College Drive, Suite 390 / Salt Lake City, UT 84123  
(801) 288-1838

[www.utahfoundation.org](http://www.utahfoundation.org)

Steve Kroes, Executive Director

Sara Sanchez, Research Analyst

*Chapters:* Regional/National Comparisons; Future Challenges for K-12 Education

## Utah State University

Economics Department / Logan, Utah 84322-3530  
(801) 797-2294

[www.usu.edu](http://www.usu.edu)

Bruce Godfrey, Professor of Economics

*Chapter:* Agriculture

## Utah Office of the Legislative Fiscal Analyst

425 State Capitol / Salt Lake City, UT 84114-0141  
(801) 538-1034

<http://le.utah.gov/lfa>

Andrea Wilko, Fiscal Analyst

*Chapter:* National Outlook





# Council of Economic Advisors

---

## Council Membership

**Neil Ashdown**, Deputy Director/DEA Manager, Governor's Office of Planning and Budget

**Brad Barber**, Consultant to Governor Leavitt

**Jeff Burks**, Director, Office of Energy and Resource Planning

**Natalie Gochmour**, Deputy for Policy and Communications, Governor's Office

**Bruce Godfrey**, Professor of Economics, Utah State University

**Mark Knold**, Chief Economist, Utah Department of Workforce Services

**Douglass Jex**, Research Director, Utah Department of Community and Economic Development

**Steve Kroes**, Executive Director, Utah Foundation

**Doug Macdonald**, Chief Economist, Utah State Tax Commission

**Kelly Matthews**, Vice President and Economist, First Security Bank Corporation

**Ray Nelson**, Professor of Economics, Brigham Young University

**Lance Rovig**, Senior Economist, Governor's Office of Planning and Budget

**Jeff Thredgold**, President, Thredgold Economic Associates

**Andrea Wolcott**, Vice President in Charge, Federal Reserve Bank of San Francisco, Salt Lake City Branch



# Map of Utah



