

Presentation to Economic Development Task Force

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June 21, 2012

- ▶ The Charge
 - ▶ Comparative overview of Utah economy
 - ▶ Help frame issues for Task Force consideration
 - ▶ 30,000-foot level

- ▶ Goals for Today
 - ▶ Provide overview of *Enterprising States* report by US Chamber
 - ▶ Motivate reading and discussion
 - ▶ Provide context on Utah and national economy
 - ▶ Raise questions about measurement, causation and the complexity of economic development

Outline

Context

- About the US economy
- About Utah's economy

The *Enterprising States* Report

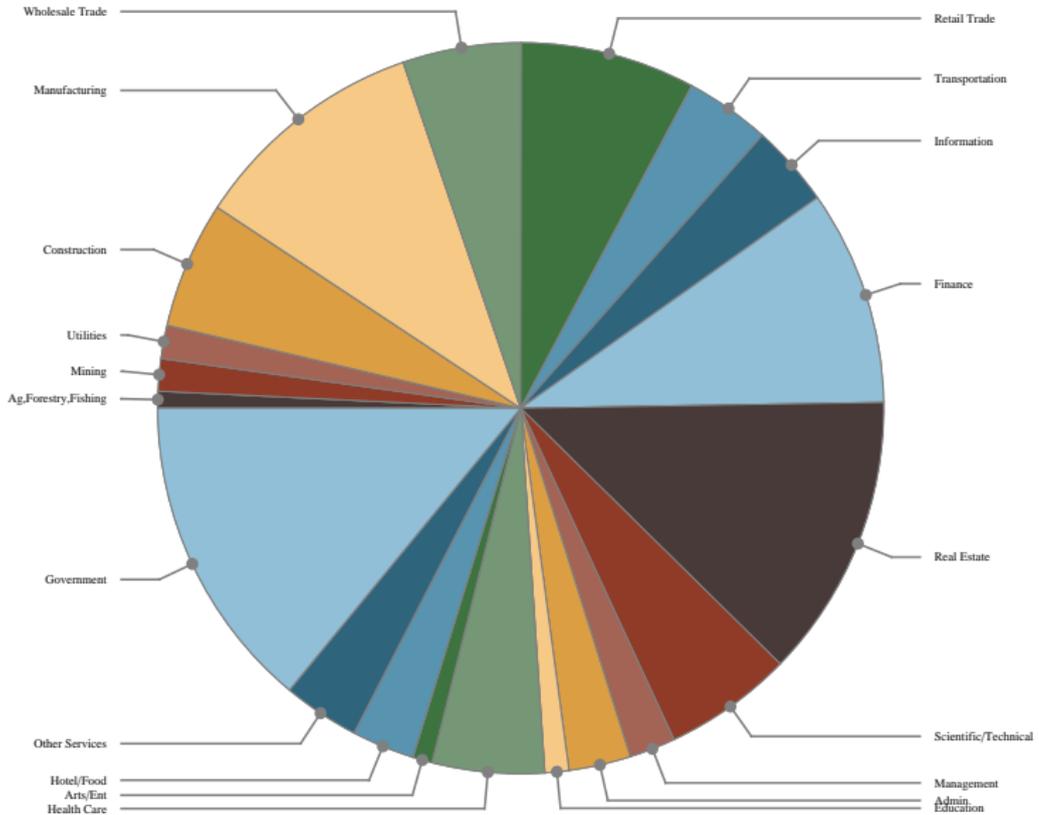
- What is it?
- Broad Conclusions
- Detail: How does Utah compare?

Conclusion

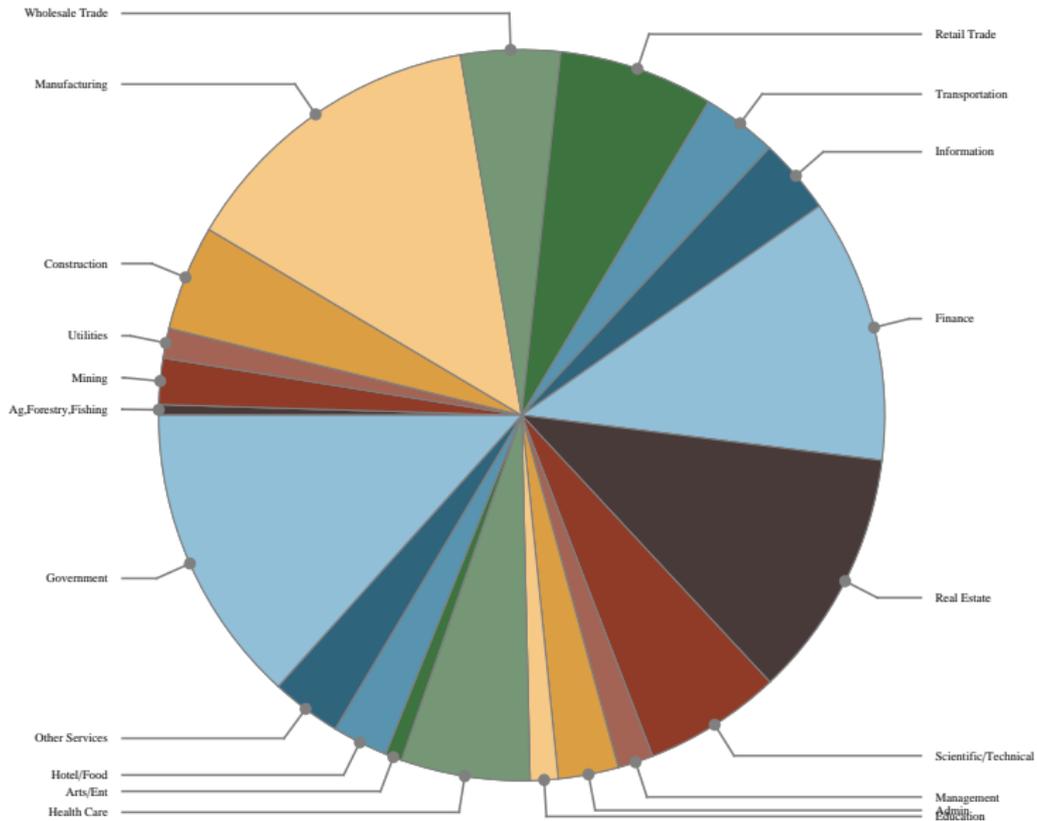
- ▶ Fast growth in 1990s, slower from 2000-10 (see page 12 in *Enterprising States* report)
- ▶ Shift away from manufacturing since the 1970s (see page 7)
- ▶ Jobless recoveries since the 1990s (see page 5)
- ▶ Increasing income inequality since the 1970s (see page 8)

- ▶ One of only six states with 8% or better job growth since 2001
- ▶ What sectors are important to Utah's economy?
- ▶ Some issues to consider:
 - ▶ Output vs. Personal Income
 - ▶ "Size and/or Growth Rate" and "Can be affected by policy" are not necessarily the same thing

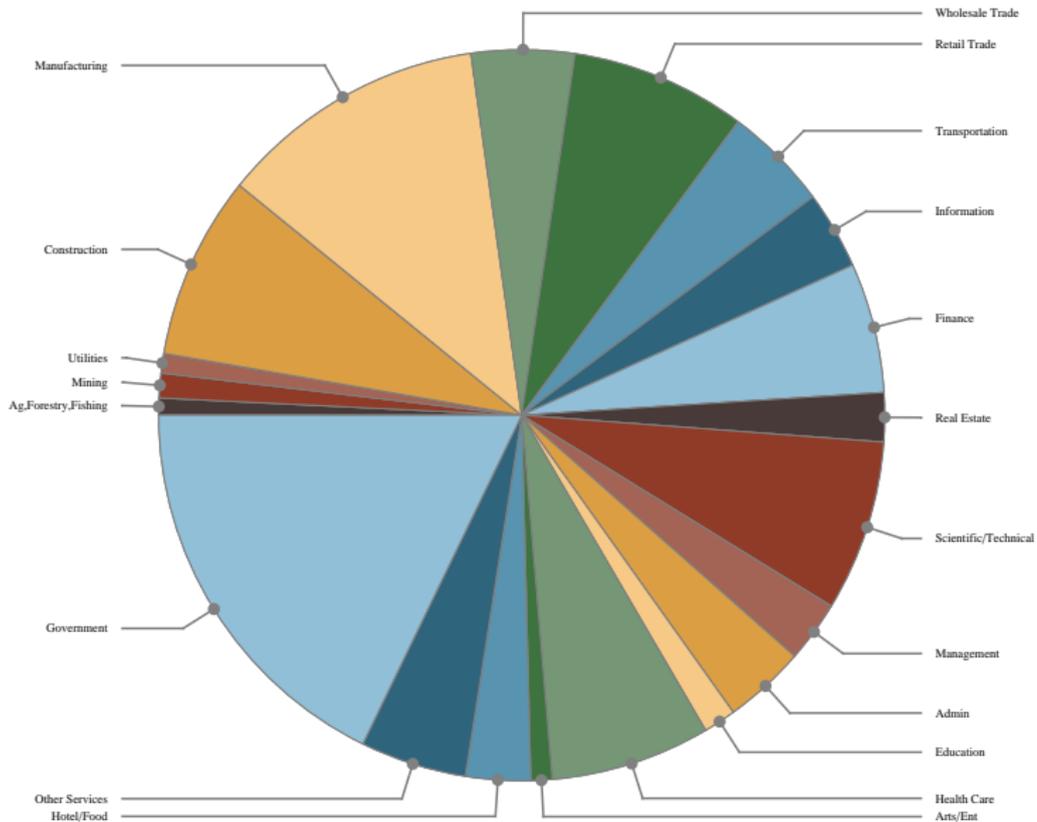
Utah Gross State Product by Industry, 2001



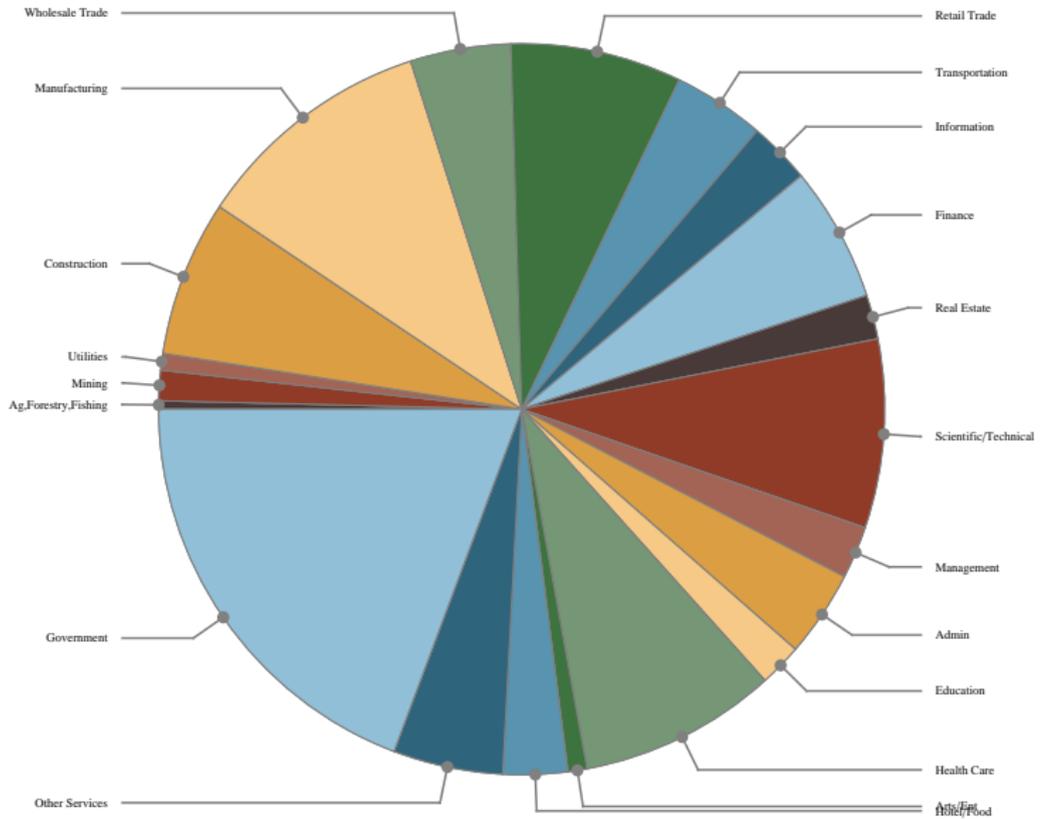
Utah Gross State Product by Industry, 2010



Utah Personal Income by Industry, 2001



Utah Personal Income by Industry, 2010



- ▶ Big growth sectors for output, 2001-2010
 - ▶ Primary metal mfg (up 410%)
 - ▶ Computer and electronic equip mfg (up 330%)
 - ▶ Misc mfg (up 110%)
 - ▶ Petroleum and coal products mfg (up 320%)
 - ▶ Chemical mfg (up 170%)
 - ▶ Information and data processing svcs (up 230%)
 - ▶ Credit intermediation (up 120%)
 - ▶ Health care (up 90%)

- ▶ Growth figures in these sectors for personal income, 2001-2010
 - ▶ Primary metal mfg (down 1%)
 - ▶ Computer and electronic equip mfg (up 18%)
 - ▶ Misc mfg (up 81%)
 - ▶ Petroleum and coal products mfg (up 2%)
 - ▶ Chemical mfg (up 66%)
 - ▶ Information and data processing svcs (up 74%)
 - ▶ Credit intermediation (up 58%)
 - ▶ Health care (up 81%)

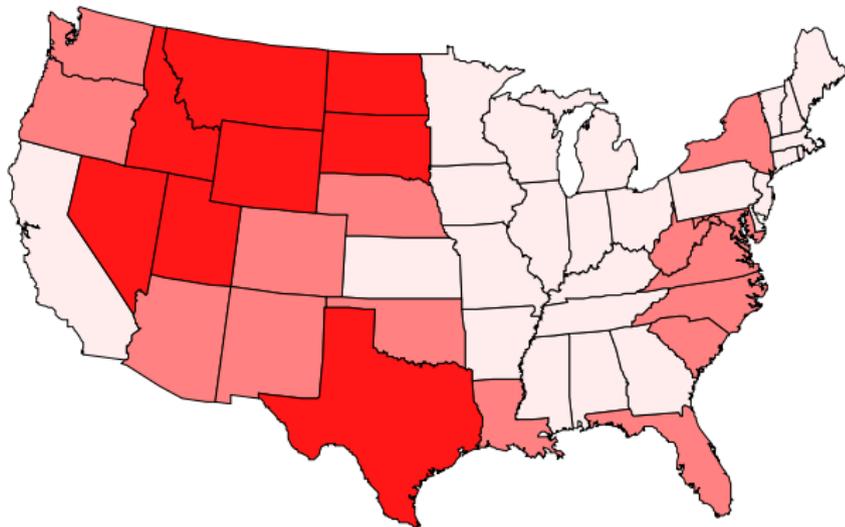
- ▶ Comparative overview of what's happening different states' economies
- ▶ Addresses many of the big trends affecting national economy
- ▶ Ranks states in seven ways:
 1. Past Economic Performance
 2. Exports and International Trade (2nd)
 3. Entrepreneurship and Innovation (3rd)
 4. Taxes and Regulation (9th)
 5. Talent Pipeline (4th)
 6. Infrastructure (3rd)
 7. The Next Boom States (2nd)

- ▶ By a variety of measures, Utah's economy has been strong relative to the rest of the US and is well positioned for future growth
- ▶ Utah's growth is broad-based, with commodities, tech, finance, health care all playing a role
- ▶ While our economy has produced growth in output and jobs, this has not resulted in strong growth in personal income

- ▶ Past economic performance: Data

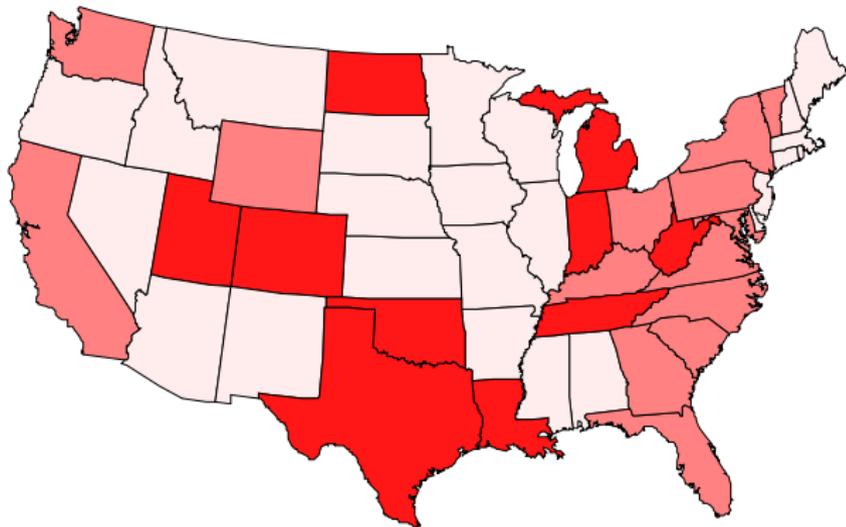
Long-Term Job Growth, 2002-12

Top 10 in dark red, 11-25 in lighter red, 26-50 in light pink



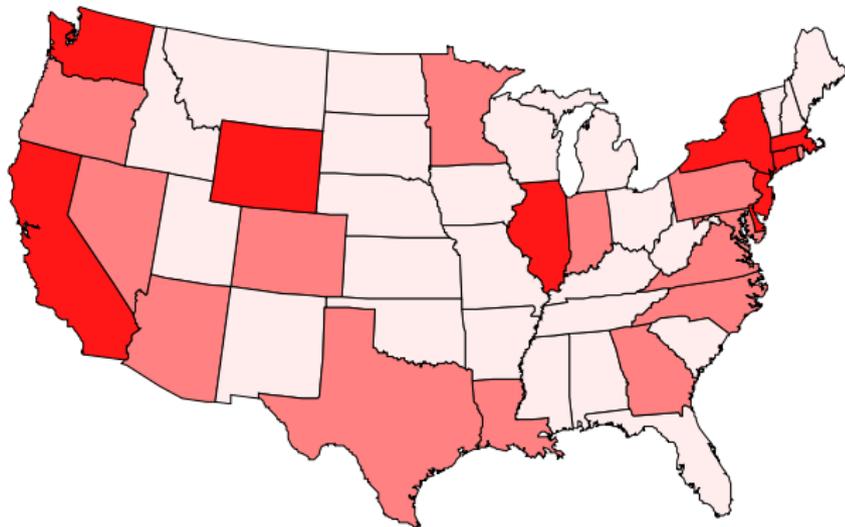
Short-Term Job Growth, 2010-12

Top 10 in dark red, 11-25 in lighter red, 26-50 in light pink



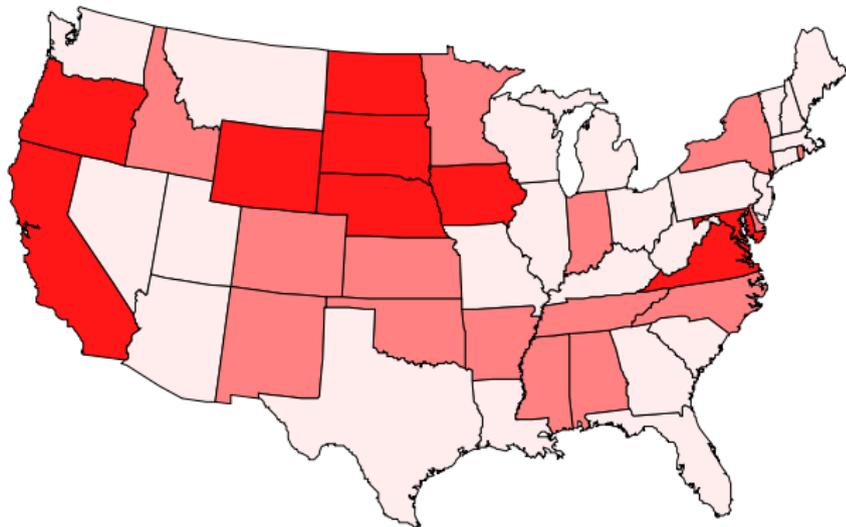
Gross State Product Per Job, 2010

Top 10 in dark red, 11-25 in lighter red, 26-50 in light pink



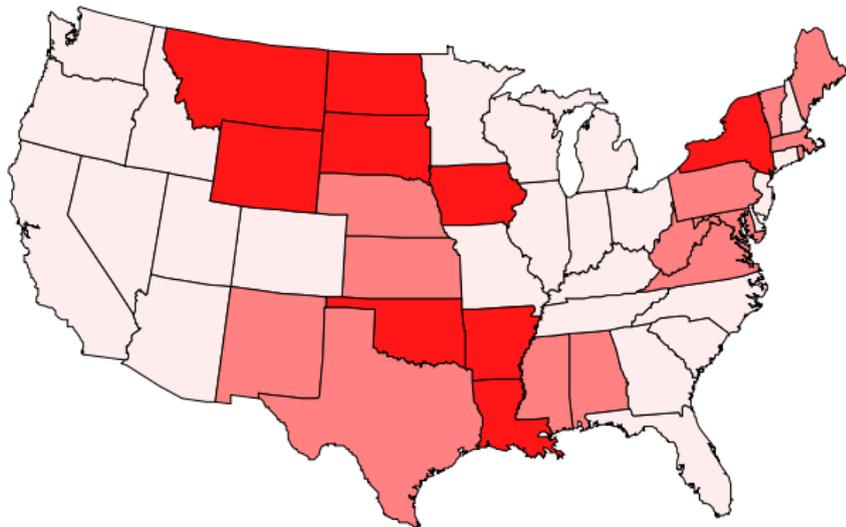
Growth in GSP Per Job, 2000-10

Top 10 in dark red, 11-25 in lighter red, 26-50 in light pink



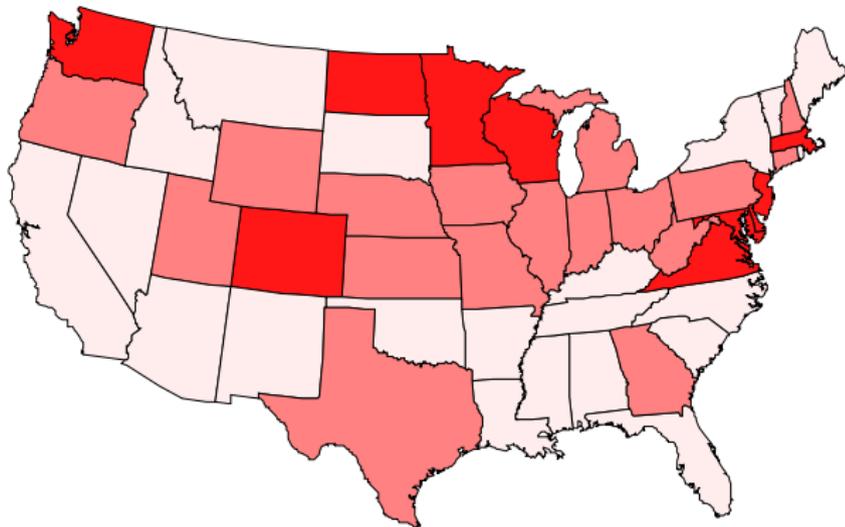
Per Capita Personal Income Growth, 2001-11

Top 10 in dark red, 11-25 in lighter red, 26-50 in light pink



Median Income Adj for Cost of Living, 2010

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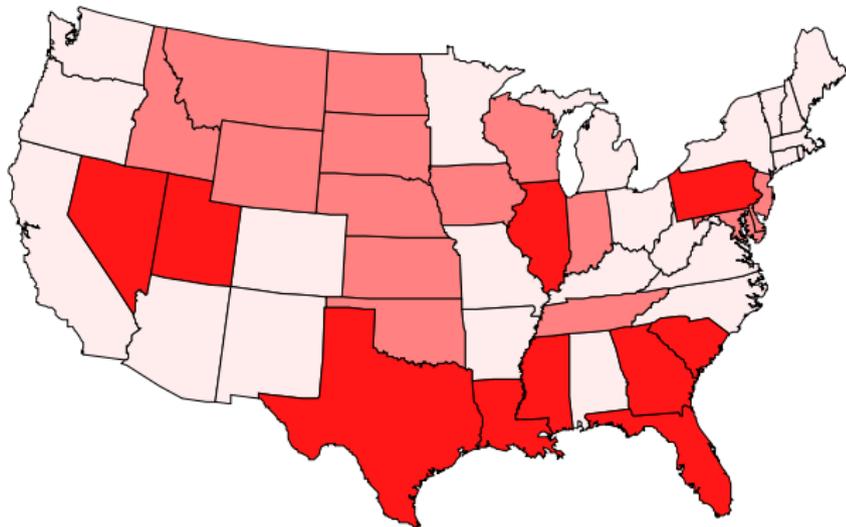


- ▶ Past economic performance: Questions
 - ▶ Why is Utah strong in output and job growth, but comparatively weak in productivity and personal income growth?

- ▶ Exports and international trade: Data

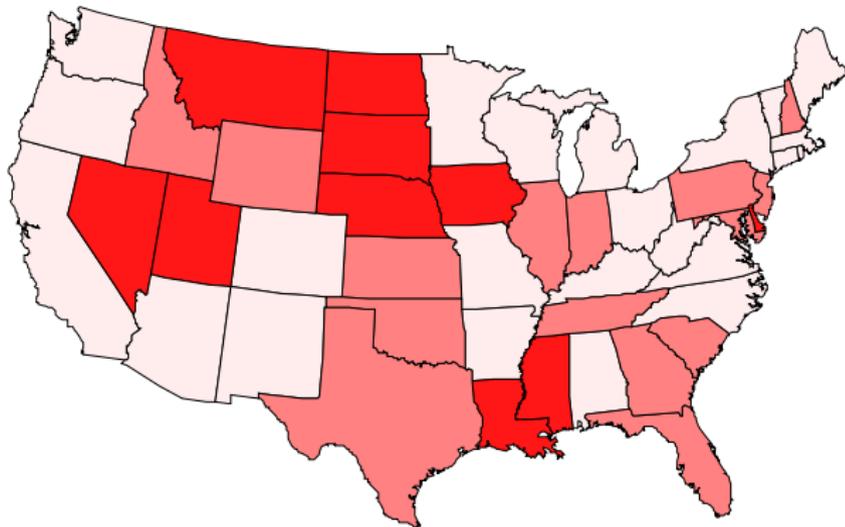
Growth in Share of National Exports, 2002-2010

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Growth in Gross Mfg Exports, 2002-2011

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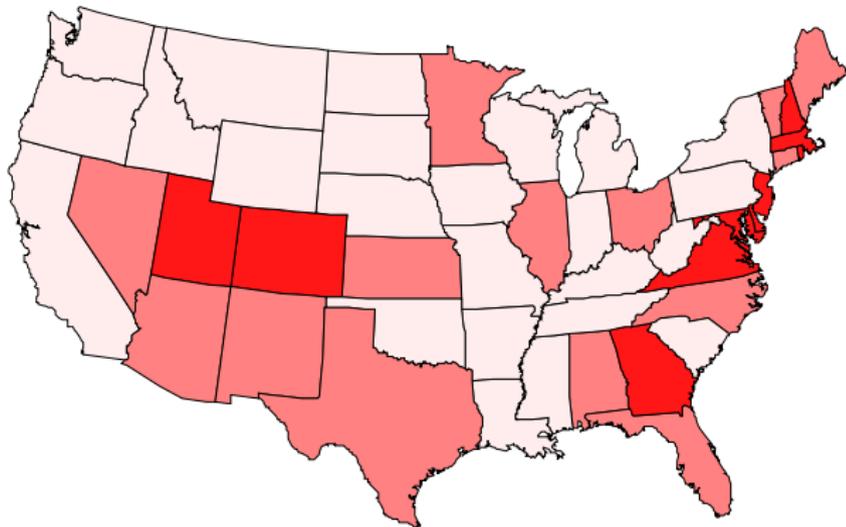


- ▶ Exports and international trade: Questions
 - ▶ Gold accounts for more than half; to what extent is Utah's export boom affecting wages, personal income, and standards of living in the the state?

- ▶ Entrepreneurship and innovation: Data

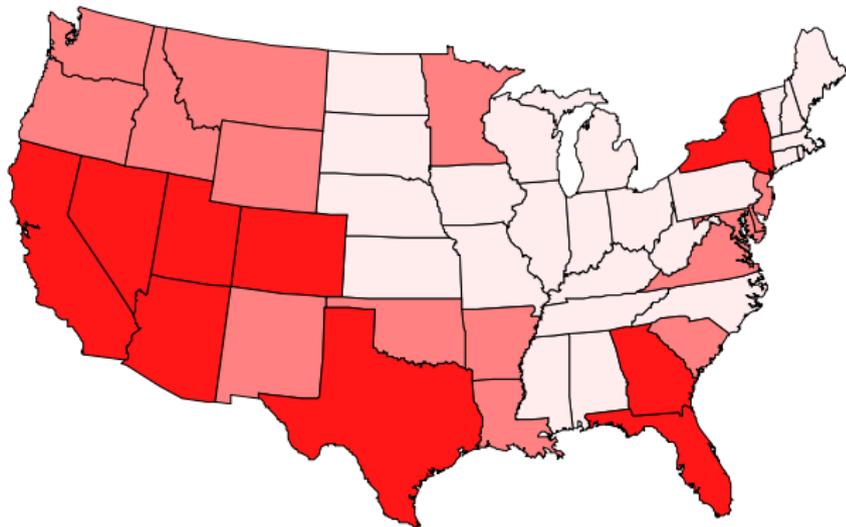
Share of Establishments in Tech, 2011

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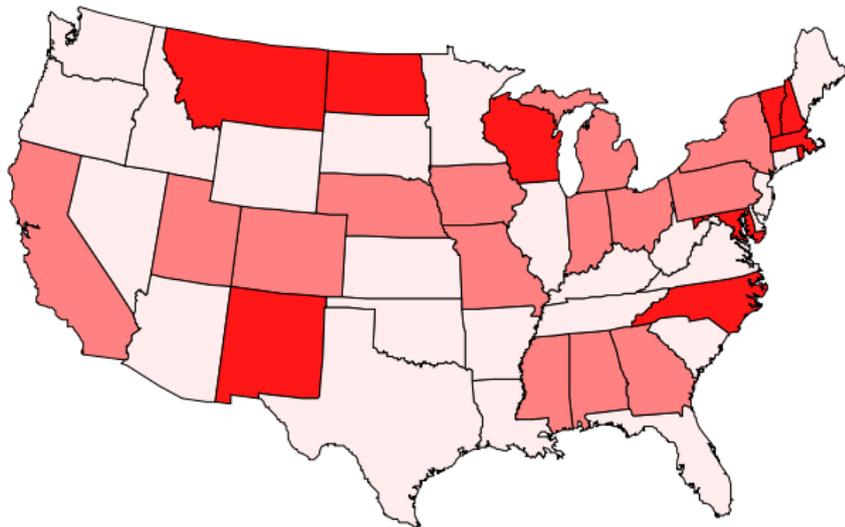
Business Birth Rate, 2008-9

Top 10 in dark red, 11-25 in lighter red, 26-50 in light pink



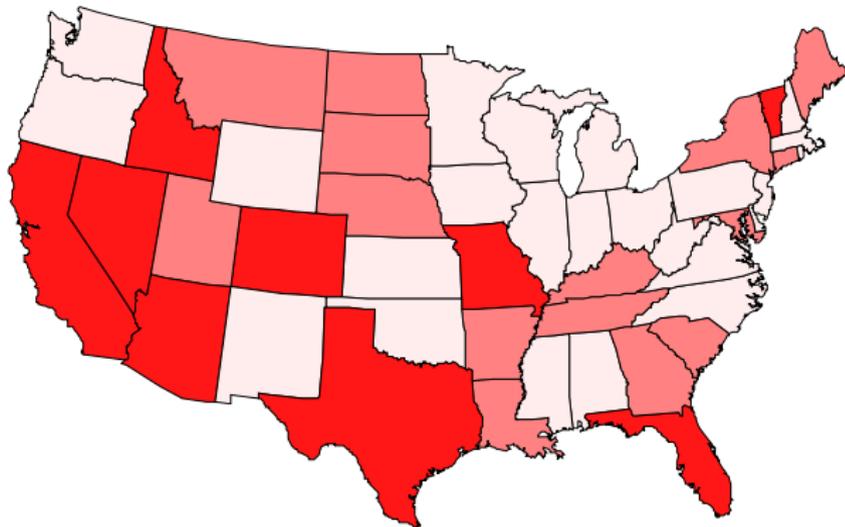
Academic R&D as a Share of Output, 2009

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Kauffman Entrepreneurial Index, 2011

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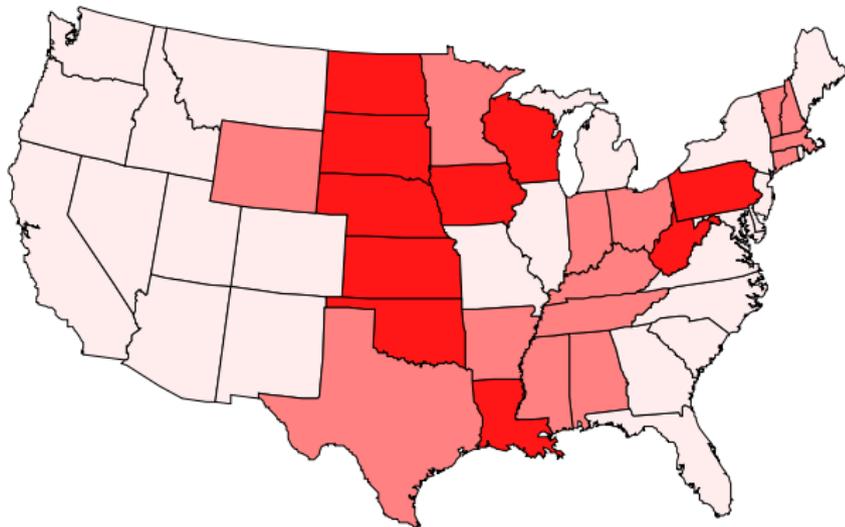


- ▶ Entrepreneurship and innovation: Questions
 - ▶ Strong business birth rate (2nd nationally); are the state's baby businesses making it into adolescence?

▶ Taxes and Regulation: Data

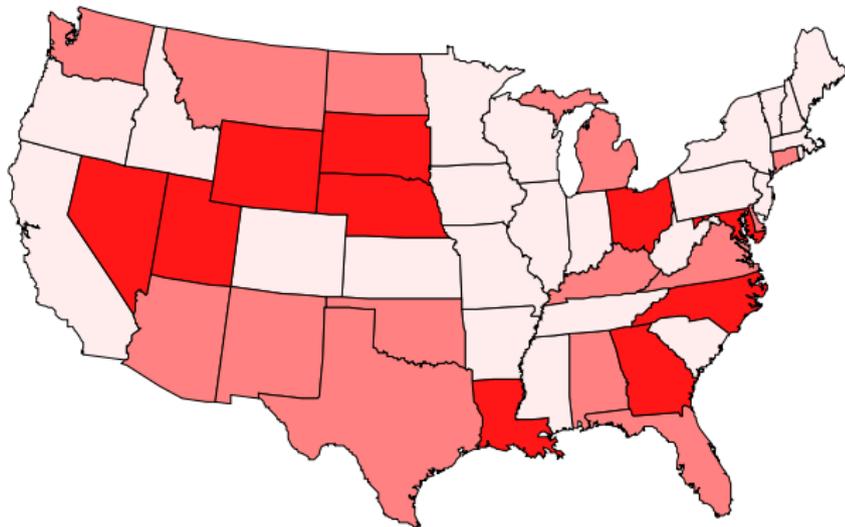
Business Closure Rate, 2008-9

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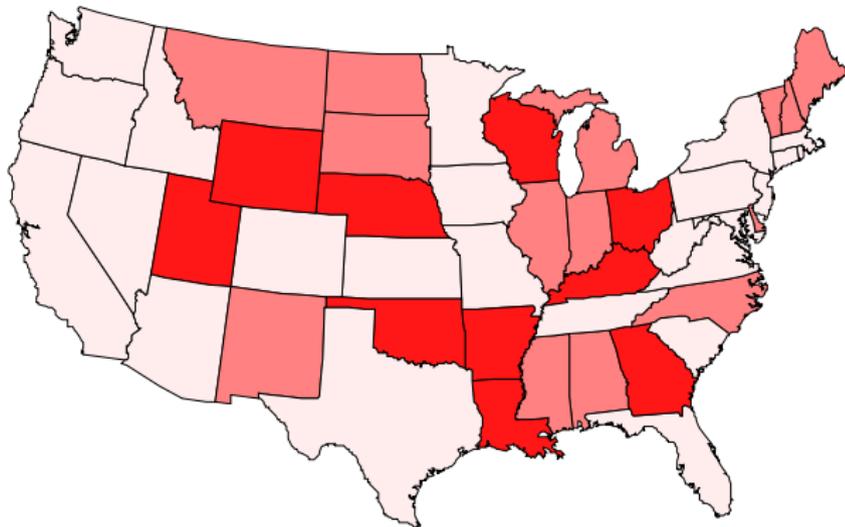
Tax Environment for Mature Firms, 2011

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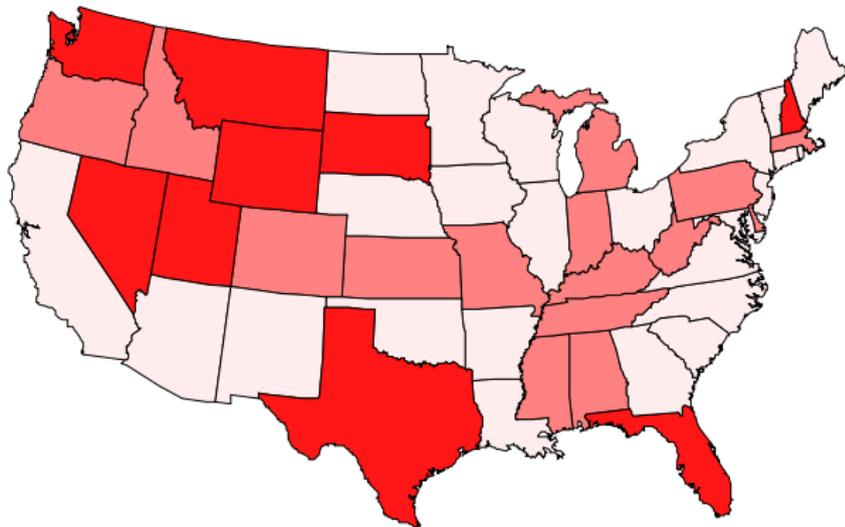
Tax Environment for New Firms, 2011

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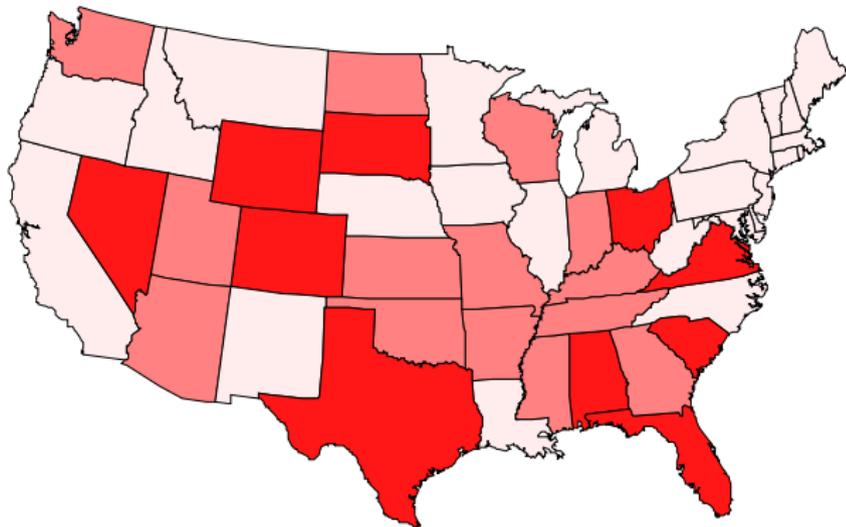
State Business Tax Climate, 2012

Top 10 in dark red, 11-25 in lighter red, 26-50 in light pink



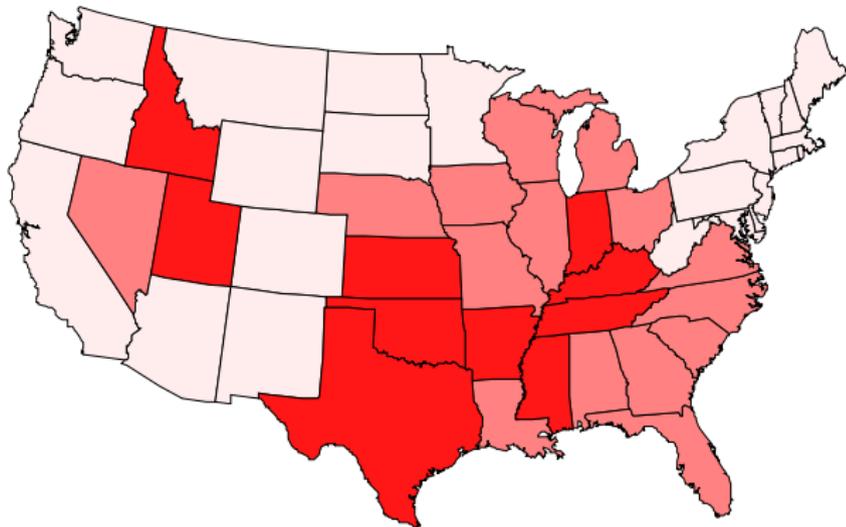
Small Business 'Survival Index,' 2011

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State Cost of Living Index, 2011

Top 10 in dark red, 11-25 in lighter red, 26-50 in light pink

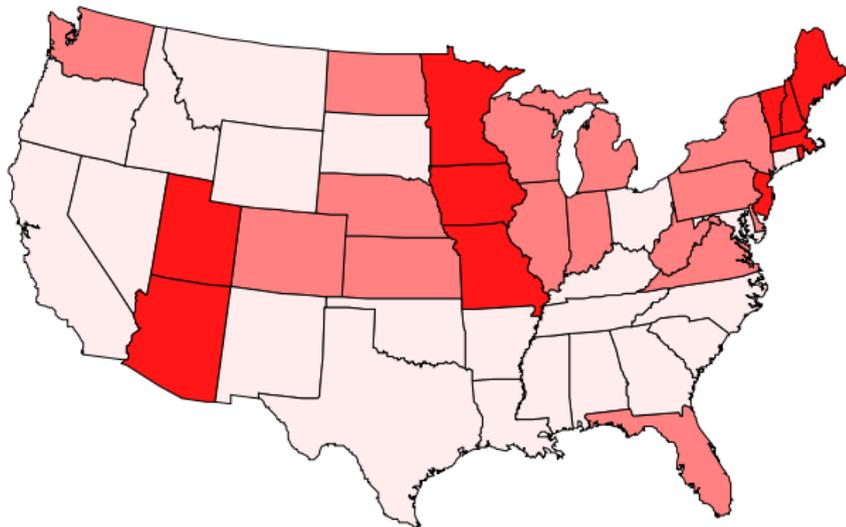


- ▶ Taxes and Regulation: Questions
 - ▶ Most new businesses fail; so a high birth rate automatically implies a high death rate. Compare birth and death maps.
 - ▶ Some puzzling numbers here; how can Nebraska have a Top-10 tax climate for mature firms and for new firms, but a below-median overall business tax climate?
 - ▶ Cost of living rises when there are a lot of productive people competing for scarce resources. Compare output per job to cost of living.

▶ Talent Pipeline: Data

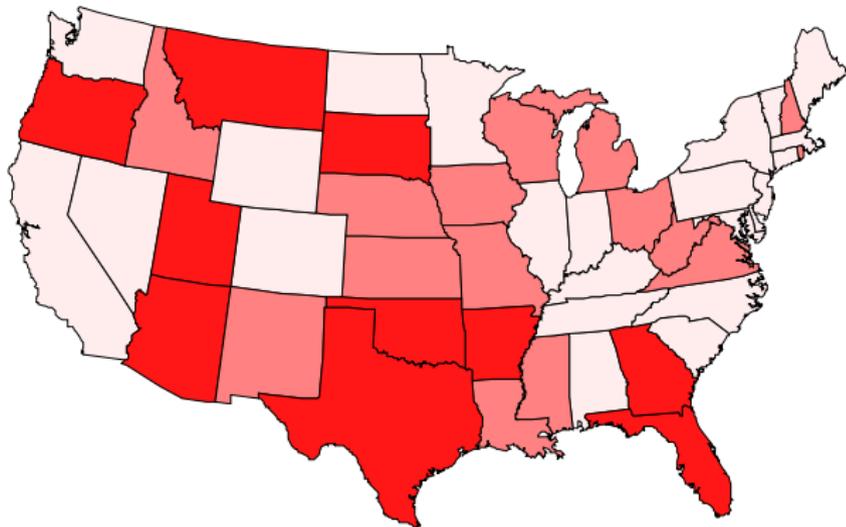
Bachelor's Degrees per Young Adult, 2010

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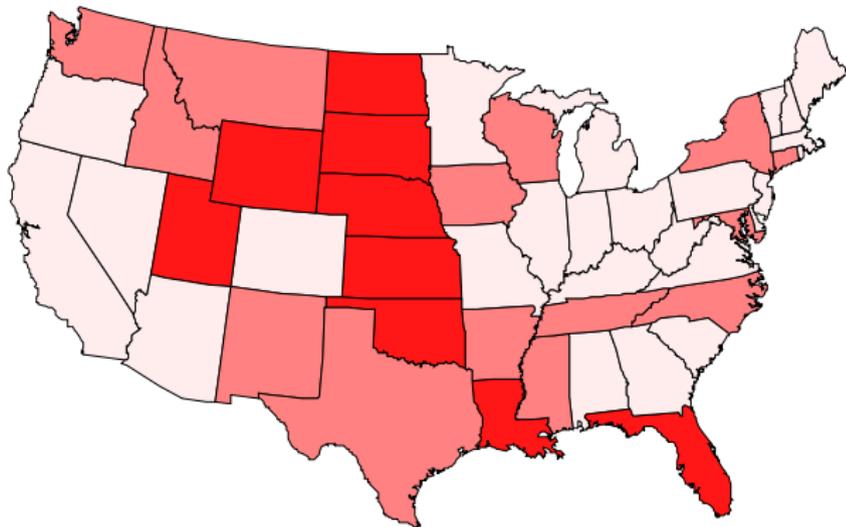
State Spending per Degree, 2010

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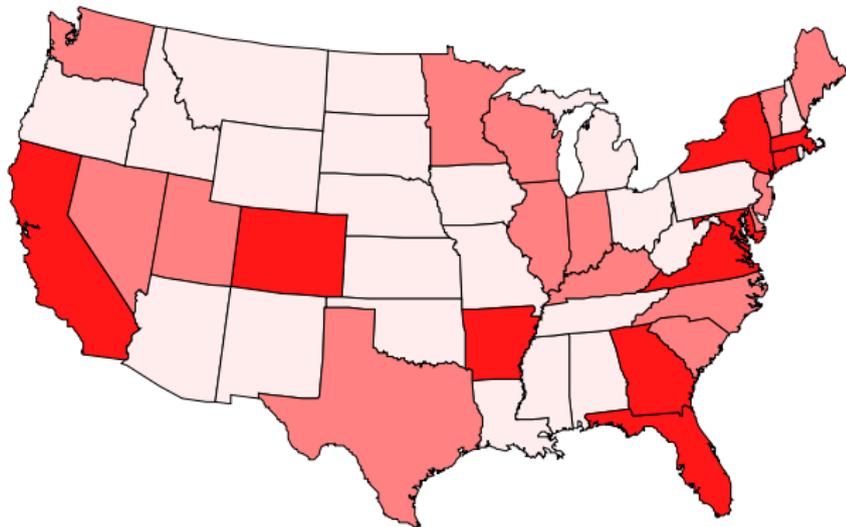
Tuition as a Share of Income, 2011

Top 10 in dark red, 11-25 in lighter red, 26-50 in light pink



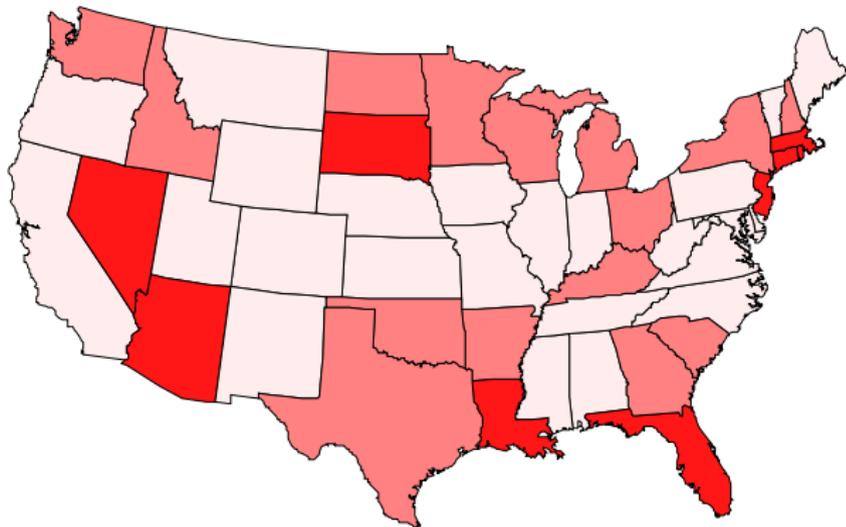
Share Taking AP Exams, 2011

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Job Placement Efficiency, 2010

Top 10 in dark red, 11-25 in lighter red, 26-50 in light pink



- ▶ Talent Pipeline: Questions
 - ▶ Measures of higher ed quantity and price; does quality matter?
 - ▶ Overlap low state spending per degree and low tuition; what states have both?
 - ▶ Demographics drive educational attainment; what happens as Utah become more diverse?

► Infrastructure: Data

- ▶ Infrastructure: Questions
 - ▶ Why broadband measures but no wireless?
 - ▶ Many important measures of infrastructure left out: rail, air, ports, etc
 - ▶ Not clear that investments in these specific areas (broadband, roads, bridges) are the keys to economic success

- ▶ Next Boom States Ranking
 - ▶ Less detail provided in the report, but the categories are ones where Utah fares well:
 - ▶ Job growth, immigration and in-migration
 - ▶ Educational attainment
 - ▶ Business births
 - ▶ Export intensity
 - ▶ Children under 18

- ▶ Utah's economy is growing in a diversified manner.
- ▶ Some important questions for policy:
 - ▶ How can we extend growth in employment and output to productivity and wages?
 - ▶ How can we invest the right amounts in education and infrastructure to support continued economic growth?
 - ▶ How can we measure the key inputs (education, innovation, infrastructure, appropriateness of regulation) that lead to economic growth?