Growing the Manufacturing Industry in Utah

Presented to the Economic Development Task Force
December 6, 2012
Todd R. Bingham

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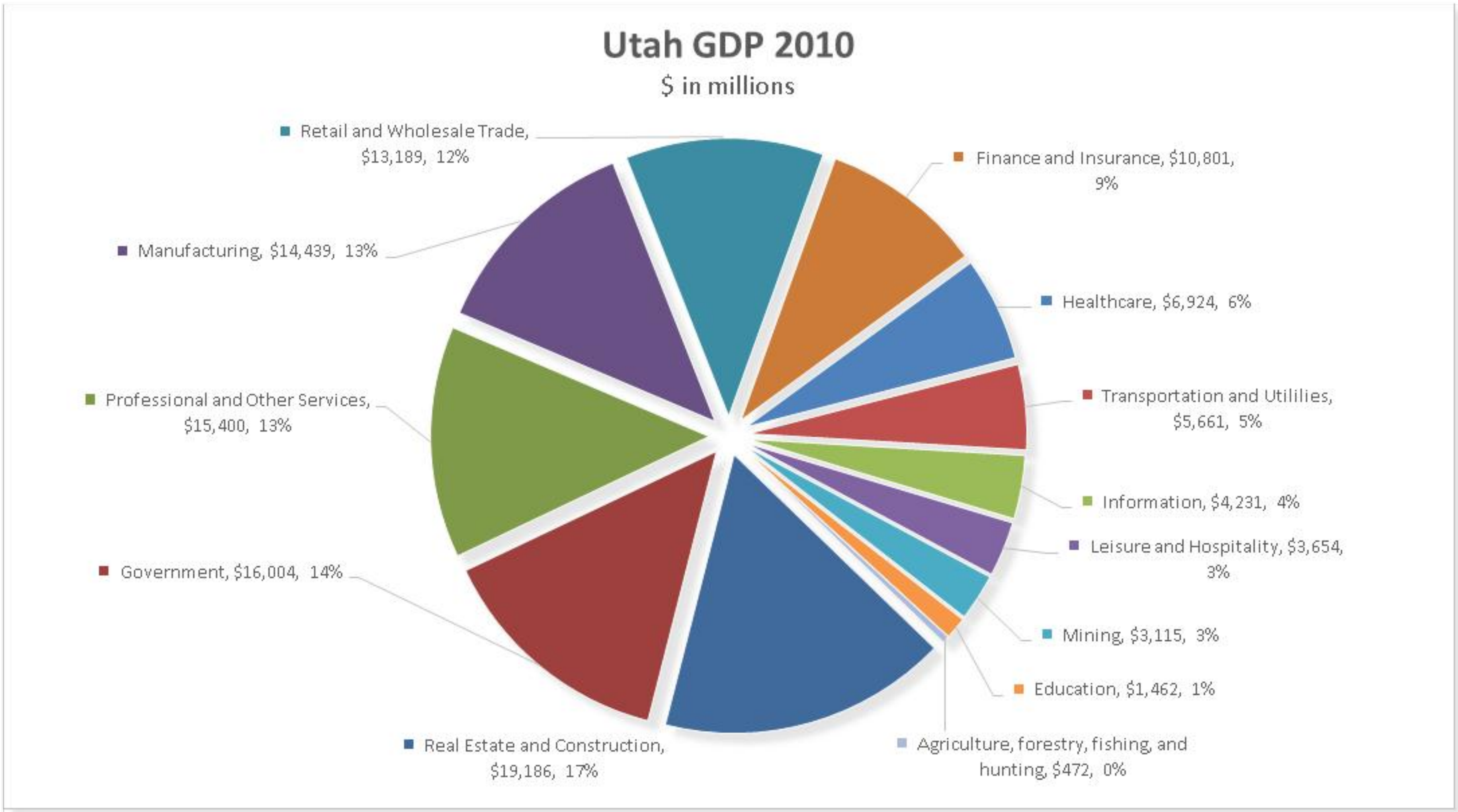
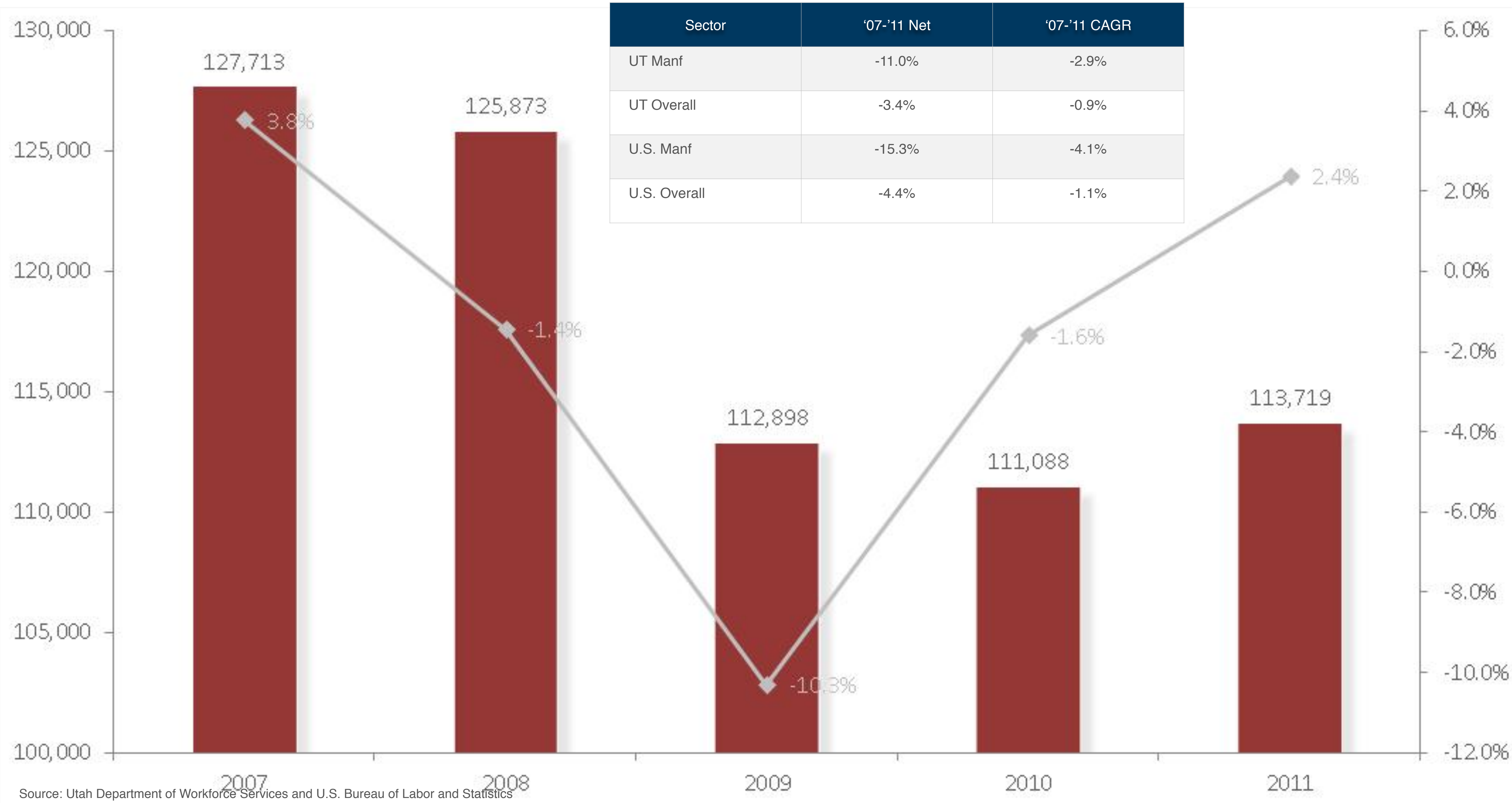
In 2010, Manufacturing composed 13% of total state GDP of $115 billion or about $14.4 billion



Source: U.S. Bureau of Economic Analysis

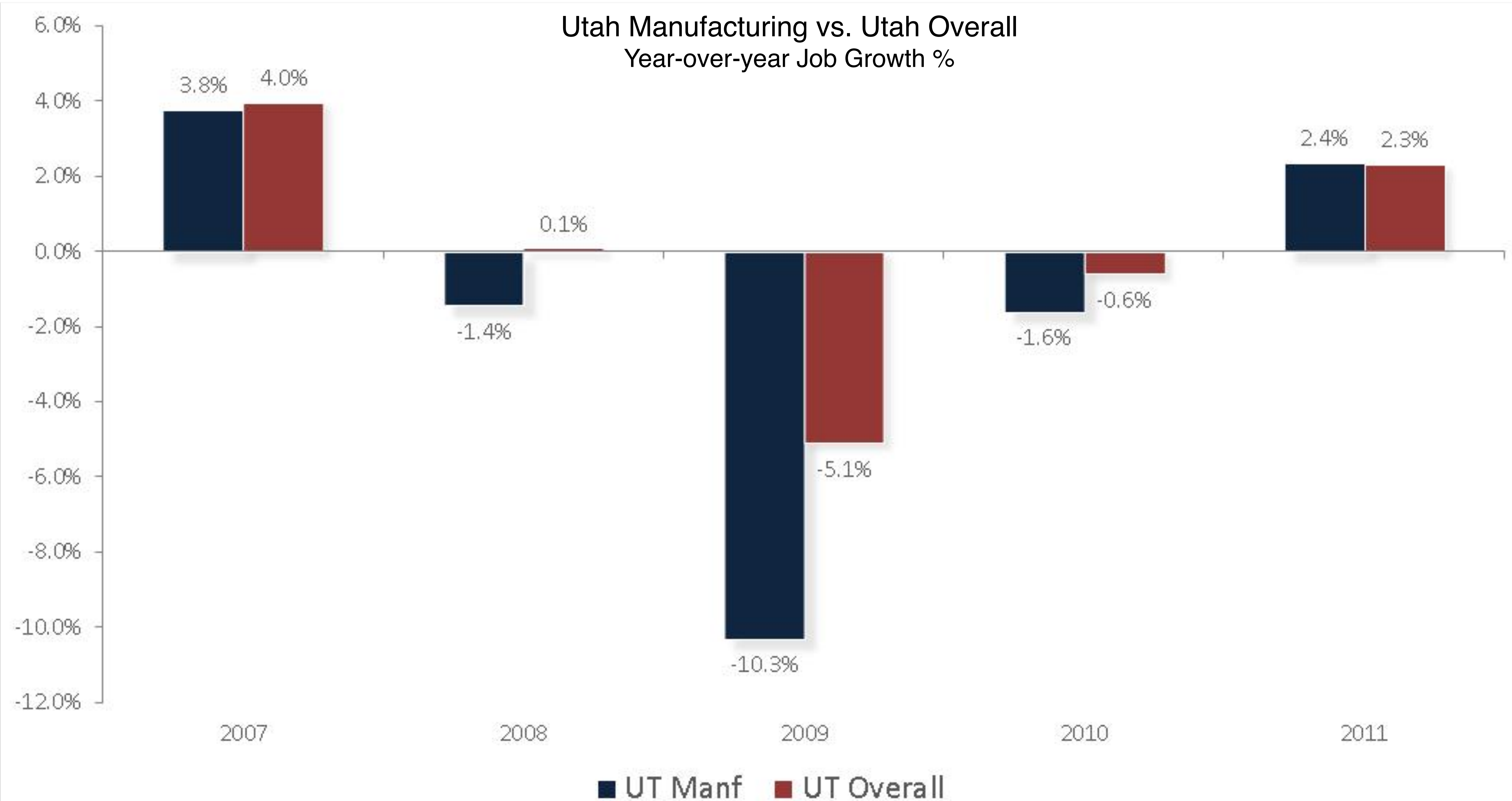
Utah has about 114,000 manufacturing jobs; many manufacturing jobs were lost during the recession



Sector	'07-'11 Net	'07-'11 CAGR
UT Manf	-11.0%	-2.9%
UT Overall	-3.4%	-0.9%
U.S. Manf	-15.3%	-4.1%
U.S. Overall	-4.4%	-1.1%

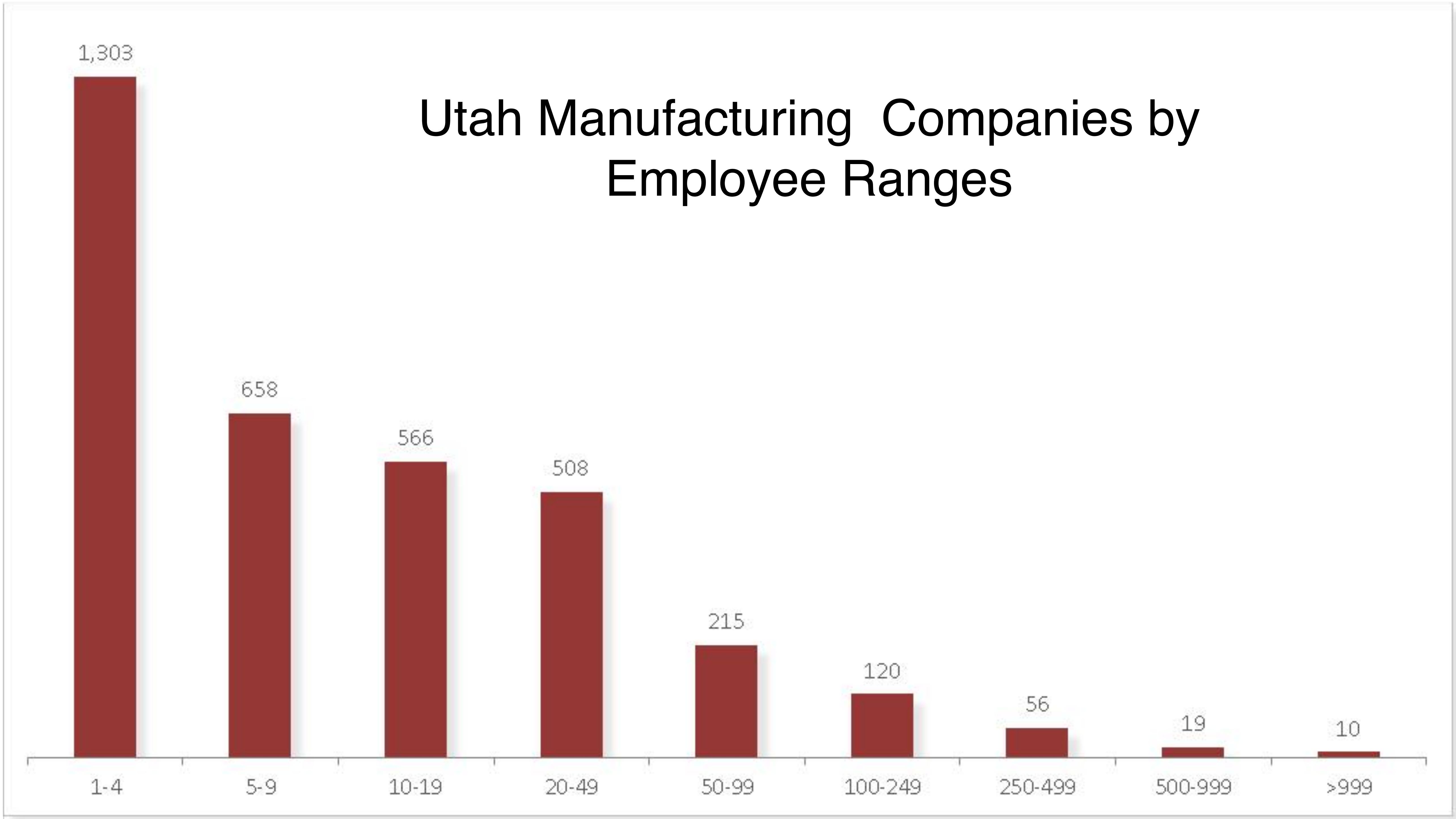
Source: Utah Department of Workforce Services and U.S. Bureau of Labor and Statistics

Utah manufacturing has had outsized job declines vs. the state and weaker job gains



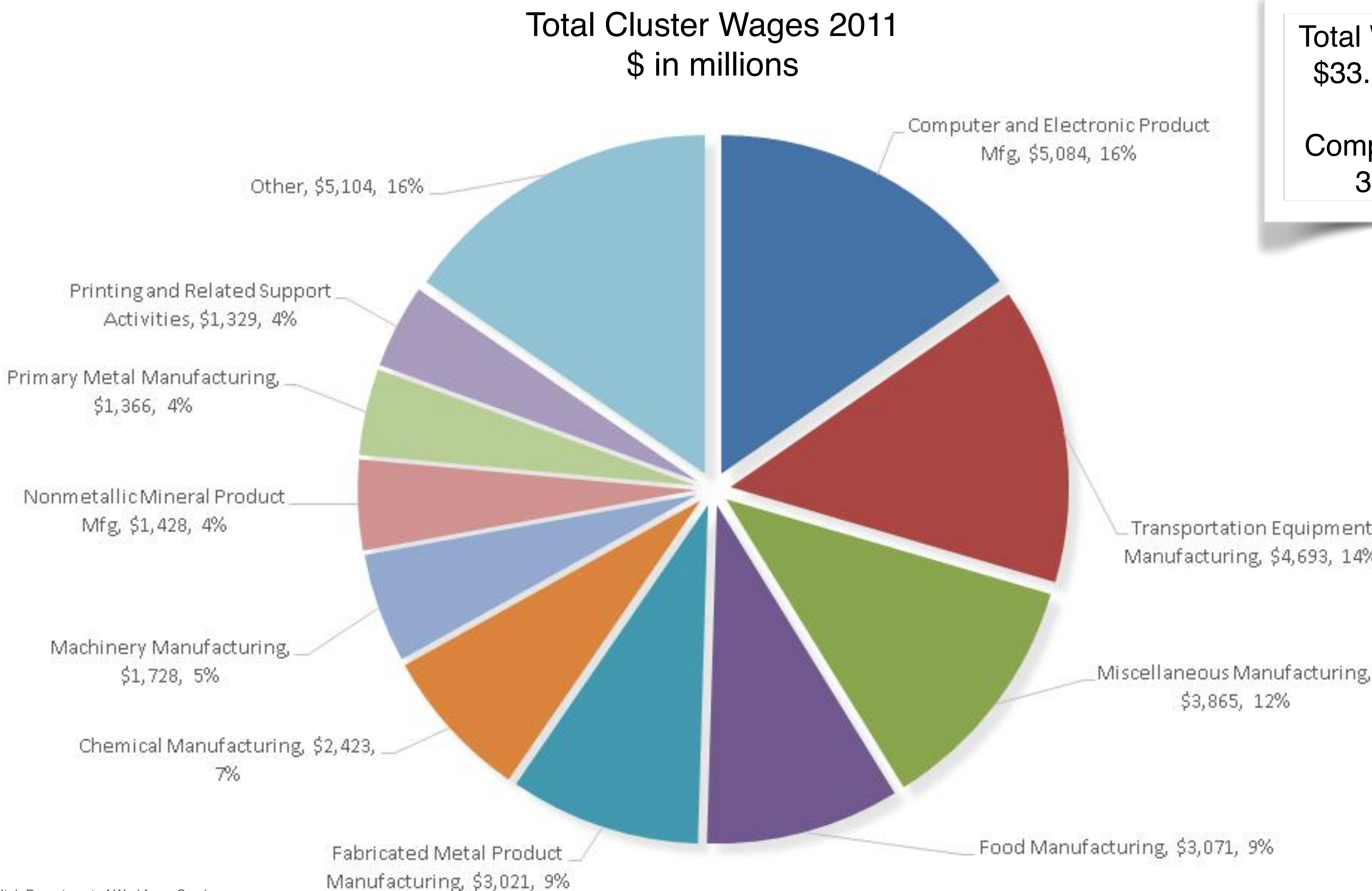
Source: Utah Department of Workforce Services

Small and medium-sized companies predominate the Utah landscape of about 3,500 manufacturers



Source: Utah Department of Workforce Services with Utah Governor's Office of Economic Development analysis

Top 10 of 21 manufacturing sub-industries compose 85% of wages in Utah



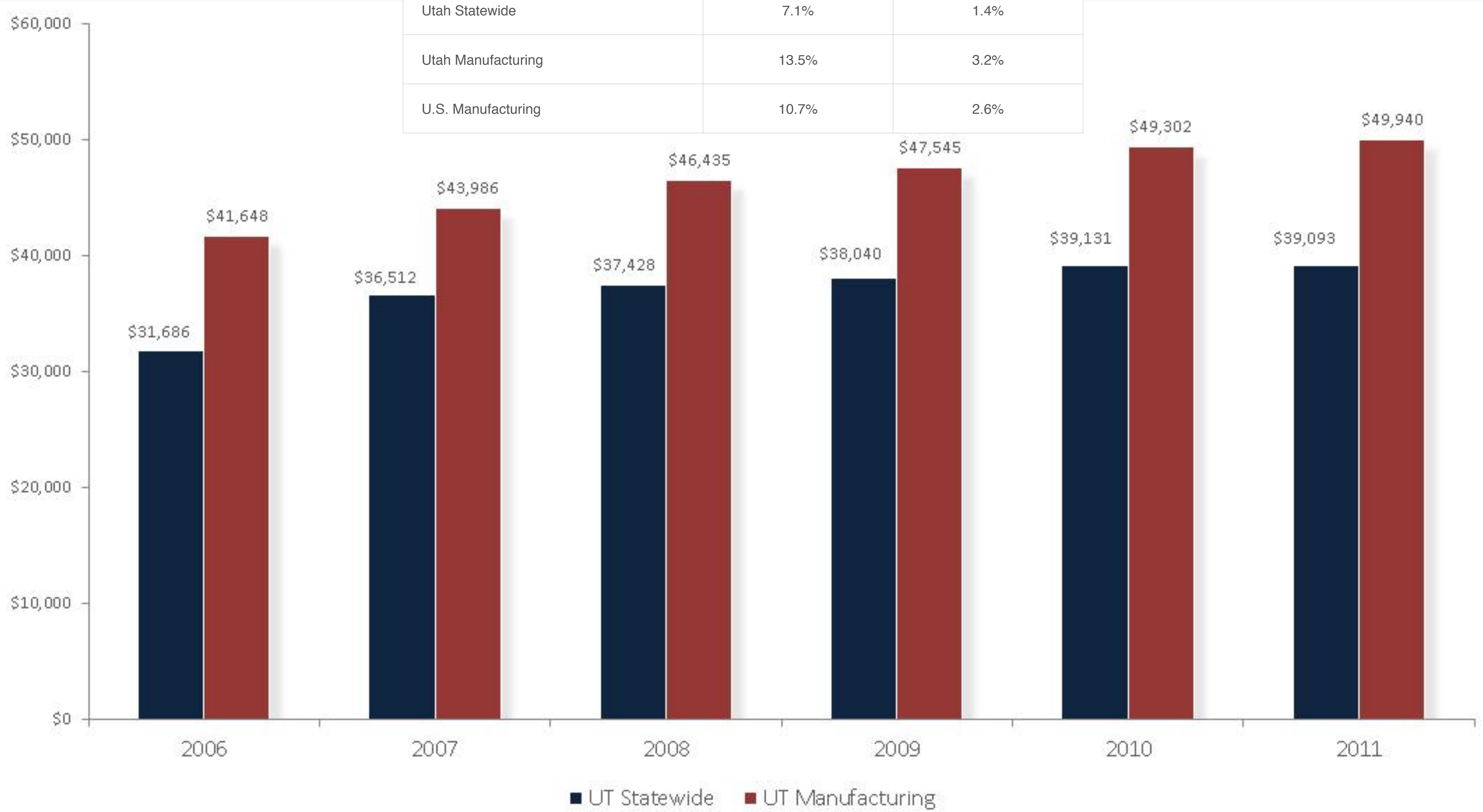
Total Wages = $33.1 billion

Companies = 3,667

Source: Utah Department of Workforce Services

Average wage is 28% higher than the state, 16% lower than national avg.; Avg. wage growth outpacing state

Avg. Wage Growth	4-yr Net	4-yr CAGR
Utah Statewide	7.1%	1.4%
Utah Manufacturing	13.5%	3.2%
U.S. Manufacturing	10.7%	2.6%



Source: Utah Department of Workforce Services, 2011 data for statewide through Q3 2011

Utah has done relatively well in manufacturing

Utah lost less on a % basis than the vast majority of states

Rank	State	3-yr Job Growth
1	Alaska	9%
2	South Dakota	-3%
3	Washington	-7%
4	Hawaii	-7%
5	Nebraska	-7%
6	Wyoming	-8%
7	North Dakota	-9%
8	Iowa	-10%
9	Texas	-10%
10	**Utah**	**-11%**
11	Louisiana	-11%
12	Wisconsin	-12%
13	Minnesota	-12%
14	Colorado	-12%
15	Oklahoma	-13%
16	Maine	-13%
17	Kansas	-13%
18	Connecticut	-13%
19	South Carolina	-14%
20	Massachusetts	-14%

Even though jobs were down, wages were up slightly

Rank	State	3-yr Wage Growth
1	Alaska	13.4%
2	Wyoming	10.0%
3	South Dakota	8.1%
4	Washington	5.6%
5	Hawaii	2.8%
6	Louisiana	2.3%
7	**Utah**	**1.1%**
8	Nebraska	0.8%
9	North Dakota	0.6%
10	Iowa	-0.3%
11	Oklahoma	-1.1%
12	Texas	-1.7%
13	Maine	-1.9%
14	South Carolina	-2.0%
15	Minnesota	-3.0%
16	California	-3.4%
17	Wisconsin	-3.4%
18	Arizona	-3.8%
19	Connecticut	-3.8%
20	Oregon	-3.9%

Only Alaska gained jobs; Utah ranks 18th in terms of net jobs gained/lost

Rank	State	Net Jobs
1	Alaska	1,090
2	Wyoming	-743
3	South Dakota	-1,220
4	District of Columbia	-1,316
5	Hawaii	-1,365
6	North Dakota	-2,404
7	Montana	-3,173
8	Vermont	-5,028
9	Delaware	-6,122
10	Rhode Island	-7,128
11	New Mexico	-7,502
12	Nebraska	-7,559
13	Maine	-8,130
14	West Virginia	-9,631
15	New Hampshire	-11,188
16	Idaho	-11,776
17	Nevada	-12,137
18	**Utah**	**-13,994**
19	Colorado	-17,615
20	Louisiana	-17,820

Source: U.S. Bureau of Labor and Statistics

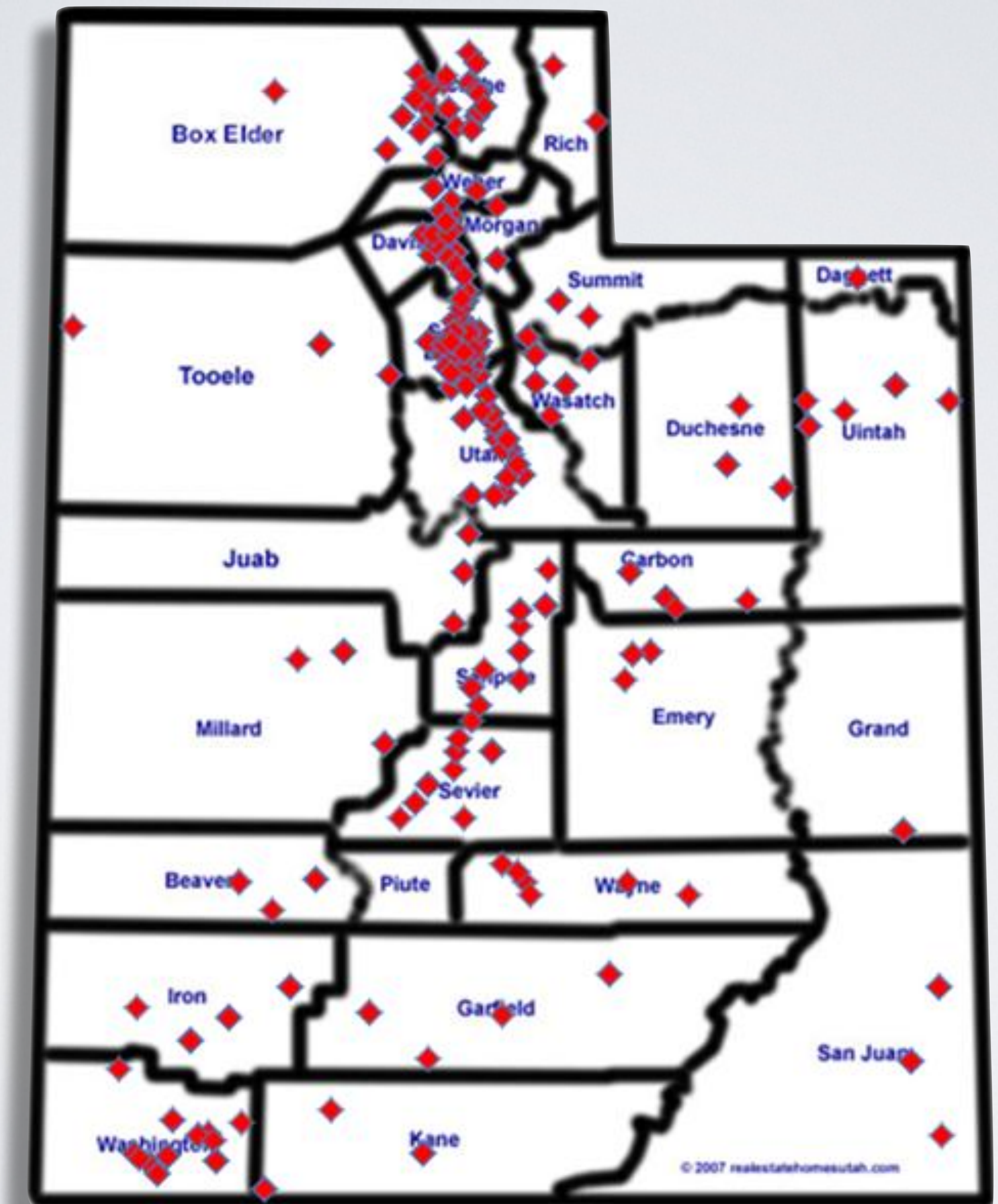
Utah has been essentially flat in recent years in manufacturing job share when compared nationally

Share of National Manufacturing Jobs 2007-11

State	2007 Jobs	'07 Rank	Share		2011 Jobs	'11 Rank	Share	Δ '07 to '11
California	1,452,100	1	10.5%		1,238,639	1	10.6%	0.1%
Texas	938,506	2	6.8%		840,108	2	7.2%	0.4%
Ohio	771,359	3	5.6%		637,558	3	5.4%	-0.1%
Illinois	678,907	4	4.9%		576,539	4	4.9%	0.0%
Pennsylvania	659,380	5	4.8%		565,391	5	4.8%	0.1%
Michigan	620,709	6	4.5%		509,656	6	4.3%	-0.1%
Indiana	550,160	8	4.0%		464,157	7	4.0%	0.0%
New York	551,867	7	4.0%		456,661	8	3.9%	-0.1%
Wisconsin	501,020	10	3.6%		443,299	9	3.8%	0.2%
North Carolina	538,141	9	3.9%		434,719	10	3.7%	-0.2%
Utah	**127,713**	**34**	**0.9%**		**113,719**	**33**	**1.0%**	**0.0%**
Other	**6,463,955**		46.7%		**5,453,490**		**46.5%**	-0.2%

Source: U.S. Bureau of Labor and Statistics

Geographic distribution shows considerable variance across counties



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Source: Utah Department of Workforce Services for data; GOED created points on map

Barriers to Growth

- Tax policy and incentives
- Lack of skilled technicians, crafts and trades, operators, maintenance workers, supply chain and process engineers
- Custom fit funding and targeting of manufacturers
- Education of High School counselors
- Local supply base needs and networks
- Federal regulations and contract processes
- Potential of increasing energy costs

Manufacturing Initiative Objectives

Produce actual results in terms of increased jobs and economic growth in this sector as measured by jobs, wages, new business starts, expansions and net profit increases.

Develop ownership and agreement from industry leaders and government to address the most critical needs to achieve growth including policy, resources, regulation and an educated and appropriately trained workforce.

Make the case for how important Utah's manufacturing industry really is to the Utah economy.

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Methods for Accomplishing the Initiative

Partner with key stakeholder groups: i.e. Utah Manufacturers Association, Governor's Office of Economic Development, Salt Lake Community College, Utah College of Applied Technology, Department of Workforce Services, and the Utah System of Higher Education.

Mobilize key industry leaders for the development of a steering committee and future implementation. Key leaders will come from partners as well as a potential mixture of the following segments of the industry.

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Manufacturing Initiative Sectors

Food Manufacturing Natural Products Wood Products

Energy Products Manufacturing Chemical Manufacturing

Plastics and Rubber Products

Primary Metal Products Non-metallic Mineral Product Manufacturing

Fabricated Metal Products Manufacturing

Machinery Manufacturing Sports & Outdoor Manufacturing

Computer and Electronic Product Manufacturing

Transportation Equipment Manufacturing

Medical Device Manufacturing Pharmaceuticals Manufacturing

Nutraceuticals Manufacturing Foundries

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UCAP Manufacturing Initiative Steering Committee Members

Matt Wardle, JD Machine

Susan Davis, L3 Communications

Steve Moore, Barnes Aerospace

Susan Johnson, Futura Industries

Scott Smart, Won Door Corporation

Jeff Lowe, Infinia Corporation

Brian Peterson, Autoliv

Hamilton Shattuck, IM Flash Technologies

Scott Bruce, Rio Tinto

Don Blohm, Sorenson Capital

Jason Fransen, Viracon

Mark Suchan, Malt O Meal

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Source: Utah Department of Workforce Services for data; GOED created points on map

Initiative Phase I of IV

- **Phase I**: Strategic Assessment and Analysis
- Phase II: Strategic Planning to Meet the Needs of Industry and Incorporate Acceleration Strategies to Specifically Target Talent Pipeline Development and Economic Innovation and Development
- Phase III: Implementation Action Plan which defines the process and establishes measurement for applying talent and economic development strategies
- Phase IV: Evaluation and Outcomes plans which validates implementation measures, benchmarks, and

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Attracting More Manufacturers

- Competitive tax incentives for new and existing companies
- Quality of work force and education
- GOED process improvement and decisions, particularly for existing in state manufacturers
- Supplier base growth
- Engaged employees who innovate

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Today's manufacturers produce your quality of life by creating the products needed for daily life in today's modern world.

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Questions?

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