

ECONOMIC REPORT *to the* GOVERNOR

.....
PREPARED BY THE
UTAH ECONOMIC COUNCIL



2022

A collaborative endeavor of
David Eccles School of Business
Governor's Office of Planning and Budget

Preface

The 2022 Economic Report to the Governor is the 34th publication in this series. Through the last three decades, the Economic Report to the Governor has served as the preeminent source for data, research, and analysis about the Utah economy. It includes a national and state economic overview, a demographic overview of the state, a summary of state government economic development activities, an analysis of economic activity based on the standard indicators, and a detailed review of industries and issues of particular interest. 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.

Utah Economic Council and Collaborators

The 2022 Economic Report to the Governor, published by the Utah Economic Council, is a collaboration of the state's economic community led by the Governor's Office of Planning and Budget, the David Eccles School of Business, and the Kem C. Gardner Policy Institute. The Council aims to guide data development, inform research activities, share economic commentary, provide peer review, and support an improved understanding of the Utah economy. The Economic Council, the Governor's Office of Planning and Budget, the Kem C. Gardner Policy Institute, and authors from both the private and public sectors, devote a significant amount of time to the creation of this report, ensuring the latest economic and demographic information is included. More detailed information about the findings in each chapter can be obtained by contacting the authoring entity.

Data Used in This Report

The contents of this report come from a multitude of sources which are listed at the bottom of each table and figure. Data are generally for the most recent year or period available. There may be a quarter or more of lag time before economic data becomes final; therefore, some statistics in this report are estimates based on data available from October–December 2021. Readers should refer to noted sources later in 2022 for final data. Forecasts are also included in some of the tables and figures. All of the data in this report are subject to errors 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.

Data for States and Counties

This report focuses on the state, multi-county, and county geographies. 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.

Suggestions and Comments

Users of the Economic Report to the Governor are encouraged to write 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 Kem C. Gardner Policy Institute, 411 East South Temple Street, Salt Lake City, Utah 84111 or by email at gardnerinstitute@eccles.utah.edu.

Electronic Access

This report is available on the Kem C. Gardner Policy Institute's website at gardner.utah.edu.

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Table of Contents

Economic Outlook - United States.....	xiii
Economic Outlook - Utah.....	xv
Utah's Economic Regions.....	xvii
Economic Indicators for Utah and the United States, December 2021	xviii

Economic Indicators

1. Demographics	1
2. Employment, Wages, and Labor Force.....	21
3. Personal Income	29
4. Gross Domestic Product.....	35
5. Utah Taxable Sales.....	39
6. Tax Collections	45
7. Exports	51
8. Price Inflation and Cost of Living.....	59
9. Consumer Confidence.....	65
10. Social Indicators	71
11. Measuring Economic Diversity.....	75
12. Economic Development.....	79

Industry Focus

13. Agriculture.....	83
14. Defense	87
15. Education: Higher.....	93
16. Education: Public	103
17. Energy.....	117
18. Health Care	129
19. Life Sciences	141
20. Minerals	145
21. Nonprofit Sector	149
22. Nonresidential Construction.....	155
23. Real Estate and Residential Construction.....	157
24. Travel and Tourism	161

Special Topics

25. Long-Term Planning Projections	165
26. Property Tax.....	173

FIGURES

Demographics

1.1	Annual Rate of Change: April 1, 2010–April 1, 2020	2
1.2	Absolute and Percentage Changes in County Population, 2010–2020	3
1.3	Absolute and Percent Changes in County Population, 2020–2021	3
1.4	State of Utah Components of Population Change	4
1.5	Total Fertility for Utah and the United States	4

Employment, Wages, and Labor Force

2.1	Annual Average Job Growth Rate for Utah and the United States	23
2.2	Annual Unemployment Rate for Utah and the United States	23
2.3	Annual Average Unemployment Rate and Wage Growth	24
2.4	State by State Employment Change, October 2019–2021	24
2.5	Utah Industry Employment Percent Change, October 2019–2021	25
2.6	County Employment Change, October 2019–2021	25

Personal Income

3.1	Utah Per Capita Income as Percent of U.S. Per Capita Income	31
3.2	Utah vs. U.S. Total Personal Income Growth	31

Gross Domestic Product

4.1	Composition of Gross Domestic Product by Industry, 2020	36
4.2	Utah vs. United States Real Gross Domestic Product Growth	36

Utah Taxable Sales

5.1	Percent Change in Utah Taxable Sales by Component	41
-----	---	----

Tax Collections

6.1	Unrestricted General and Education Fund Revenues	47
6.2	Actual and Inflation-Adjusted Unrestricted Revenues	47
6.3	Sales and Use Taxes, Income Tax, and All Other Unrestricted Revenues	48

Exports

7.1	Utah Merchandise Exports	53
7.2	Utah Merchandise Exports of Top Ten Export Industries	53
7.3	Utah Merchandise Exports to Top Ten Purchasing Countries	54
7.4	Utah Monthly Exports, With and Without Gold	54

Price Inflation and Cost of Living

8.1	Cumulative Percent Change in Consumer Price Index (CPI) this Decade	61
8.2	Consumer Price Index (CPI) Decade to 2021 Comparison	61
8.3	Consumer Price Index (CPI) Year-over-Year Price Change and Relative Value of a Dollar	62
8.4	Regional Consumer Price Index (CPI) by Population Density	62

Consumer Confidence

9.1	Overall Monthly Utah and U.S. Consumer Confidence	66
9.2	Components of Monthly Utah and U.S. Consumer Confidence, Current Family Financial Situation Compared with a Year Ago	67
9.3	Components of Monthly Utah and U.S. Consumer Confidence, Expected Family Financial Situation Change in a Year	67

9.4	Components of Monthly Utah and U.S. Consumer Confidence, Business Conditions Expected During the Next Year.....	68
9.5	Components of Monthly Utah and U.S. Consumer Confidence, Business Conditions Expected During the Next Five Years	68
9.6	Components of Monthly Utah and U.S. Consumer Confidence, Current Buying Conditions for Large Household Goods.....	69
Social Indicators		
10.1	Share of Population Participating in a Public Meeting in the Previous 12 Months, 2019	73
10.2	Federal Corruption Convictions, Three-Year Average, 2017–2019 (Rate per One Million Individuals).....	73
10.3	Share of Adults Who Report Participating in Neighborhood Projects in the Previous 12 Months, 2019.....	74
Measuring Economic Diversity		
11.1	Hachman Index for States, 2020	77
11.2	Hachman Index for Utah Counties, 2020	78
Economic Development		
12.1	Changes in the Pipeline of Expansion and Relocation Projects, 2018–2021	80
Agriculture		
13.1	Nominal Average Annual Price Received in Major Utah Agriculture Sectors	85
13.2	Farmers’ Share of Food Spending	85
Defense		
14.1	Military and Federal Civilian Defense Employment in Utah, 1990–2020	89
14.2	Defense Share of Total Employment in Utah, 1990–2020	89
14.3	Compensation per Utah Job, Defense vs. Non-Defense, 1990–2020.....	90
14.4	Total DoD and VA Prime Contracts and Grants Performed in Utah, 1990–2020.....	90
Education: Public		
16.1	Utah Public Education Enrollment, FY 1985–FY 2023f	105
16.2	Percent Change in Public Education Enrollment, FY 1985–FY 2023f.....	105
16.3	Largest Enrollment by District, FY 2022	106
16.4	Largest Enrollment Growth by District, FY 2021–FY 2022	106
16.5	Kindergarten Enrollment and Five Years Prior Births, 2001–2023f	107
16.6	U.S. FY 2021 Projection & Utah Current Expenditures per Pupil in Enrollment, FY 2002–FY 2021	107
16.7	Current Expenditures per Pupil by State, FY 2018	108
16.8	Current Expenditures as a Percentage of Personal Income, by State FY 2018	108
16.9	Utah Total Enrollment and Current Expenditures per Pupil by District, FY 2020	109
Energy		
17.1	Utah’s Crude Oil Production, Pipeline Imports, and Refinery Receipts Plotted with Wellhead Price, 2000–2021.....	121
17.2	Utah’s Petroleum Product Production and Consumption	122
17.3	Utah’s Natural Gas Production and Consumption	122
17.4	Utah’s Coal Production, Consumption, and Exports	123
17.5	Utah’s Electricity Net Generation and Consumption.....	123

Health Care

18.1	Utah Cumulative COVID-19 Cases by Age and Gender, December 3, 2021	132
18.2	Age-Adjusted Unvaccinated and Vaccinated Incidence Rates in Utahns Eligible for the Vaccine, December 3, 2021	132
18.3	Utah COVID-19 Hospitalization Rate Per 1,000 Cases by Race and Ethnicity, December 3, 2021	133
18.4	COVID-19 Cases per 1,000,000 Population by State, December 3, 2021	133
18.5	Share of Utah Adults Who Are Overweight or Obese, 2009–2020	134
18.6	Utah Life Expectancy at Birth by Gender, 1980–2020	134
18.7	Change in Average Employment in Utah’s Health Care and Social Assistance Industry for the First Half of Each Year, 2002–2021	135
18.8	Share of Utah’s Population with Health Insurance by Coverage Type, 2019	135
18.9	Share of Utah Adults Who Reported Fair or Poor General Health by Income, 2020	136
18.10	Utah Uninsured Rates for Adults by Race and Ethnicity, 2020	136

Life Sciences

19.1	Average Annual Earnings per Job in Utah’s Life Sciences Industry, 2020	143
19.2	Annual Employment Growth in Utah’s Life Sciences Industry, 2008–2020	143
19.3	Life Sciences Growth in the Top 20 States, 2015–2020	144

Minerals

20.1	Total Value of Utah’s Annual Metallic and Industrial Mineral Production	147
20.2	Value of Utah’s Annual Base Metal Production	147
20.3	Value of Utah’s Annual Precious Metal Production	148
20.4	Value of Utah’s Annual Industrial Mineral Production	148

Nonprofit Sector

21.1	Number of Utah Tax Exempt Nonprofit Organizations	151
21.2	Utah’s Nonprofit Sector by Total Revenue, Income, and Assets	151
21.3	Utah Tax Exempt Nonprofit Organization Assets	152
21.4	Utah’s Nonprofit Sector by IRS Subsection Designation	152
21.5	Utah’s Nonprofit Sector by NTEE Codes	153
21.6	Utah’s Nonprofit Sector by Income Group	153

Travel and Tourism

24.1	Accommodations Taxable Sales, 2011–2020	163
24.2	Utah National Park and Skier Visits, 1983–2021(e)	163

Long-Term Planning Projections

25.1	Utah Population and Growth Projections by Decade, 2020–2060	166
25.2	Projected Absolute Change by County, 2020–2060	166
25.3	U.S. Dependency Ratios, 1970–2060	167
25.4	Utah Dependency Ratios, 1970–2060	167
25.5	Utah Population Pyramid, 2020 and 2060	168

Property Tax

26.1	Utah Property Taxes Charged by Entity Type, 2020	175
26.2	Share of Utah Property Taxes Charged by Purpose, 1920–2020	175
26.3	Year-Over-Year Change in Tax Revenue per Capita, 1980–2020	176
26.4	Property Tax Base Per Student and Tax Rates, FY 2020	176
26.5	Minimum School Program Funding, FY 2022	177
26.6	Basic School Program for Two Hypothetical School Districts	177
26.7	Total Basic Levy Revenue (Nominal) and Real Per Pupil Statewide School Property Tax Revenue, 1940–2020	178
26.8	Example of Truth in Taxation Certified Tax Rate Process	179

TABLES**Demographics**

1.1	Utah Population Estimates by Components of Change	5
1.2	Utah Population Estimates by County	6
1.3	Utah Intercensal Population Estimates by County	7
1.4	2020 Decennial Census National and State Populations	8
1.5	Rankings of States by Over 18 and Under 18 as a Percent of Total Population, April 1, 2020 ...	9
1.6	Total Fertility Rates for Utah and the United States	10
1.7	Components of Population Change Annual Rates, July 1, 2020–July 1, 2021	11
1.8	Housing Units, Occupancy and Vacancy Rates by State	12
1.9	County Population by Race and Ethnicity in Utah, April 1, 2020	13
1.10	Total Census Population Count by County and City	14
1.11	Utah Demographic Projections by Race and Ethnicity	20

Employment, Wages, and Labor Force

2.1	Utah Nonfarm Employment and Unemployment Rate, and Labor Force Participation Rate ...	26
2.2	Utah Labor Force, Nonfarm Jobs, and Wages	27
2.3	Utah's Largest Employers, Annual Average Employment, 2020	28

Personal Income

3.1	Total and Per Capita Personal Income	32
3.2	Per Capita Personal Income by County	33

Gross Domestic Product

4.1	Nominal Gross Domestic Product (GDP) by State, 2015–2020	37
4.2	Real Gross Domestic Product (GDP) by State, 2015–2020	38

Utah Taxable Sales

5.1	Utah Taxable Sales by Component	42
5.2	Utah Taxable Sales by County	43

Tax Collections

6.1	Fiscal Year Revenue Collections (Millions of Current Dollars)	49
6.2	Fiscal Year Revenue Collections (Annual Percent Change)	50

Exports

7.1	U.S. Merchandise Exports by State	55
7.2	Utah Merchandise Exports by Industry	56
7.3	Utah Merchandise Exports by Purchasing Country and Region	57
7.4	Utah Merchandise Exports to Top Ten Purchasing Counties by Industry, 2019	58

Price Inflation and Cost of Living

8.1	Consumer Price Index for All Urban Consumers	63
8.2	Regional Price Parities by State, 2019	64

Consumer Confidence

9.1	Consumer Confidence in the United States and Utah	70
-----	---	----

Social Indicators

10.1	Social Capital Indicators	74
------	---------------------------------	----

Measuring Economic Diversity

11.1	Hachman Index Scores for the States, 2020	77
11.2	Hachman Index Scores for Utah Counties, 2020	78

Economic Development

12.1	Summary of Economic Recovery Grant Programs in Utah, 2020–2021	81
12.2	Notable Employer Expansions or Relocations in 2021	81

Defense

14.1	Defense Employment and Compensation in Utah, Selected Years 1990–2020	91
14.2	Total DoD and VA Prime Contracts and Grants Performed in Utah, FY 2000–FY 2020	92

Education: Higher

15.1	Utah System of Higher Education, Fall End-Of-Term Enrollments at Degree-Granting Institutions and State of Utah Population	95
15.2	Utah System of Higher Education, Fall 3rd Week Enrollment at Degree-Granting Institutions, by County	96
15.3	Degrees and Awards by Race/Ethnicity at Degree-Granting Public Institutions in Utah, Academic Year, 2020–2021	97
15.4	Full Cost Study Summary (Appropriated Funds Only), 2020–2021	97
15.5	USHE Summary of Tuition and Fees by Institution	98
15.6	History of Degrees by Public Degree-Granting Institutions in Utah	99
15.7	Technical College Certificates Awarded	100
15.8	History of Fall End-of-Term Enrollment at Public Degree-Granting Institutions in Utah	100
15.9	Public Degree-Granting Institutions in Utah Total Degrees and Awards by Instructional Program, 2020–2021	101
15.10	History of Enrollment at Technical Colleges in Utah	102
15.11	Summary of Tuition and Fees for Major Private Institutions	102

Education: Public

16.1	Utah Public School Enrollment and State of Utah Population	110
16.2	Fall Enrollment by District	111
16.3	Utah Public Education Enrollment by Race and Ethnicity	112
16.4	Statewide Selected Data	113
16.5	College Entrance Exam Scores	114
16.6	Selected Data by State, FY 2018	115

Energy

17.1	Supply, Disposition, Price, and Value of Crude Oil in Utah	124
17.2	Supply, Disposition, and Select Prices of Petroleum Products in Utah	125
17.3	Supply, Disposition, Prices, and Value of Natural Gas in Utah	126
17.4	Supply, Disposition, Price, and Value of Coal in Utah	127
17.5	Supply, Disposition, and Price of Electricity in Utah	128

Health Care

18.1	Prevalence of Common Diseases Among Utah Adults Age 18 Years and Older, 2011–2020	137
18.2	Utah’s Uninsured Rate by County, 2006–2019	138
18.3	Percent of Utah’s Population with Health Insurance by Coverage Type, 2007–2020	139
18.4	Utah’s Private Sector Health Care Employment by Facility Type, 2001–2020	140

Life Sciences

19.1	Employment in Utah’s Life Sciences Industry, 2020	144
19.2	Worker Earnings in Utah’s Life Sciences Industry, 2020	144

Nonresidential Construction

22.1	Nonresidential Construction Activity	156
------	--	-----

Real Estate and Residential Construction

23.1	Residential and Nonresidential Construction Activity	158
23.2	Average Rates for 30-Year Mortgages	159
23.3	Housing Price Index for Utah	159

Travel and Tourism

24.1	Historical Utah Tourism Data	164
------	------------------------------------	-----

Long-Term Planning Projections

25.1	Utah Population by County, 2020–2060	169
25.2	Utah Population Projections by Components of Change, 2020–2060	170
25.3	Utah Demographic Projections by Selected Age Groups, 2020–2060	171
25.4	Total Utah Employment by County, 2020–2060	171
25.5	Total Utah Employment by Industry, 2020–2060	172

Property Tax

26.1	Homestead Property Tax Exemptions or Credits for All Primary Residences	180
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2021 OVERVIEW

IRS exempt organization data show that Utah has 10,750 nonprofits operating within the state, a 0.40% increase from 2020, with total assets from reporting entities worth \$38.2 billion, a 12.9% increase from the year prior.¹ The sector also reported total income of \$33.7 billion, a 24.6% increase, and total revenue of \$17.3 billion, a 3.3% increase.²

The IRS designated 9,029 of the total organizations as 501(c)(3) charitable nonprofit organizations, 476 as 501(c)(6) business leagues and chambers, and 262 as 501(c)(4) social welfare and political organizations. The IRS further classifies with 26 National Taxonomy of Exempt Entity (NTEE) code groups. NTEE codes are attributed to all tax-exempt organizations but not all are classified, with 30% (3,008) unclassified. Over 1,100 (10.5%) are classified as educational; 908 (8.4%) are philanthropy, voluntarism, and grant-making foundations; and 886 (8.2%) are arts, culture, and humanities organizations.³

While the IRS reports an increase in revenue at nonprofits from 2020 to 2021, the data reveal that the vast majority of nonprofits in Utah are small. Accordingly, 6,526 nonprofits don't report any income (religious organizations and those with income below \$50,000 are not required to report).⁴ Beyond that, 3,015 have incomes under \$500,000 and 1,209 have incomes of \$500,000 and above.⁵

There are nonprofits in every county of Utah, serving the wide variety of human needs and led by people who are driven to make measurable and sustainable impacts.

Nonprofits in Utah continue to serve their clients and fulfill their missions, in spite of the many factors that remain prevalent in communities; namely, the ongoing COVID-19 pandemic and the associated labor shortages. In April 2021, the Utah Nonprofits Association (UNA) surveyed Utah nonprofits about their finances, changes in demand for their services, financial resiliency, and staffing. The results indicate that 74% of nonprofits who responded to the survey have seen an increase in demand for services. While these nonprofits' total revenues decreased by 30% in 2020 compared with 2019, organizations estimated a 10% increase in 2021 compared with 2020. Nonprofits also projected a 37% decline in 2021 staffing compared with 2019.⁶

Data from UNA's comprehensive job board and website traffic illustrate the increase in both jobs to be filled and job seekers in the market. Specifically, 754 jobs were posted in 2019, 813 jobs in 2020 (a 7.8% increase), and, as of November 3, 1,224 jobs have been posted in 2021 (a 50.6% increase).⁷ Website traffic to the job board has also increased 33% (20,276 in 2020 and 26,953 as of November 3, 2021).⁸

2022 OUTLOOK

The above data outlines the varied and complex challenges that Utah's nonprofits faced and will continue to experience in the coming year.

While assets increased and federal and state relief continue to make their way to Utah, an important distinction in size and type of organization must be

1. "Exempt Organizations Business Master File Extract." *Internal Revenue Service*, October 15, 2020 and October 11, 2021.

2. According to the IRS, income is revenue with expenses added back in and revenue is simply the gross receipts from all sources of revenue.

3. "Exempt Organizations Business Master File Extract." *Internal Revenue Service*, October 11, 2021

4. Annual Exempt Organization Return: Who Must File. *Internal Revenue Service*, September 23, 2021

5. "Exempt Organizations Business Master File Extract." *Internal Revenue Service*, October 11, 2021

6. Pandemic Impact on Utah's Nonprofits include Job Losses and Reduction of Services, *Utah Nonprofits Association*, May 13, 2021

7. UNA Job Board Data, *Utah Nonprofits Association*, 2019, 2020, and November 4, 2021.

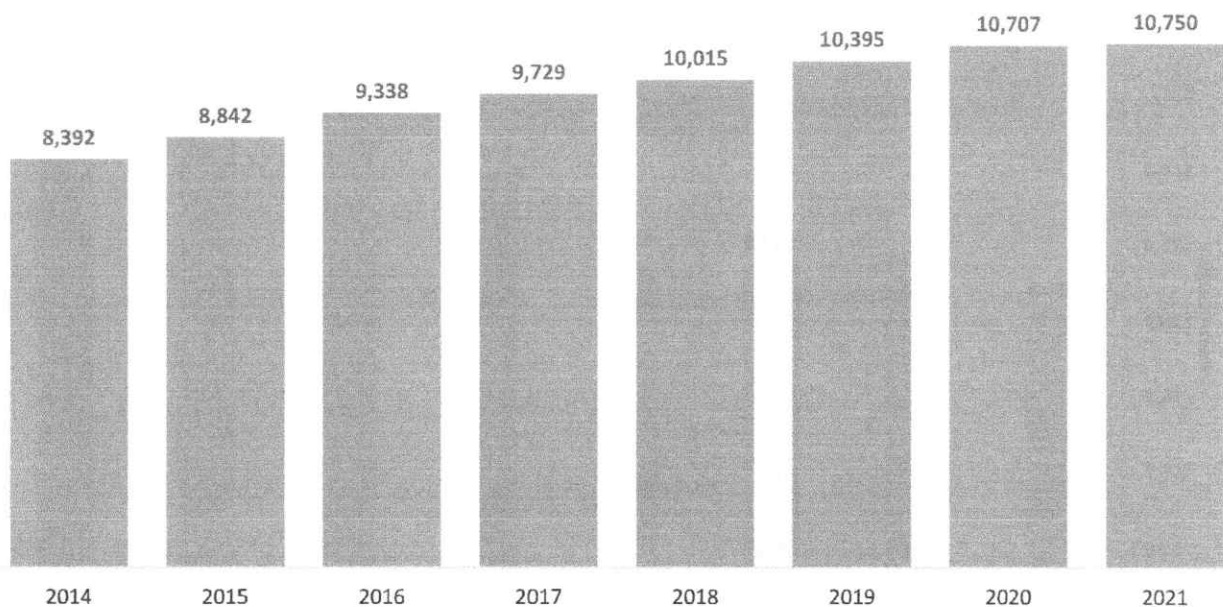
8. UNA Google Analytics, *Utah Nonprofits Association*, November 3, 2021.

highlighted. Given the small size—almost 90% have budgets below \$500,000—and lower capacity of most of the state’s nonprofits, they often have difficulty competing with private sector businesses for pandemic-related aid. Additionally, with over 3,000 organizations that are unclassified by type, it is not fully known how many of the 10,000 are ineligible for any relief or emergency aid. Although money is earmarked in the federal packages for childcare, education, early child tax credits, etc., much of that allocation is not directed specifically toward supporting infrastructure at charitable nonprofits, a critical adhesive in making sure that nonprofits have the revenue to continue to serve communities in need. Regardless if resources are present, either from a drop in revenues or ineligibility for aid, the need in communities continues to be prevalent.

Utah organizations are well positioned to weather a short-term dip in funding. Utah has a long history of being the most charitable state in our nation, giving both financial support and time.

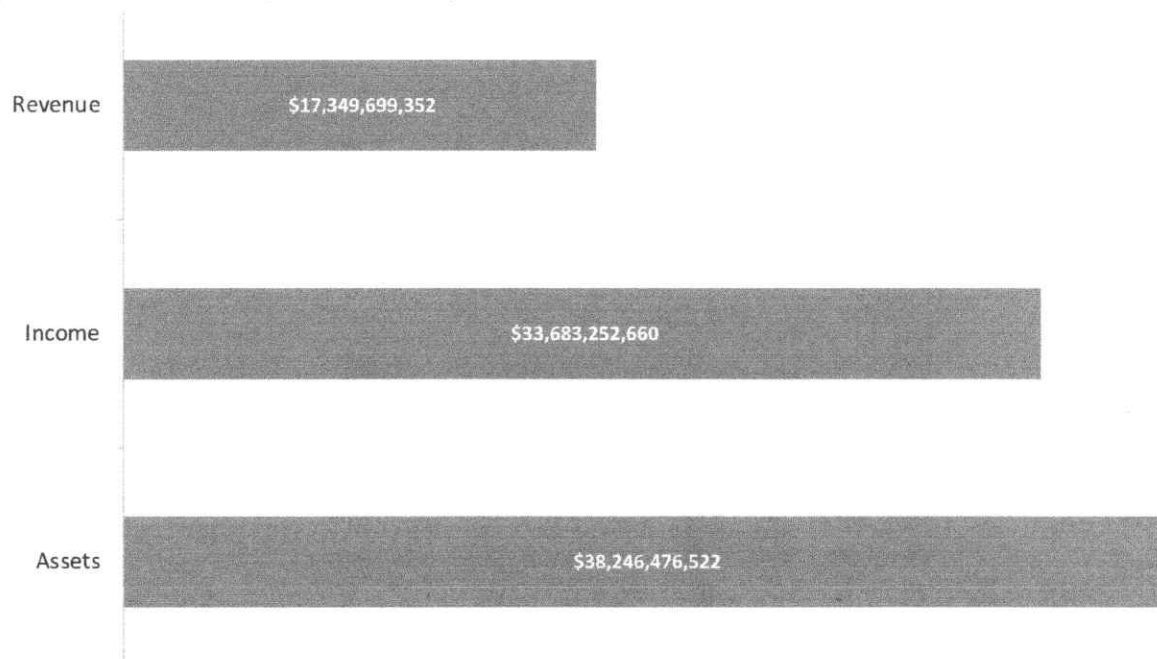
Utah’s charitable nonprofits embody the best of our state, providing ways for people to work together for the common good, transforming shared beliefs and hopes into action. As we look to 2022 and beyond, charitable nonprofits will be ever more focused on strategic and collaborative partnerships with the philanthropic community, governments, and municipalities so that nonprofits can continue to meet the ever-growing needs communities face.

Figure 21.1 Number of Utah Tax Exempt Nonprofit Organizations



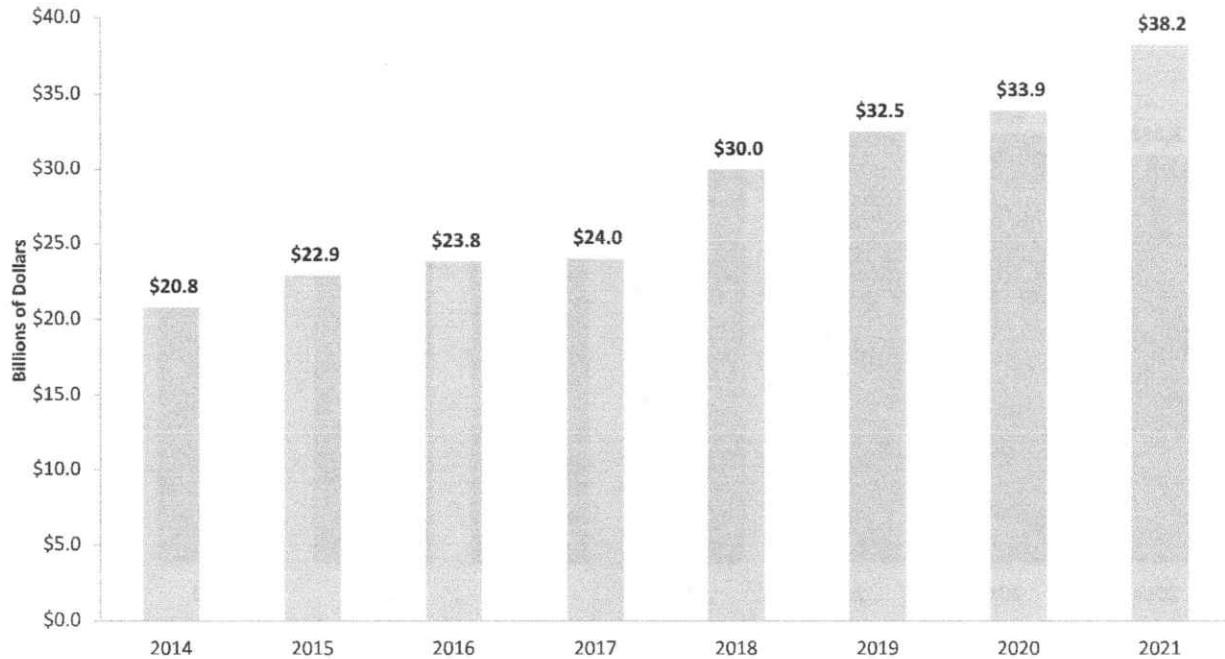
Sources: Internal Revenue Service, (October 2021, October 2020, October 2019, October 2018, July 2017, November 2016, December 2015, December 2014) Exempt Organizations Business Master File

Figure 21.2: Utah's Nonprofit Sector by Total Revenue, Income, and Assets



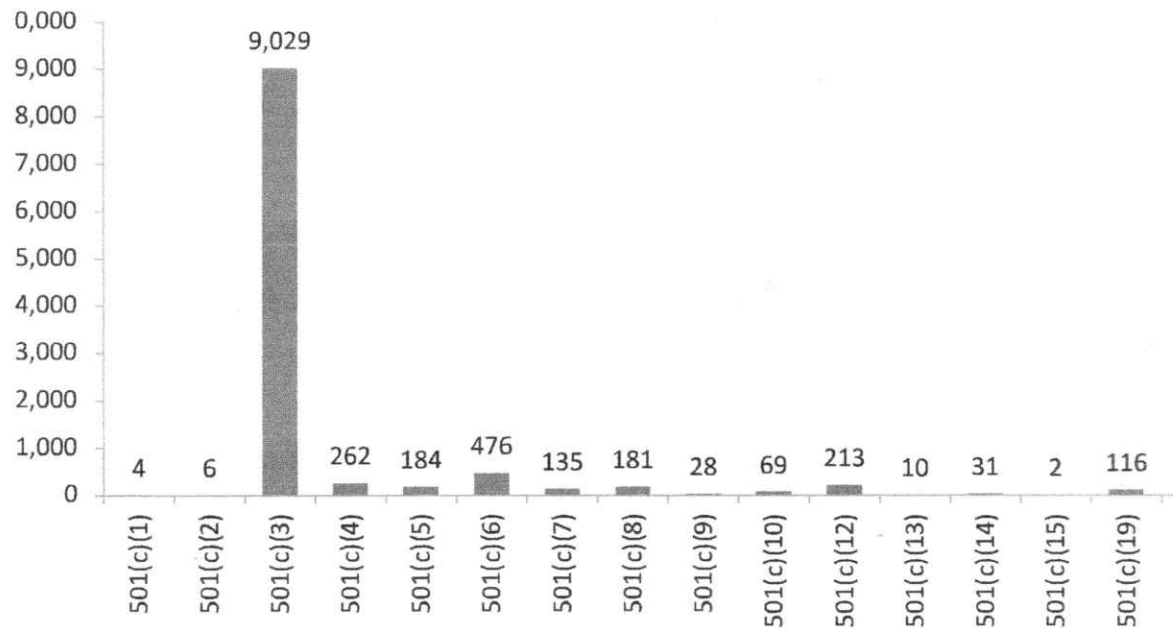
Sources: Internal Revenue Service, (October 2021) Exempt Organizations Business Master File

Figure 21.3: Utah Tax Exempt Nonprofit Organization Assets



Sources: Internal Revenue Service, (October 2021, October 2020, October 2019, October 2018, July 2017, November 2016, December 2015, December 2014) Exempt Organizations Business Master File

Figure 21.4: Utah's Nonprofit Sector by IRS Subsection Designation



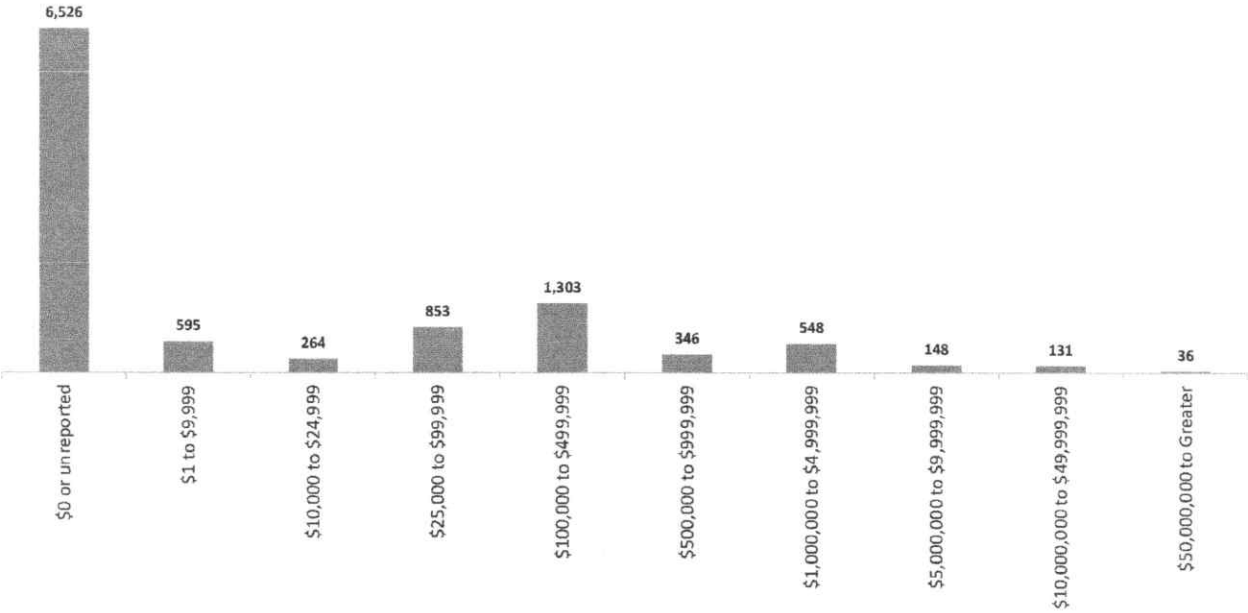
Sources: Internal Revenue Service, (October 2021) Exempt Organizations Business Master File

Figure 21.5: Utah's Nonprofit Sector by NTEE Codes



Sources: Internal Revenue Service, (October 2021) Exempt Organizations Business Master File

Figure 21.6: Utah's Nonprofit Sector by Income Group



Sources: Internal Revenue Service, (October 2021) Exempt Organizations Business Master File