



FY 2023 Judicial Council Budget Planning Meeting

Utah Economic Outlook

Nate Talley

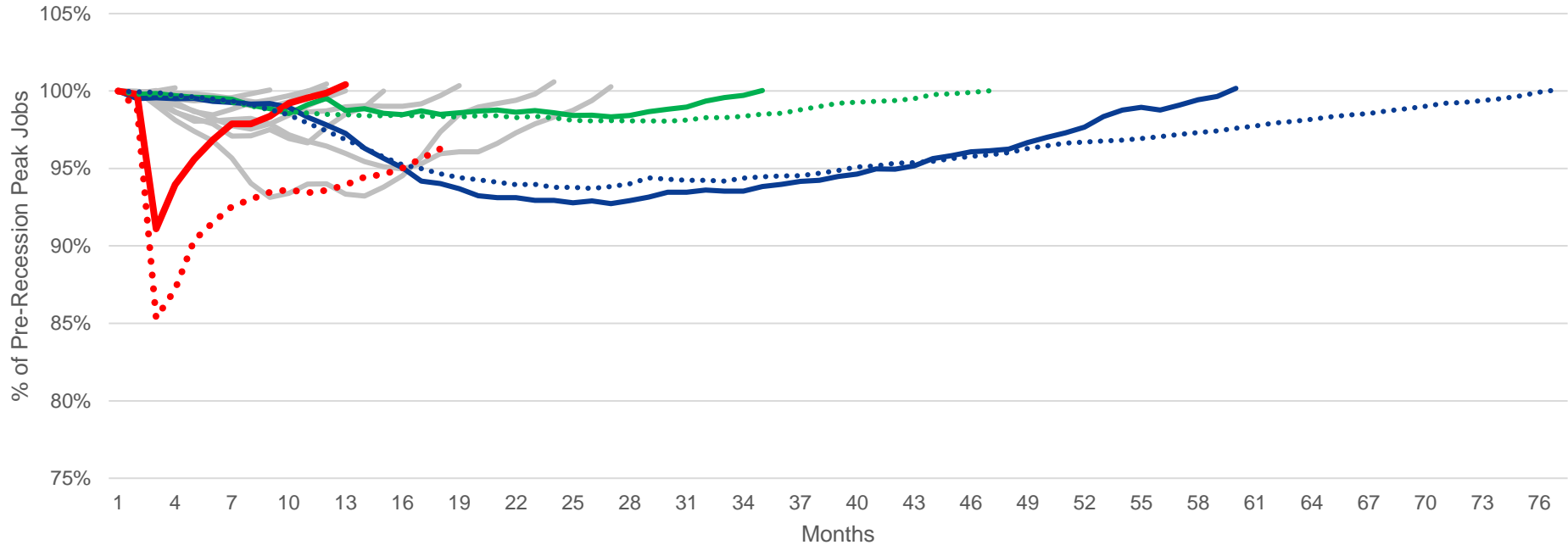
DEPUTY DIRECTOR & CHIEF ECONOMIST
GOVERNOR'S OFFICE OF PLANNING AND BUDGET
August, 20 2021



Overview

- **Utah's Current Economic Performance vs. Expectation**
- **Underlying Growth Factors & Potential Risks**
- **Baseline Economic & Budgetary Outlook**

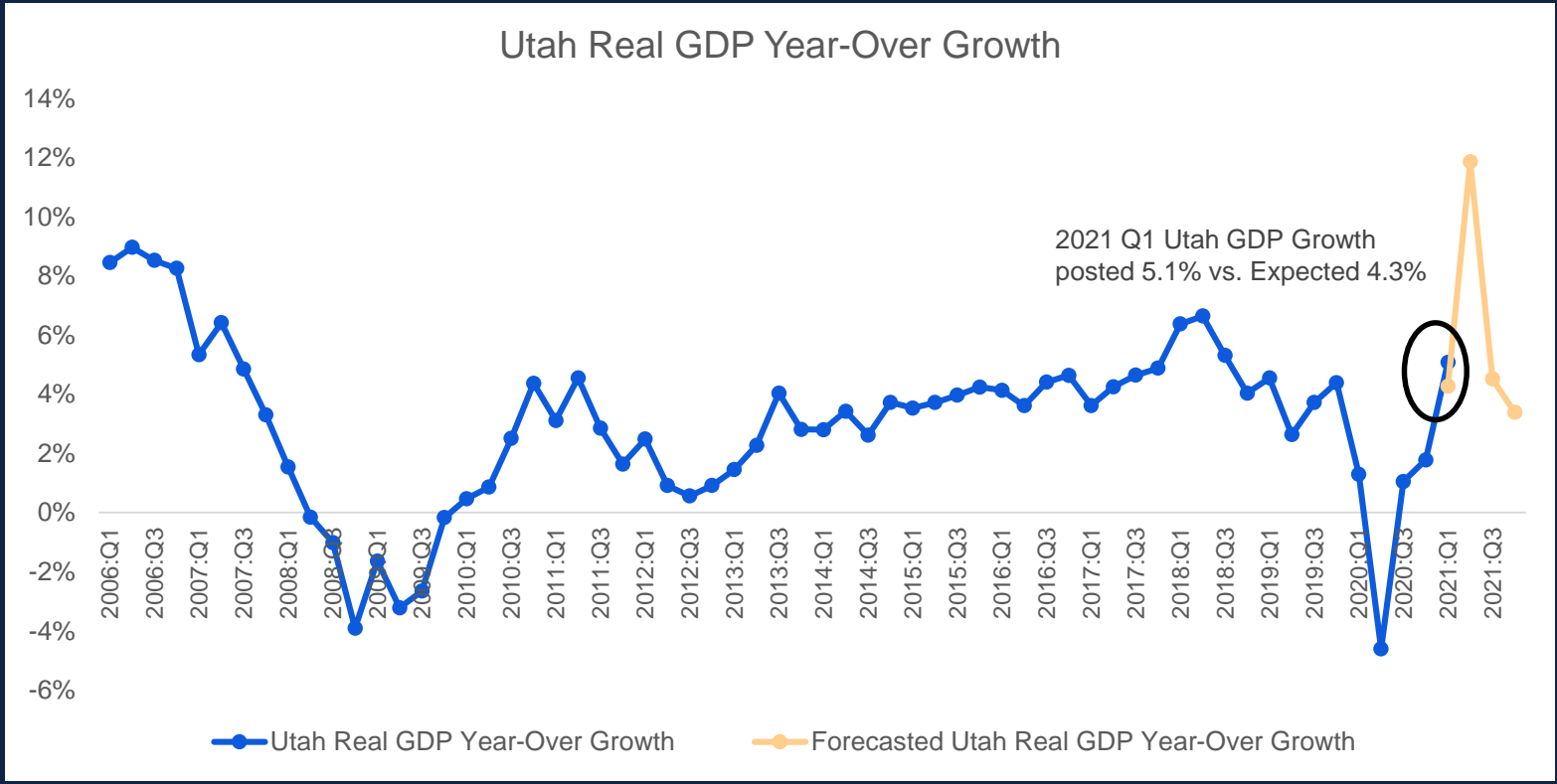
Peak-to-Recovery Recession History



- 1945 Recession
- 1949 Recession
- 1953 Recession
- 1958 Recession
- 1960 Recession
- 1969 Recession
- 1973 Recession
- 1980 Recession
- 1981 Recession
- 1990 Recession
- 2001 Recession
- Great Recession
- U.S. 2001 Recession
- U.S. Great Recession
- U.S. COVID Recession

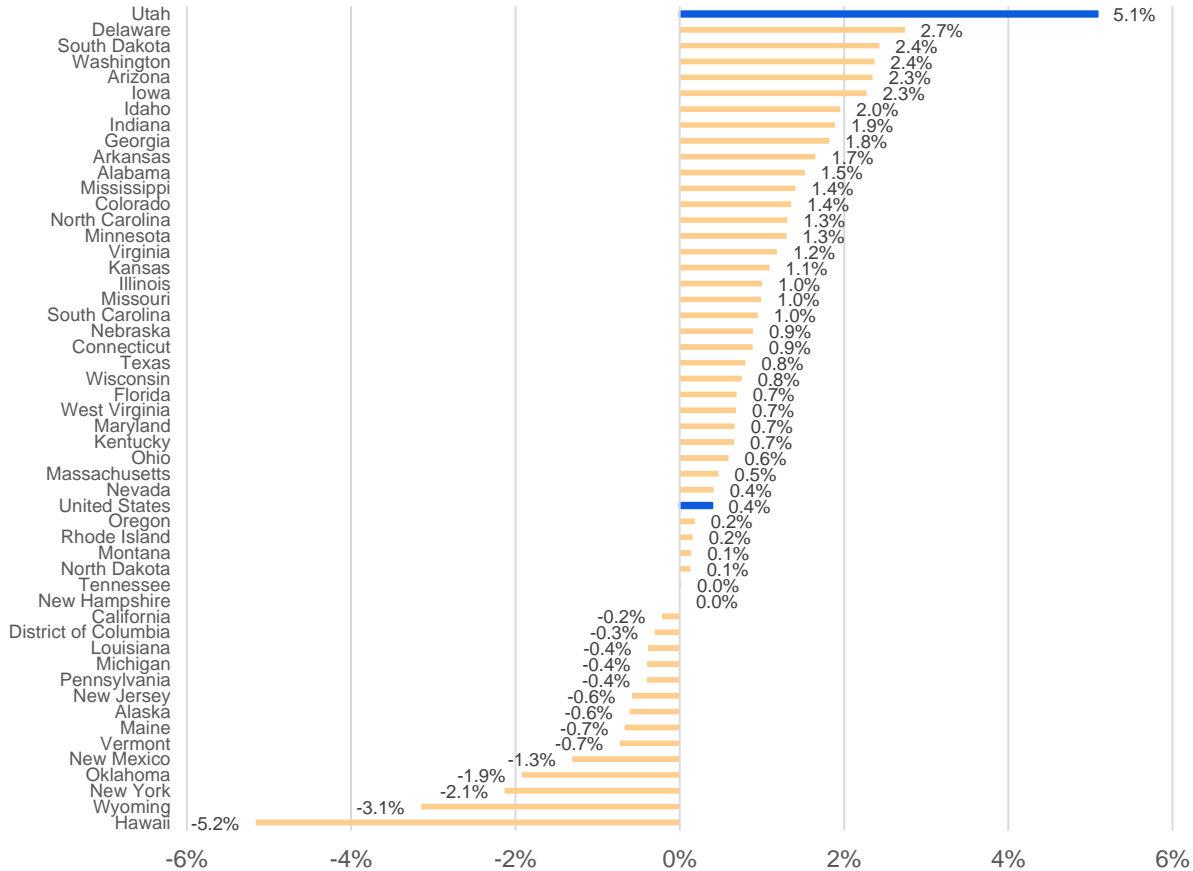


Above Feb. Expectation Performance





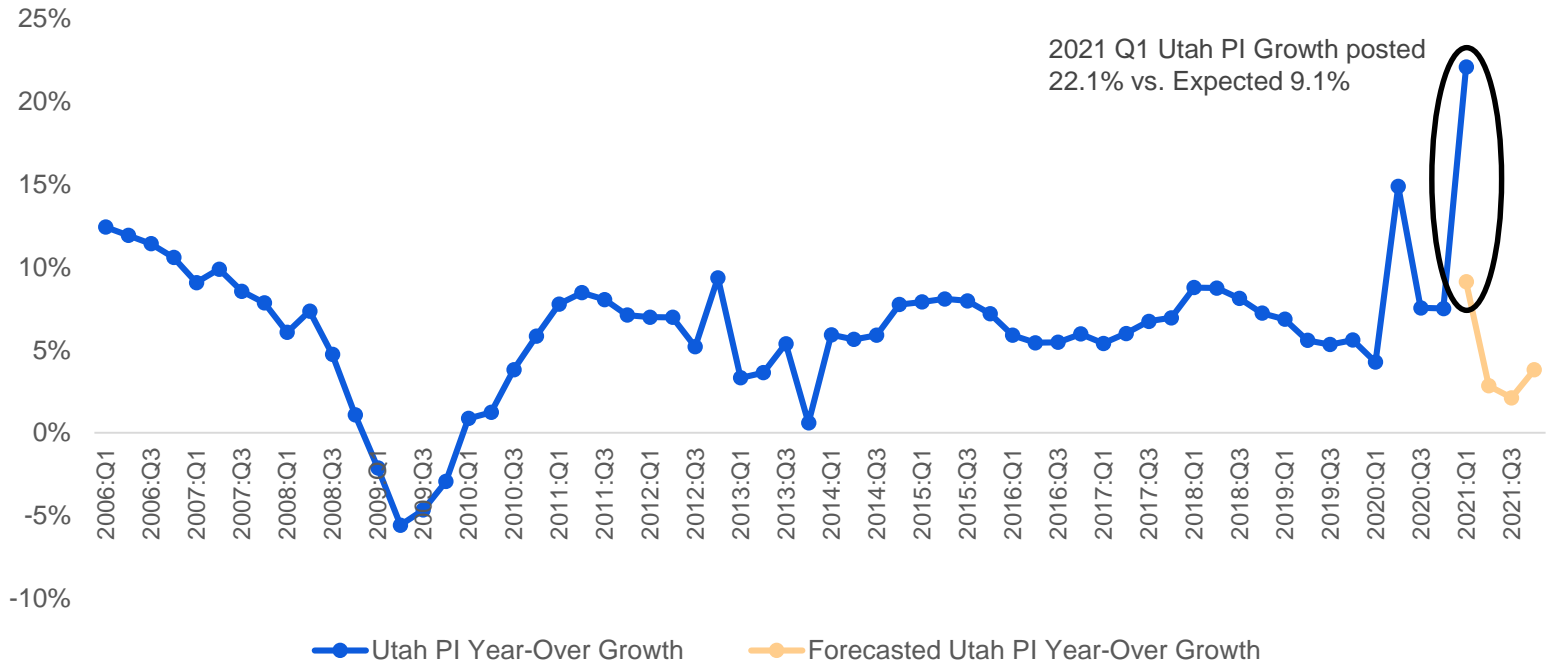
2021 Q1 Year-Over Real GDP Growth





Above Feb. Expectation Performance

Utah Personal Income Year-Over Growth





2021 Q1 Year-Over Personal Income Growth by State



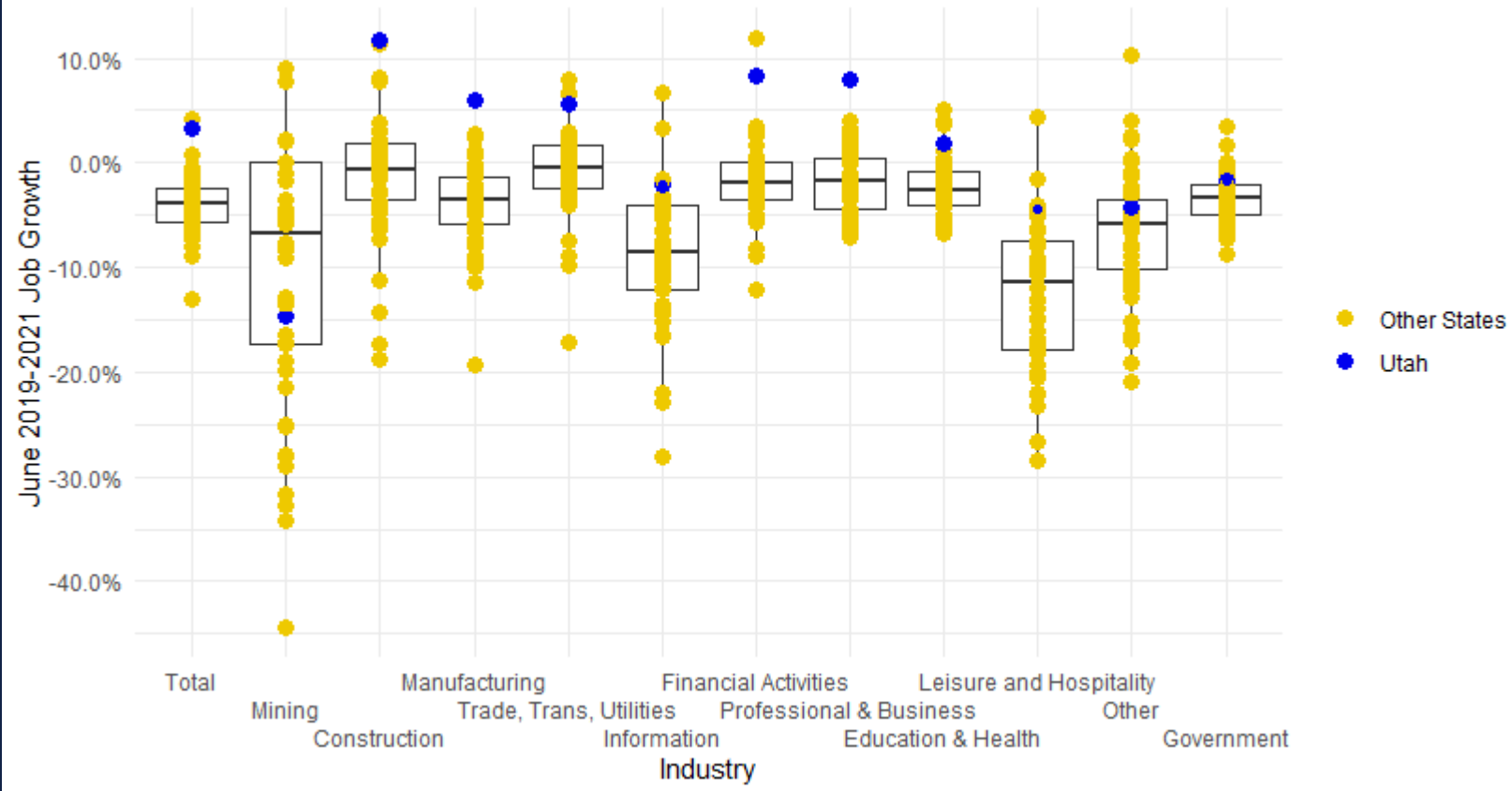


Above Feb. Expectation Performance





Job Growth by State by Industry





Underlying Growth Factors & Potential Risks

Growth Factors (Descriptive)

- **Federal Stimulus Shocks**
- **Population Growth**
- **Utah Optimism**
- **COVID-19 Experience & Response**

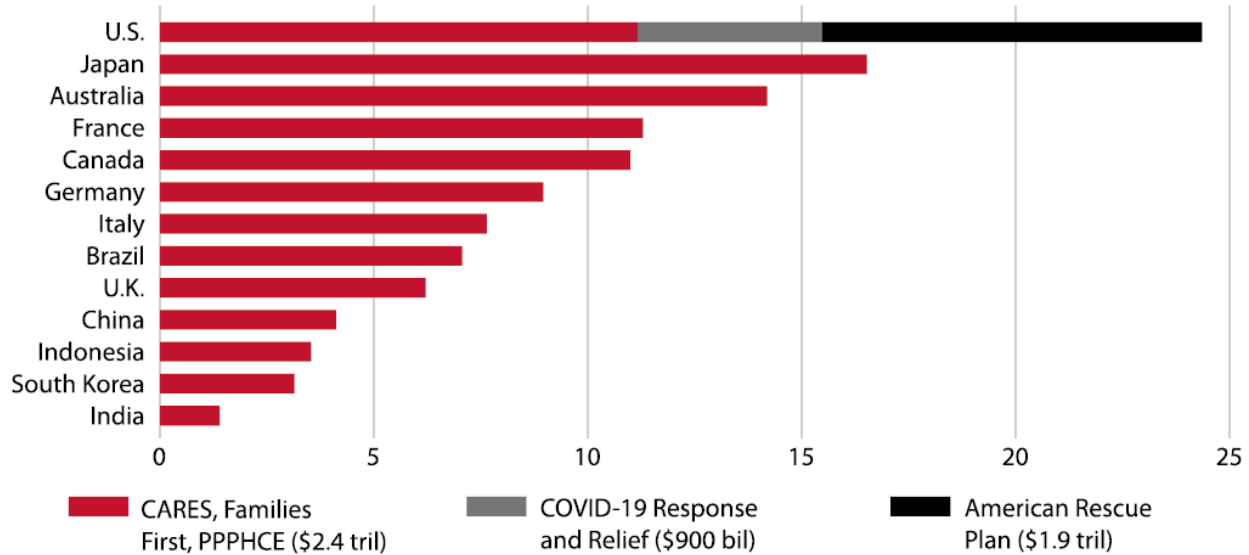
Potential Risk Factors (Prospective)

- **Revenue Sustainability**
- **Inflation**
- **Labor Shortages**
- **Sticky Public Benefit Enrollment**



U.S. Fiscal Stimulus Largest By Far

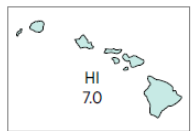
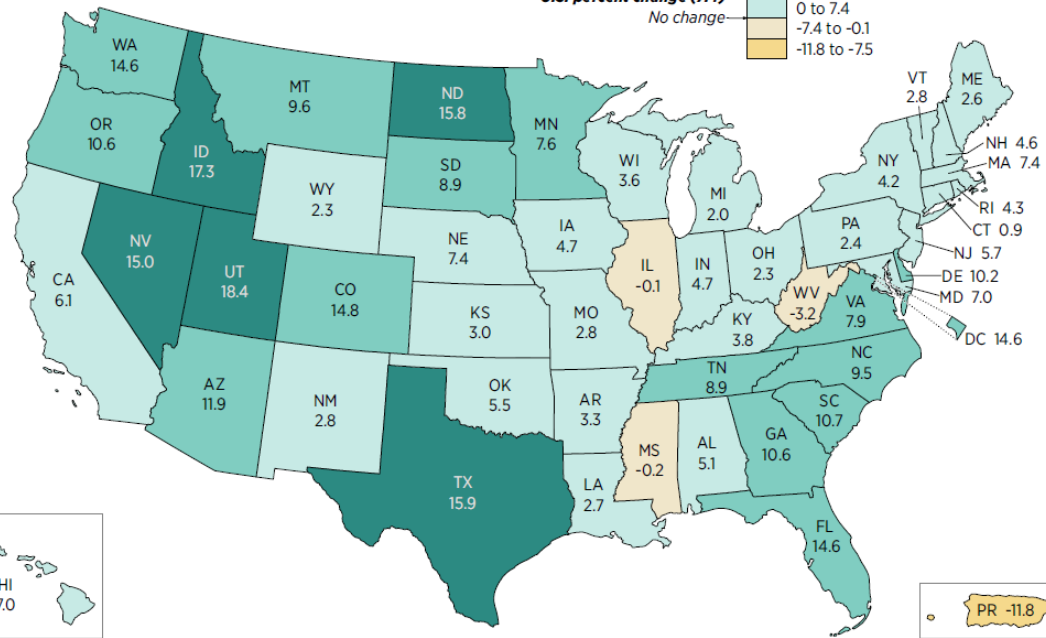
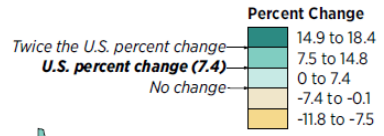
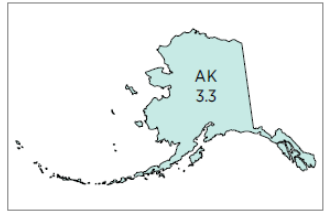
Percent of Pre-Recession GDP



Source: Moody's and Kem C. Gardner Policy Institute

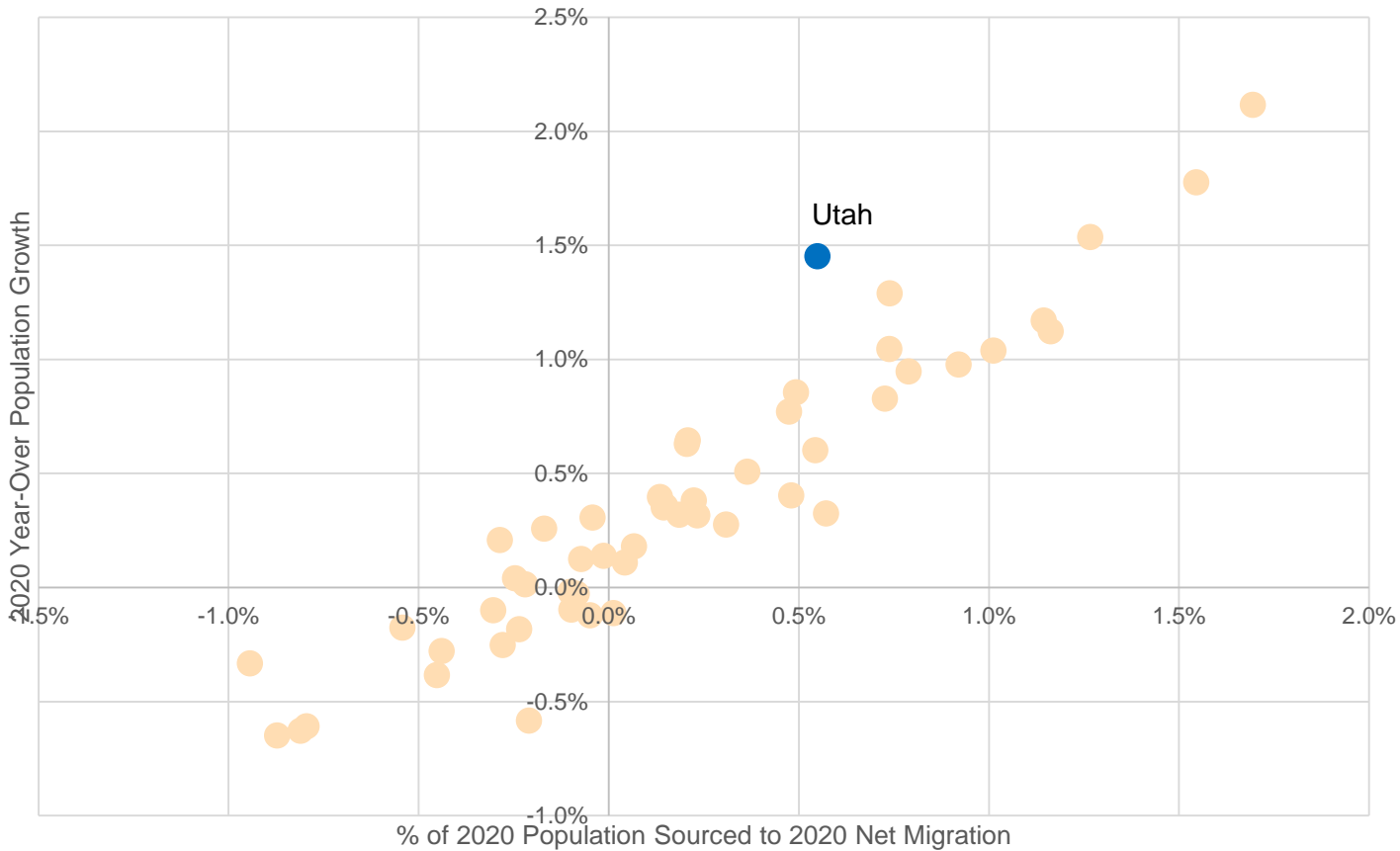


Percent Change in Resident Population for the 50 States, the District of Columbia, and Puerto Rico: 2010 to 2020



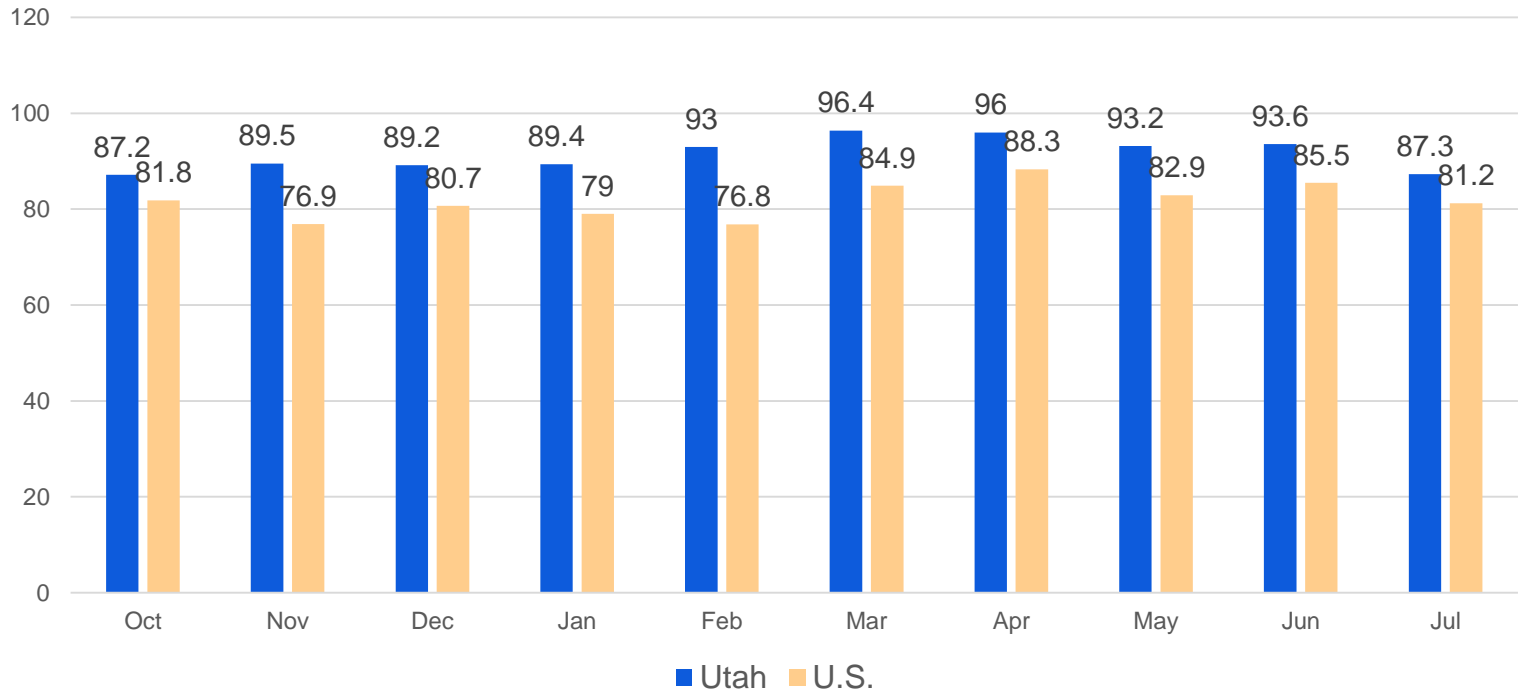


2020 Year-Over Population Growth



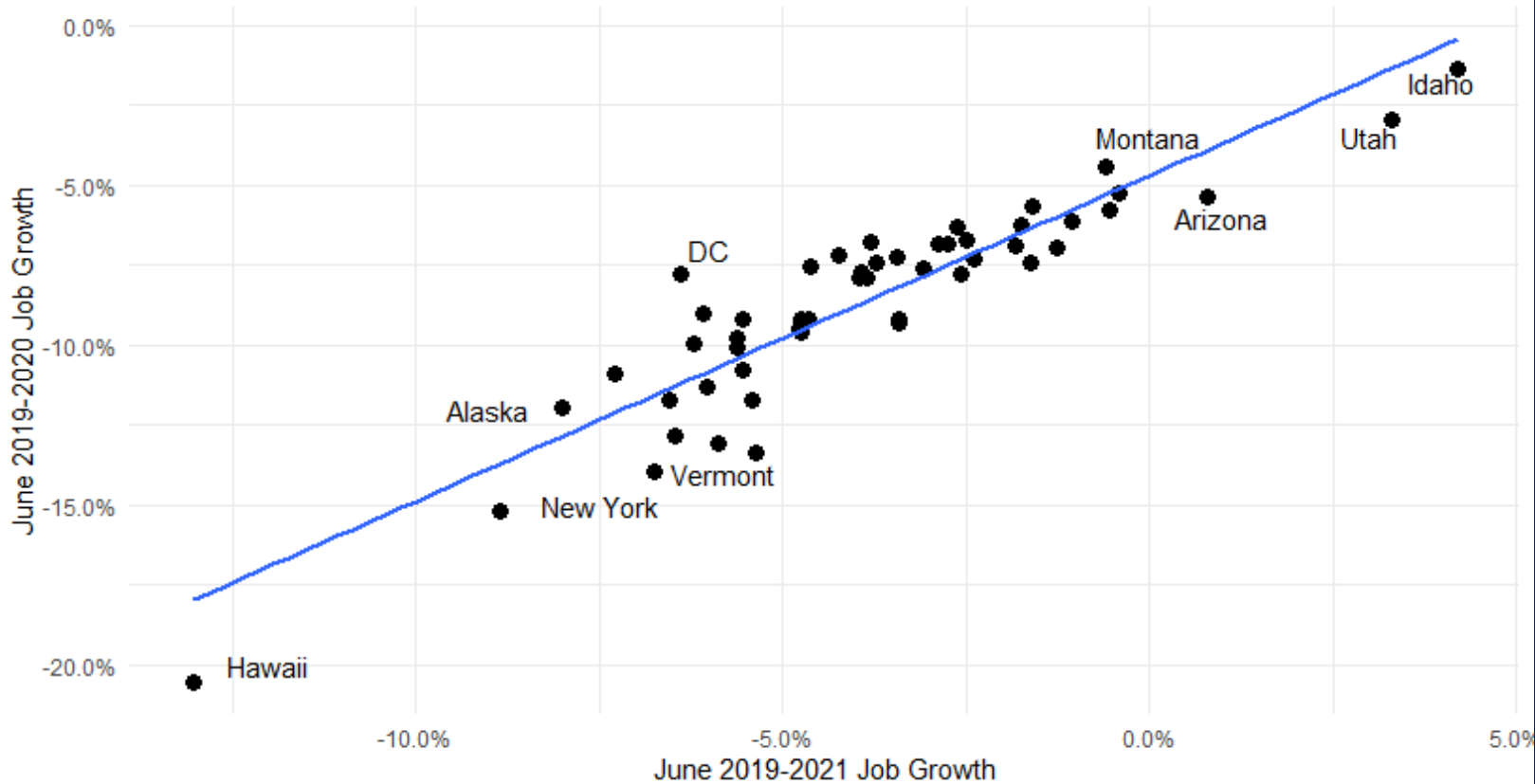


Consumer Confidence Index



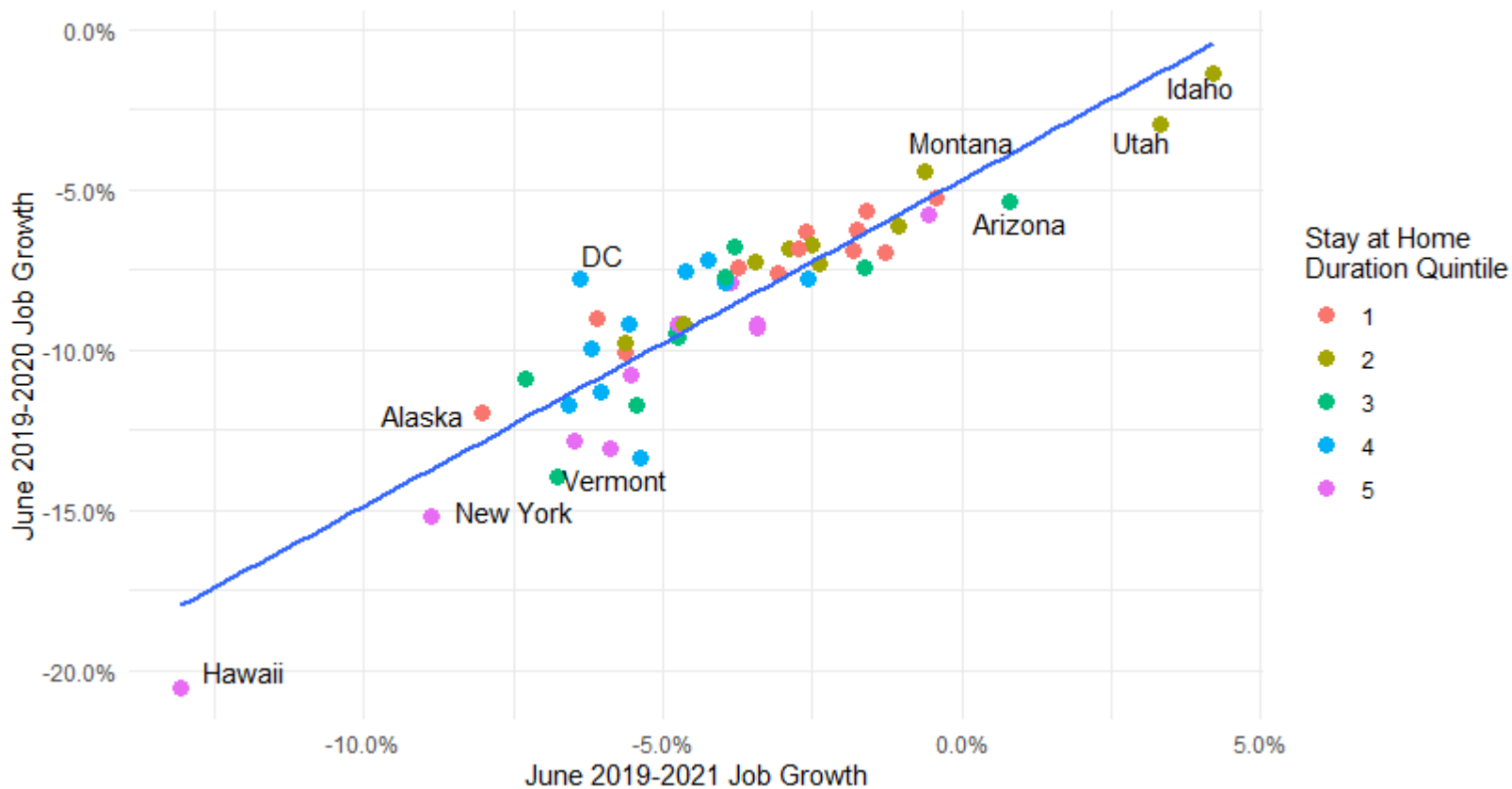


State Job Growth: June 2019-2020 & June 2019-2021





State Job Growth Measures & Stay at Home Duration





Inflation

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Larry Summers

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The inflation risk is real

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The covid-19 chapter in U.S. economic history is coming to a close more rapidly than almost anyone expected, including me. Within weeks, gross domestic product will reach a new peak, and it is likely to exceed its pre-covid trend line before year's end, as the economy enjoys its fastest year of growth in decades. Job openings are at record levels, and unemployment may well fall below 4 percent in the next 12 months. Wages and productivity growth are increasing.

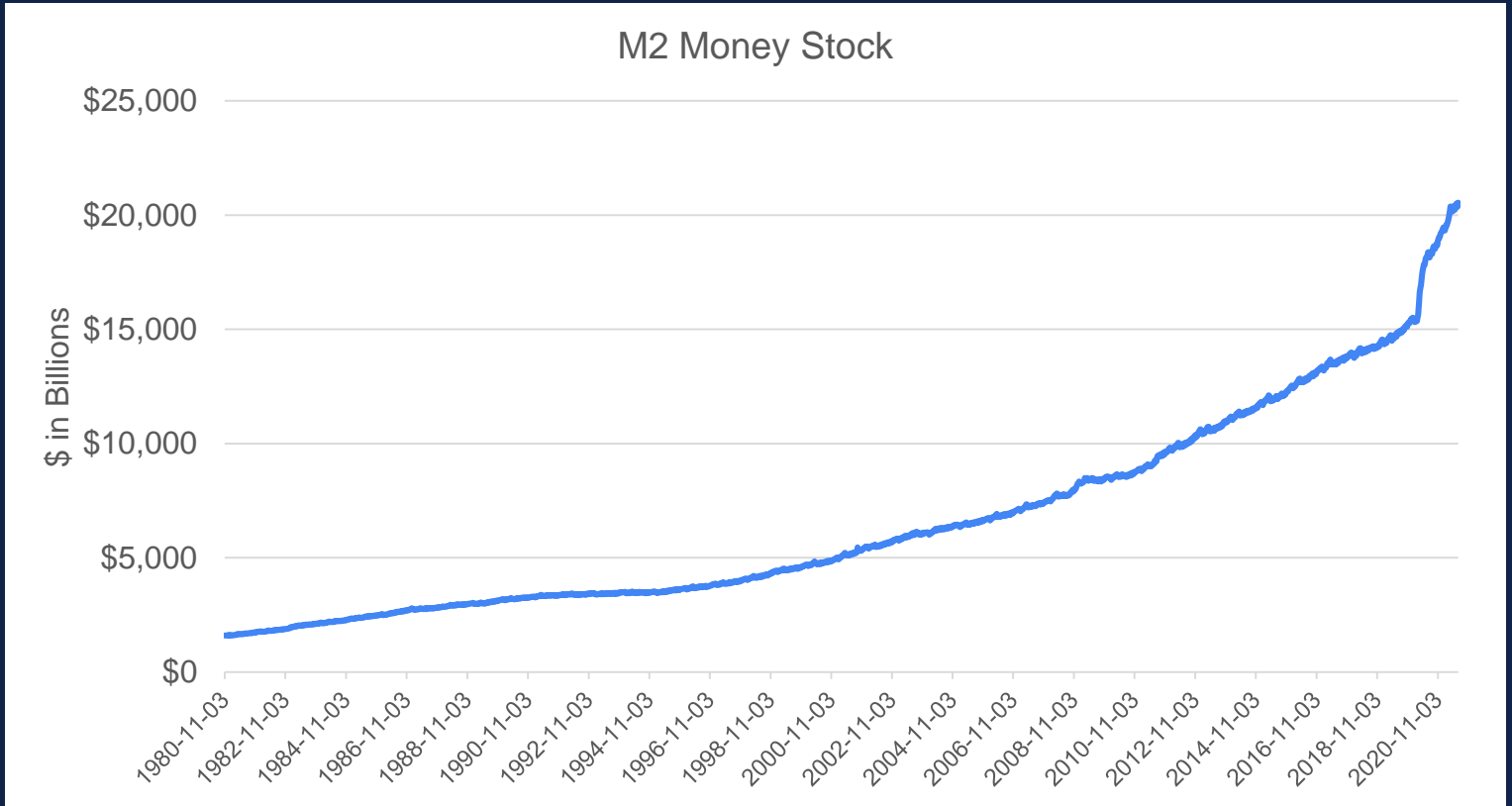


Lawrence H. Summers is the Charles W. Eliot University Professor and President Emeritus at Harvard

University. He served as the 71st Secretary of the Treasury for President Clinton and the Director of the National Economic Council for President Obama.

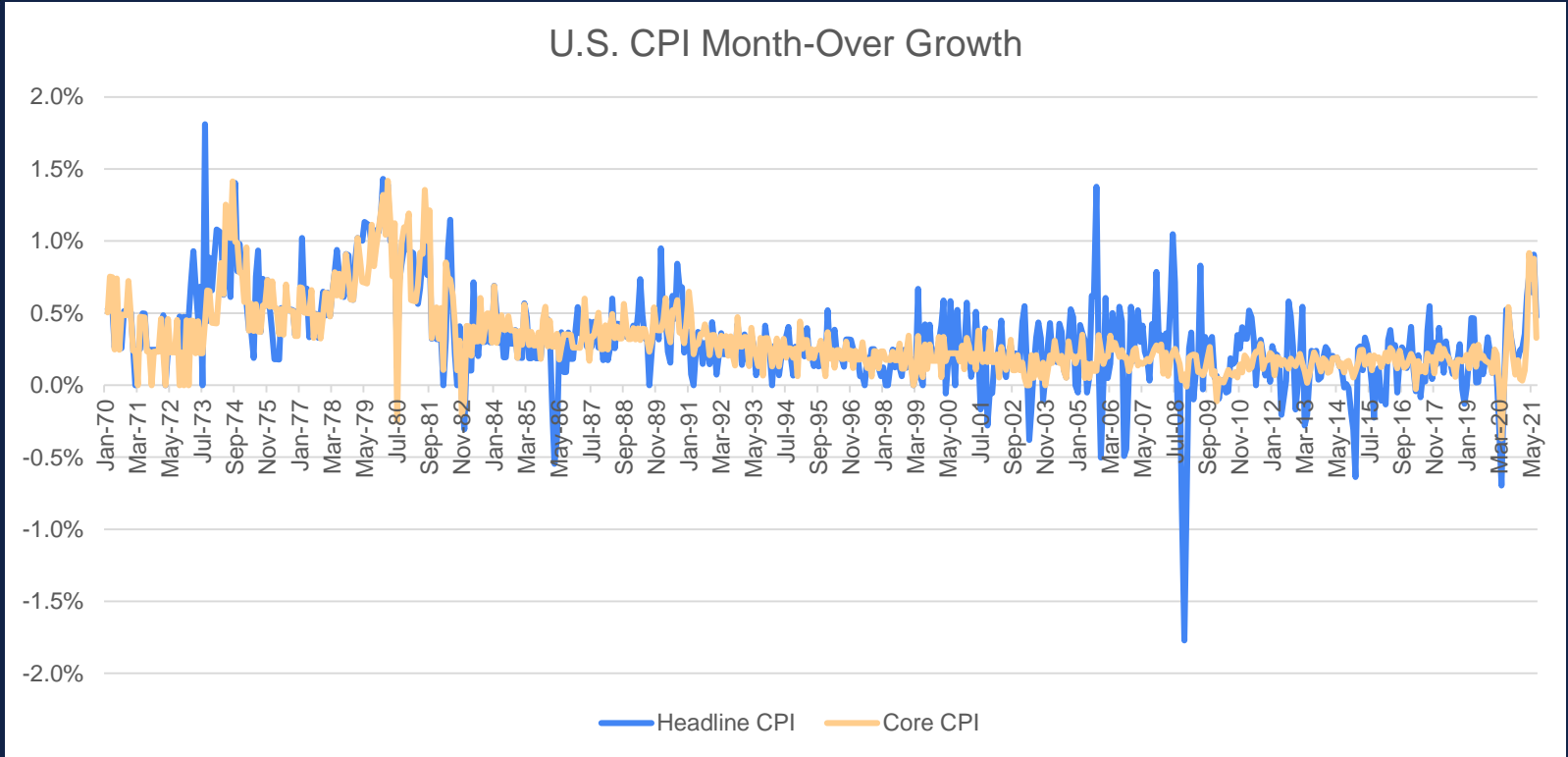


Money Supply



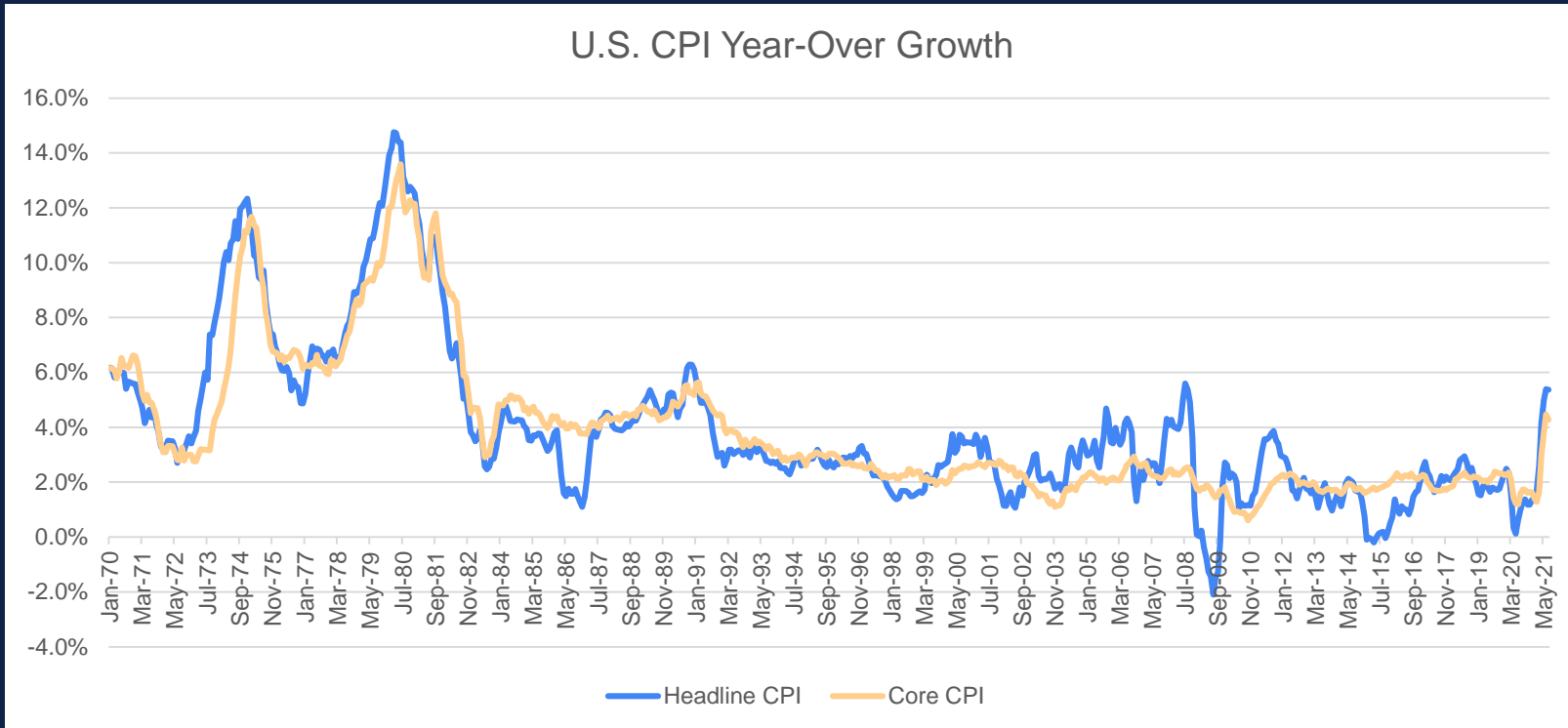


Month-Over Consumer Price Index



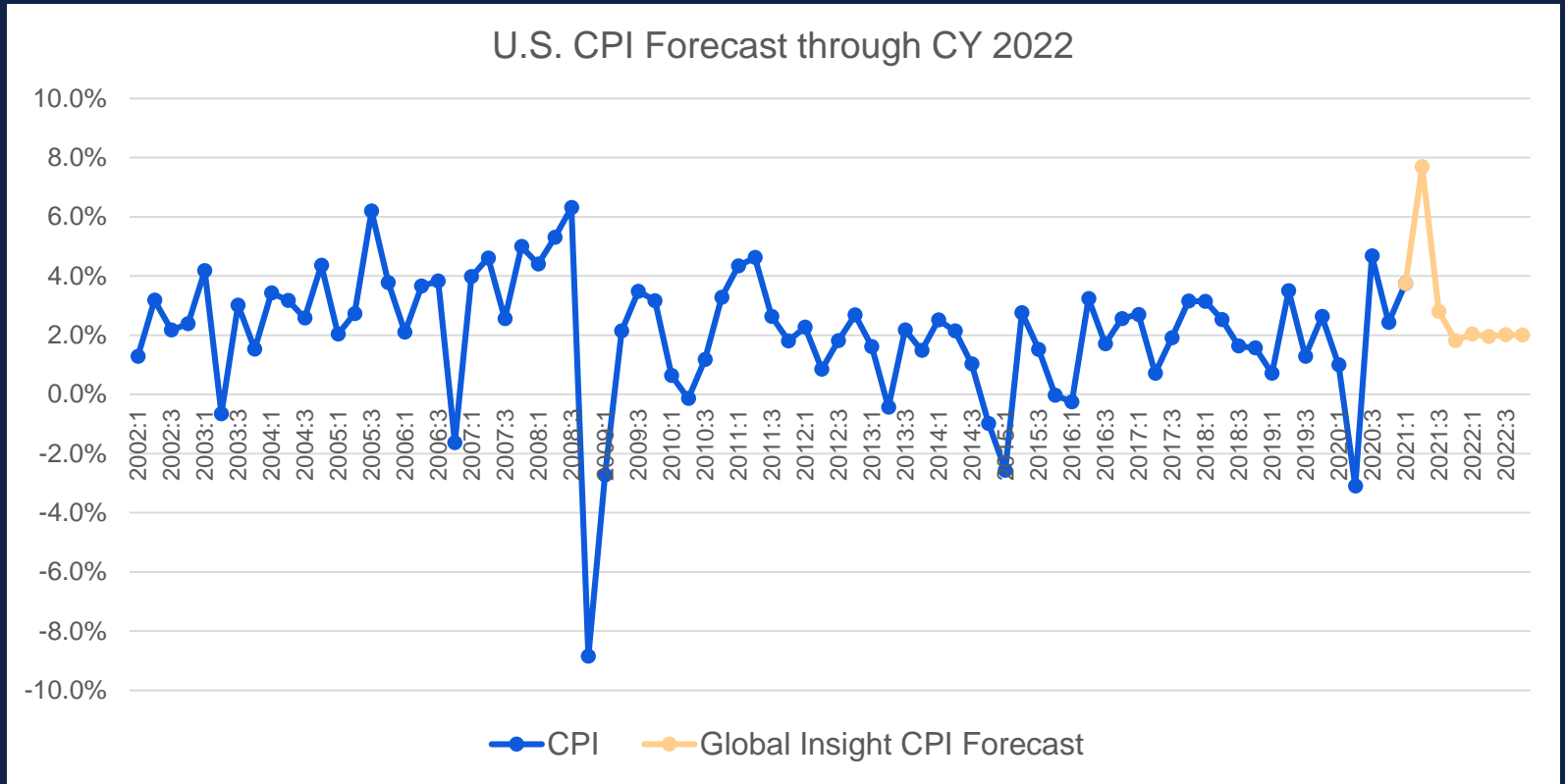


Year-Over Consumer Price Index





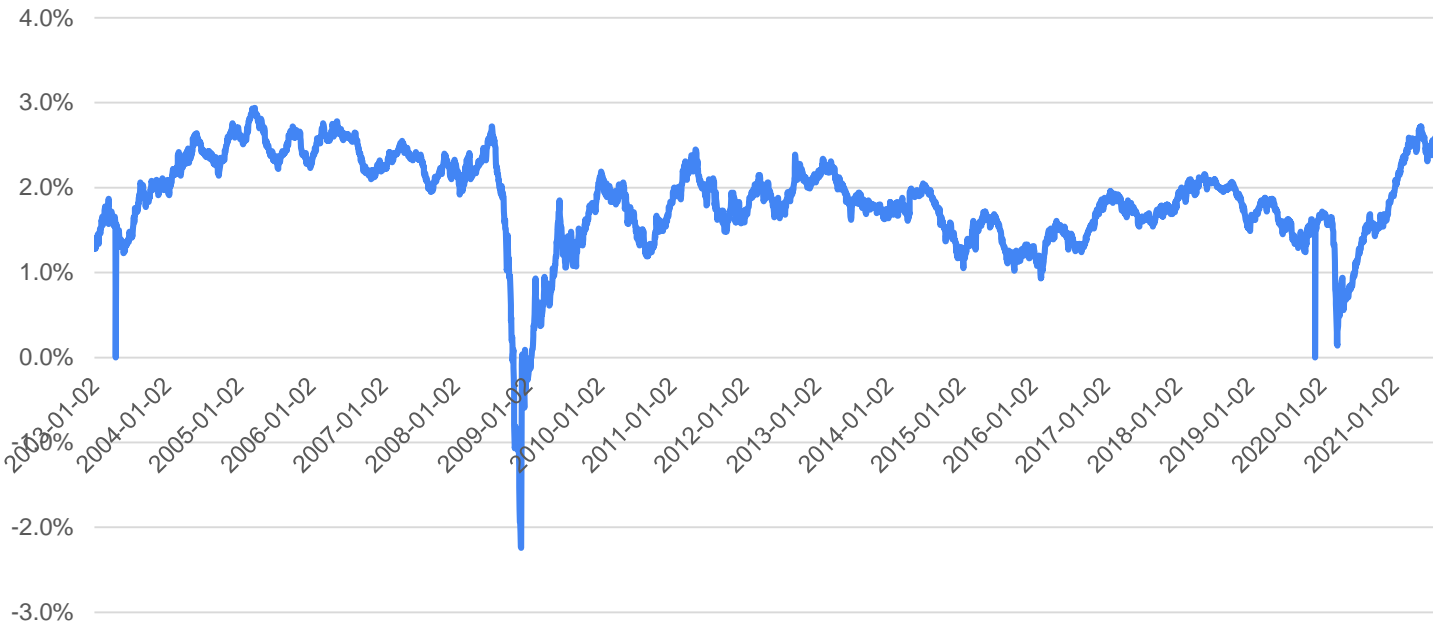
Mainstream Economic Forecasts





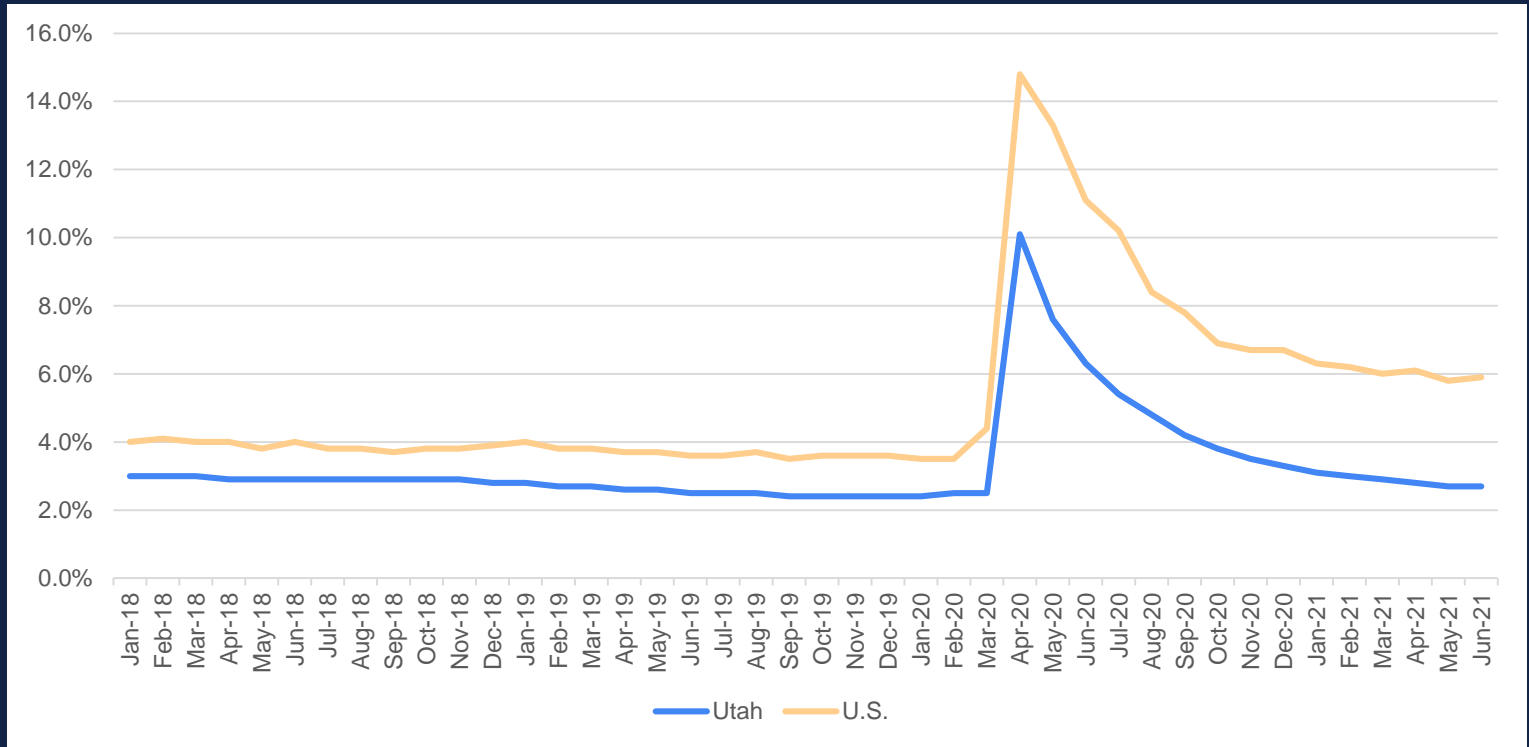
Market Signals on Inflation

5-Year Breakeven Inflation Rate
Treasury Securities - Inflation Indexed Treasury Securities



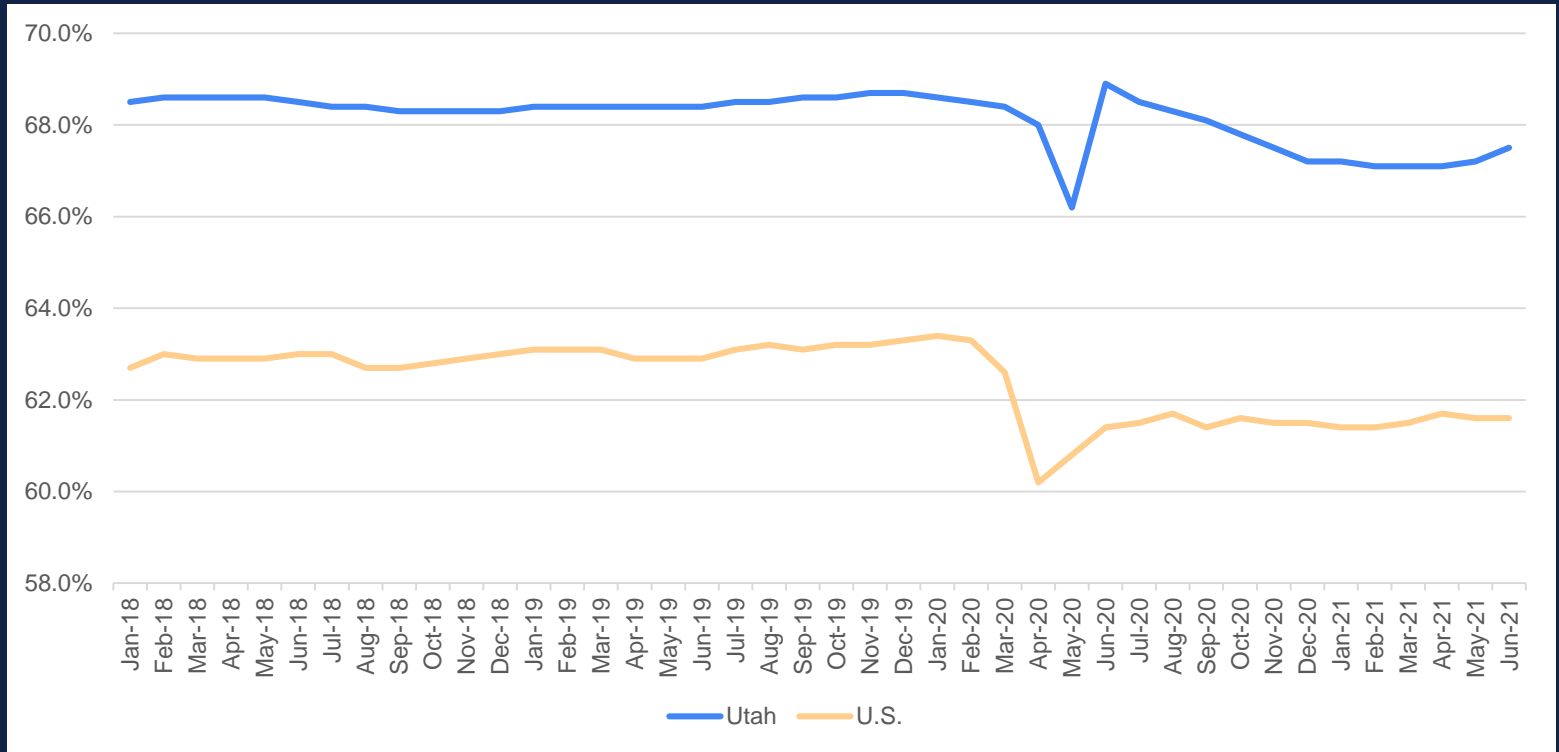


Unemployment Rate



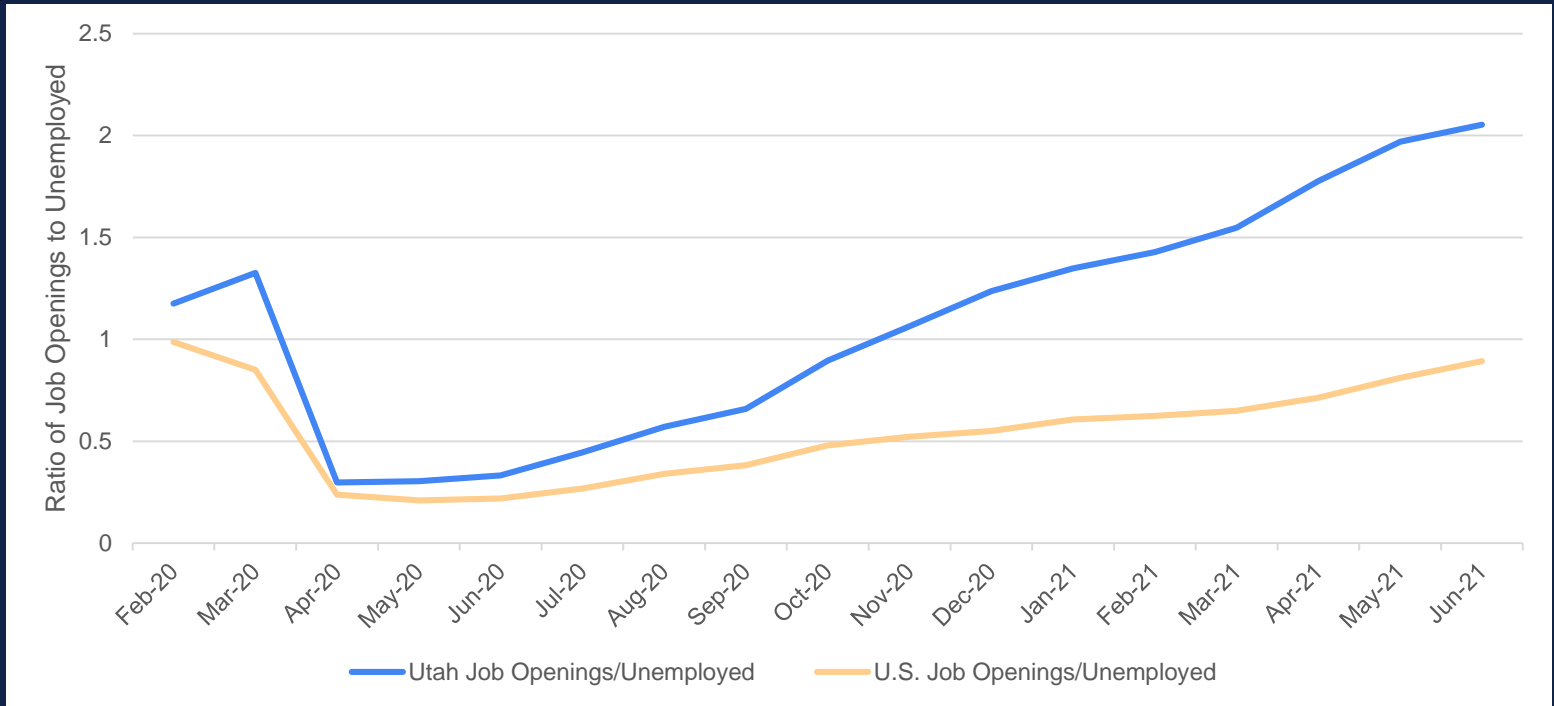


Labor Force Participation Rate



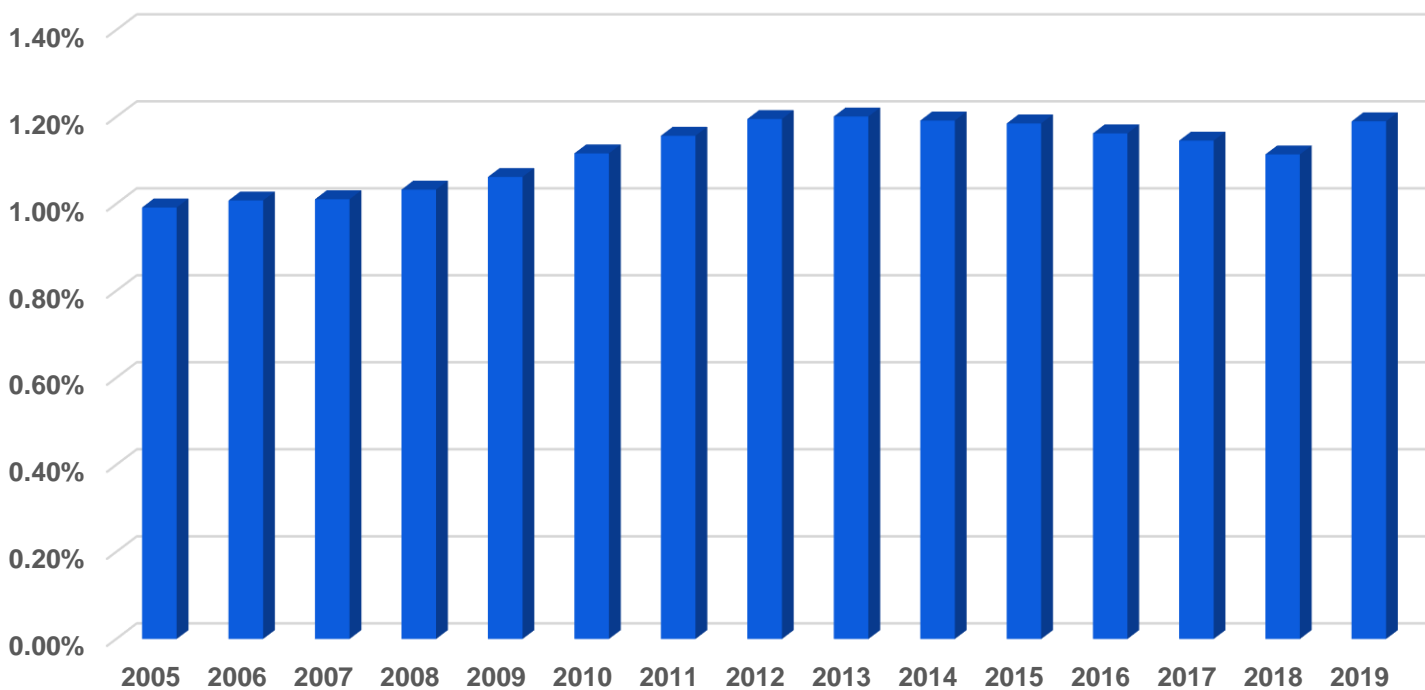


Labor Market Tightness



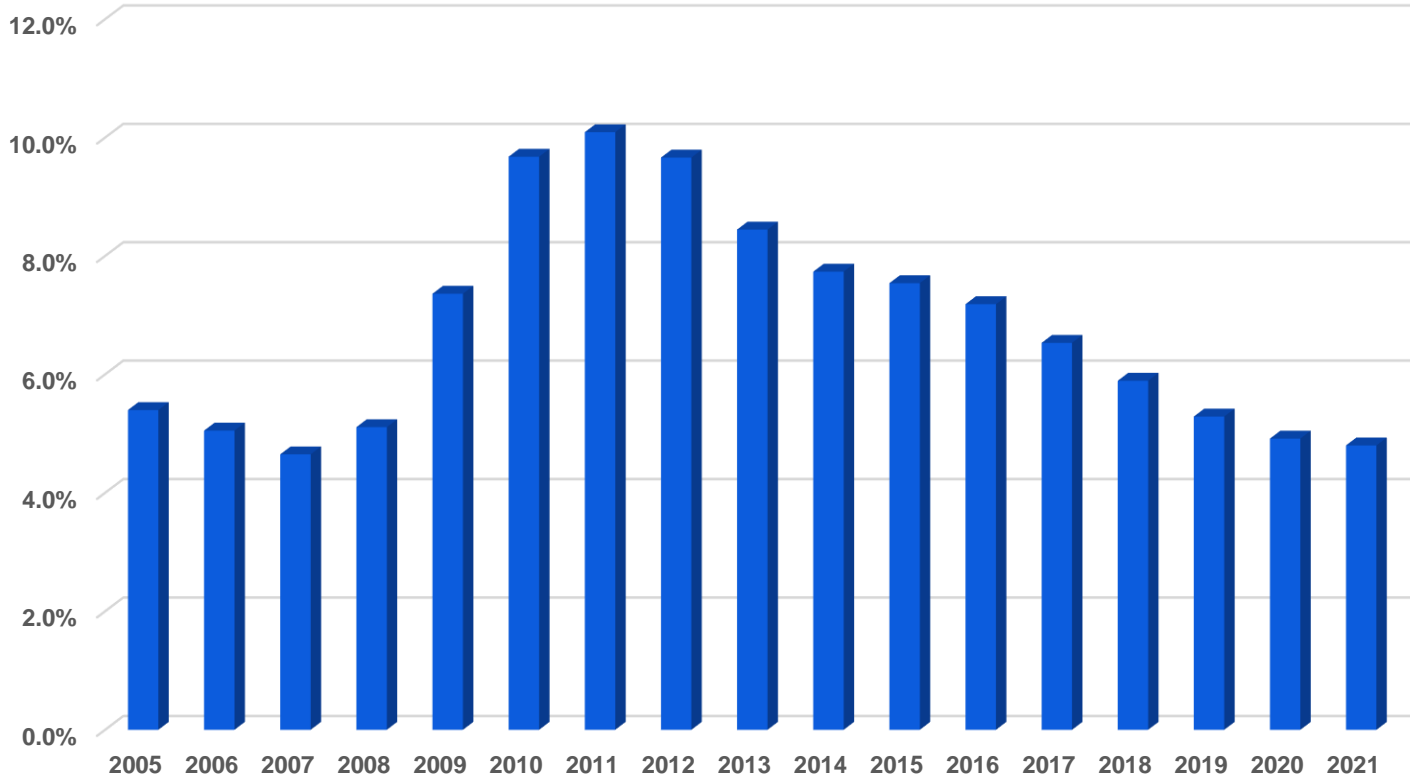


Utah SSI & SSDI Claims Among 18-64 Year Olds as a % of all Utah 18-64 Year Olds



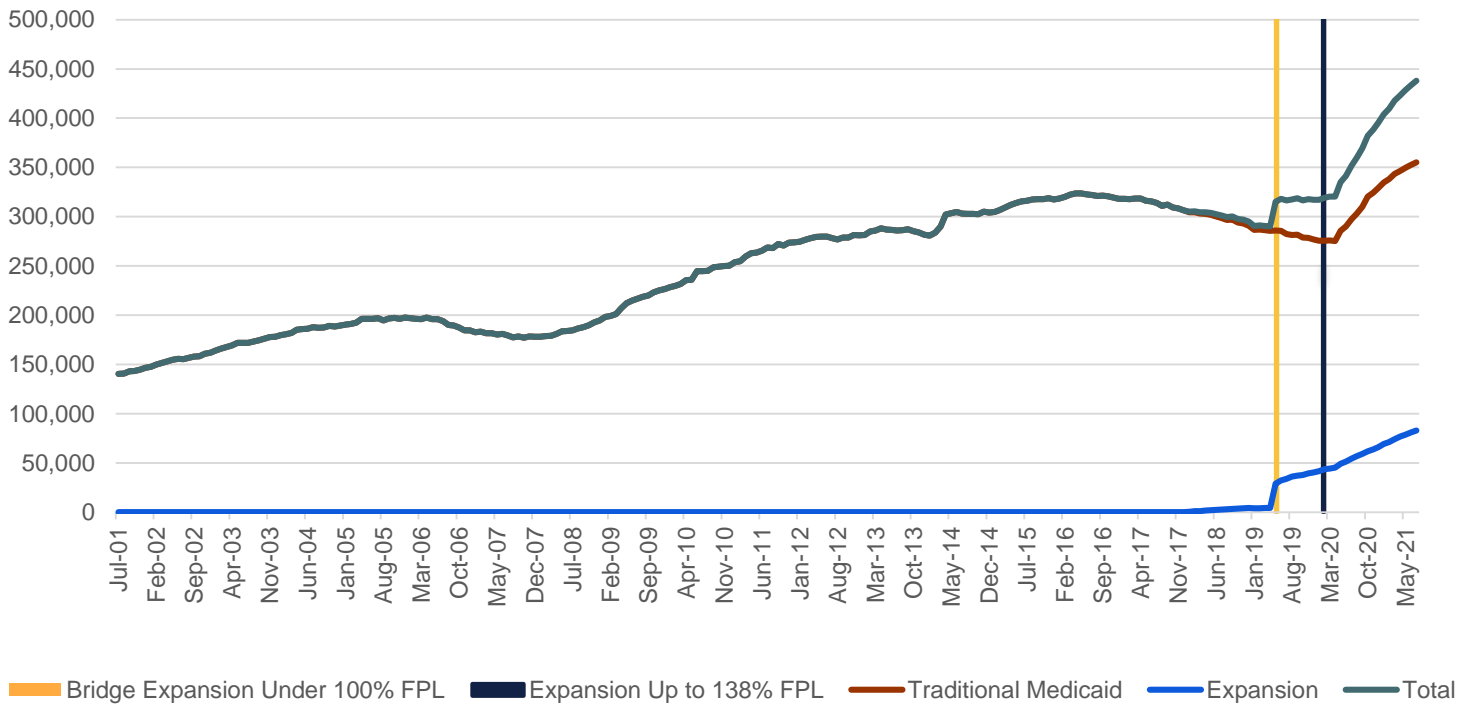


SNAP Beneficiaries as % of Utah Population (June of Each Year)





Utah Medicaid Enrollment





Economic & Budgetary Outlook

Select Economic Indicators: July 2021

Indicator	CY 2020	CY 2021 (e)	CY 2022 (f)
Population	1.5%	1.4%	1.4%
Nonfarm Employment	-1.3%	4.4%	2.9%
Unemployment Rate	4.7%	2.7%	2.8%
Total Personal Income	8.5%	5.5%	2.6%
Taxable Retail Sales	8.4%	16.4%	4.0%
Residential Permit Value	9.1%	26.4%	3.8%

Sales Tax Revenues

- The General Fund Portion of state sales tax collections are preliminarily estimated to have grown by 16.5% overall in Fiscal Year 2021, outpacing the General Fund sales tax estimate of 9.6%.

Income Tax Revenues

- Individual income tax collections are preliminarily estimated to have grown by 53.3% in Fiscal Year 2021, against a Consensus projection of 44.3%.

Combined Education Fund / General Fund

- Initial estimates suggest a sizable year-end revenue surplus of \$800 million relative to adopted Consensus numbers. This initial estimate will be adjusted as final accounting closeout occurs.



Questions?

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