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Research Report

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Is This the Place?

A Survey of Utah Employers



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The mission of Utah Foundation is to promote a thriving economy, a well-prepared workforce, and a high quality of life for Utahns by performing thorough, well-supported research that helps policymakers, business and community leaders, and citizens better understand complex issues and providing practical, well-reasoned recommendations for policy change.

Is This the Place?

A Survey of Utah Employers

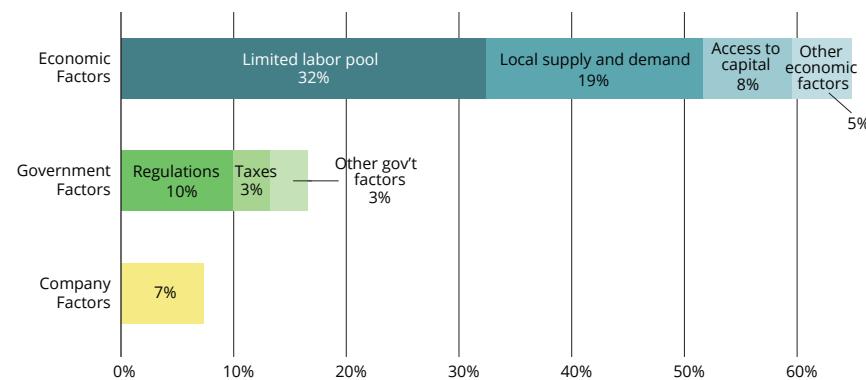
In a survey of 151 local employers, Utah Foundation took the pulse of Utah's economy. Topics included what inhibits business growth in Utah, the best and worst of Utah's labor pool, the availability of potential employees, how Utahns stack up against their out-of-state counterparts, and what drives companies to relocate to or away from Utah.

KEY FINDINGS:

- Based on several questions, 71% of companies reported some level of difficulty finding enough skilled or qualified employees. 32% identified the shortage as the greatest factor impeding their growth, and 30% identified it as the worst quality of Utah's labor pool.
- A recent report from the Department of Workforce Services found that 68% of establishments are offering below-median wages for difficult-to-fill positions and 38% are offering wages beneath the 25th percentile, concluding that the shortage of skilled and qualified employees might not rest solely on the qualifications of Utah's workforce.
- While Utah's population has a level of education slightly above average, its labor pool is actually below average. However, 89% of employers with an out-of-state presence indicated that their Utah employees had about the same or better education than their out-of-state employees.
- One-quarter of respondents recognized Utah's work ethic as the best quality of its labor force. Only 6% of companies with an out-of-state presence thought their Utah employees were less productive than their out-of-state counterparts and nearly 60% claimed their Utah employees were more productive.
- 10% of respondents had entered into or implemented a major expansion in Utah's market in the past 15 years. All of them indicated that given what they know now, were they facing the same choice, they would still come to Utah.

Companies that have existed for fewer than 20 years are 4.5 times more likely to report that they think Utah is on the wrong track when compared to companies that have existed for longer than 20 years.

Single Greatest Factor Impeding Companies' Growth



Note: See Figure 3 for full details

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INTRODUCTION

Utah is commonly one of the best ranked states for business across several different measures. Utah has been ranked first on Forbes' list of "Best State for Business" for four of the past five years, and third on CNBC's most recent ranking of "Top States for Business."¹ Moreover, Utah's Ogden, Salt Lake and Provo often find themselves with similar rankings. All three recently made Brookings Institution's list of top cities for advanced industries and Forbes' list for "Best Places for Business and Careers."²

In order to find out what companies thought of their experience operating in "The Best State for Business," Utah Foundation surveyed over 151 business in Utah, representing an estimated 36,000 Utah employees. In this survey nearly three-quarters of businesses reported difficulties in finding enough qualified or experienced individuals. Additionally, most companies reported that their state and local leaders are supportive of the business community and that Utah is on the right track in general. This survey also found that all of the recent entrants to Utah's economy would make the same decision to come to Utah if they had to make the decision again. Companies with employees both in and out-of-state generally gave their Utah employees higher marks in their level of education, their productivity, and their level of turnover.

IS UTAH A GOOD PLACE FOR BUSINESS?

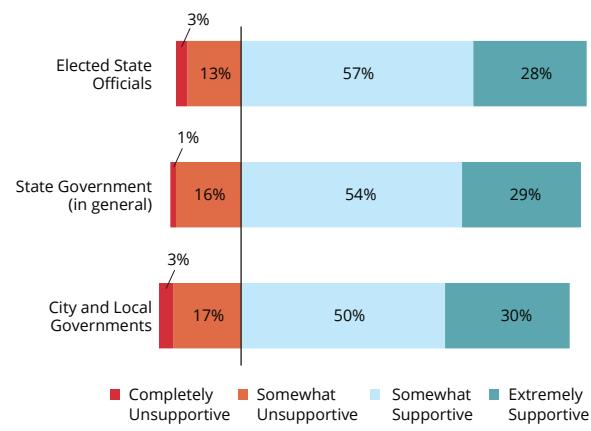
How Supportive is the Community of Business?

State Elected Officials

Many state elected officials have touted themselves as very pro-business advocates. Governor Gary Herbert claimed "Utah's economy is the envy of the nation" as a result of investments in education, infrastructure, and an "unflinching focus on the fundamentals that govern economic success, such as getting government off your back and out of your wallet, sensible regulations, living within our means, saving for a rainy day, and limited and efficient government, just to name a few."³ Some state legislators have strong pro-business records and others are currently seeking to reduce taxes on corporate income for large companies which operate in Utah but do not sell their products in Utah.⁴ Yet not all of Utah's business community is satisfied. One survey respondent claimed, "I don't feel that established small business is being served in any way by state government. I also don't feel that our company's core values are respected by elected state officials."

However, over 80% of the businesses surveyed agreed that Utah's state elected officials were supportive of the business community. It is interesting to note that those companies which received incentives for relocation or expansion were not more likely to rate state elected officials as supportive when compared to similar organizations which did not receive state incentives. This could mean that either state incentives play only a small part in determining whether the state elected officials are supportive of the business community or that state elected officials are also supportive in other ways that include businesses which did not receive tax incentives.

Figure 1: Respondents' Perception of Support for the Business Community



State Government in General

While many of the elected officials might be rated higher in terms of their business friendliness, Utah Foundation also sought to understand how businesses felt about the support they perceive coming from other state departments. These state departments might be regulatory agencies, taxing entities, or perhaps even business promoting departments such as Governor's Office of Economic Development (GOED). Businesses might have different views toward these entities than toward elected officials, and find that the sometimes bureaucratic nature of government agencies impedes business growth.

However, survey respondents felt similarly toward the state government in general as they did toward state elected leaders, with over 80% reporting the state government in general as supportive to the business community. Similar to respondents' evaluation of state elected leaders, receiving state sponsored incentives did not make companies more likely to rate state government in general as supportive when compared to other organizations which did not receive state sponsored incentives. However, companies which received state sponsored incentives were more likely to rate the state government in general as extremely supportive rather than somewhat supportive; 40% of companies surveyed which received state incentives ranked the state government in general as very supportive, while only 24% of those which did not receive a state sponsored incentive provided the same ranking.

City and Other Local Leaders

While state officials and state governments tend to have more authority and can drive a harder bargain, often city and other local leaders are perceived to be very supportive of businesses in their communities in an effort to drive economic development. It can be a very competitive environment in some locations because the business environment is essentially the same in nearby communities—such as Sandy and Draper. Accordingly, incentive packages will have a stronger impact on a company's final relocation decision. In contrast, Sandy and San Francisco are very different environments, and any state or local incentive packages will be carefully balanced by other concerns such as business environment, supply chain management, quality of life, among others. While city and local leaders might be willing to be more flexible in making their deals, they are also the leaders with which companies interact when meeting zoning regulations or having their facilities periodically inspected. This might decrease the perceived support of city and local leaders.

However, businesses rated the support of their city and local officials very similarly to both state elected leaders and the state government in general, with 80% reporting that their city and local leaders were supportive of the business community. While state incentives did not make a difference in companies evaluating whether elected state officials or the state government in general were effective, local incentives did have an impact on the apparent support of city and local leaders. Out of respondents that received local incentives, only 7% rated their city and local leaders as unsupportive. More than three times that proportion (25%) of respondents which did not receive local incentives rated their city and local leaders as unsupportive.

On the Right Track?

With Utah's economy outperforming the rest of the nation, it is no surprise that 92% of companies indicated that they thought Utah was on the right track (see Figure 2 on the following page). However, there was an interesting divergence between older companies and newer ones. Among companies that have existed for 20 or more years, only 4% thought that the state was on the wrong track. By comparison, 18% of companies that have existed for fewer than 20 years thought the state was on the wrong track. Respondents that received state tax incentives were not any more likely to rate the state as being on the right track.

What Inhibits Growth in Utah?

Companies were asked to identify the single greatest factor impeding their growth in Utah. When a company listed more than one factor, only the first was included in this analysis. The most common limiting factor to company growth was a limited labor pool of qualified or experienced individuals. Nearly one-third of the 151 companies cited this as the single greatest factor impeding their growth in Utah, by far the most common response.

When looking at broader categories, over 17% of respondents reported that the single greatest factor impeding their growth was government related. The cost of compliance with regulations or any specific regulation accounted for 10%, while the remaining 6% was split between taxation and other government action or inaction. Only 7% of companies reported that the limiting factor was something internal to the company such as facility management, company culture, litigation, or other internal challenges. The majority of participating companies (65%) reported that the limiting factor was economic. As mentioned previously, 32% was due to the limited labor pool of talented or experienced individuals. Local supply and demand including factors such as an excessively competitive market, serving a niche market, and recent drops in commodity (oil) prices was the single greatest factor inhibiting the growth of 19% of companies. Obtaining capital was a problem for 8%, and the remaining 5% cited either high costs or other economic factors.

State officials and other groups recognizing the problem of the limited labor pool of experienced and qualified individuals are taking action to help alleviate the shortage. Legislators recently passed HB337 which forms

a Career and Technical Education (CTE) board directed to undertake a comprehensive study of the CTE programs currently in the state. GOED's Science Technology Engineering and Mathematics Action Center (STEM AC) is implementing a number of different policies to make sure Utah is producing the talent Utah companies need. The Utah College of Applied Technology (UCAT) system is looking to double its normal budget to expand capacity. The Utah State Office of Education (USOE)

Figure 2: Share of Businesses that Feel Like Utah Is on the Right Track

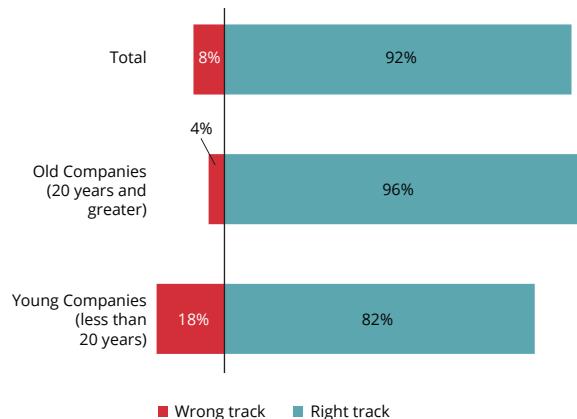
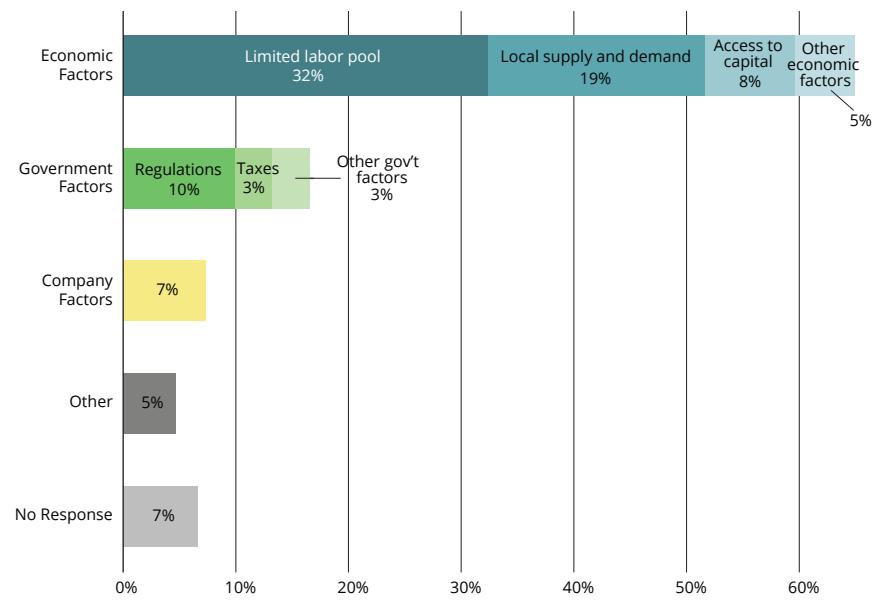


Figure 3: Single Greatest Factor Impeding Companies' Growth



has just redesigned its CTE Curriculum. The Department of Workforce Services' (DWS) Utah Cluster Acceleration Partnership (UCAP) provides grants to dozens of educational and training groups to expand capacity in an area pressing for local industries. These and other entities, including private companies, are forming partnerships such as Utah Futures (intended to be a one-stop career and college readiness website for Utah students and adults) and collaborating to create new programs such as Utah Aerospace Pathways. Additionally, Utah Foundation is currently collecting data for a project specifically addressing this issue which will be released early 2016.

At the same time, it is interesting to note that there are currently committee bills effectively removing the corporate tax rate in the name of becoming a more competitive state for business. Only one of the 151 respondents mention the corporate tax rate as the single greatest impeding factor, and only 3% mentioned taxes at all. Because corporate taxes directly fund education, proponents of this bill are essentially addressing the most pressing concerns of 3% of survey respondents at the expense of 32%. However, often those citing taxes as a hurdle can be quite vocal. One respondent exclaimed "No new taxes!" It should be noted that the corporate income tax represents only a small share (roughly 10%) of the funds earmarked for education. Moreover, taxes and regulations are the easiest and simplest factors for policymakers to influence, while creating a sufficient labor pool of talented and experienced individuals requires an expensive and complex multi-pronged approach acting through education funding, retraining programs, and encouraging or facilitating collaboration between industry and education.

UTAH'S LABOR FORCE

Best Quality

Companies were asked to assess the single best quality of Utah's labor pool. One-quarter of companies cited Utahns' hard work ethic or productivity. Another 19% cited other admirable qualities of Utahns in the labor force such as being honest, motivated, or being good people in general. An additional 21% cited the level of education of Utah's labor force, while 10% of companies praised qualities of the labor force at large, either being sufficient for their needs, diverse, or some other broad quality.

Worst Quality

When asked to assess the single worst quality of Utah's labor pool, 30% of companies reported that the labor pool has an insufficient amount of skilled and experienced individuals. Of the companies surveyed, 17% cited that individuals were not sufficiently educated or skilled. Often these answers were similar to those

Figure 4: Single Best Quality of Utah's Labor Pool

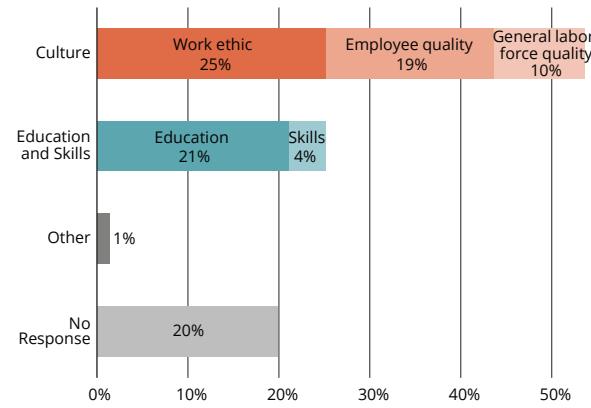
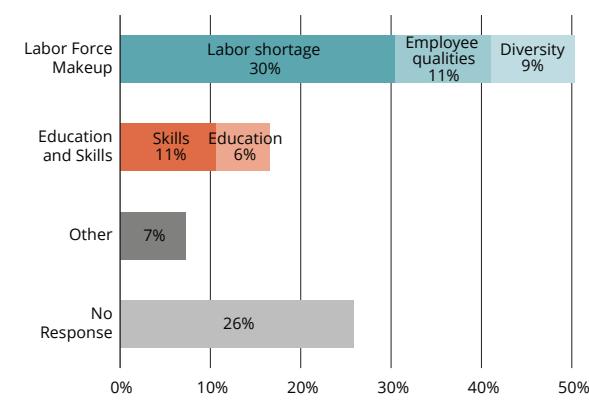


Figure 5: Single Worst Quality of Utah's Labor Pool



referring the shortage of qualified and experienced labor. An additional 14% cited problems with Utahns' entitlement, disloyalty or other individual qualities, and 9% of companies cited the lack of diversity in Utah's labor force as its worst quality.

Comparing Utah: How Do Utahns Compare to Their Out-of-state Counterparts?

Utah promoters often boast of the local workforce, telling companies that they are well educated, hard working, productive, multilingual, loyal, and more.⁵ Utah Foundation created survey questions based on productivity, turnover, and education level for companies with an out-of-state presence. Over half of the respondents (54%) had employees outside of Utah for comparison to their Utah counterparts. Since most respondents are based in and work with Utahns, it is possible that they might be biased toward the people they manage. However, it should be noted that several representatives who filled out the survey were located outside of the state.

Productivity

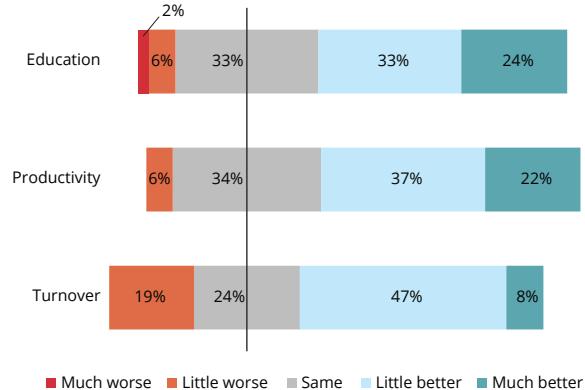
Organizations promoting Utah often cite high productivity and good work ethic as defining traits of their Utah employees. However, by one measurement, this may not be the case. A nation-wide ranking found that less than one in three employees were "engaged," ranking Utah as 44th in the nation in terms of the percentage of workers who are engaged.⁶ By contrast, Utah had relatively few "actively disengaged" workers (those who roam the halls sowing discontent) (17%) leaving the majority of Utah workers classified as "disengaged" (55%) or those who show up to work and go through the motions but are essentially checked out. Gallup defined engaged employees as those that "day after day are passionate about their jobs and have a profound connection to the company."⁷

Despite having a low share of engaged employees by one measure, nearly 60% of survey respondents reported that Utah employees were generally more productive than their counterparts outside of the state. Only 6% reported that they were less productive than their out-of-state counterparts. It is notable that the most commonly reported single best factor of Utah's labor force is related to their productivity and work ethic. One quarter of respondents reported Utahns' hard work ethic and productivity as the best quality of Utah's labor pool. It appears that while Utah workers might be less engaged according to Gallup, most respondents consider their Utah employees to be more productive than many of their out-of-state counterparts.

Turnover

For many companies, numerous resources can be lost through employee turnover. Experienced employees often provide additional value to a company as they understand how the company works, what their role is in the company, and how to best get their work done. A high level of turnover will mean that businesses will lose the additional productivity gained from experienced employees and also will expend a greater amount of resources training new employees.

Figure 6: Utah Employees in Relation to Out-of-State Counterparts



Two industries currently experiencing high turnover are the tech sector and the composite manufacturing sector. Part of this issue is related to the lack of skilled candidates for open positions which leads companies to poach employees from their competitors or other similar companies.

Over half of companies with an out-of-state presence reported that their turnover among their Utah employees is lower than their out-of-state counterparts. While this indicates that employee turnover is still better in Utah than other locations, it is the weakest strength out of the three qualities rated in this survey (productivity, education, and turnover). The lower rankings of turnover for Utah employees is likely related to the difficulty many companies are having finding enough employees. As a result, one of the best sources of talent is poaching employees from other companies.

Education

While many agencies promoting Utah have emphasized its highly educated workforce, they often frame their discussion through graduation rates and new programs.⁸ When comparing the educational attainment of Utah's population, Utah is not far above the national average (see Figure 7). Moreover, the educational attainment of Utah's labor force—the individuals who are working or looking for work—drops below average to 35th in the nation.

Figure 7: Education Level of Population and Labor Force in Utah and U.S., 2015

	U.S.	Utah	State Ranking
High School Diploma			
Percent of Population	85%	86%	17th
Percent of Labor Force	91%	90%	35th
College Degree			
Percent of Population	37%	37%	22nd
Percent of Labor Force	44%	41%	35th

Source: U.S. Census and Bureau of Labor Statistics, Current Population Survey.

The discrepancy between the educational attainment of the population and the labor force is potentially caused by two factors. The first is that Utah has a higher share of stay-at-home mothers than the national average.⁹ If these mothers tend to be more educated and chose not to work, it would create a less-educated workforce. The second factor is that Utah has a higher share of working students.¹⁰ When Utah students who have not yet reached their final educational attainment enter the labor force early, it would potentially reduce the overall educational attainment of the labor force. Whatever the underlying causes might be, the discrepancy between the educational attainment of the general population and the labor force indicates that the level of education in Utah's employees might not be quite as high as it appears in broad population statistics.

While the educational attainment of Utah's labor force does not rank high among states, a little more than half of employers (56%) indicated that their Utah workers had a higher level of education than their out-of-state counterparts. In fact, when listing positive qualities of Utah's labor pool, 20% of employers reported that the well-educated nature of Utahns is the single best quality of the state's labor pool. By contrast, 6% of survey respondents reported that the general education level of Utahns was the single worst quality of its labor pool. Similar trends can be found in open-ended responses. While one company touted that "local universities and colleges are producing very well rounded employees," others claimed that "many students at the state universities are not getting experience or classes on the latest technologies" and that students are "mis-trained for new opportunities in the new economy." The reasons behind these conflicting data are not immediately clear and could be related to the differing needs across industries. Utah's education institutions could be producing prospective employees that are well educated for one industry, or even a broad category of industries, while other industries find the level of education lacking.

Availability

As outlined above, many companies are having a hard time finding enough skilled or experienced employees. The survey included questions to determine how this difficulty varied by education level.¹¹ To provide this discussion with some context, Figure 8 shows the unemployment rate by education level in early 2015.¹² With one of the lowest unemployment levels in the nation, it should be no surprise that workers are hard to find. The unemployment level among those with a high school degree or less is 7.5% while the unemployment rate among those with some sort of higher education degree is 2.1%. This clarifies why many companies cited a lack of skilled or experienced individuals in the labor force rather than just a general shortage.

High School or Less

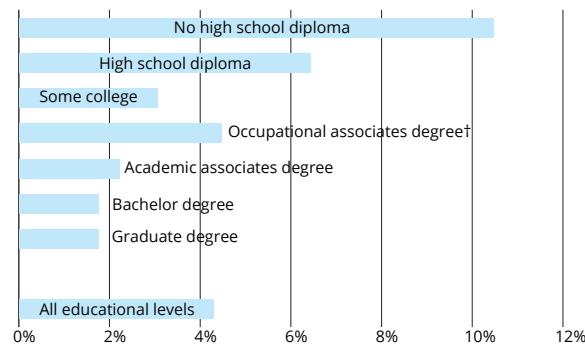
Most employers did not indicate that there is a shortage of workers with high school diplomas or less. This stands to reason since the highest level of unemployment is among those without high school diplomas (10.4%), followed closely by those with high school diplomas or equivalent (6.4%). At the same time it is surprising that even with such high unemployment rates among these individuals, nearly a quarter of companies are reporting some level of difficulty in finding enough individuals.

Vocational Degree

While many employers reported a shortage of workers with vocational degrees, it appears that they have the highest level of unemployment of all those with post-secondary education. This could be due to imprecise measurements since potential workers with occupational associates degrees represent a small portion of the population (see Figure 8). It could also be that Utahns are obtaining degrees in areas with low employer demand. However, survey respondents rated vocationally certified individuals as the second most difficult group to find qualified employees; 45% of companies surveyed reported difficulty.

The difficulty in finding those with vocational degrees is probably industry specific. One respondent declared “manufacturing is facing a crisis when it comes to finding skilled craftsmen.” Many individuals in the manufacturing industry are older and arriving at retirement ages. As they phase out of the workforce, younger individuals do not seem interested in replacing them. One respondent explained that “the greatest factor impeding our growth is the amount of labor available or willing to work in manufacturing.” Another respondent from the manufacturing industry attributes it to obsolete perceptions: “Many people have the perception that working in the construction or mining industries is dirty, undesirable and something for people who can’t go to college. High schools seem to perpetuate this stereotype.” It may be that those looking for employees with vocational degrees have a different problem. Rather than programs producing

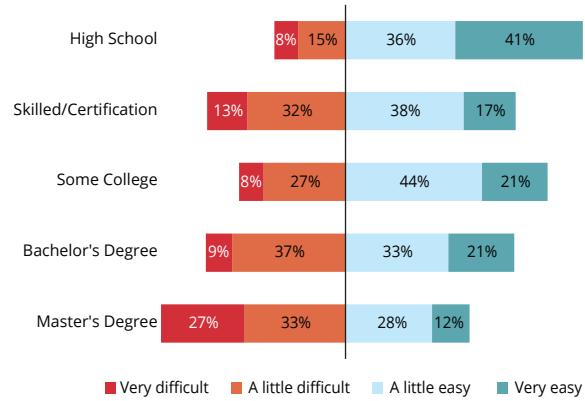
Figure 8: Unemployment by Education



† Imprecise estimate due to small sample size.

Source: U.S. Census and Bureau of Labor Statistics, Current Population Survey.

Figure 9: Ease of Finding Employees by Level of Education



■ Very difficult ■ A little difficult ■ A little easy ■ Very easy

misqualified employees, individuals select and train into white collar industries. The misperception of modern manufacturing and the social ideal of a four-year-degree to define success is well documented.¹³

Some College

Surprisingly, those with some college experience were two and a half times less likely to be unemployed. This is surprising because data examining the difference in wages between those with high school diplomas and those with some college experience are nearly indistinguishable, indicating that employers on average value them the same. Companies reported this as the second least difficult group to find qualified employees. This is likely due in part to Utah's ranking as first in the nation for individuals who have "some college but no degree." Only one-third of employers reported that it was difficult to find a qualified individual for a job requiring some college or an associate's degree.

Bachelor's Degree and Higher

Only 2% of Utahns who hold bachelor's degrees and are interested in working are not employed. Yet, 55% of companies surveyed reported ease in finding enough qualified employees for their positions requiring a bachelor's degree.

Similarly, only 2% of Utahns who hold graduate degrees and are interested in working are not employed. It is no surprise then that this is where companies report it is most difficult to find qualified applicants with a graduate degree with 60% of companies surveyed reporting some level of difficulty.

Further Discussion

With regard to earlier questions, half of respondents identified the inability to find enough qualified employees as the single greatest factor inhibiting their growth or the single worst quality about Utah's work force. Yet when asked on the difficulty of finding qualified employees by education level, it is only among individuals with graduate degrees that the majority of respondents reported some level of difficulty. Perhaps this is due to survey respondents counting education as one of the qualifying aspects of a potential employee. While they might find enough potential employees with the right level of education, finding one with the right level of education as well as the knowledge, skills, and abilities required for the positions would be more difficult.

Another possible reason behind the difficulty in finding enough skilled and experienced individuals might be related to the wages offered for difficult-to-fill positions. A recent study by the Department of Workforce Services determined that among the difficult-to-fill occupations, 68% of establishments were offering wages below the median wages for other individuals with the same position and 38% were below the 25th percentile.¹⁴ The jobs that were the closest to offering competitive wages and still suffering from shortages were production occupations, which might include fabricators, assemblers, equipment operators and others. The report concluded that Utah employers' difficulties of finding skilled and experienced employees might not rest solely on the qualifications of the workforce. However, recent Utah wage data does indicate increases in 2015.¹⁵

Hardest Positions to Fill

Responses to the open-ended question about which jobs are hardest to fill varied widely by industry and business needs. However, there were a few positions that rose to top. One in five respondents listed information technology personnel, 19% of respondents listed skilled labor, and 8% reported difficulty in finding enough

Figure 10: Most Common Difficult Positions to Fill

Information technology	20%
Skilled labor	19%
Middle management	9%
Sales	8%
Executive positions	7%

people in sales. While 9% reported difficulty finding suitable candidates for management positions, 7% reported problems filling top level executive positions. Research has shown among difficult-to-fill jobs, those requiring high levels of science, technology, engineering, or mathematics (STEM) typically stay unfilled for nearly twice as long.¹⁶

BUSINESS MIGRATION

Moving to Utah: A Good Choice?

A desire to understand the experience of *new* major employers was one of the driving questions that led to this survey. The state takes great pride in highlighting the major businesses that have relocated to or greatly expanded in Utah. Some of the most recent victories have been Solar City and Vivint Solar, both of which have received state incentives backed on the promise of adding an additional 7,000 jobs in Utah over the next ten years.¹⁷ In an attempt to better understand driving factors, respondents that recently either moved their headquarters to or had a significant expansion in Utah reported the factors which brought them and whether respondents would make the same choice. Out of the 151 survey respondents, only 15 had moved to Utah in the past 15 years. These 15 companies represent 10% of respondents and results should be interpreted conservatively.

Drivers

Utah often touts a number of things about its workforce. Moreover, Utah also highlights its outdoor lifestyle, low taxation and regulation, well-built infrastructure, low energy costs, and low cost of living. Which one of these factors brings the most companies to Utah?

Nearly three-quarters of these companies cited that one of the reasons for moving to Utah was related to its geographic location, either as the crossroads of the West, near the outdoors, or near a parent or purchased company. Two-thirds of companies also cited an economic reason for moving to Utah, whether it was low costs, supporting infrastructure, robust economy, or to be near similar companies. Of those companies, 40% report that their decision was influenced by Utah's favorable tax/regulation climate, 33% of which were referring to the fact that they received either a state or local incentive package. One-third of these companies also cited Utah's attractive labor pool as one of the drivers to relocate here.

There are clearly a number of considerations made when a company chooses to relocate. Emphasis is often placed on the role of low taxation, unburdensome regulation, and tax incentives. However respondents were more likely to cite other factors, such as the location and the economic situation when listing the reasons behind moving to Utah. Research on the effectiveness of tax incentives is mixed.¹⁸ Yet some respondents claim the state does not do enough and that "local Republican lawmakers rhetoric about corporate welfare is very detrimental to potential expansion plans." Another respondent claims that tax incentives are unfair:

Figure 11: Stated Reasons for Relocation or Significant Expansion in Utah

Driver for Relocation	Share of Companies that Listed Factor as One of Their Reasons
Location	73%
Near the outdoors	27%
Economics	67%
Taxation & regulation	40%
Incentive packages	33%
Labor pool	33%

"The incentives from GOED pick winners and losers. Out-of-state companies receive preferential treatment. So do larger companies. This puts local and smaller companies (including start-up companies) at a significant hiring disadvantage. Rather than pick winners and losers, the state should focus on creating an even, business-friendly playing field for all business. The state should not be giving multiple, repeat incentives to companies nor should it give incentives that last 20 years."

At the same time, taxation and regulatory policies are some of the easiest things for policymakers to change. Many of the other factors cited as drivers behind relocation are much more difficult to enhance. There is nothing to be done to relocate Utah to a more geographically beneficial position, such as along the coast. However, policymakers can affect the quality of the location. One example is the availability and quality of outdoor recreation. In fact, one of the respondents commented that "because Utah is leading the charge in attempting to take back Federal Lands, it is giving Utah a bad reputation as a non-outdoor friendly state." This is a matter of major concern for the outdoor recreation industry, one of the industry clusters targeted by the state government, and for the tourism industry, which brings over five billion dollars into Utah's economy and produces around a billion dollars in tax revenues for the state.¹⁹

Similarly, many policy makers are far removed from creating a robust economy. They might be able to design policies to encourage an educated workforce and ensure an appropriate level of infrastructure investment, but these alone cannot create a robust economy, ensure low costs, or affect the availability of raw materials. As a result, it is understandable that many policymakers turn to the factors that they can most directly control: taxes, regulation, and business incentives.

Main Competitors

Not too surprisingly, most of Utah's competitors tend to be surrounding states and cities. Companies listed every state in the West with the exception of Wyoming and Montana as an alternative. Nevada was the most commonly listed alternative. However, western states were not the only places listed. Utah also competes against locations such as the United Kingdom and Singapore, demonstrating the globalizing nature of Utah's economy.

Do It Again?

The real test in deciding whether the move to Utah was the best choice would be whether the companies would make the move again, knowing what they know now. All respondents indicated that they would make the same decision. Two-thirds indicated they would "definitely" make the same decision and the remaining third claimed they would "probably" make the same. It is remarkable that 100% indicated satisfaction with their decision. However, it should be noted that survey respondents only represent a small portion of the companies which have entered Utah's economy in the past 15 years.

Leaving?

Just as companies move into Utah, companies also move out, nearly in equal proportion. Companies that enter and exit Utah's economy represent a small fraction of the total number of companies in Utah. Net migration has fluctuated from 0.25% to -0.25% between 1996-2013. During this time period, more companies left Utah's economy than entered. The net migration of jobs is quite similar.²⁰

Only four of 151 companies indicated they were planning on moving out of Utah or making significant expansions elsewhere. Three of these companies explained why, all of which included the lack of skilled or

experienced workers. Additional factors included incentive packages and location. Although these data are too small to generalize, other survey responses clearly indicate the scarcity of local talent is a major problem for local businesses and a threat to Utah's continued economic growth.

Where?

When businesses were considering relocating to or expanding in Utah they often considered other western states as well. When considering moving out of Utah, other western states rarely made the list. This is likely because other western states have similar benefits and drawbacks to Utah and the companies wanting to move out are looking for something different. While Washington and Nevada were both alternative locations, others included Washington D.C., Australia, Ireland, Texas, the Carolinas, and Alabama.

CONCLUSION

While companies have their problems, a large majority of respondents are positive about Utah being on the right track and feel that the state's elected officials, the state government in general, and city and local leaders are all supportive of the business community. Utah employees tend to compare favorably in terms of their work ethic and their level of education. Some criticisms include the shortage of qualified individuals and the lack of diversity in Utah's labor pool.

Primary drivers bringing employers to Utah include location and economic factors. Tax incentives played an important role, although to a lesser degree. Only a few respondents are leaving Utah or expanding elsewhere, but all list the lack of a skilled labor pool as a driving factor.

A substantial number of survey respondents are having difficulty finding enough skilled and qualified employees to sustain business needs. However, a number of organizations are aware of the problem and working on a variety of solutions to help educational entities in Utah produce the type of people businesses need. Utah Foundation will be producing further research on this topic in the near future. However, it is not clear if the problem is simply a skills gap, where educational entities are not producing the type of employees companies need. It is also possible that low unemployment and substandard wage offerings in hard-to-fill jobs play a part in Utah's shortage of skilled and experienced labor.

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APPENDIX A: SURVEY SAMPLE DEMOGRAPHIC BREAKDOWNS

This appendix breaks down the group of companies that participated in the survey to help readers better understand which companies are represented by the survey.

Figure 12: Survey Sample, Length of Existence

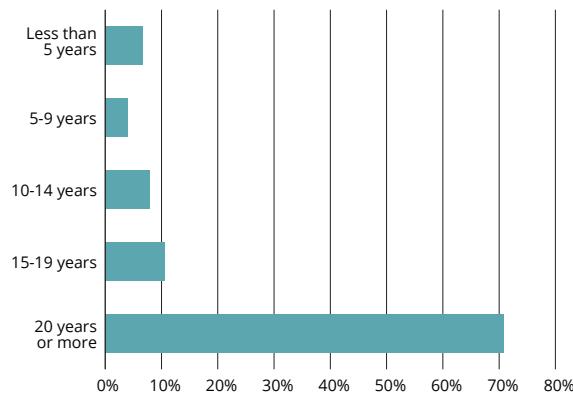
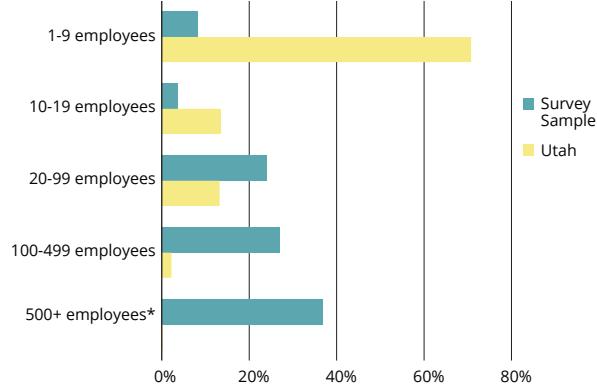


Figure 13: Comparison of Company Size by Number of Employees



Types of Companies

The majority of companies surveyed were privately owned (60%) while 28% were publicly owned. The remaining 12% of respondents were split between nonprofits and government related entities.

Length of Time

The majority of businesses surveyed have existed for 20 years or more. This shows that survey results might not be the best representation of new and emerging businesses.

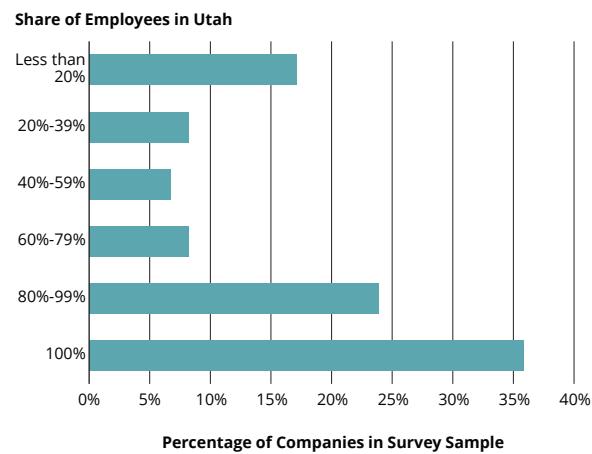
Number of Employees

For the purposes of this survey, Utah Foundation targeted principally major employers. This survey subsequently underrepresents the majority of companies in Utah which are small businesses that employ nine individuals or fewer. However, the large businesses targeted represent a greater portion of jobs directed by a smaller number of companies.

Percentage in Utah

Figure 14 shows that the survey included a diverse array of employers by share of Utah employees in their companies.

Figure 14: Percent of Survey Sample by Company's Share of Utah Employees



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