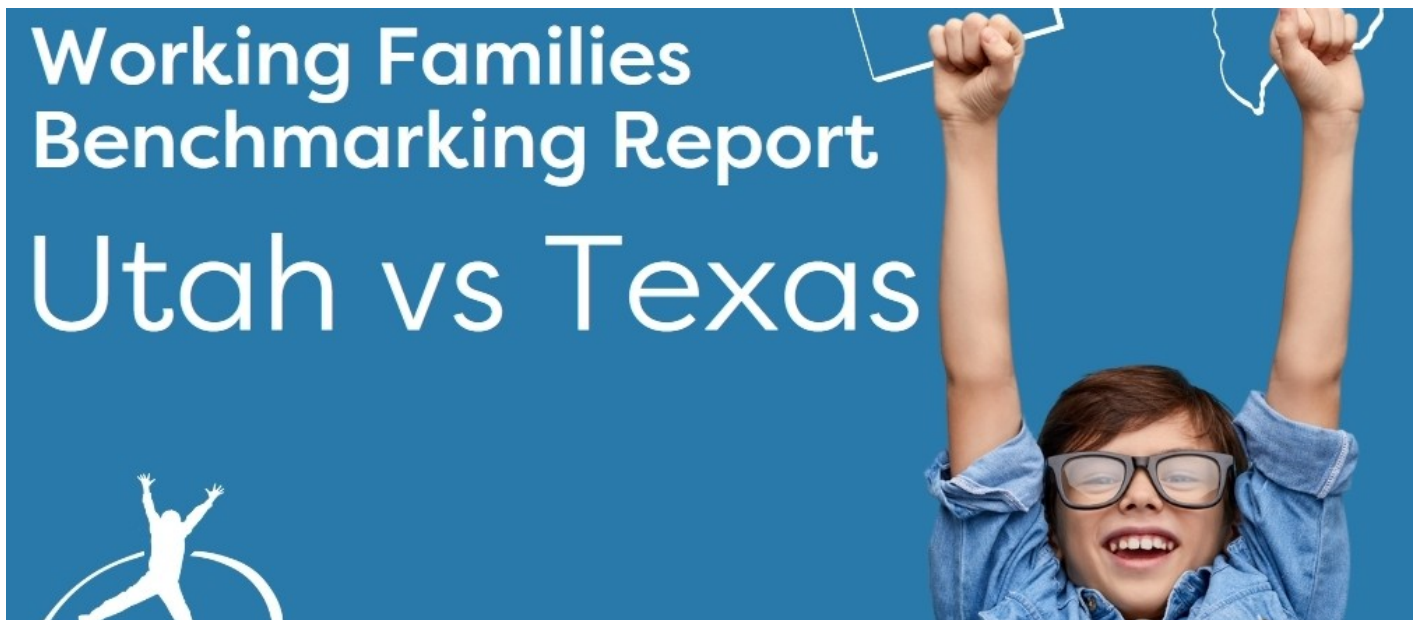


Utah Economic Benchmarking Project 2022: Utah vs Texas

Published: Monday, 29 August 2022 13:58

Written by: Taylor Throne



New Economic Benchmarking Report Finds Utah Ahead of Texas in Most Key Metrics of Economic Opportunity and Standard of Living

Salt Lake City, August 31, 2022 - Voices for Utah Children released today [the fifth in its series of economic benchmarking reports](#) that evaluate how the Utah economy is experienced by median- and lower-income families by benchmarking Utah against another state. This year's report, authored by Taylor Throne and Matthew Weinstein with support from intern Bryce Fairbanks from the University of Utah Department of Economics, compares Utah to Texas. While the Economic Opportunity benchmarks come out nearly even, with Utah ahead in 11 and Texas ahead in 8, in the Standard of Living category Utah predominates in 20 categories and Texas in just two.

Voices for Utah Children's Economic Analyst Taylor Throne commented, "It seems clear that Texas has more to learn from Utah than vice versa. In terms of economic opportunity, Utah outperforms Texas for our labor force participation rate and our low unemployment rate (see page 13 of the report). In education, while both states are in the bottom 10 for investment, Utah claims much better 4th and 8th grade math and reading scores. At the university level, Utah invests more and enjoys stronger educational attainment levels (though our younger generation has lost the lead over

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the nation enjoyed by our older generations.) (See page 17.) Utah ranks 1st in the nation for our low level of income inequality, while Texas ranks 38th. We also stand out for intergenerational mobility and rank #1 for education funding fairness while Texas ranks 34th (see page 21). In the second part of the report where we measure standard of living. Utah is the clear winner in most measures. Utah enjoys much lower rates of poverty and uninsured children (though both states rank at the bottom for insuring Hispanic/Latino children) (see page 25). The most recent Kids Count overall ranking has Utah 4th and Texas 45th (see page 29). Utah also has shorter commutes, higher homeownership rates, and more volunteerism and voter participation (see page 33)."

Voices for Utah Children's State Priorities Partnership Director Matthew Weinstein commented, "The main takeaways from this report and the others in the series are that Utah's economic successes put us in a position to make the new upfront investments we need to make now -- in education, public health, poverty prevention, and closing racial/ethnic gaps -- so that we can achieve our true potential and follow in the footsteps of states like Colorado and Minnesota that have become high-wage states and achieved a higher standard of living, and do it in such a way that all our children can have a better future."

The report release presentation took place online and can be viewed at <https://fb.watch/ffuSPZ09MR/>. The presenters included both Taylor Throne and Matthew Weinstein as well as a special guest, Brandon Dew, President of Central Utah Labor Council.

[View Report](#)

Utah's Top Economic Advantages: Hard Work & Strong Families Allow Utah to Enjoy High Household Incomes and Low Poverty

Can Texas Learn Any Lessons from Utah?

Utah enjoys a higher real median household income than Texas, ranking #11

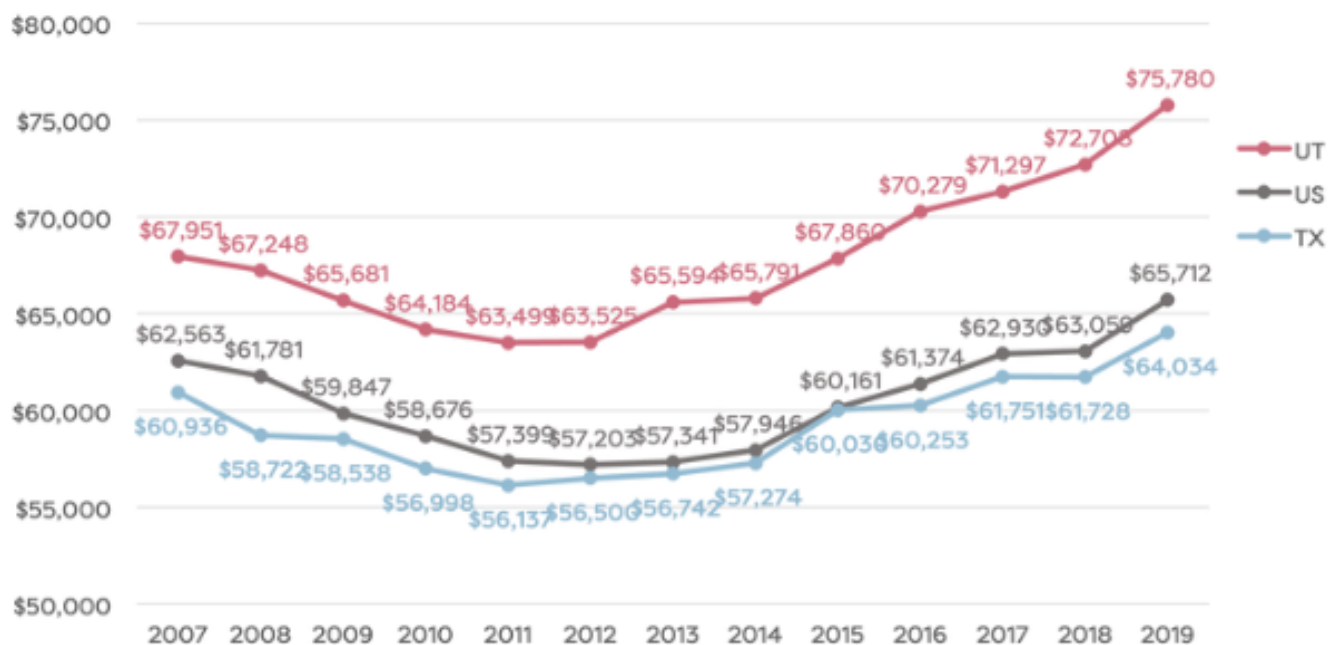
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nationally, although past inequities have left a legacy of barriers causing significant gaps between the median wage of different racial and ethnic groups. Utah's higher incomes are due largely to our high labor force participation rates and our preponderance of two-worker (often two-parent) households.

Figure 49 – Real Median Household Income, 2007-2019
(Inflation adjusted to 2019 dollars)



Source: U.S. Census Bureau, "Income in the past 12 months (in 2019 inflation-adjusted dollars)," Table ID: S1901, ACS 1-Year Estimates, <https://data.census.gov/cedsci/table?q=table%20S1901>. Note: Inflation adjusted using CPI-U, U.S. City Average, all items, 1982-84=100.

Even though Texas has a larger GDP per capita and ranks ahead of Utah for business climate, Utah has a higher share of people working and fewer people looking and unable to find work. Utah ranks 1st in the nation for income equality by the GINI Index, 1st for K-12 funding equity, and has fewer people living below the poverty line.

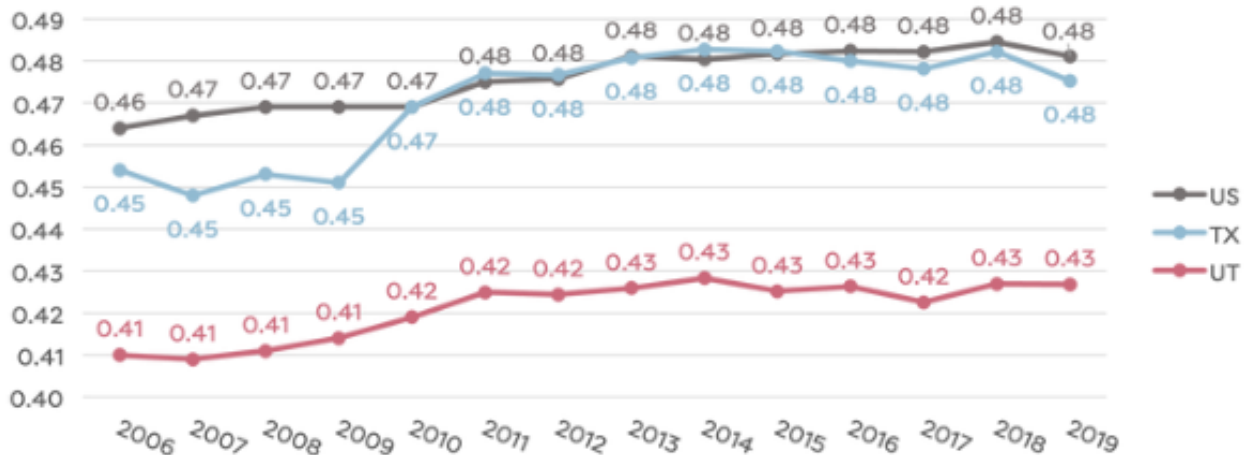
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Figure 44 – GINI Index, 2006-2019

Note: higher values indicate greater inequality.



Source: U.S. Census Bureau, Gini Index of Income Inequality ACS 1-Year Estimates Table ID: B19083,
https://data.census.gov/cedsci/table?q=gini&g=0100000US_0400000US04,49&tid=ACSDT5Y2020.B19083.

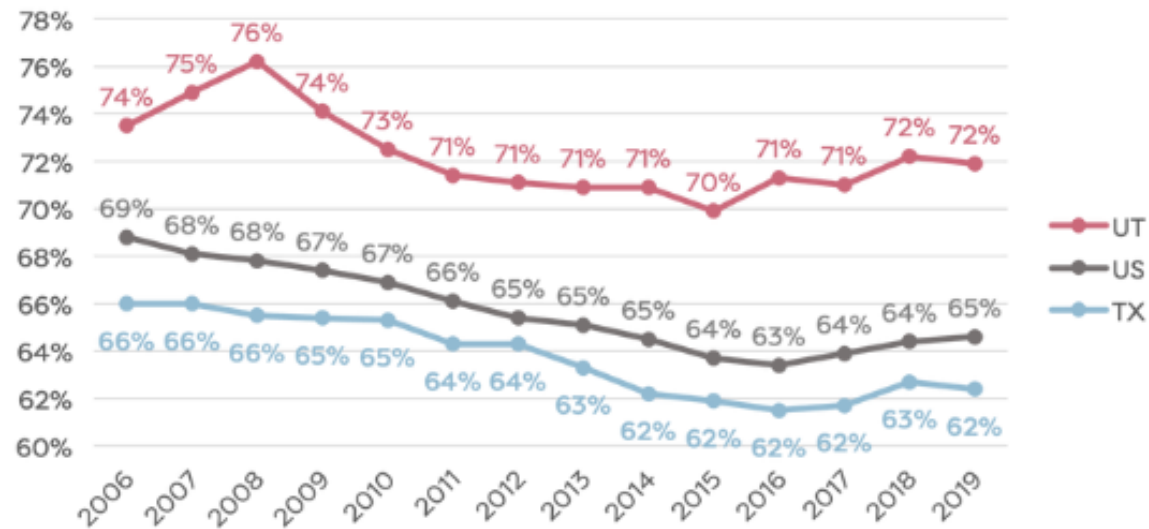
Utah is the clear winner by most standard of living measures. The most recent Kids Count overall ranking has Utah 4th and Texas 45th. Utah also has shorter commutes, higher homeownership rates, and more volunteerism and voter participation. Utah also has a much fairer tax system. Texas applies one of the highest tax rates in the nation (6th highest) to households with the lowest incomes and applies one of the lowest tax rates (9th lowest) to households with the highest income. This is because Texas has no personal or corporate income tax to offset the regressivity of their major revenue sources: sales, excise, and property taxes. As a result, Texas is one of the highest-tax states in the nation for lower-income residents, and one of the lowest-tax states for the wealthy.

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Figure 72 – Homeownership Rates, 2006-2019
(% of households that own)



Source: U.S. Census Bureau, "Homeownership Rates by State," Table 15, <https://www.census.gov/housing/hvs/data/ann19ind.html>.

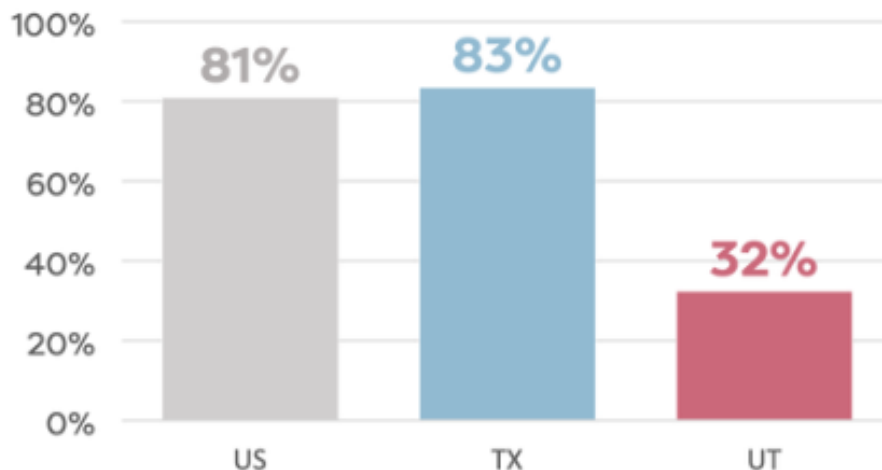
Can Utah Learn Any Lessons from Texas?

Texas leads in early childhood education for pre-k and full-day kindergarten participation. Texas also has a much smaller gender wage gap than Utah, which ranks as one of the worst states for gender equality. When disaggregated by race and ethnicity, Texas has a smaller gender wage gap than Utah for every race and ethnicity except Latino and Native Hawaiian and Pacific Islander women.

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Figure 28 – Percentage of Kindergartners in Full-Day Programs, 2018-2020



Source: State Data: Integrated Public Use Microdata Series (IPUMS), Current Population Survey: from Oct. 2018-2020. <https://doi.org/10.18128/D030.V7.0>; National Data: U.S. Census Bureau, "School Enrollment in the United States: Oct. 2018-2020 - Detailed Tables," <https://www.census.gov/topics/education/school-enrollment/data/tables.2019.html>.

Policy Implications

Strengthening the Labor Force

Utah and Texas are both far below the national average for median (50th percentile) and 10th percentile hourly wages, likely due to the fact that both are among the 20 states that never raised their minimum wages above the 2009 federal minimum of just \$7.25 (now at its lowest level since 1956), and both states are among the 27 that discourage union membership through “right-to-work” laws.

Addressing the Legacy of and Present Barriers Causing Racial & Ethnic Gaps

Racial and ethnic gaps are evident in almost every outcome where race and ethnicity are disaggregated, such as high school graduation rates, wages, gender pay gaps, poverty rates, and uninsured rates. It is important to note that these gaps were caused by social, economic, and political structures and policies that have perpetuated racial inequality, elaborated in our report. Such policies have had very

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serious consequences for people of color, especially children of color. And as in the rest of the nation, the COVID-19 pandemic has exacerbated these hardships. Addressing these gaps through investments in early childhood and K-12 education, specifically where there is a high concentration of children of color (which includes many communities along the Wasatch Front, including Ogden, Salt Lake City, South Salt Lake, West Valley City, Midvale, and Provo) would likely increase educational attainment, wages, and standard of living overall and would therefore contribute to reducing racial and ethnic gaps in the future.

Restoring Education Funding Effort

The link between education and income is well-established. States with higher education levels generally have higher levels of worker productivity, wages, and incomes. Voices for Utah Children has demonstrated elsewhere that Utah's education funding effort has fallen from top 10 in the nation in the 1990s to the bottom 10 states today. While Utah "does more with less" in education compared to other states, will we be able to continue to advance without addressing the underfunding in our public education system? Utah has racial/ethnic educational outcome gaps which are larger than the national average, our pupil-to-teacher ratio is 3rd worst in the nation at 23:1 vs the national average of 16:1, and teacher pay has also fallen by 2% over the past 50 years, while teacher salaries nationally have increased 7%.

At the college level, Utah historically was always ahead of the national average for attainment of bachelor's degrees and above. But Census data show Utah's lead shrinking relative to the nation with each successive generation, to the point now that Utah millennials (ages 25-34) have fallen behind their peers nationally, despite relatively generous state support and low tuition levels. In addition, for young adults who do not seek to complete a college degree, apprenticeships and other skilled training programs or ensuring state contracts pay the prevailing local wage are two policies that have proven their value for achieving higher wages.

Can Utah Become a High-Wage State?

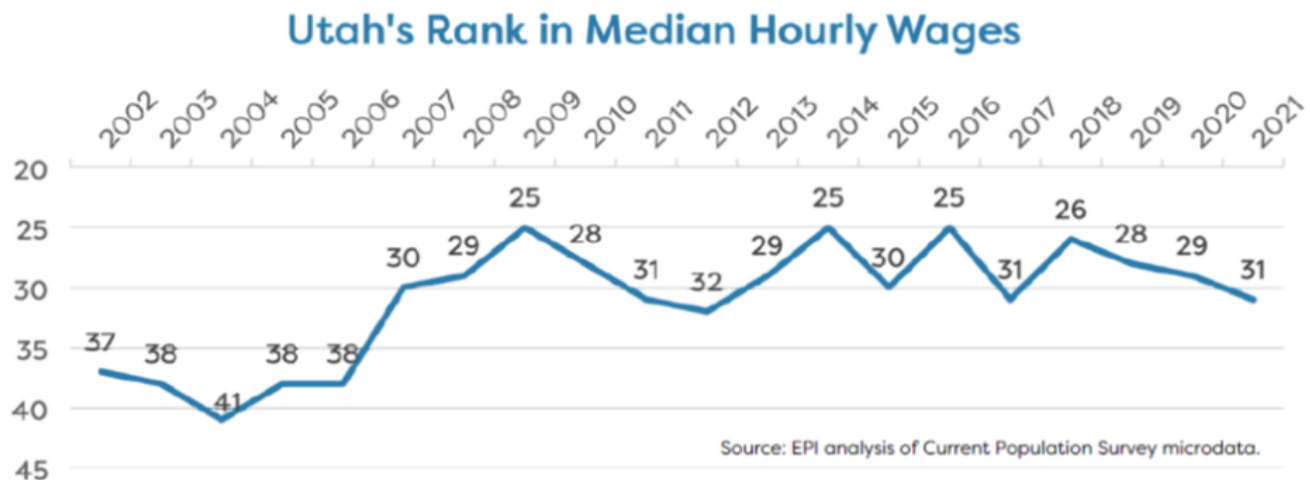
Utah has gone from being a low-wage state a generation ago to middle-wage status today, a considerable accomplishment. One question Utah leaders may now wish to consider is, is that good enough? Should we declare, "Mission Accomplished"? Or

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is Utah in a position, like Colorado and Minnesota before us, to become, over time, a high-wage state and set our sights on taking the necessary steps today to achieve that goal over the years and decades to come?



Similarly, how do we include those earning the lowest wages in the gains Utah has made and will potentially make in the future? Utah is not even a half percentage point lower than the national share of workers earning poverty-level wages and lags behind the nation's 10th percentile wage, ranking 33rd. Even as the state with the lowest income inequality ranking in the nation, Utah suffers from a tremendous gap between low-income workers and the rest of the income scale.

The main lesson that emerges from the Working Families Benchmarking Project reports comparing Utah to Colorado, Minnesota, Idaho, Arizona and now Texas is the following: Higher levels of educational attainment translate into higher hourly wages, higher family incomes, and an overall higher standard of living. The challenge for policymakers is to determine the right combination of public investments in education, infrastructure, public health, and other critical needs that will enable Utah to continue our progress and achieve not just steady growth in the quantity of jobs, but also a rising standard of living that includes moderate- and lower-income working families from all of Utah's increasingly diverse communities.

The 41-page report is available for download [here](#).

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MEDIA COVERAGE OF THE BENCHMARKING PROJECT:

The Spectrum:

<https://www.thespectrum.com/story/news/2022/09/02/report-compares-utah-texas-economy-standard-living-homes-jobs/7970912001/>

KSL News Radio: <https://kslnnewsradio.com/1974565/new-report-ranks-utah-above-texas-in-aspects-of-economic-opportunity-and-standard-of-living/>

Salt Lake

Tribune: <https://www.sltrib.com/opinion/commentary/2022/09/15/matthew-weinstein-taylor-throne/>