



# Earning Enough to Pay for Non-Housing Needs September 13, 2024

*Earning enough to pay for non-housing needs* ranked among the items of highest importance to voters in the 2024 Utah Priorities Project. This, combined with housing affordability, highlights how the cost of living is a top concern for Utah voters. **Despite the pinch voters feel from rising costs** – also known as inflation – **Utah nonetheless seems economically well-positioned** in terms of current inflation and unemployment rates, as well as household incomes.

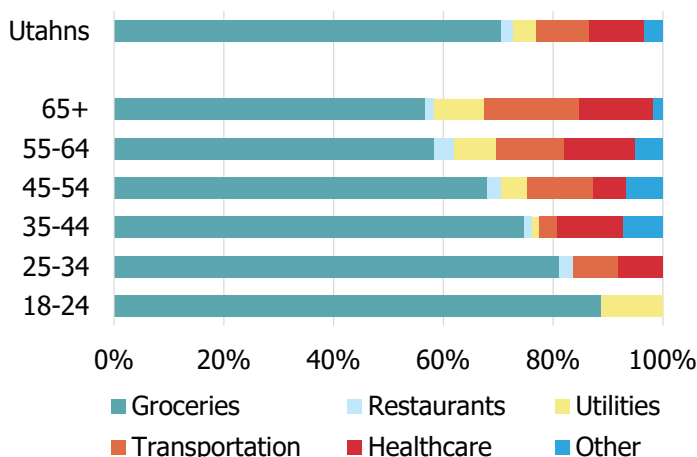
## Survey Results

*Earning enough to pay for non-housing needs* was more likely to be the top issue for voters with lower incomes, conservatives, Republicans, and unaffiliated voters. It was less likely to be the top issue for non-religious, non-spiritual voters as compared to the religiously active, the religiously inactive, and those considering themselves “spiritual.”

The Utah Foundation asked voters where non-housing price increases most affected family budgets. Out of nine possible choices, 70% of voters reported that grocery prices affected them most. This was followed by healthcare, transportation, and utilities. These tend to be difficult-to-avoid expenses for most households. (See Figure 1.)

### Most voters are concerned about groceries, but concerns over healthcare and transportation costs increase with age.

Figure 1: Which Price Increases Had the Largest Impact on Family Budget, by Age



While age groups are predominantly affected by food price increases, the effect of other budget categories varies by age group. (See Figure 1.) For instance, older Utah voters reported a smaller family-budget impact from the cost of food as compared to younger groups. In fact, each successively younger group is more focused on food costs. Older Utahns tended to report that items such as healthcare and transportation has a somewhat larger relative impact.

## Recent Inflation and Unemployment Trends

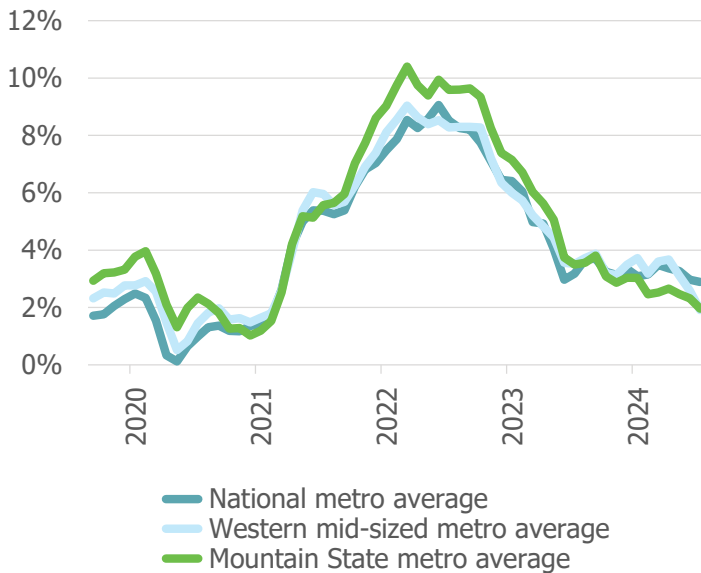
The COVID-19 pandemic triggered significant economic disruptions; it initially caused falling prices likely due to decreased consumer demand, and led to falling global energy prices.<sup>1</sup> However, as the economy began to recover and federal stimulus measures were widely implemented, inflation surged. It had risen to about 7%, heights not seen in nearly 50 years.<sup>2</sup> Inflation remained generally high but moderated somewhat in 2022, 2023, and 2024, in part due to rising interest rates.<sup>3</sup> As can be seen in Figure 2 on page 2, data on Western regional inflation for *mid-sized* metros have generally tracked U.S. trends while inflation among the Mountains States for *all* metros surpassed the U.S. average in 2020 and much of 2022-2023.<sup>4</sup>

As of July 2024, Utah’s inflation is near 2%, which is a full percentage point below the national rate.<sup>5</sup> Indeed, Utah’s inflation rate is below the national 15-year average (2.4%).<sup>6</sup>

The Federal Reserve System – the U.S. central banking system – prefers an inflation rate of 2%.<sup>7</sup> Utah

## Inflation for Mountain States' metros surpassed the West's mid-sized metros and the nation in 2020 and 2022-2023.

Figure 2: Inflation Rate, National and Regional

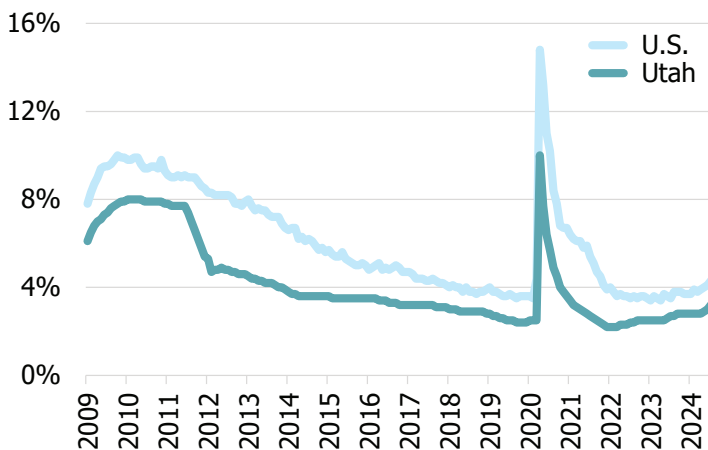


Note: It is unclear whether Mountain States' or the West's inflation measure better reflect Utah's experience; the West includes more states and focuses more on mid-sized metro areas such as Salt Lake City, while the Mountain State area is influenced by very large metros like Denver and Phoenix.

Source: US Bureau of Labor Statistics.

## Unemployment in Utah is routinely below that of the nation.

Figure 3: Unemployment, U.S. and Utah



Source: US Bureau of Labor Statistics

meets this benchmark. In addition to ensuring a reasonable inflation rate, the Federal Reserve System seeks low and stable levels of unemployment, roughly targeting 4%.<sup>8</sup>

Utah's unemployment rate is much more favorable than the nation's rate.<sup>9</sup> (See Figure 3) Simultaneously, Utah's current unemployment rate is only 3%, well below the state's 15-year average of 4%.<sup>10</sup>

Many factors likely contributed to Utah's relatively favorable outcomes in the wake of the pandemic. Utah's diverse economy may serve as one such cause.<sup>11</sup> The state's robust job market may have moderated the overall impact of inflation on Utahns.<sup>12</sup> Utah also led the country in personal income growth in 2021 and remains relatively strong.<sup>13</sup>

### Statistics or Sentiment

Utah seems to be in a favorable economic position when thinking about inflation. Utah has also long enjoyed real household income growth and often lower unemployment rates than the nation – yet inflation remains a high concern.<sup>14</sup> Two factors may help explain this apparent paradox.

First, Utah voters may be influenced by regularly viewed costs – those reoccurring household costs that voters can easily compare over time. This is the case with groceries, but may also be true for utilities, transportation, or even medical visits and pharmacy expenses.

Second, it may also be the case that while economists express inflation in year-on-year terms, Utahns are still taken aback by inflation that has taken place over several years. Economists point out the good news that groceries are only one percent higher than last year, but voters may still be disgruntled that groceries are 28% more expensive than at the beginning of 2020. Utah voters may, therefore, not be content with slower price increases since they still bear the dramatically increased costs of the past.

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This research brief was written by Research Analyst John Salevurakis with assistance by other Utah Foundation staff.

## ENDNOTES

- 1 Bureau of Labor Statistics, "Consumer Inflation During the COVID-19 Pandemic," 2021, <https://www.bls.gov/opub/mlr/2021/beyond-bls/consumer-inflation-during-the-covid-19-pandemic.htm>. European Central Bank, "Energy Price Developments in and out of the COVID-19 Pandemic," 2022, [https://www.ecb.europa.eu/press/economic-bulletin/articles/2022/html/ecb.ebart202204\\_01~7b32d31b29.en.html](https://www.ecb.europa.eu/press/economic-bulletin/articles/2022/html/ecb.ebart202204_01~7b32d31b29.en.html).
- 2 Federal Reserve, "Fiscal Policy and Excess Inflation," 2022, <https://www.federalreserve.gov/econres/notes/feds-notes/fiscal-policy-and-excess-inflation-during-covid-19-a-cross-country-view-20220715.html>.
- 3 Federal Reserve Bank of Minnesota, "Consumer Price Index, 1913-," 2024, <https://www.minneapolisfed.org/about-us/monetary-policy/inflation-calculator/consumer-price-index-1913->.
- 4 Chicago Federal Reserve, "What is Driving the Differences in Inflation Across U.S. regions", 2023, <https://www.chicagofed.org/publications/chicago-fed-letter/2023/478>. Note that the West region includes the Mountain and Pacific divisions. The Mountain division includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. The Pacific division includes Alaska, California, Hawaii, Oregon, and Washington.
- 5 U.S. Bureau of Labor Statistics, <https://www.bls.gov/cpi/>. Utah's inflation rate is based upon the regional metro measures.
- 6 Ibid.
- 7 Board of Governor of the Federal Reserve System, *Why does the Federal Reserve aim for inflation of 2 percent over the longer run?* [https://www.federalreserve.gov/faqs/economy\\_14400.htm](https://www.federalreserve.gov/faqs/economy_14400.htm).
- 8 The Federal Reserve Bank of Chicago, *The Federal Reserve's Dual Mandate*, <https://www.chicagofed.org/research/dual-mandate/dual-mandate>. And Barron's, *The Economy Needs a Bold Fed. We Won't Get It.* <https://www.barrons.com/articles/economy-fed-rate-cut-recession-inflation-jobs-prices-2ee4c508>.
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