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Utah median income drops below 1997 level

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Back in 1997, Bill Clinton began his second term as president. The first Harry Potter novel appeared. Gasoline cost \$1.30 a gallon. The median household income in Utah was \$57,938 in 2010 dollars.

Now, 14 years later, Utah's median income has dropped below that level. In 2010, it was \$56,787, or \$1,151 lower than in 1997, according to census data released this week.

Utah had also dipped temporarily below the 1997 income level in 2007 at the beginning of the recession, then recovered upward. But now, even though the recession technically ended in 2009, the new numbers show income is dropping again during continuing tough economic times.

"We lost 10 years of growth when the recession hit," said University of Utah research economist Pam Perlich. "And we're back at that point again."

It is as if Utahns hadn't had a raise since 1997. But prices, of course, have been rising.

"You have this horrific recession still haunting us," Perlich said.

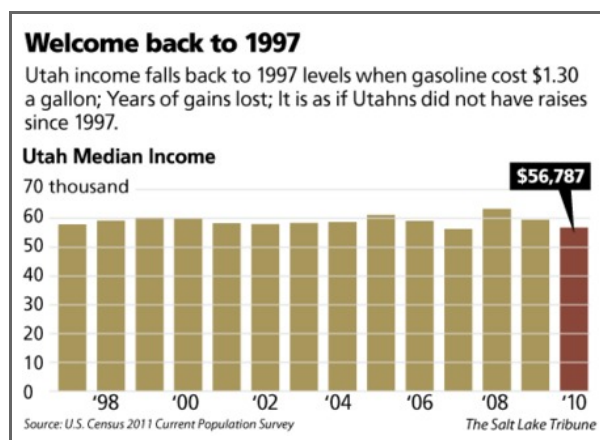
"It's a tragic situation, really," said James A. Wood, director of the Bureau of Economic and Business Research at the University of Utah.

"Incomes have just stagnated. But many of those households have maintained their style of living ... with credit and borrowing against their house. Those days are gone. They are stuck with lots of debt, bad credit and maybe a foreclosed home. Many have had to move back" with parents or other family, he said.

Wood said many jobs destroyed in the recession likely will come back slowly, if at all.

For example, he said Utah went from having about 105,000 construction jobs before the recession to about 65,000 now.

"So there are 40,000 households [in the construction industry] where if they are working, they are only working



part-time. It will be a long time before those jobs come back,” he said.

He said another Utah job sector that was hard hit was manufacturing. He said it went from 125,000 jobs to 110,000. “They were high-wage jobs. If you go to Brigham City now [after layoffs by ATK], it’s bleak.”

Wood said the “recession is what is driving most of it,” but not all. He said a long-term shift globally has also been sending jobs abroad to places such as India, China and Brazil.

“They have a competitive advantage in some areas that can be outsourced and then brought back at a much cheaper rate. So we have price and job competition from a global community. ... It causes all sorts of dislocation and grief here.”

He adds that in America, “We’re getting a little less rich ... and other places are catching up.”

Wood adds, “Between this recession that we’ve had — and it’s more than a recession, it’s a financial crisis — and then the ongoing, 20-years-in-the-making global competition,” times are tough and present a tough outlook.

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