Innovation Lab Council: Utah's middle class faces new realities

Each quarter, The Tribune's Innovation Lab Advisory Council convenes to discuss significant issues facing Utah. Recently, the council examined the concept of the middle class in Utah and explored ways to better support it. Below are excerpts from the discussion.

RACHEL RYDALCH | Tribune file photo

The sweets and biscuits aisle pictured in a Utah grocery store in 2022.

MICHAEL PARKER

LAUREN GUSTUS

Shifting financial realities

A notable concern is the shifting financial reality of the middle class. Historically, families could allocate part of their income to savings and leisure activities. Today, a larger portion of income goes towards essentials like rent and food, leaving little room for unexpected expenses. Education was once seen as a pathway to a stable job and income, and today some Utah students are opting for trade certificates or entering construction directly from high school, seeking immediate and stable income.

Affordability and housing innovations

Another critical issue is the affordability crisis. The middle class could historically afford more than the previous generation, but now maintaining the same lifestyle as previous generations is challenging. Innovations in housing are a solution. Efforts involving numerous universities and entrepreneurial initiatives aim to impact affordability. These initiatives include the creation of a preservation fund, local foundations focused on housing solutions and significant contributions towards education and student housing. Such efforts are designed to address the broader issue of housing affordability and need to be paired with actions from policymakers, especially local ones to collectively make strides especially for homeownership.

Economic stability and childcare costs

Economic stability and access to necessary tools for self-sufficiency were also key topics. A significant gap exists between those who need access to these tools and the resources available. Childcare costs, in particular, were highlighted as a barrier. Some families pay up to $4,000 a month for childcare, which is a substantial financial burden. The historical lack of childcare infrastructure in Utah, rooted in traditional gender roles, exacerbates this issue.

Cost-burden standards

The discussion also addressed statistical standards for being cost-burdened. Traditionally, spending more than 30% of income on housing and 15% on transportation indicates a cost burden. This measure should be considered a community standard when discussing middle-class affordability. By factoring in both housing and transportation costs, more comprehensive solutions can be developed.

Rising energy costs

Rising energy costs due to infrastructure shortcomings were another concern. Electricity costs, which are expected to increase significantly in the next five to seven years, will impact household budgets. Energy is a non-negotiable necessity, and upcoming rate increases need to be considered in the broader context of middle-class affordability.

Understanding the middle class

The council's discussion aimed to define what it means to belong to the middle class in Utah today. Common characteristics, include:

» **Income range:** Typically earning between $40,000 and $120,000 annually, depending on household size.

» **Employment:** Includes professionals, managers, educators, healthcare workers, engineers, IT specialists, skilled tradespeople and more.

» **Education:** Often have higher education degrees or specialized training.

» **Lifestyle:** Includes homeownership, healthcare access, retirement savings, investing in children's education and enjoying social activities.

» **Economic security:** Stable employment, health insurance and ability to manage financial emergencies.

» **Values:** Prioritize stability, education and upward mobility.

The Innovation Lab Advisory Council is a diverse group of experts and leaders. Participants included Patrice Arent, a former state legislator; Mallory Bateman, director of demographic research at the Kem C. Gardner Institute; Erick Garcia, West Valley Partnership Manager at University Neighborhood Partners; Melissa Hart, president of philanthropic operations at Stena Foundation; Clark Ivory, CEO of Ivory Homes; Andrew Gruber, executive director of the Wasatch Front Regional Council; and Maile Resta, Partnerships and Communications Associate at rPlus Energies.

Facilitated by **Michael Parker,** *director of Community Solutions for the Innovation Lab and principal and founder of Do Good, and* **Lauren Gustus,** *editor of The Salt Lake Tribune, this council brought together its collective expertise to explore actionable strategies for enhancing economic stability and growth, focusing on the challenges and opportunities facing Utah's middle class.*

FRANCISCO KJOLSETH | Tribune file photo

A Wasatch Front home for sale in April.

Tell the Trib: How can Utah better support its middle class?

Utah's middle class represents a larger share of households than the national average. The Beehive State also possesses greater income equality, social capital and upward mobility than other states.

Despite these favorable hallmarks, challenges remain on how to support and grow the middle class in Utah. Wages, for example, vary greatly by education level, which is markedly impacted by socioeconomic status.

UTAH VOICES

The Salt Lake Tribune

Social determinants of health also greatly impact the life expectancy and upward mobility of Utahns.

In The Salt Lake Tribune and Kem C. Gardner Policy Institute's upcoming "Storytelling through Data" event, state and community leaders will discuss potential policy prescriptions to help support a strong middle class in Utah and to help build a civil society that benefits all Utahns.

The conversation will be moderated by Salt Lake Tribune Executive Editor Lauren Gustus and will feature Christine Richman of GSBS Consulting; Janis Dubno of Sorenson Impact Institute; and Nate Lloyd of the Kem C. Gardner Policy Institute as panelists.

This conversation will take place on Wednesday, June 26 from 8 a.m. to 9:30 a.m. at the Thomas S. Monson Center — 411 East South Temple Street, Salt Lake City, Utah 84111. Light refreshments will be provided.

The event is free, but space is limited. Please RSVP at sltrib.com.

Innovation Lab Council: Strategies and solutions for supporting Utah's middle class

Each quarter, The Tribune's Innovation Lab Advisory Council meets to discuss significant issues in Utah. The most recent discussion focused on supporting the middle class. This is part two of the conversation, exploring actionable strategies and solutions, including promoting economic empowerment, managing growth, leveraging the energy transition in rural Utah, rethinking economic models, scaling community-based solutions and fostering sustainable urban development.

Promoting economic empowerment

One initiative highlighted involves the Stena Center for Financial Technology at the University of Utah, funded to help students earn undergraduate degrees in financial technology. A lab was established where students could develop their ideas, supported by an investment fund created by the university. The goal is to foster economic empowerment by creating sustainable businesses and pathways to post-secondary education.

Managing growth and regulatory reform

Addressing the affordability crisis, housing choice, quality growth and regulatory reform were emphasized as crucial. By improving regulations to allow for more types of housing, more density in urban areas and along transit, and shifting to more affordable first time housing options like townhomes and condos.

Transit-oriented development emerged as a vital strategy for sustainable urban growth. By creating housing and job opportunities near transit centers, transportation costs can be reduced and access to opportunities for upward mobility is increased. This approach encourages mixed-use areas with more density, supporting economic and population growth in a sustainable manner.

Participants noted a major headwind is the increase in anti-growth sentiment in Utah, and the need for promoting balanced and sustainable growth that improves the middle class.

Transitioning to renewable energy

The transition to renewable energy was another key topic. Reflecting on a solar project in Carbon County, it was noted that despite its history in extraction industries, the county embraced renewable energy to maintain its tax base. This collaboration led to significant investments in the community and allowed for the use of existing transmission lines and critical corridors.

Scaling community-based solutions

The discussion also touched on community-based solutions. For instance, Proxima, a successful effort looking to connect education and students, highlighting the importance of understanding entry points and scaling these solutions statewide. Nonprofits working on the west side offer valuable insights into navigating healthcare, childcare and other essential services, providing a blueprint for broader implementation.

Rethinking economic models

Participants also discussed the evolving definition of middle-class success. The traditional goal of homeownership is being reconsidered in light of changing values post-COVID. Emphasizing flexibility and innovative thinking, there is a call to rethink what makes individuals and families successful and happy in today's context.

Utah's economic vitality in 2024 hinges on a strong middle class, now facing unprecedented challenges. Initiatives like Gov. Spencer Cox's 35,000 starter homes and the University of Utah's education pathways address broader systemic issues. As the middle class and its definitions evolve, these discussions foster optimism that Utah will remain a bastion of prosperity and stability.

Join the conversation: Recognizing that there are many ways Utahns can support each other, we invite you to share your thoughts on how to uplift the middle class. Please email your ideas to voices@sltrib.com.

The Innovation Lab Advisory Council, comprising experts and leaders, recently convened to discuss the evolving definition and support of the middle class in Utah. Participants included former state legislator Patrice Arent, Mallory Bateman from the Kem C. Gardner Institute, Erick Garcia from University Neighborhood Partners, Melissa Hart from Stena Foundation, Clark Ivory of Ivory Homes, Andrew Gruber from the Wasatch Front Regional Council and Maile Resta from rPlus Energies.

Facilitated by **Michael Parker,** *director of community solutions for the Innovation Lab and principal and founder of Do Good, and* **Lauren Gustus,** *editor of The Salt Lake Tribune, the council explored strategies to enhance economic stability and growth, focusing on the challenges and opportunities facing Utah's middle class.*

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