



The California Economy

March 27, 2017

California's Economic Health

What They Say:

- “Our economy is the sixth largest in the world and thirteen percent of the country’s GDP.” *Senator Kevin de León*
- California houses the headquarters of 51 Fortune 500 companies including Chevron, Apple, McKesson, Hewlett-Packard, Wells Fargo Google and Intel.
- California has had the highest increase in nonfarm jobs among the states from September 2014 to September 2015, at 444,300 - this equates to 16.1% of jobs created in the U.S.

California Has Made Slow and Steady Progress

The Unemployment Rate is Half of What it Was in 2010

From Jan 2012 – Jan 2017 📅



UNEMPLOYMENT

5.5%

Unempl. Rate

5.1%

US Rate

1.0mil

Number Unemployed

LABOR FORCE

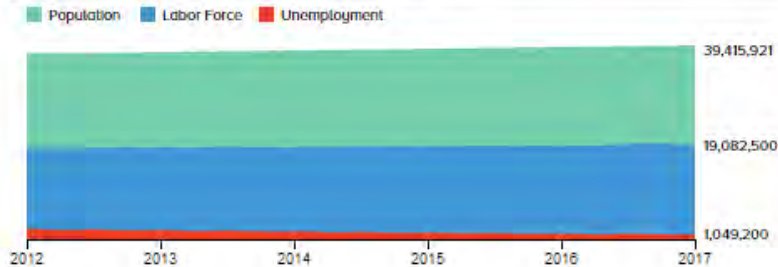
61.9%

Participation Rate

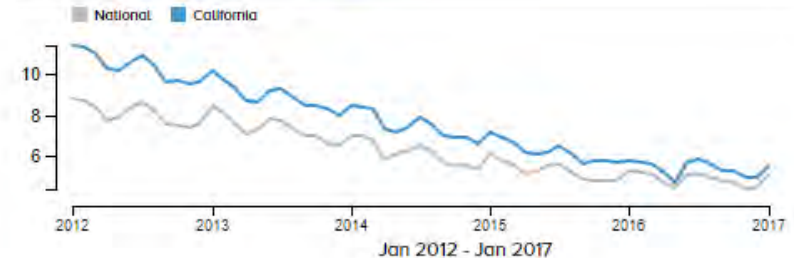
19.1mil

Labor Force

Population, Labor Force, Unemployment ⓘ

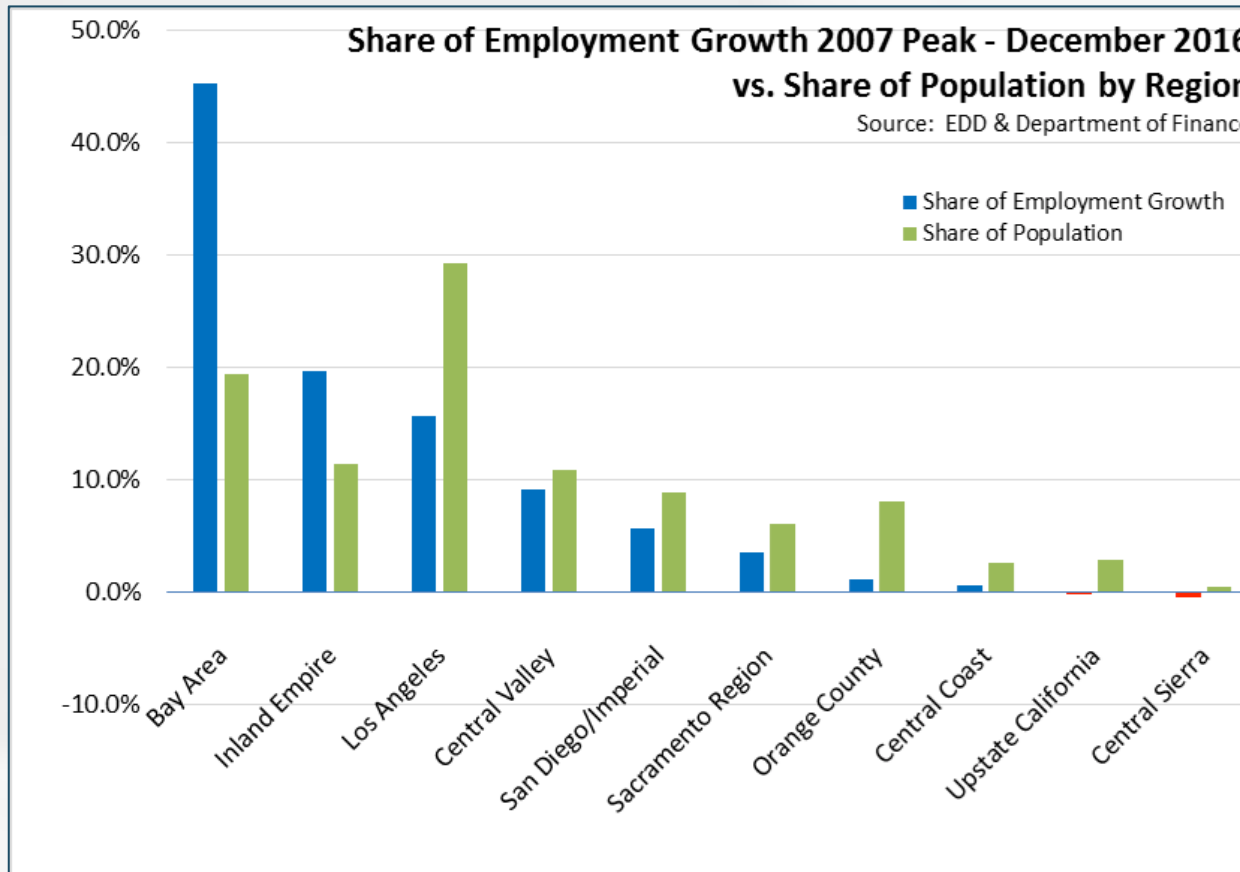


Unemployment Over Time ⓘ



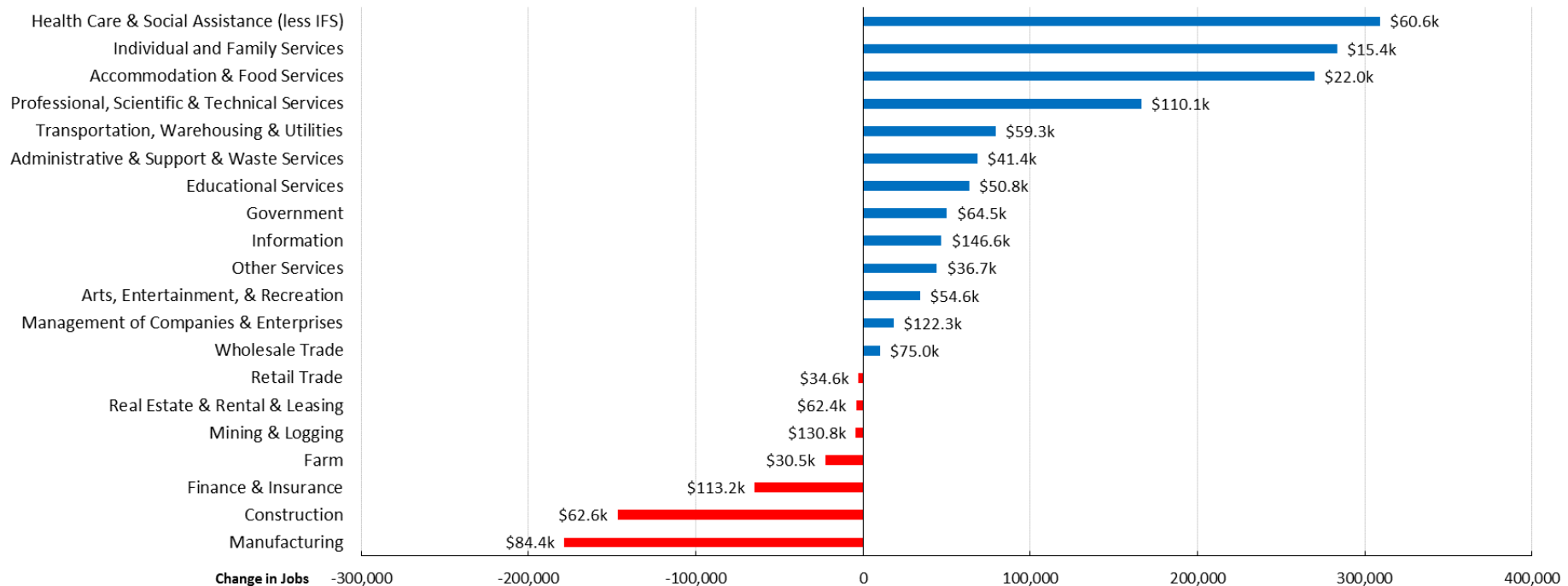
Employment Growth Concentrated in Bay Area

20% of Population Created Nearly 45% of New Jobs

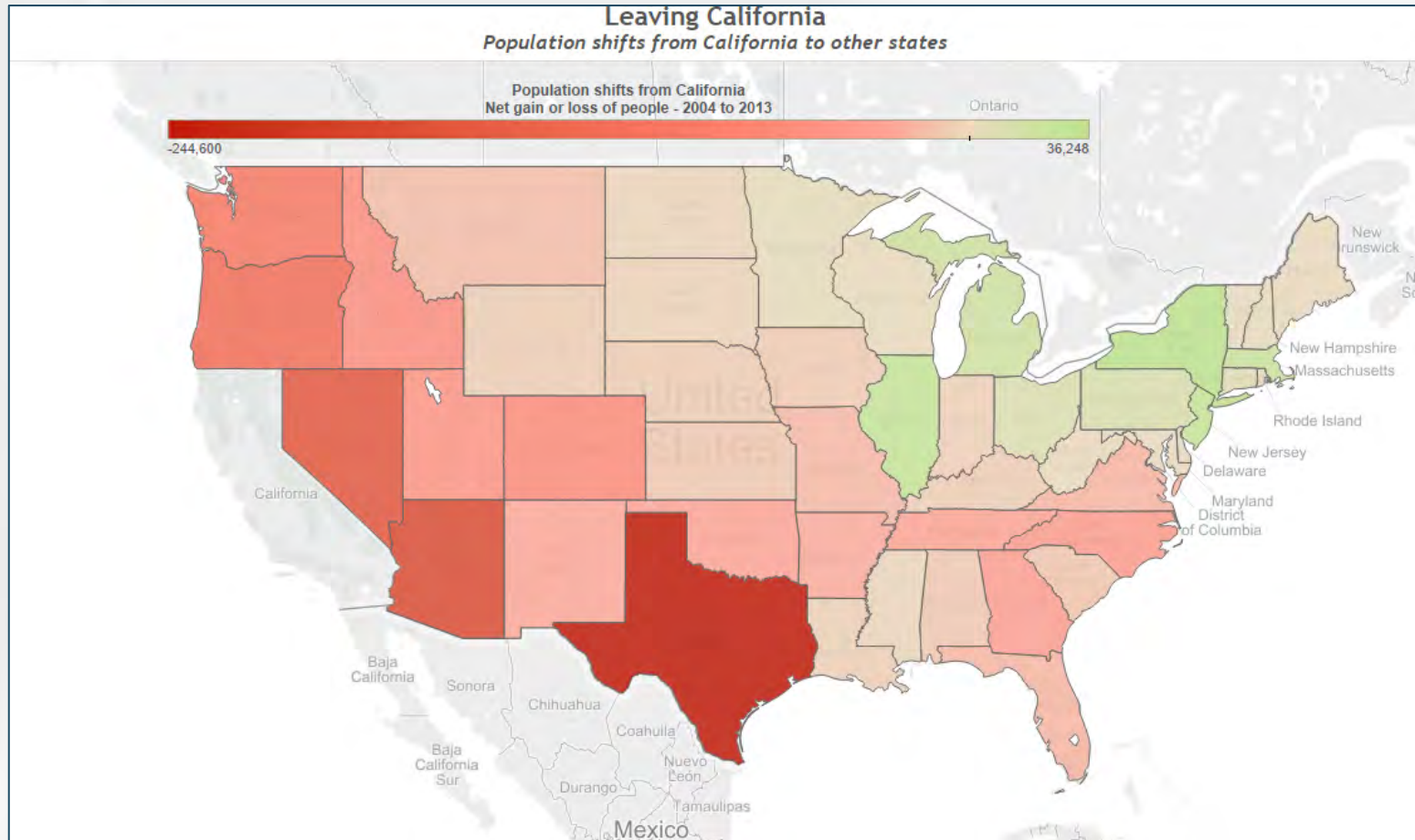


Lack of Middle-Class Job Growth Creating a Two-Tiered Economic Recovery

Change in Number of Jobs, January 2017 vs. Annual Average 2007, with Annual Average Wage (not seasonally adjusted)



2004-13 Net Population Loss of More Than 1 Million Resulting in a Net Loss of About \$26 Billion in Annual Income



Source: The Sacramento Bee (August 31, 2015)

California's Non-Farm Employment 2004-14

Significant Recovery of Jobs Lost During the Recession



Source: Grizzly Bear Project – January 27, 2015

Leisure and Hospitality: A Large Driver of Job Growth *Between 2004-14 Created More Than 260,000 Jobs*



Source: Grizzly Bear Project – January 27, 2015

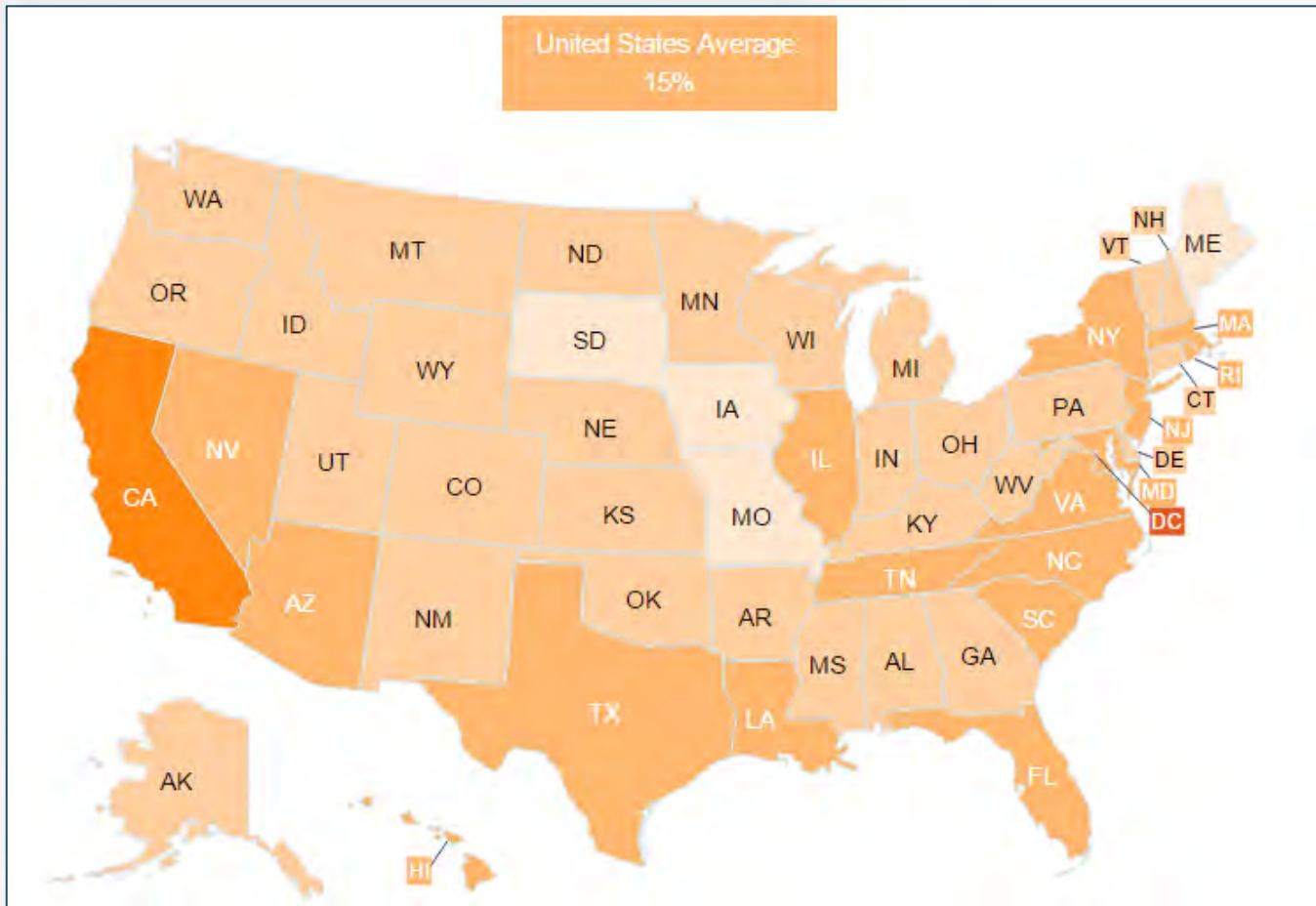
That Growth Has Not Occurred in Manufacturing *Between 2004-14 Lost More Than 260,000 Jobs*



Source: Grizzly Bear Project – January 27, 2015

State Continues to Have Highest Poverty Rate

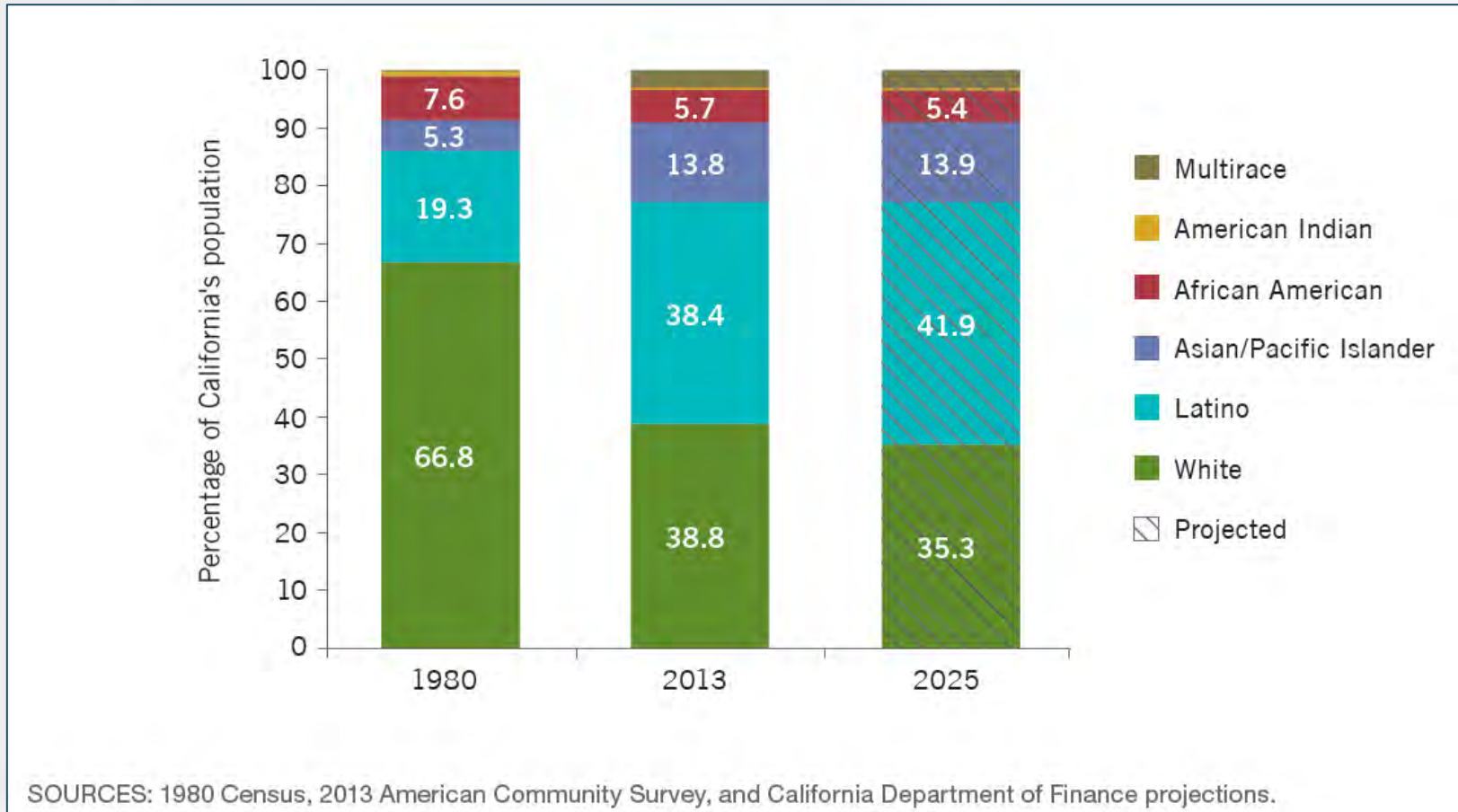
California's Supplemental Poverty Rate is 23.4%



Sources: The Census Bureau and Kaiser Family Foundation

Population is Also Undergoing a Transformation

By 2025, 41.9% of Californians Will Be Latino



Source: Public Policy Institute of California

In Order to Grow Jobs and Investment We Can't Have Among the Highest Energy Rates

California vs. US Fuel Price Gap at 25.3% Premium

\$0.58

Price Per Gallon
Above US Average
(CA Average)

The February average price per gallon of regular gasoline in California rose 9.8 cents from January to \$2.89. The California average price rose to 58.1 cents above the US average of \$2.30, a 25.3% difference.

California vs. US Diesel Price

\$0.39

Price Per Gallon
Above US Average
(CA Average)

February average price per gallon of diesel in California rose 2.5 cents from January to \$2.96. The gap over the US average price (\$2.57) rose to 38.9 cents while national prices continued to ease and California's to rise.

California Residential Electricity Price

42.3%

Above US Average

California average Residential price for the first 7 months of 2015 was 16.80 cents/kWh, 33.4% higher than the US average of 12.59 cents/kWh for the same period and the 9th highest among the states.

California Commercial Electricity Price

52.6%

Above US Average

California average Commercial price for the first 7 months of 2015 was 15.23 cents/kWh, 43.7% higher than the US average of 10.61 cents/kWh for the same period and the 8th highest among the states.

California Industrial Electricity Price

87.1%

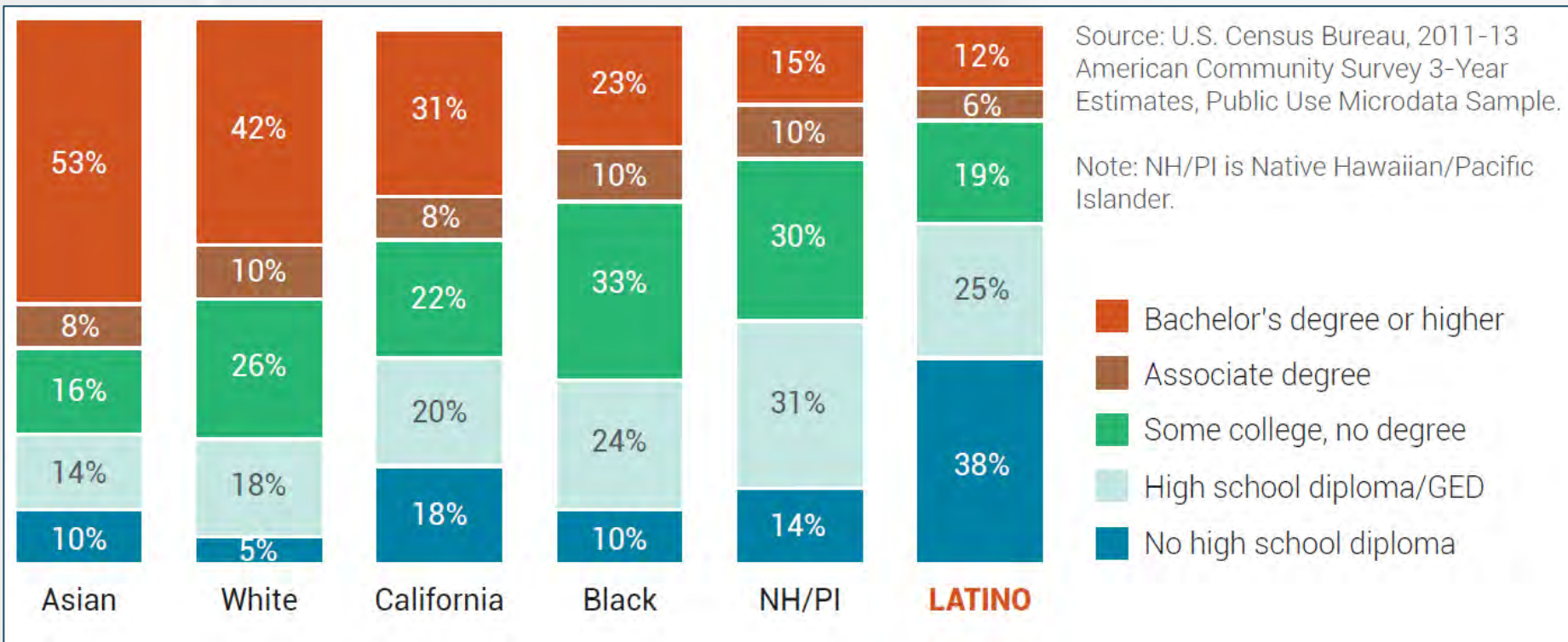
Above US Average

California average Industrial price for the first 7 months of 2015 was 11.28 cents/kWh, 65.2% higher than the US average of 6.83 cents/kWh for the same period and the 7th highest among the states.

In Order to Grow Jobs and Investment

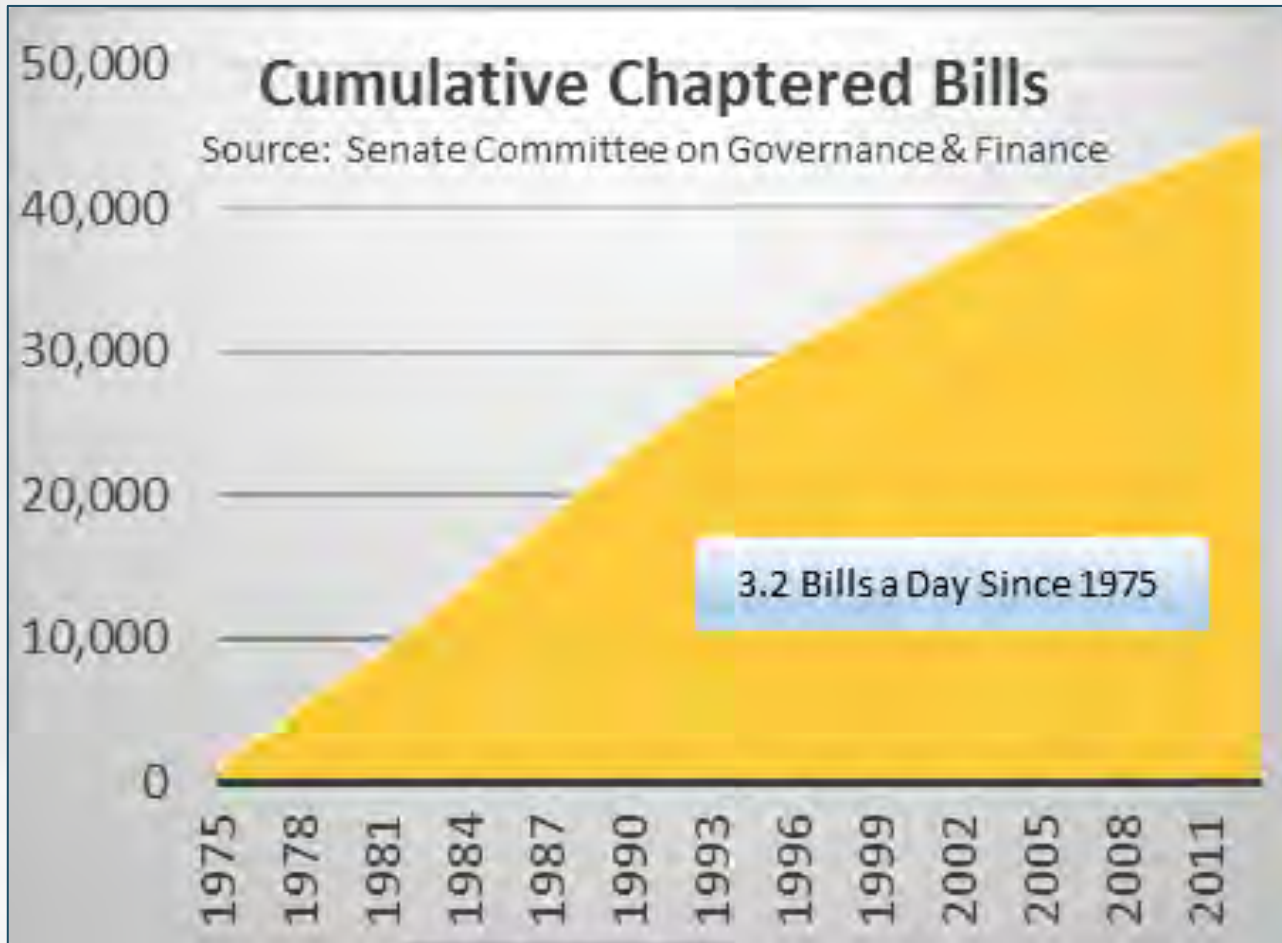
We Must Improve the Education Attainment of Our Workforce

Fewer Than Two in Ten Working-Age Latino Adults Have a College Degree



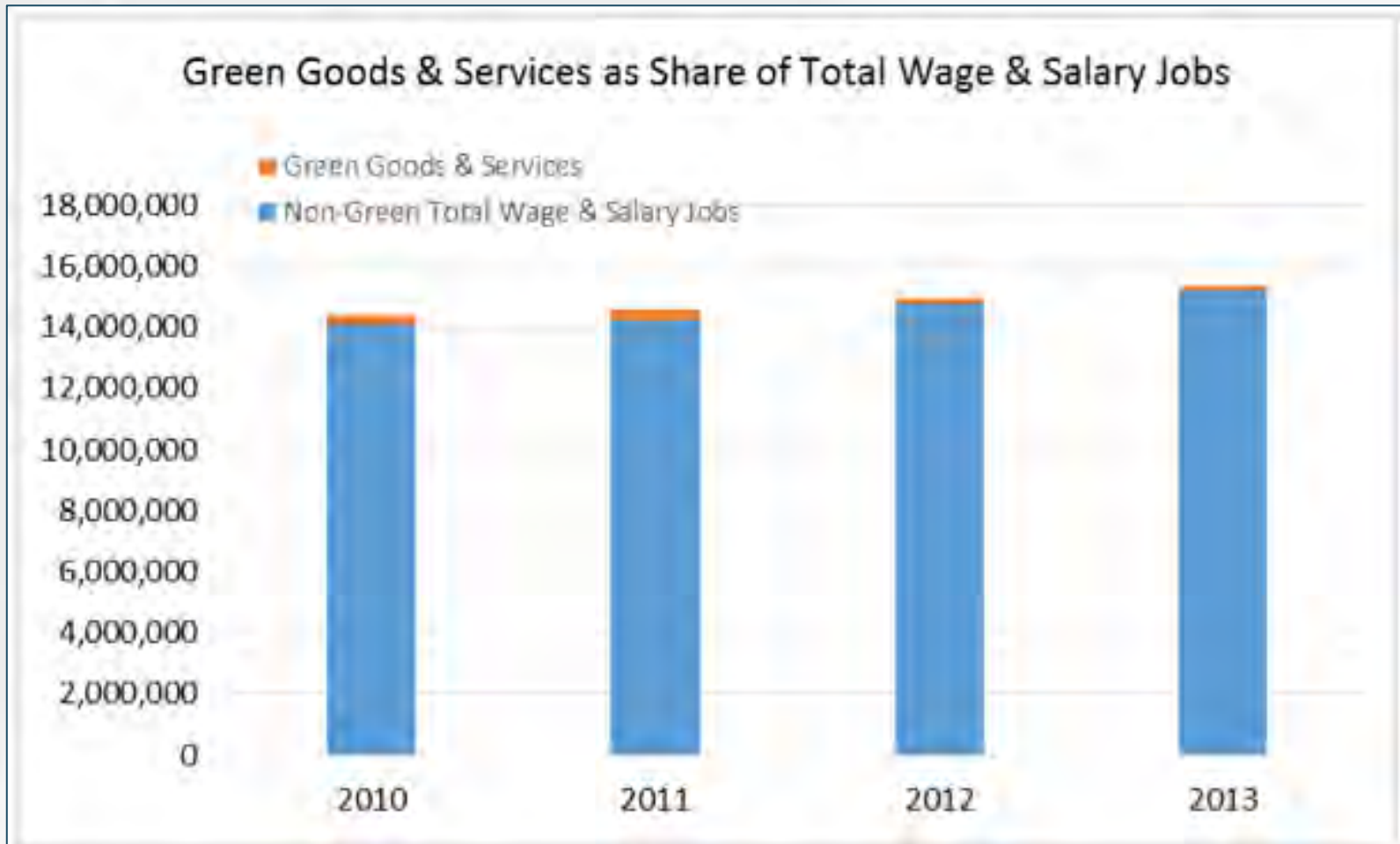
Source: Campaign for College Opportunity

In Order to Grow Jobs and Investment *We Can't Ignore the Cumulative Burden of Regulations*



Green Jobs Alone Cannot Be the Solution

Green Jobs are Still Only a Small Fraction of Jobs



How Do We Regain Our Competitiveness?

In Order to Grow Jobs and Strengthen the Economy

- There are a number of policy areas, where significant reforms can substantially improve California's business climate:
 - Common Sense Approach to Climate Change
 - Increase Efficiency, Not Taxes
 - Streamline Regulatory Environment
 - Simplify Employment Law
 - Develop 21st Century Education and Job Training
 - Create Affordable Housing
 - Reinvest in Infrastructure