

THE ROADMAP FOR GROWTH

Dr. David Gallo

California State University, Chico



Economic Growth Forecast for the North Valley: 2012-13

Dr. David Gallo
**Center for Economic
Development**
degallo@csuchico.edu
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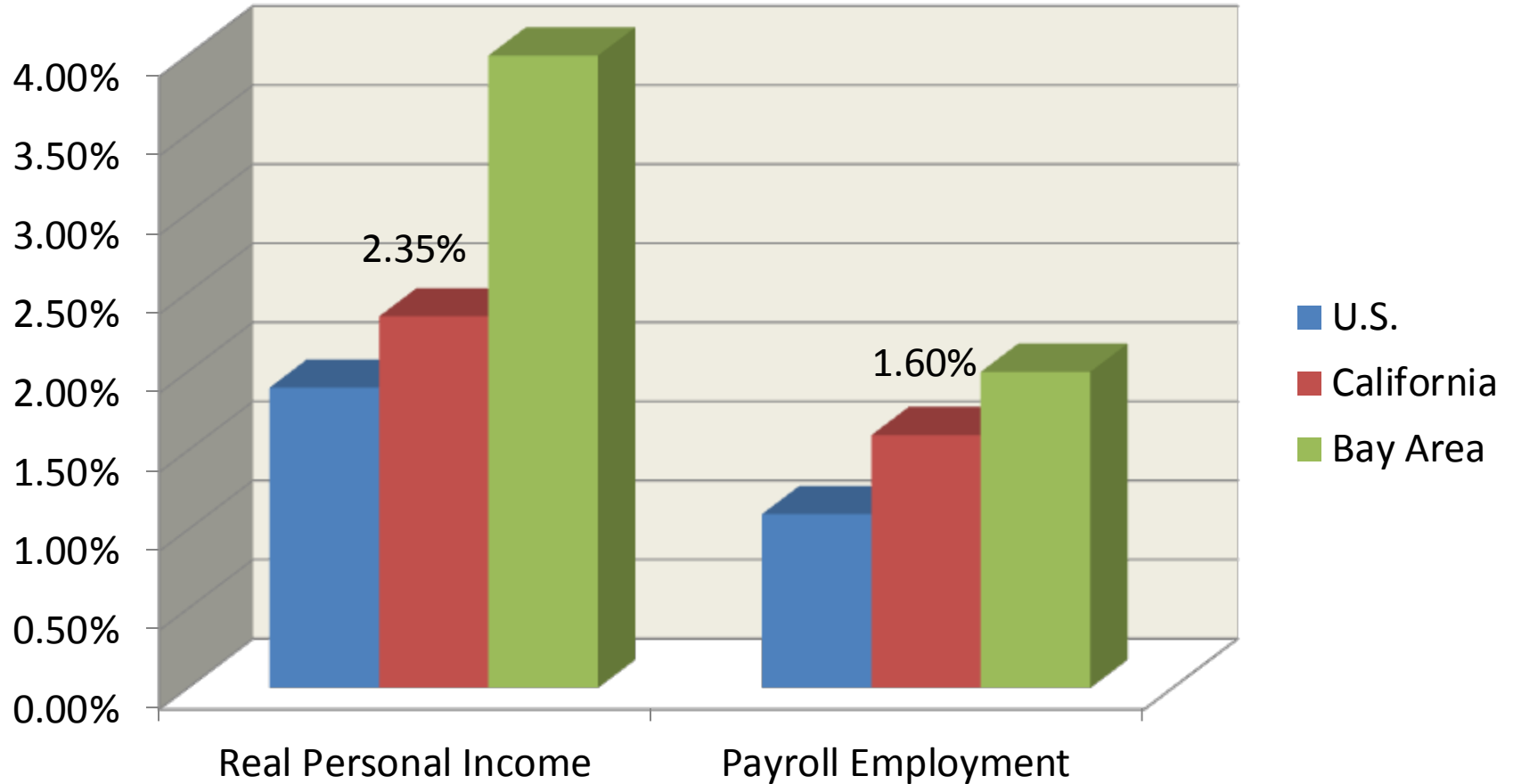


How Can We Construct a Forecast for the North Valley?

- Major Forecasters do not provide forecasts for the North Valley economy (only 1.6% of statewide employment)
- So we must start with the state forecast
- Examine relative growth: State vs. North Valley
- Sector importance and growth—percentage of employment in particular sectors and how fast employment is growing in those sectors
- Focus on employment growth, in contrast to income growth (to 2009-10), as the data is most current
- Best we can do is provide an estimate of North Valley growth relative to state and national projections



UCLA Anderson Forecast:2012-13



UCLA Anderson is Pessimistic with Regard to Personal Income Growth

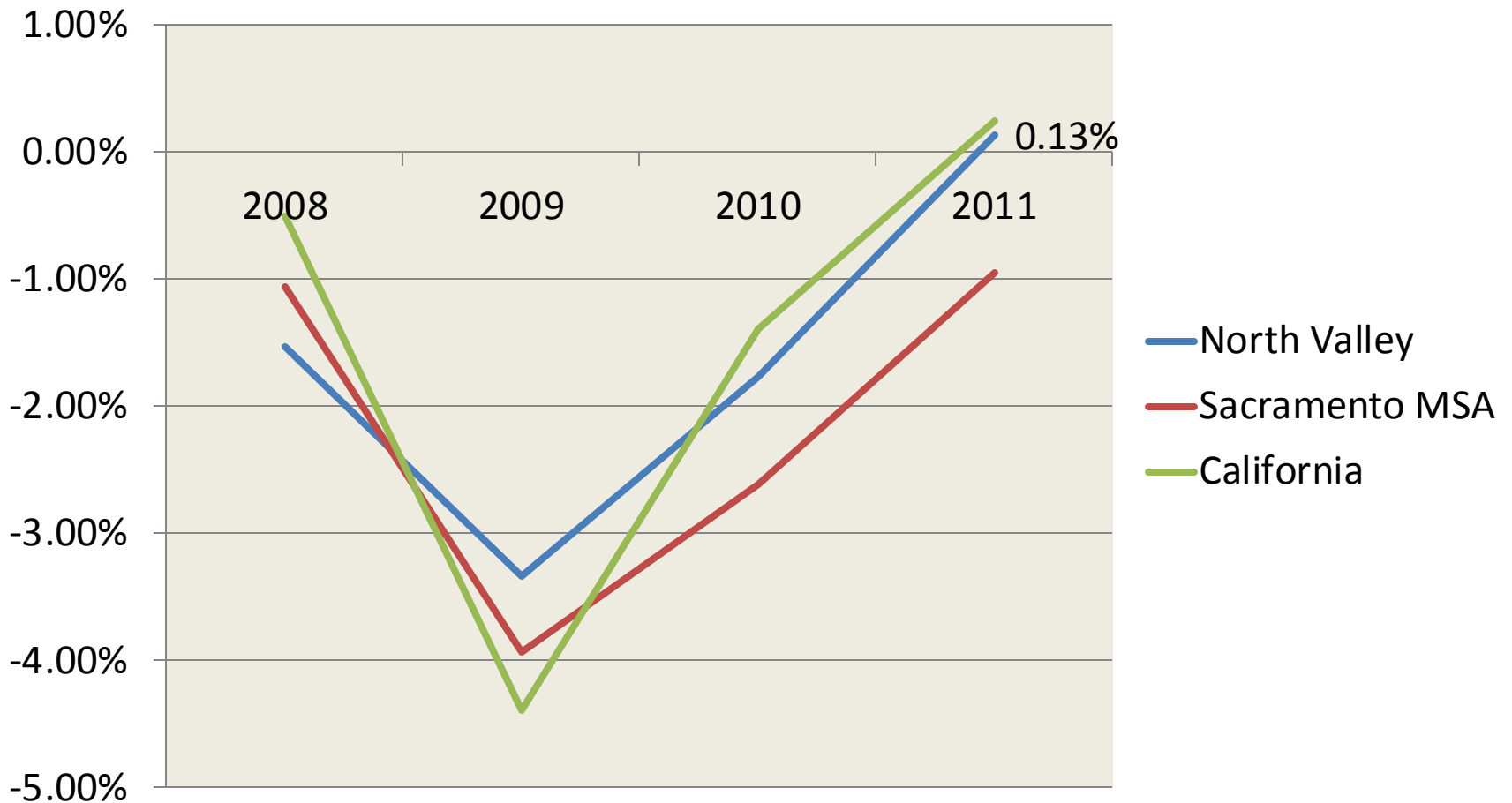
- Assuming a more typical two percent annual rate of productivity growth, and UCLA Anderson's projections for employment growth, we should see real personal income grow at an average rate for 2012-13 of:
 - 3.1 percent nationally
 - 3.6 percent in California

Indicators are divided into three entities—the North Valley (Shasta, Tehama, Glenn, Butte, Colusa, Sutter, and Yuba Counties), Sacramento MSA, and the State of California

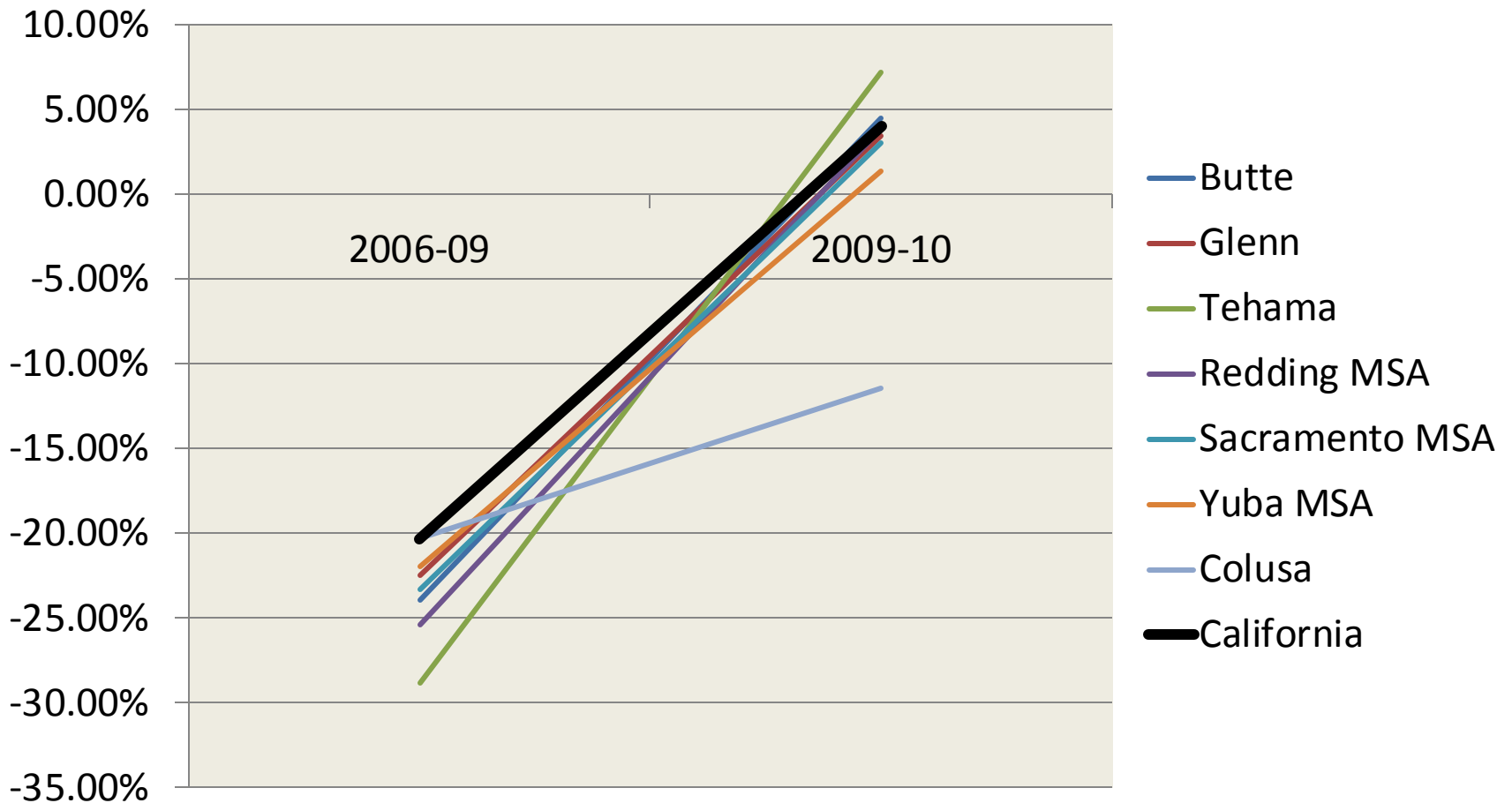
RECENT ECONOMIC PERFORMANCE



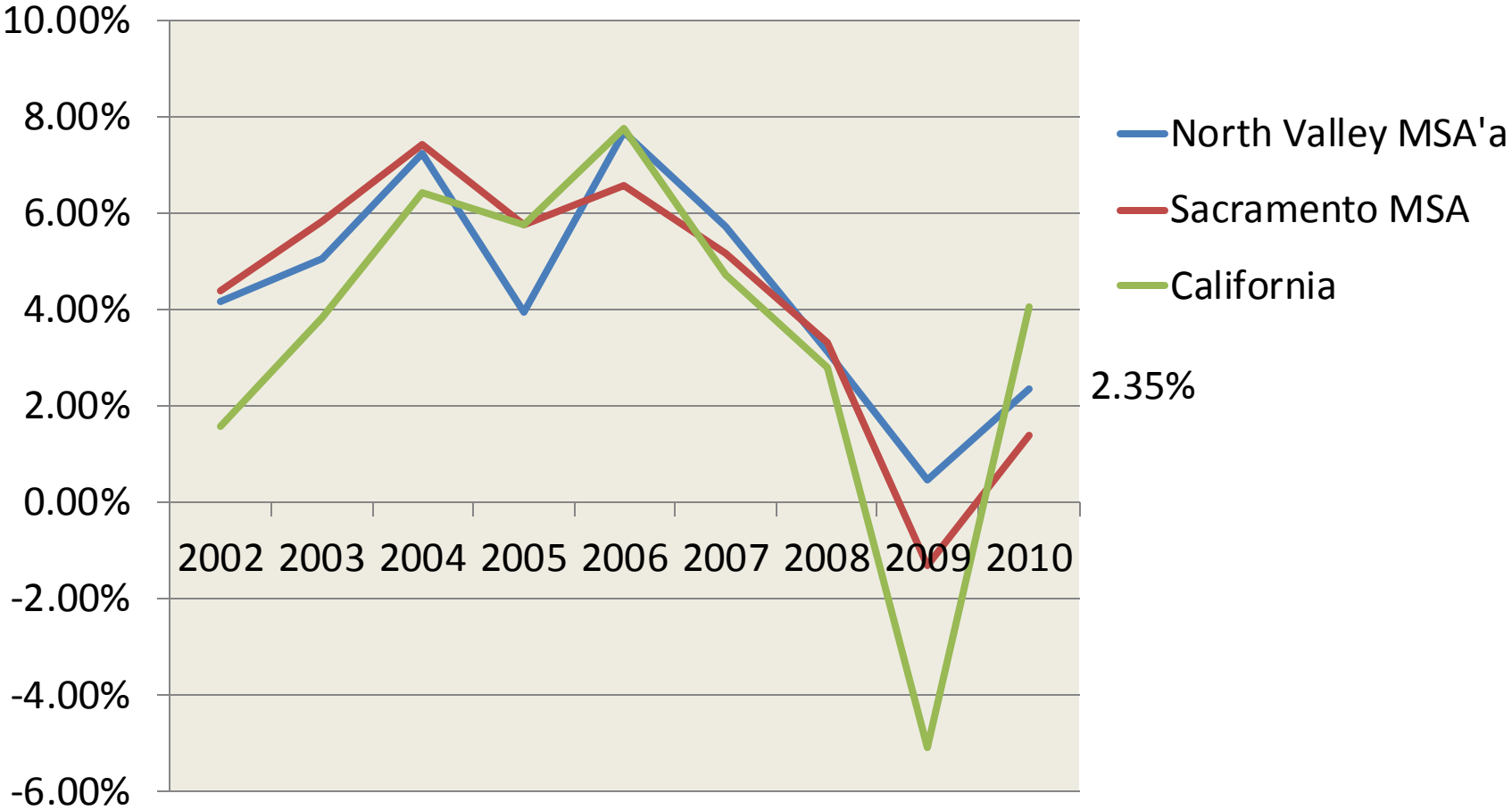
Total Employment Growth: 2007-2011



Growth in Taxable Retail Sales: Third Quarter for 2006-2009 and 2009-2010



Growth in Personal Income: 2001-10



With the exception of some private and government services, growth in these sectors generates exports which are drivers of regional growth

EMPLOYMENT GROWTH: ECONOMIC BASE SECTORS



Relative Importance of Sectors (% of area employment)

Area	Total Farm	Manufacturing	Non-Retail Private Services	Government
North Valley	6.15%	5.89%	51.40%	20.16%
Sacramento				
MSA	0.91%	4.59%	54.90%	23.94%
California	2.30%	9.42%	60.77%	13.94%

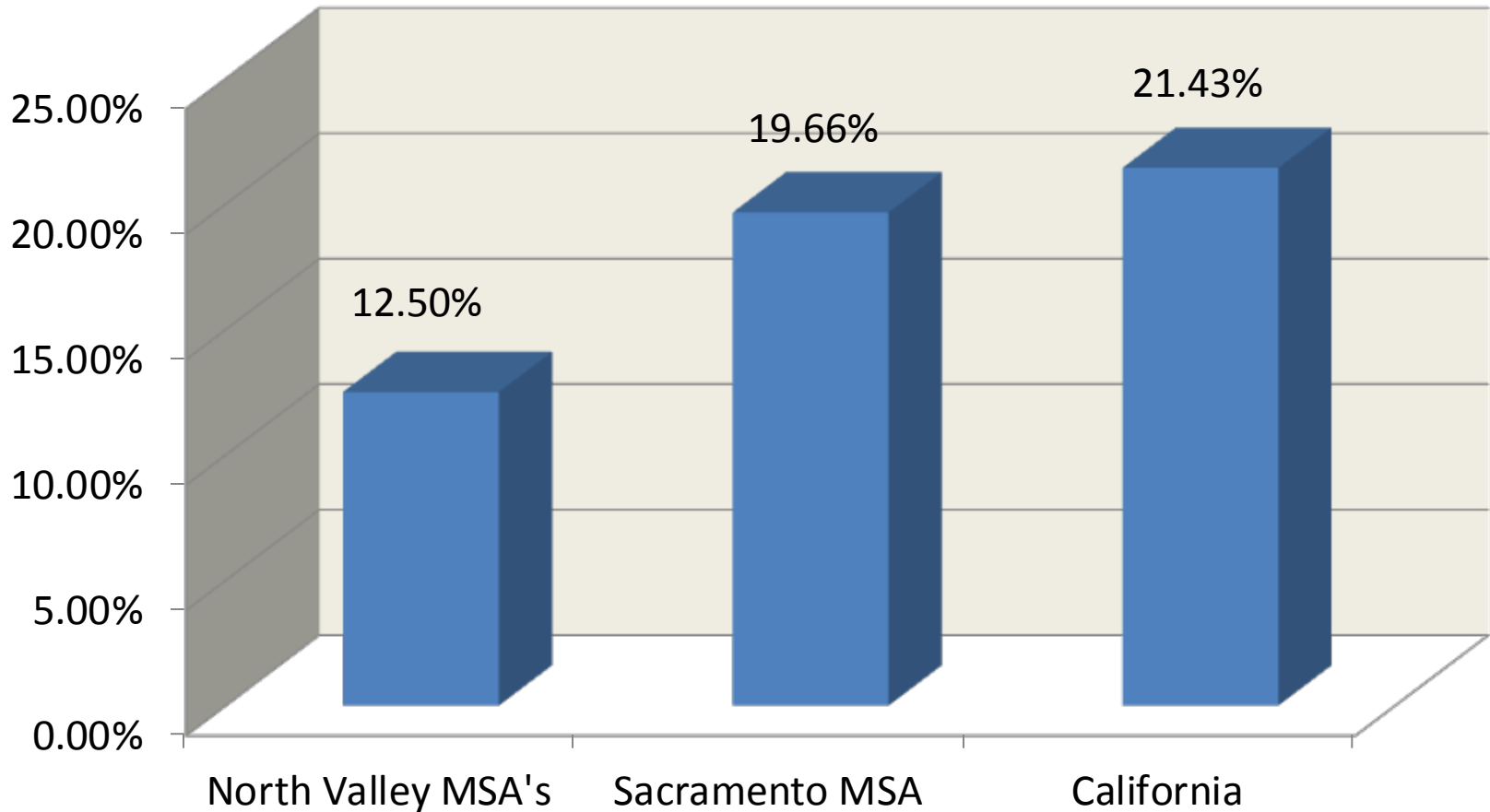


Sectors with the Strongest and Weakest 2011 Job Growth

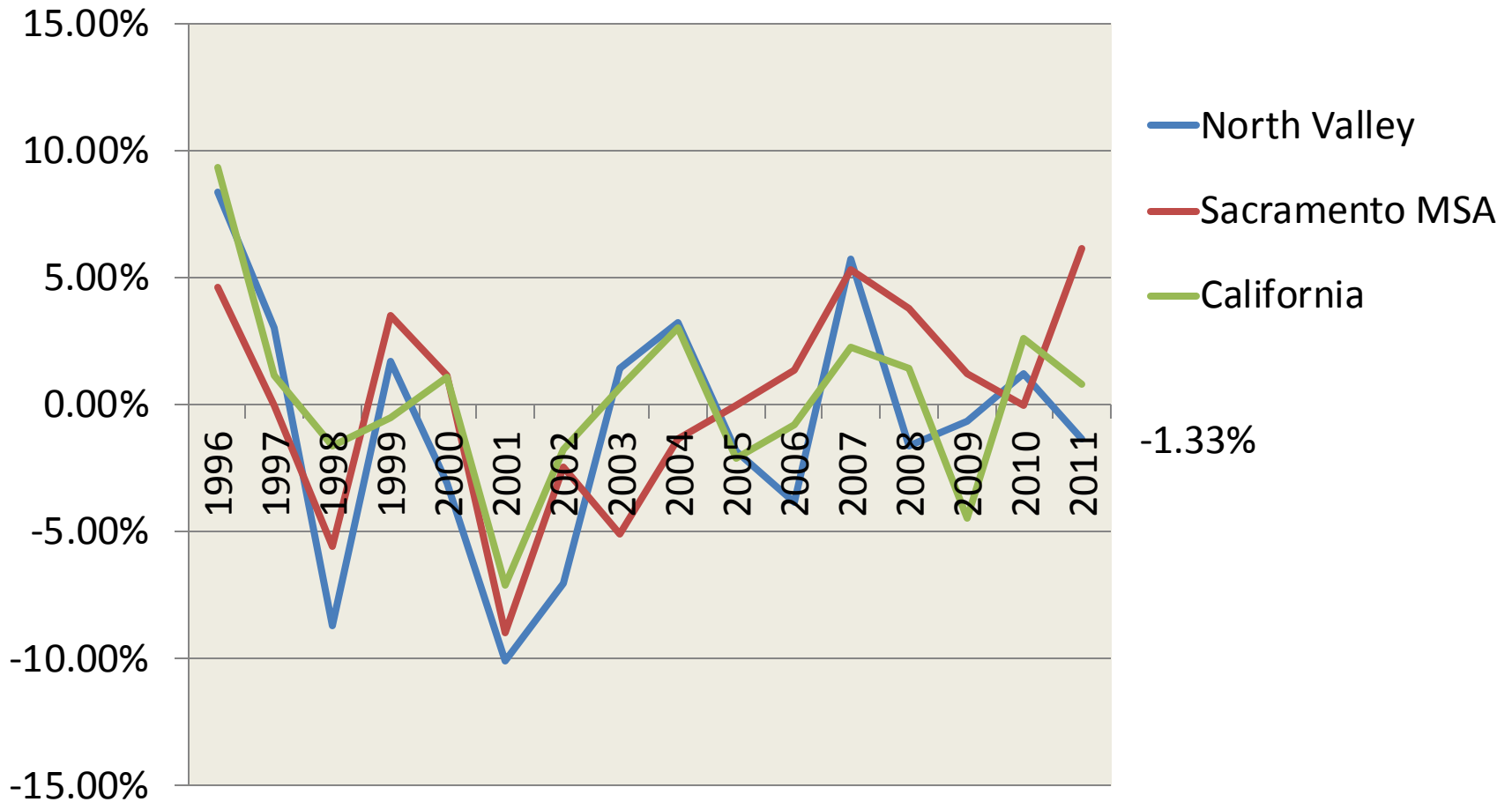
- Strongest
 - Professional, Scientific, and Technical Services
(Included under non-retail private services):
Underrepresented in the North Valley (next slide)
 - Health Care and Social Services
 - Hospitality
- Weakest
 - Construction
 - Retail
 - Government



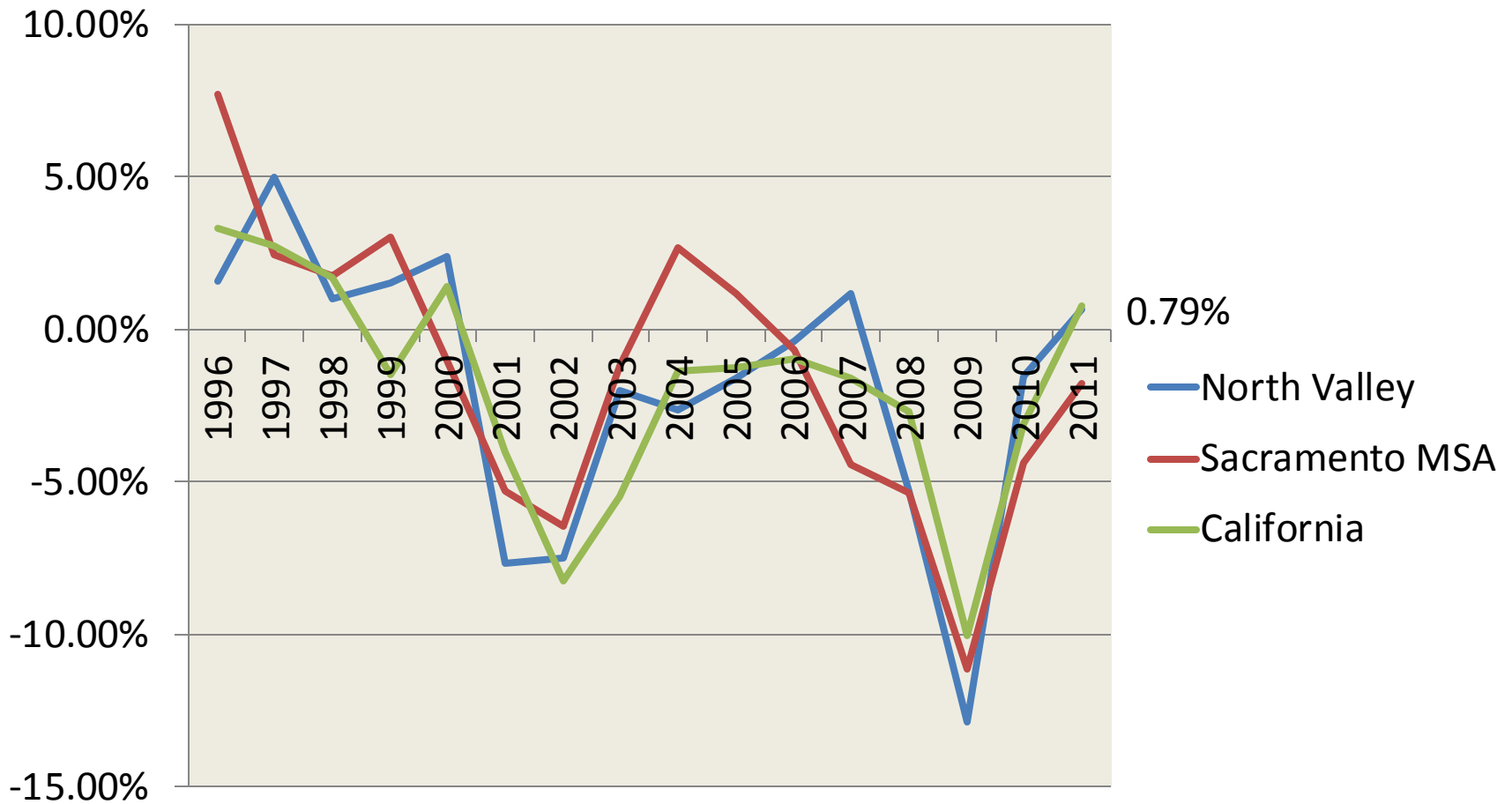
Ratio of Business and Professional Services to Total Private Services



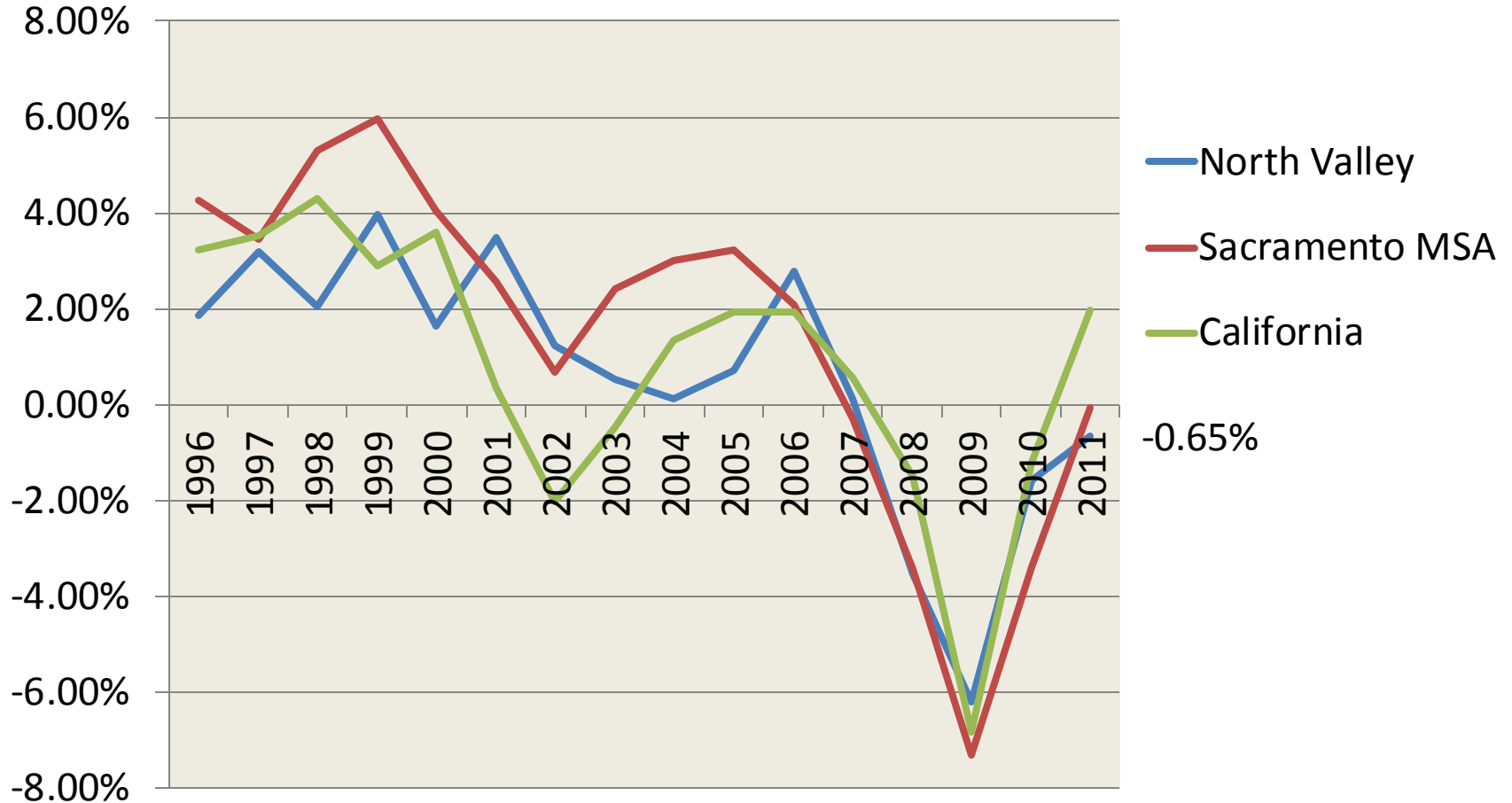
Growth in Farm Employment



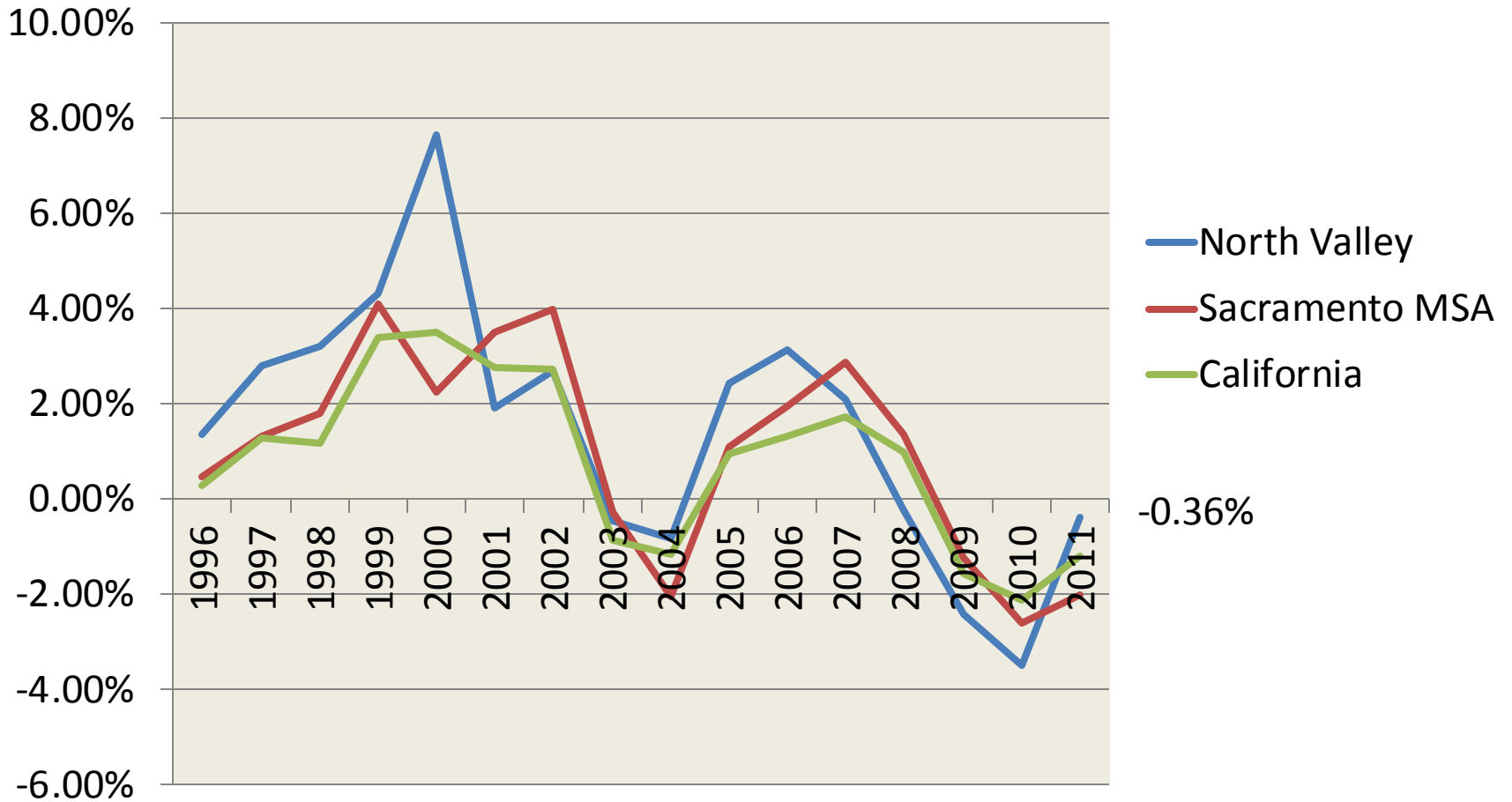
Growth in Manufacturing Employment



Growth in Non-Retail Private Services Employment



Growth in Government Employment



These sectors are not drivers of employment, but indicators of overall economic growth

GROWTH IN DEPENDENT SECTORS

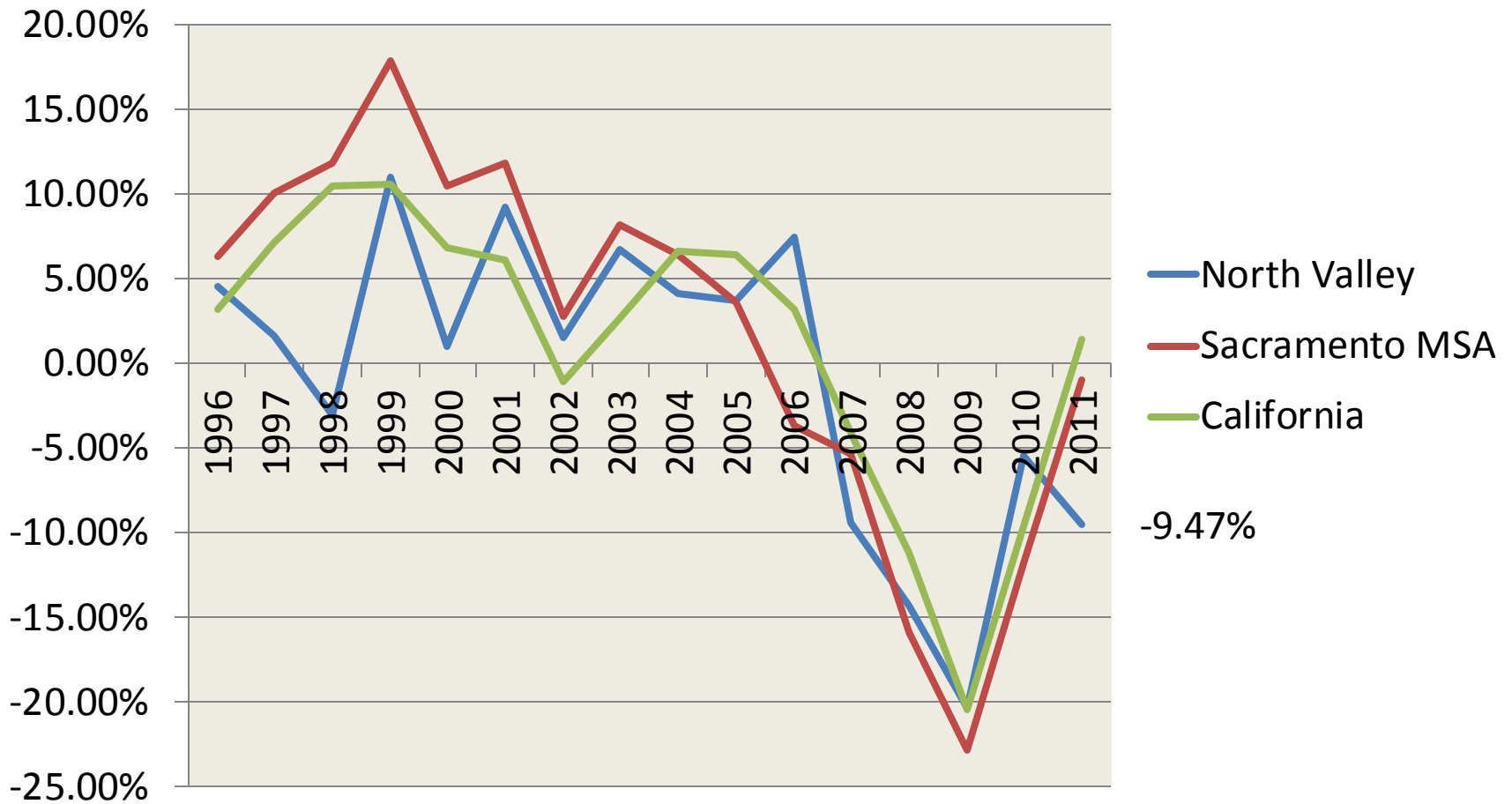


Relative Importance (% of area employment): Dependent Sectors

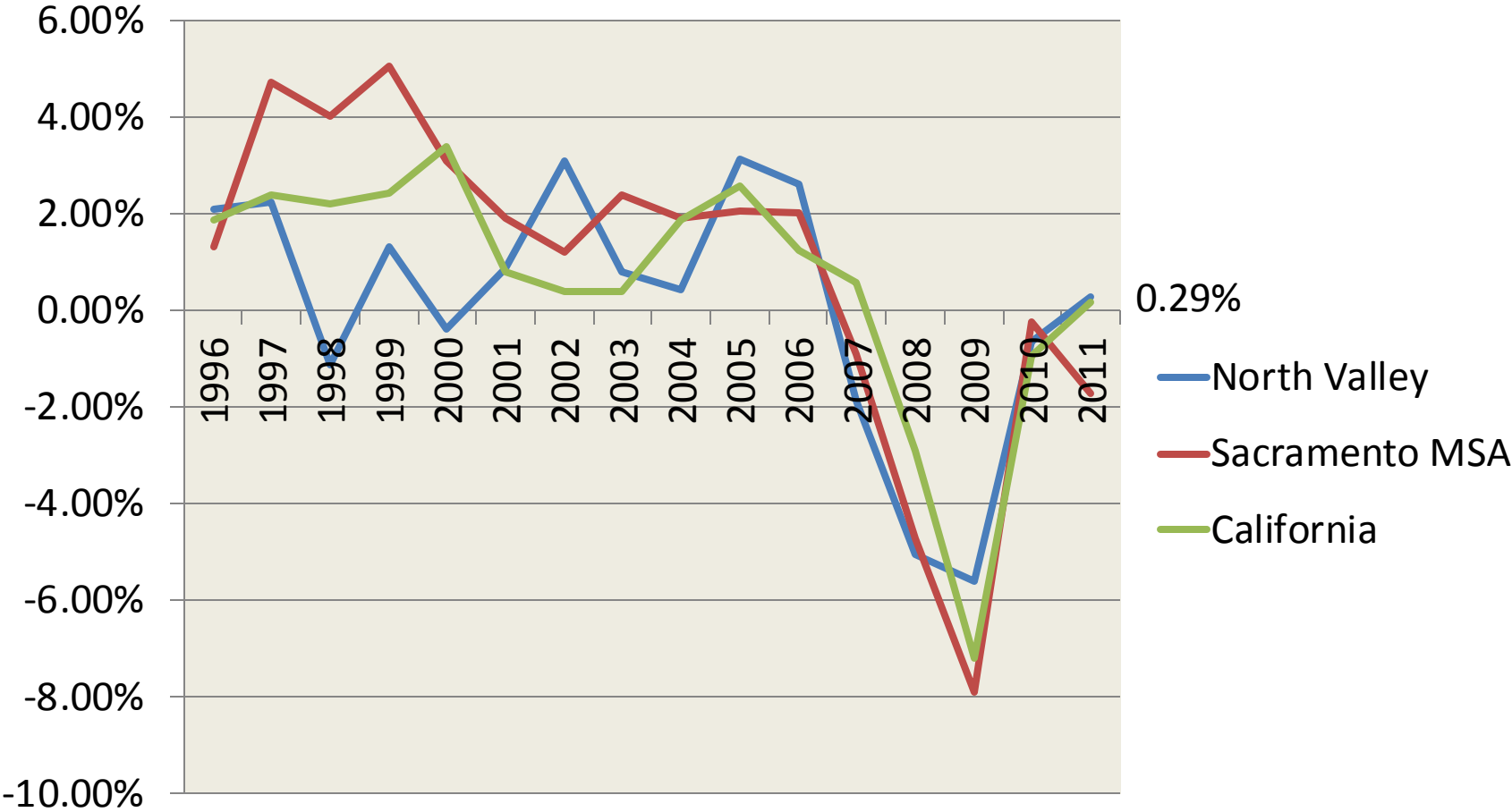
Area	Construction, Mining, Logging	Retail
North Valley	4.50%	11.90%
Sacramento MSA	5.82%	9.85%
California	4.37%	9.20%



Growth in Construction, Mining, and Logging Employment



Growth in Retail Employment



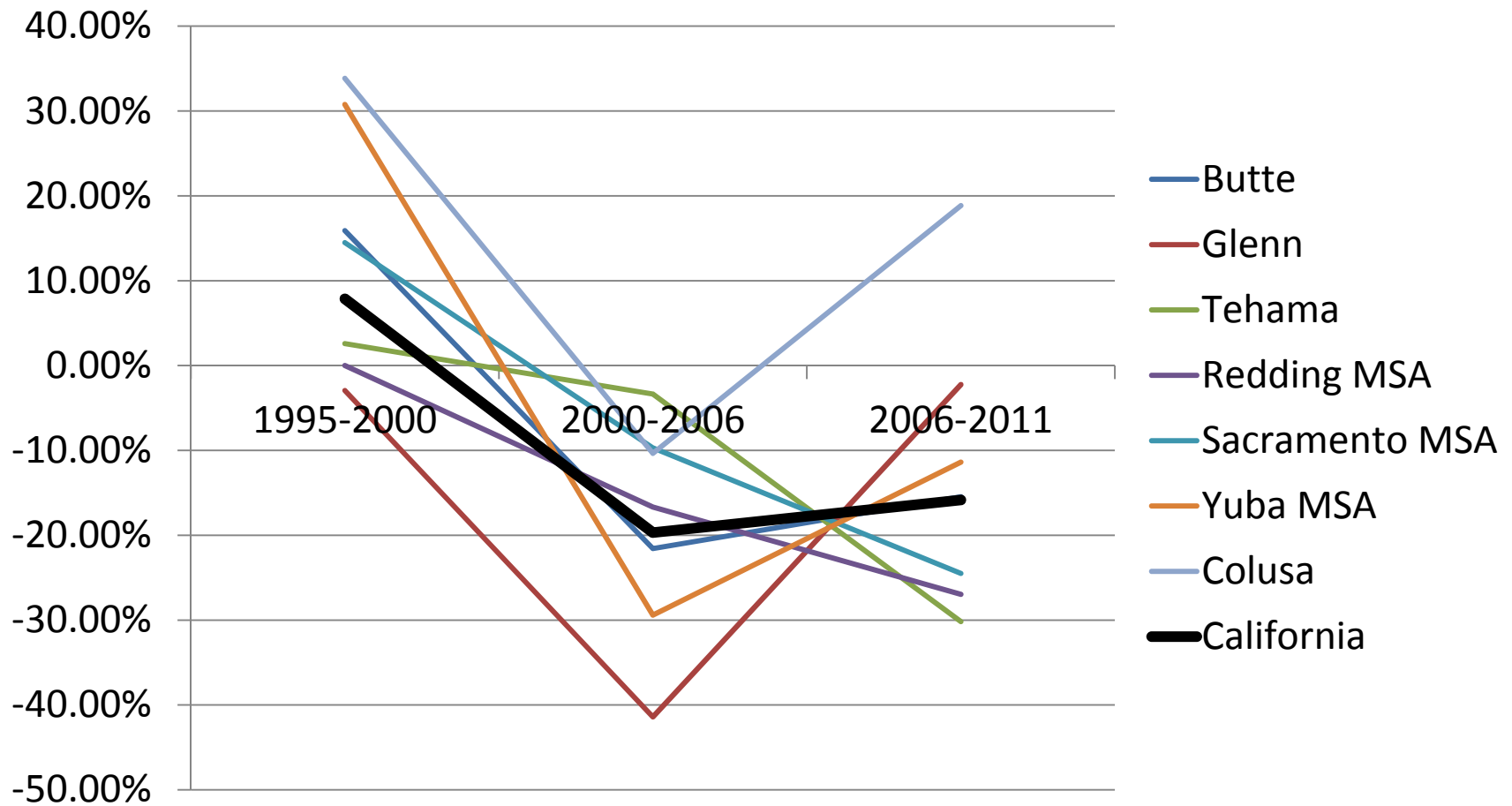
Conclusion: North Valley Forecast

- The most dynamic sectors (private services) are underrepresented in the economy of the North Valley
- Farm and manufacturing employment are neither growing nor are they a large enough percentage of total employment to offset the lack of a dynamic service sector
- With shrinking employment, the government sector is overrepresented in both the North Valley and the Sacramento MSA
- Therefore, income and employment will continue to grow more slowly than for the state as a whole
- Personal income and employment should grow at about two-thirds the rates projected for the state over the next two years
- That is just under one percent growth in employment and 2.4 percent for real personal income

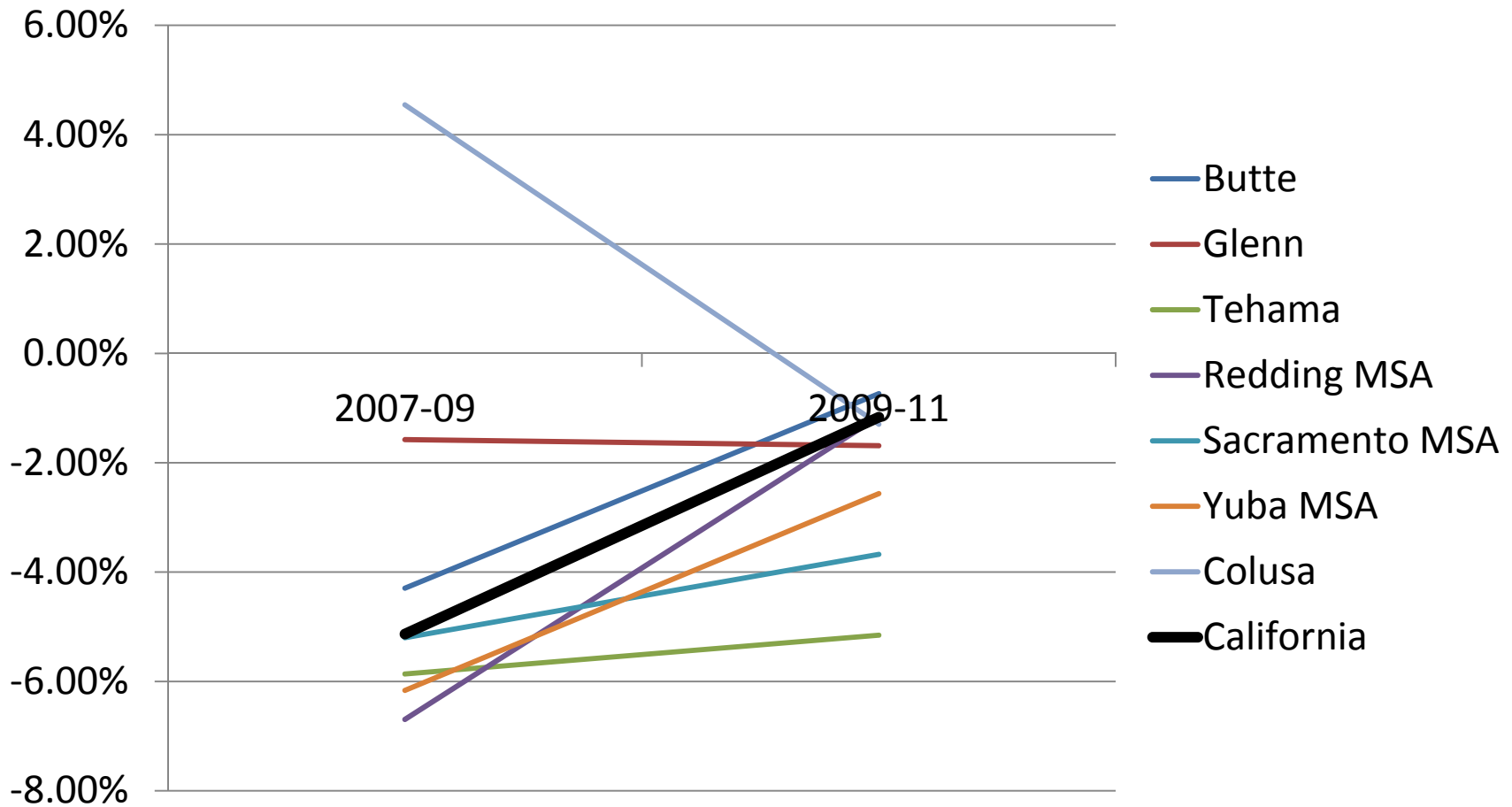
Individual County Slides: Supplement to the 2012 Economic Forecast Conference Presentation

Prepared by
Dr. David Gallo
Center for Economic
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CSU Chico
degallo@csuchico.edu
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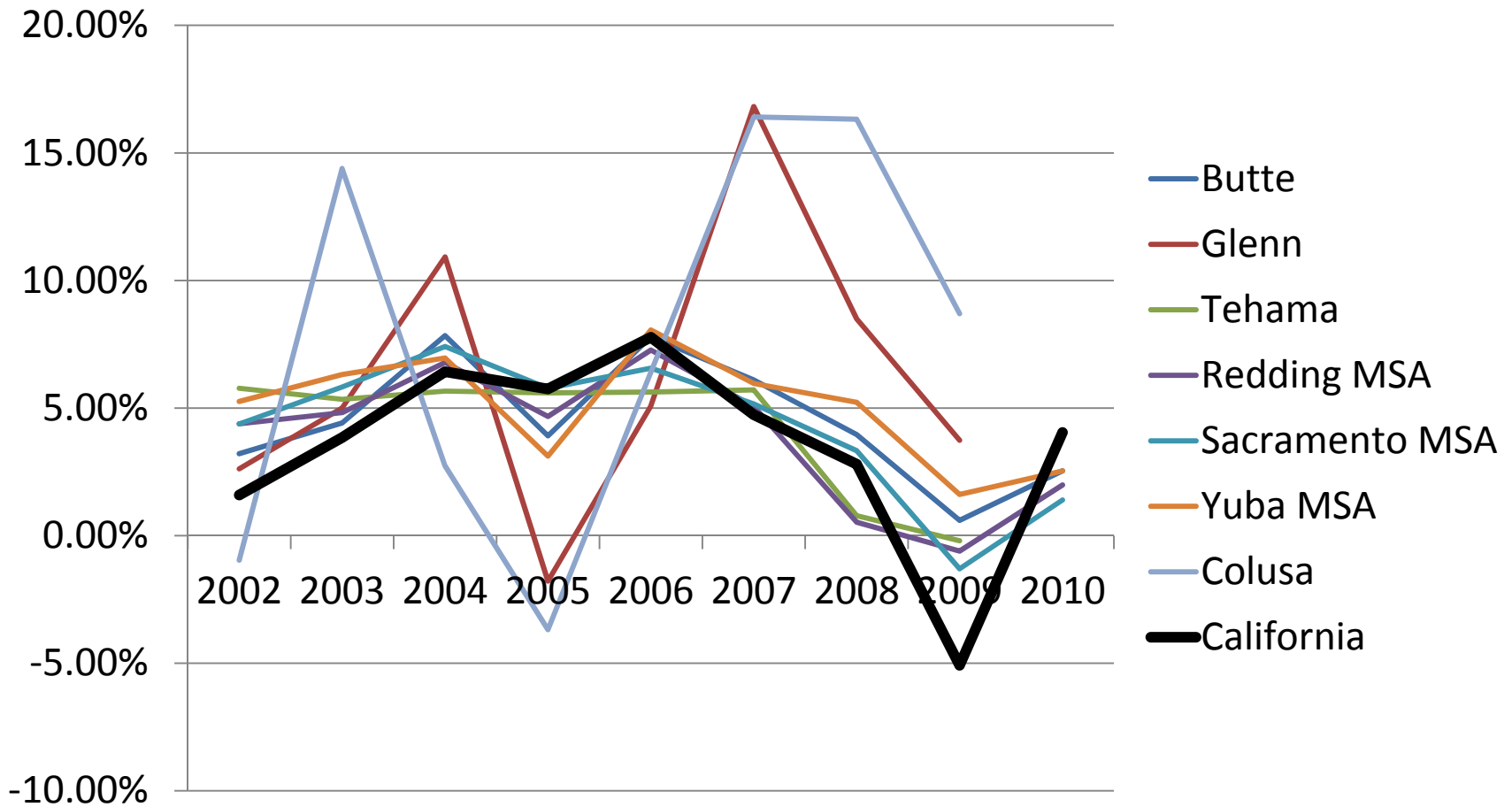
Growth in Manufacturing Employment



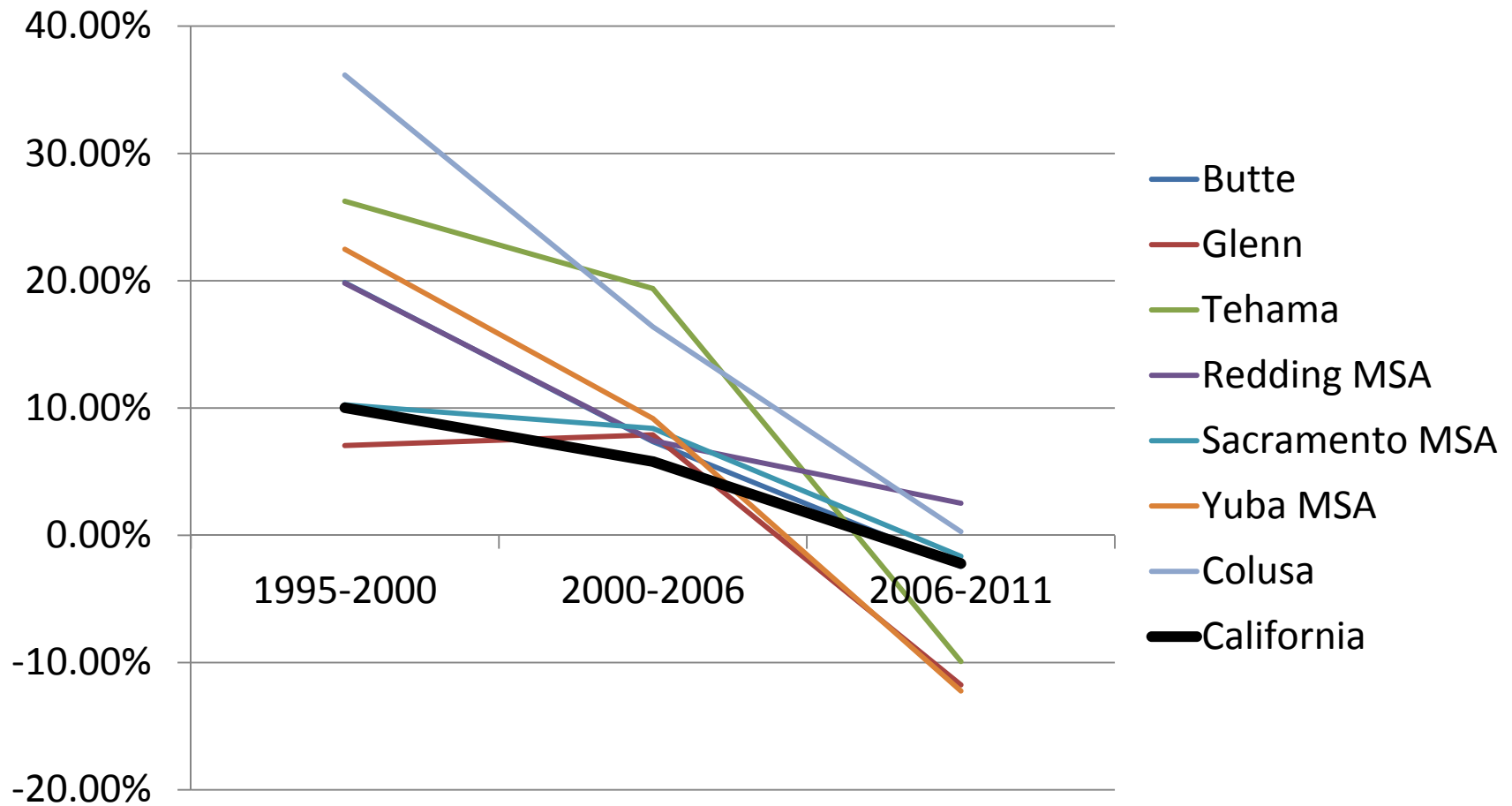
Recession and “Post-Recession” Growth in Total Employment



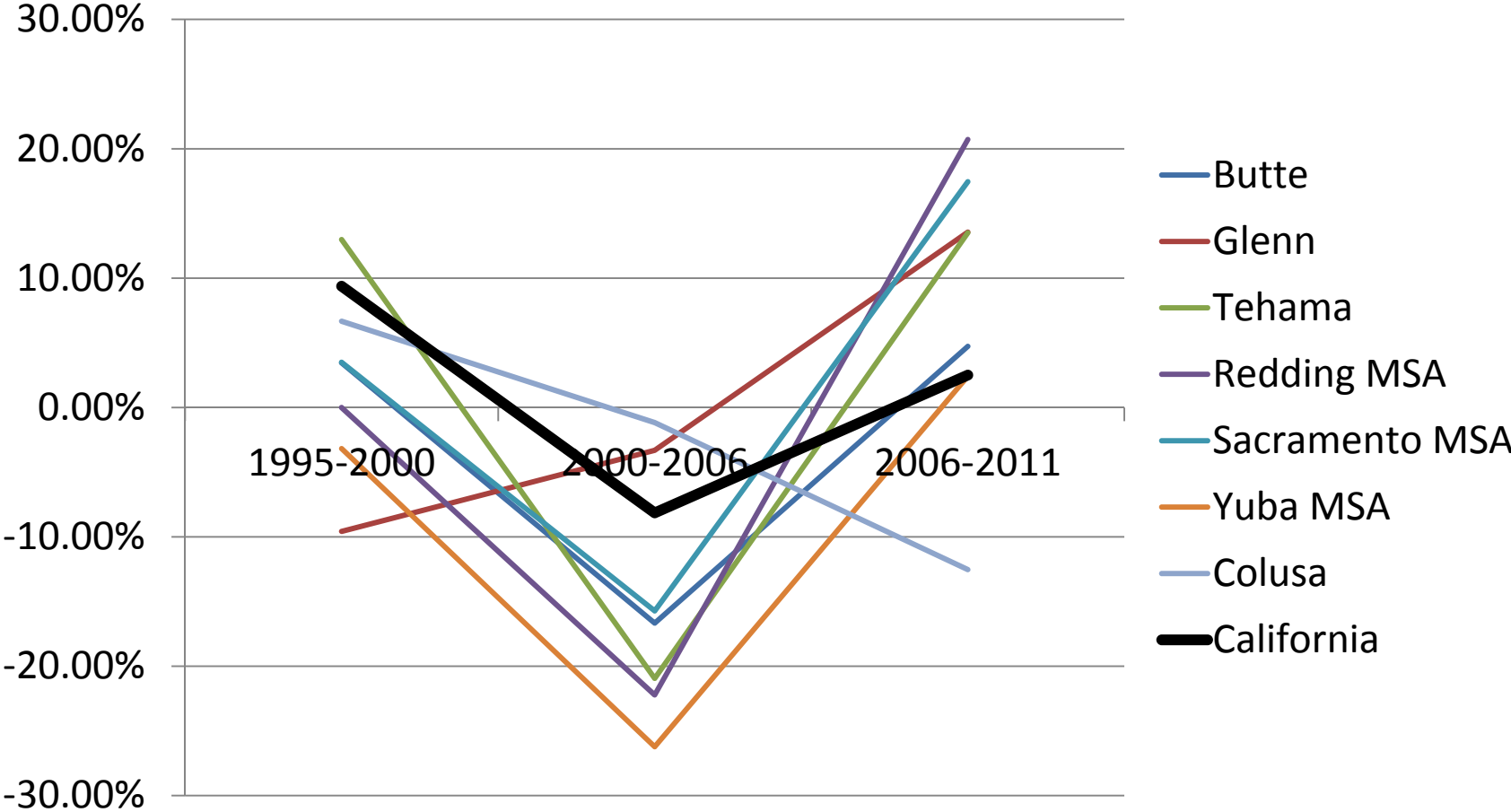
Growth in Personal Income: 2001-2010



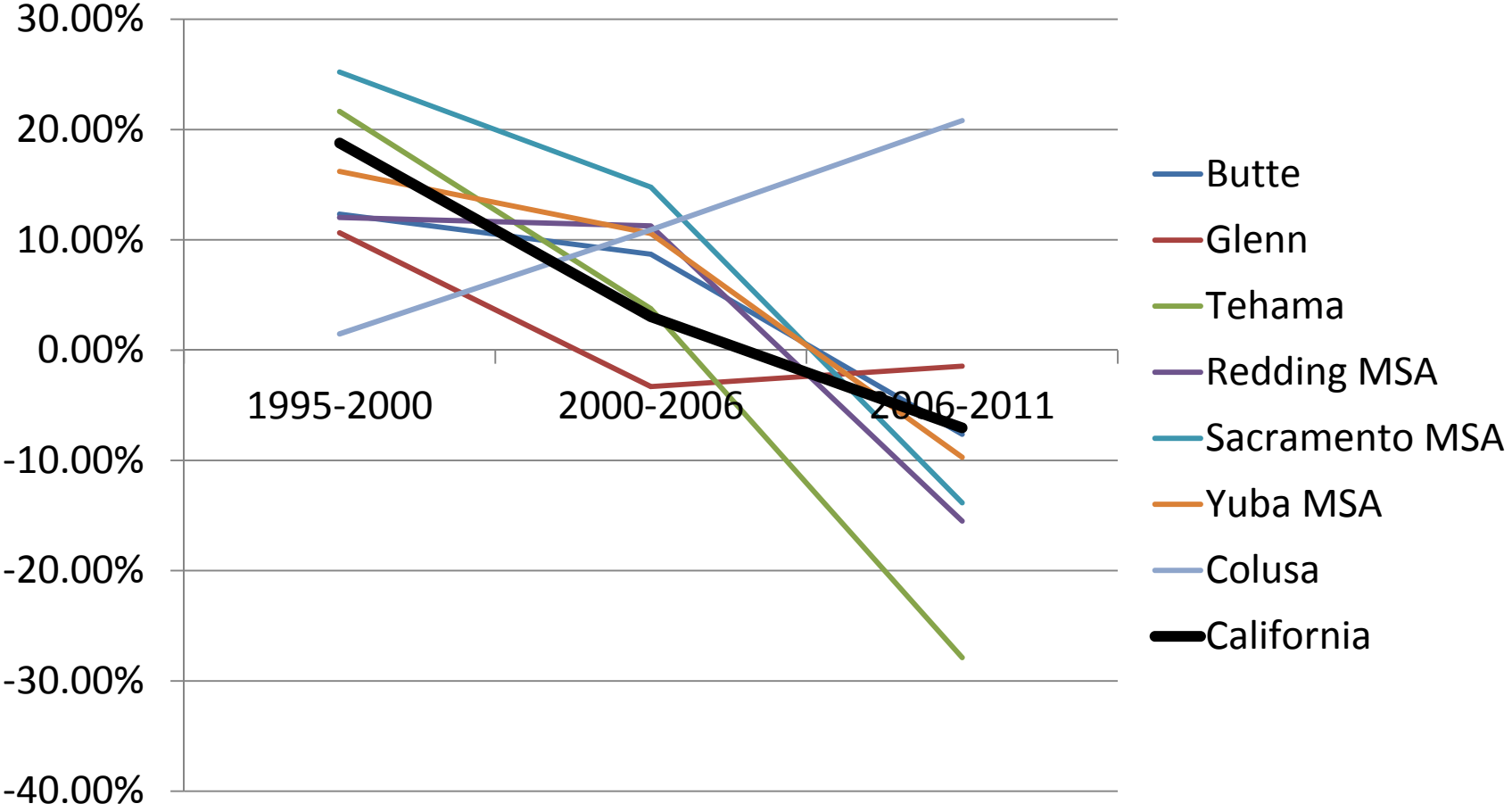
Growth in Government Employment



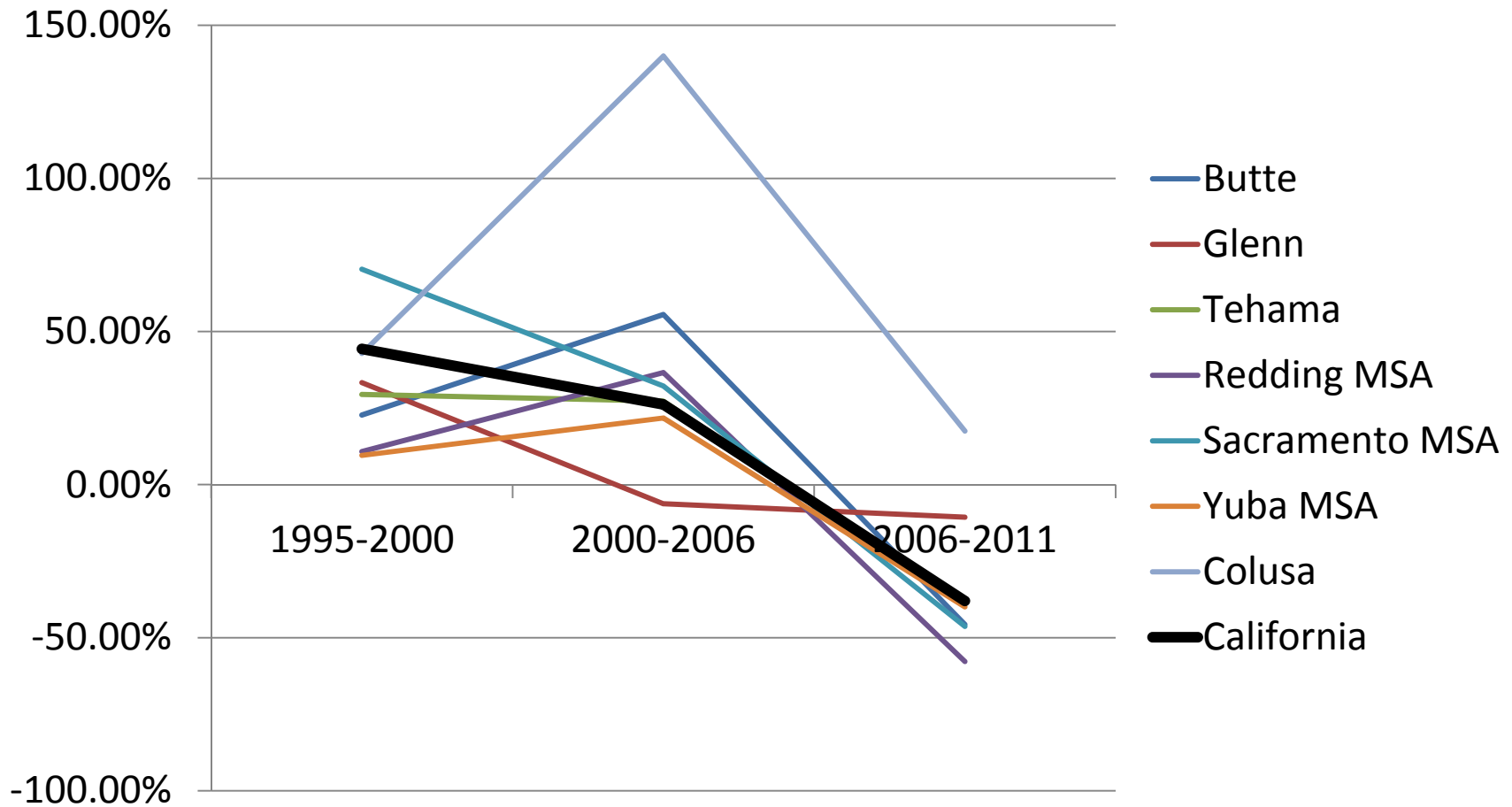
Growth in Farm Employment



Growth in Non-Retail Private Services Employment



Growth in Construction, Mining, and Logging Employment



Growth in Retail Employment

