

The Economic and Fiscal State of the West with an Emphasis on California and the Bay Area

Stephen Levy

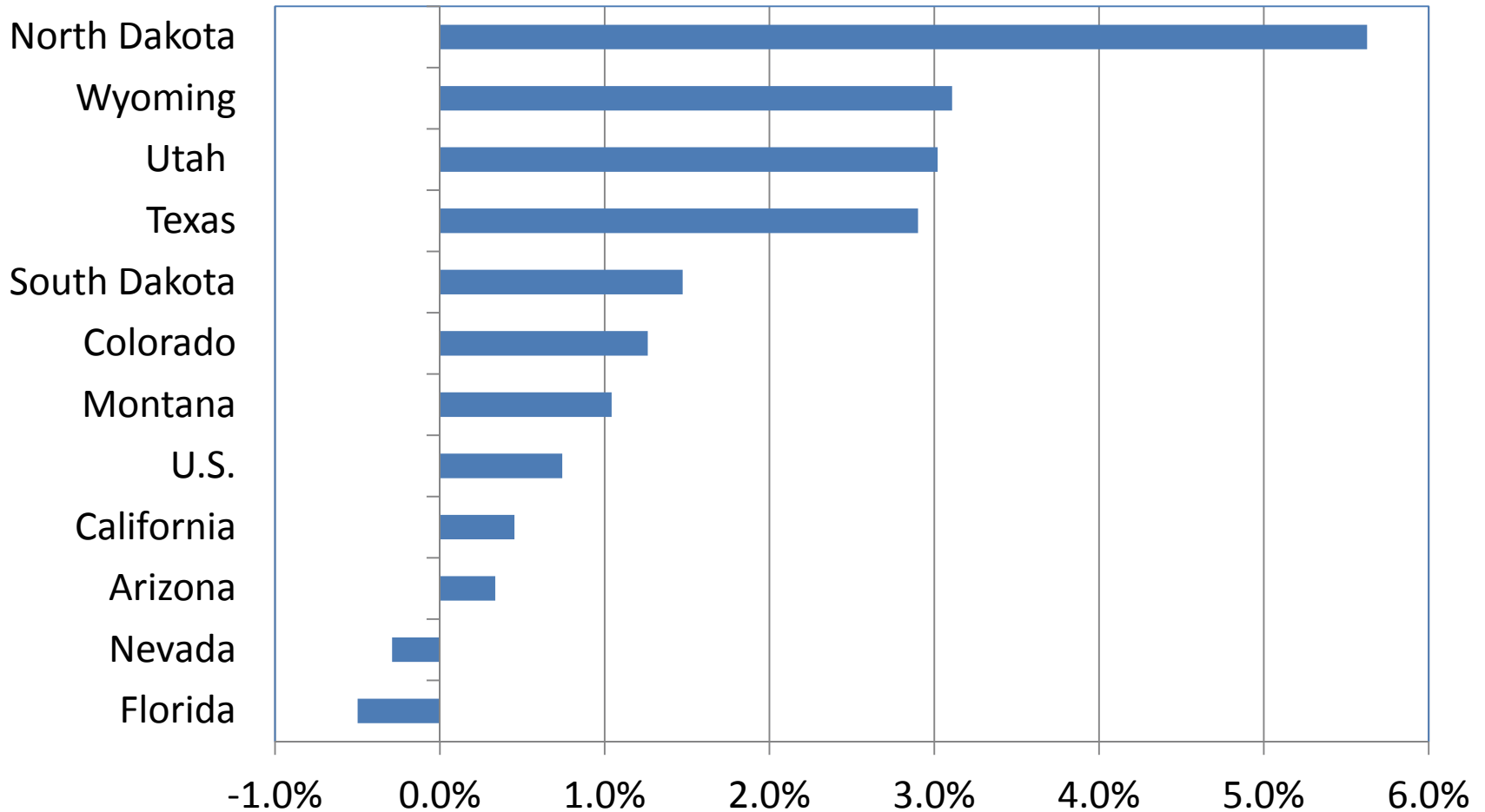
Center for Continuing Study of the California
Economy

November 15, 2012

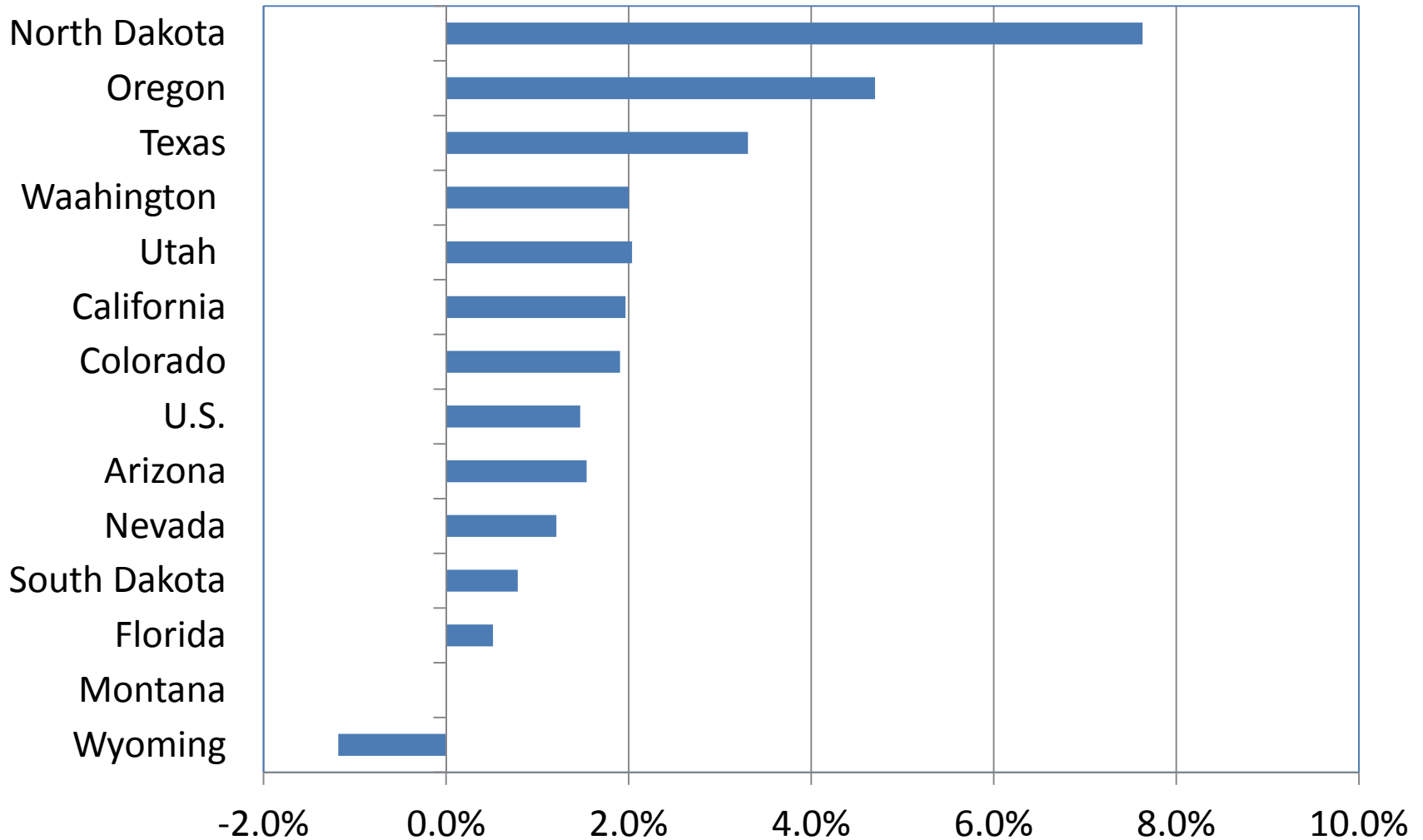
Stanford Symposium of the State of the
West

It's the Industry Mix,
Stupid!!

Average Annual Real GDP Growth 2005-2011



Real GDP Growth 2010-2011

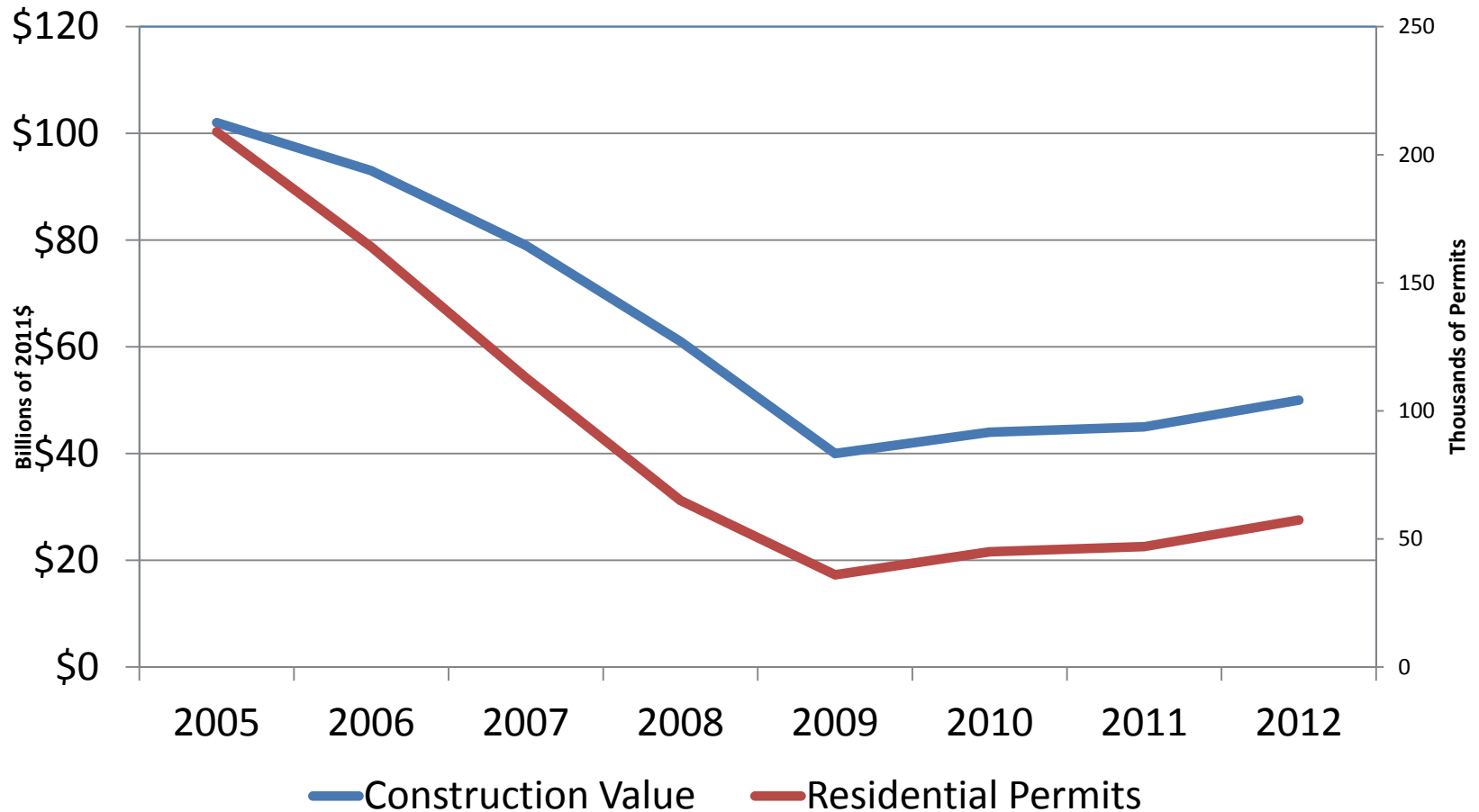


Tax Foundation Business Tax Climate Rankings

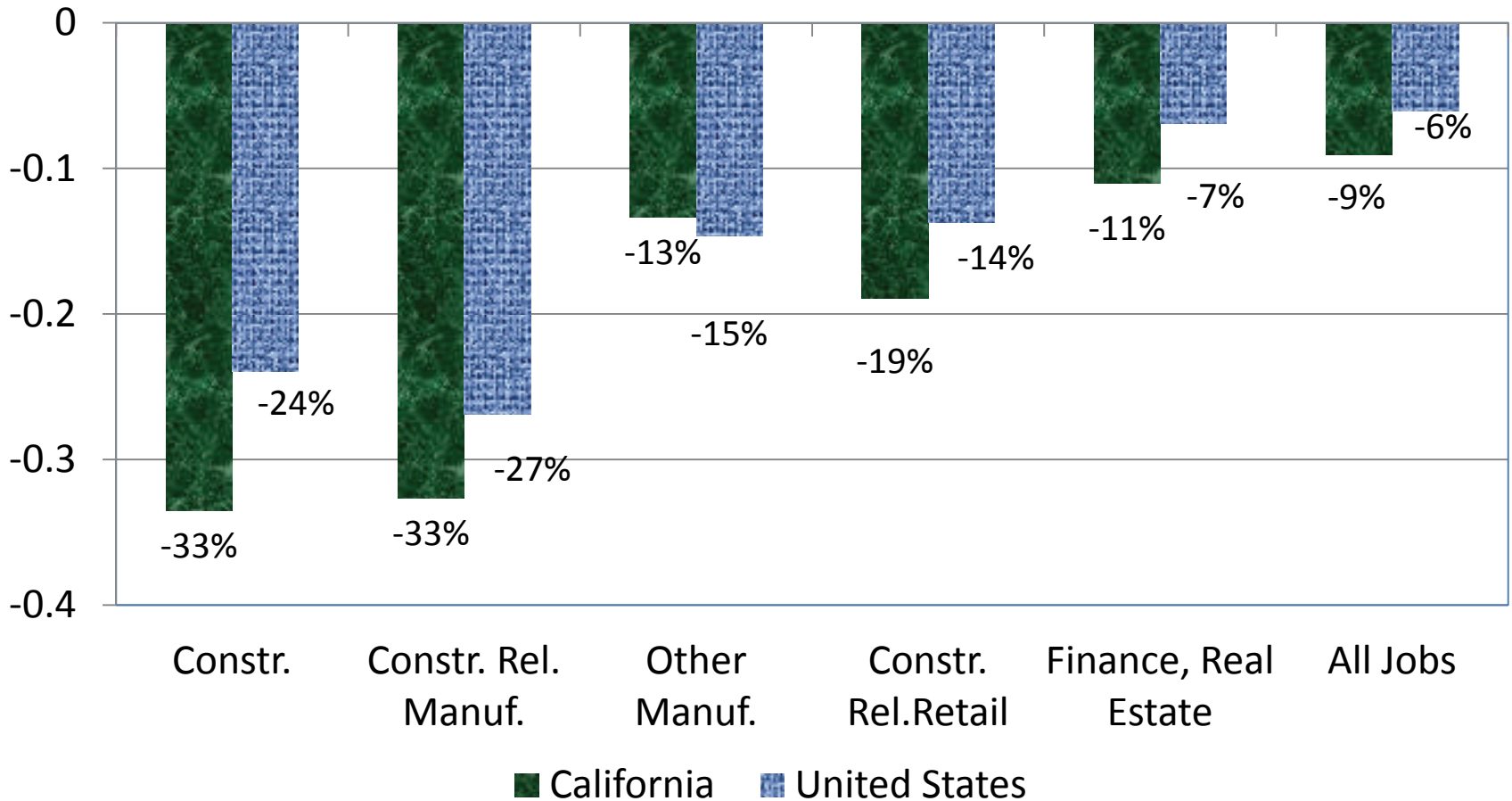
- Wyoming – 1
- South Dakota – 2
- Nevada – 3
- Alaska – 4
- Florida – 5
- Washington – 6
- New Hampshire – 7
- Montana -- 8
- Texas -- 9
- Utah -- 10
- Colorado -- 18
- North Dakota -- 28
- California -- 48
- New York -- 50

Housing was a Critical Part
of Industry Mix During the
Recession

CA Construction Decline Finally Ending After Huge Losses



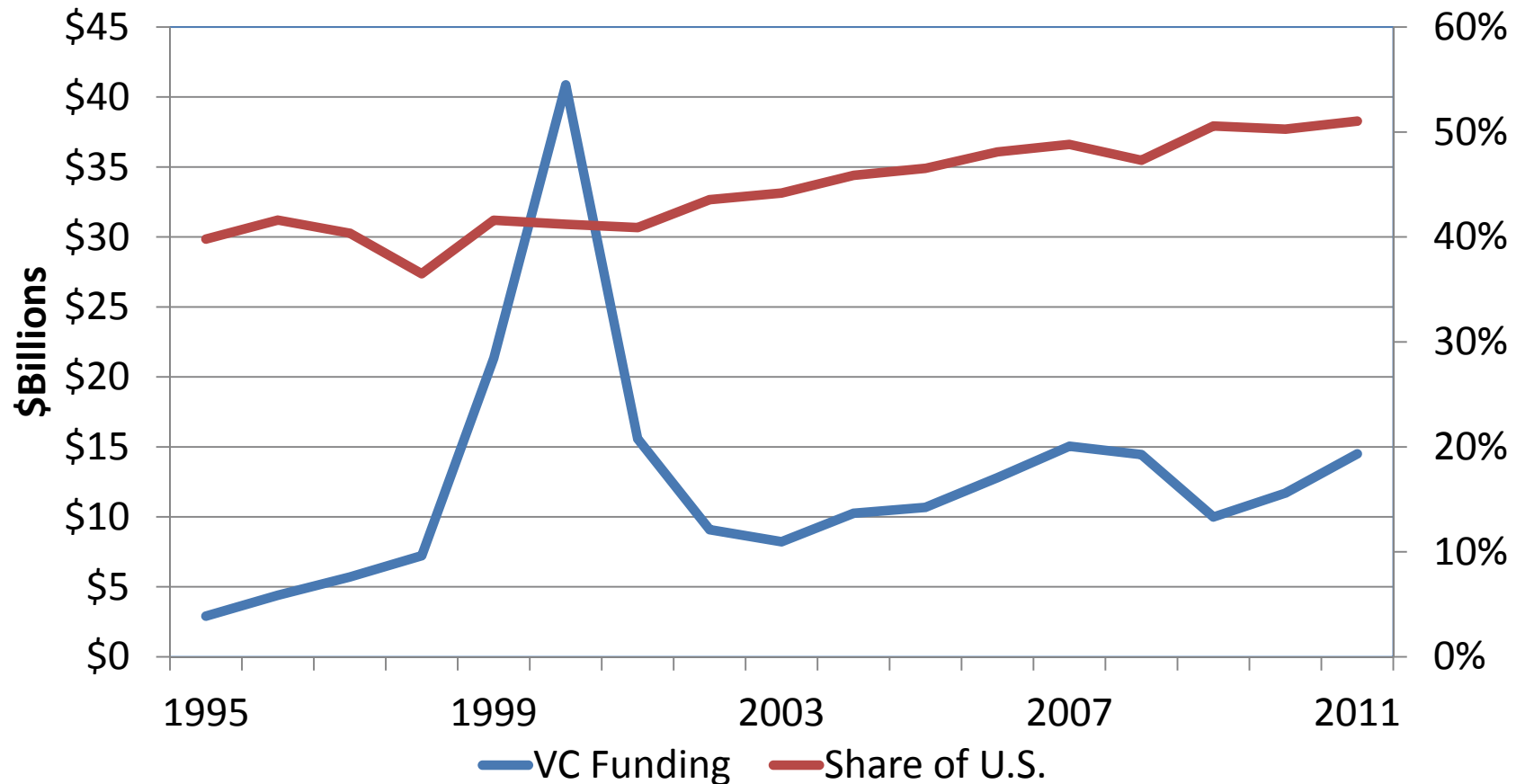
Job Losses Dec 2007—Dec 2009



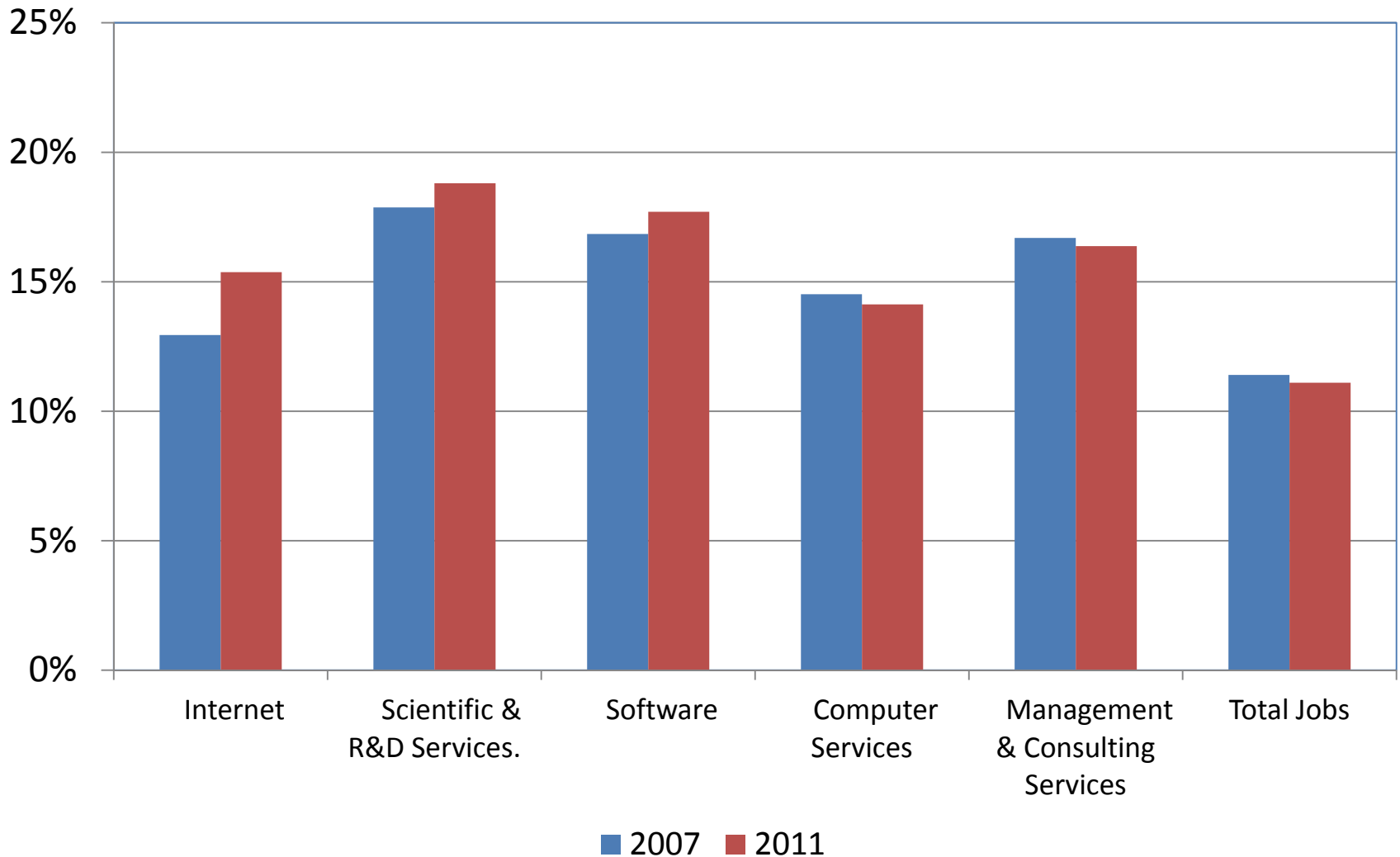
What is a better explanation of the poor recent job growth in Florida and Nevada—their high favorable tax ranking or the fact that they were with California the three hardest hit states in the housing crash?

California's current recovery is led by the application of creativity to the production of goods and services that attract worldwide demand and by foreign trade and tourism/entertainment benefiting from our Pacific Rim location. The Bay Area is leading the charge.

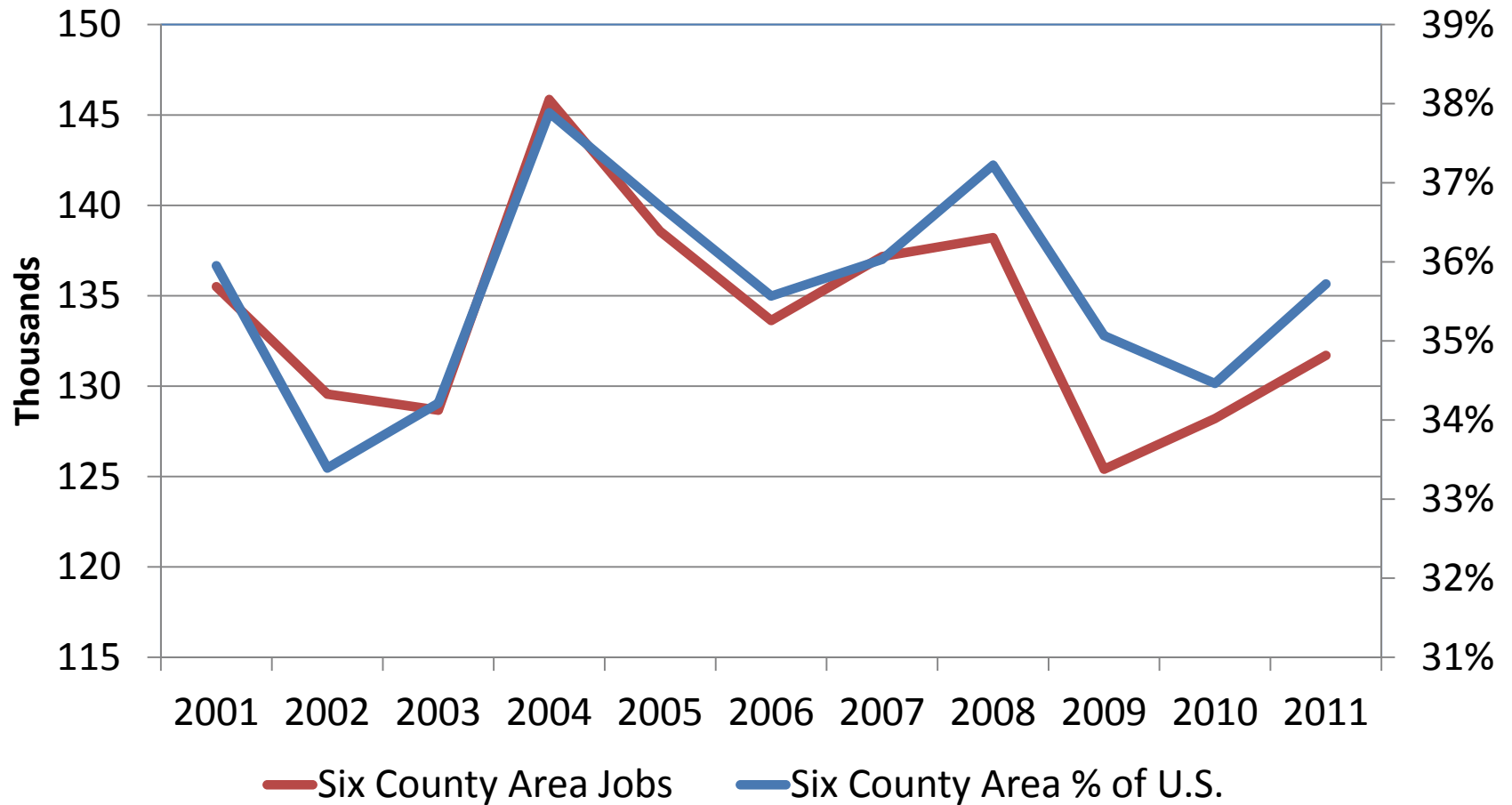
California Venture Capital Funding



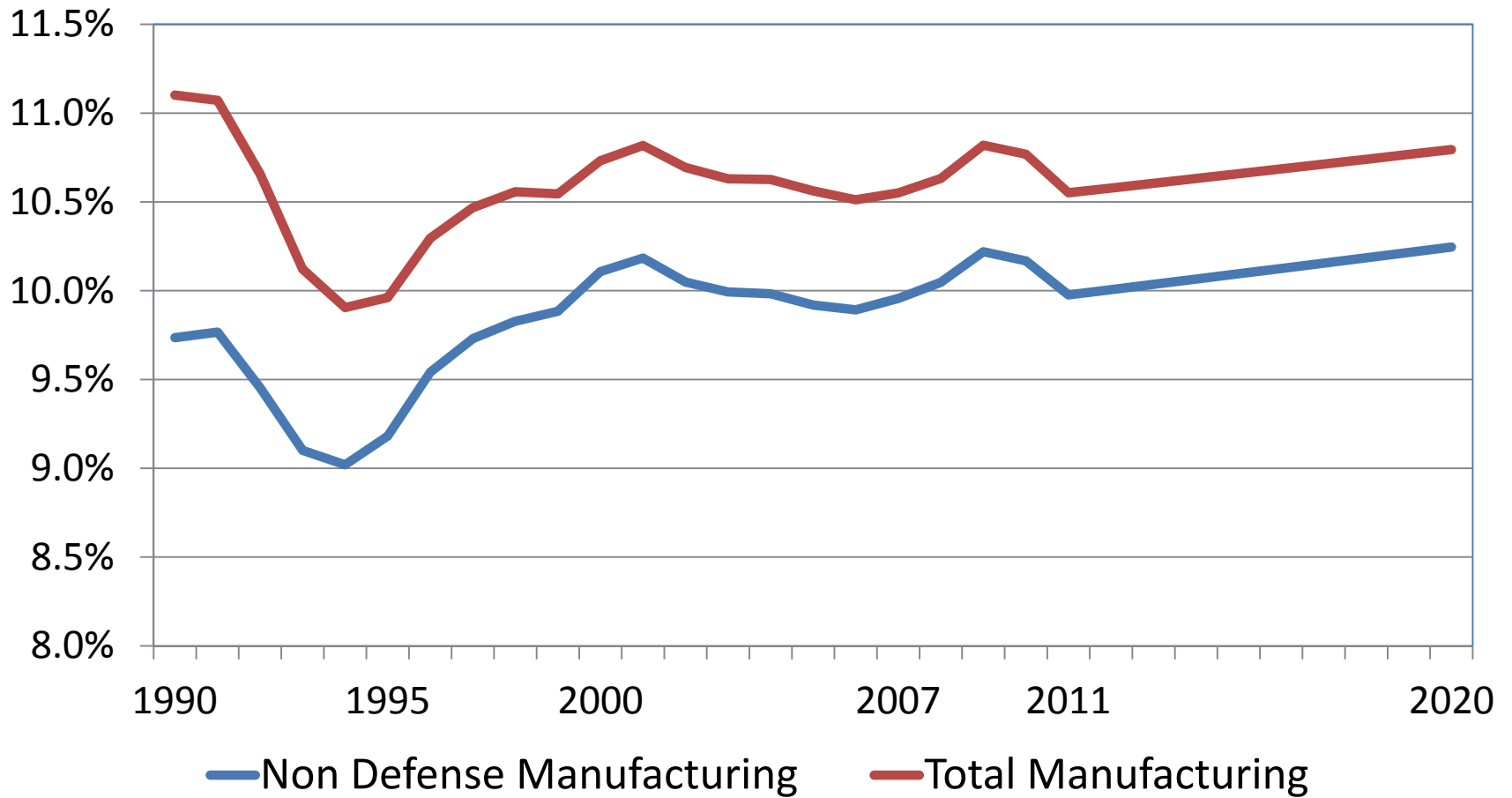
CA Share of Fast Growing Tech Sectors



SoCal Share of Motion Picture Sector



CA Share of U.S. Manuf. Jobs



An Economic Competitiveness Agenda for California

Public Foundations to Attract Private Investment

---A World-Class Workforce

---World-Class Infrastructure

---Communities that are great places to live and
work

---Great Customer Service

If Talent is the Key Competitive Advantage

Then competing for entrepreneurs includes competing for workers and their families

The SVLG CEO Survey reported “a deteriorating state infrastructure in areas ranging from public education to public transportation has added to the difficulties of recruiting the best workforce, finding them housing and educating their children to be tomorrow’s world-class workforce”



Promises that are hard to keep.
Retirement benefits and health care costs at the federal level.
A “perfect storm” at the local level—slow growing revenues meet rising retirement costs and a need to invest to create communities that are great places to live and work.