

The California Economy: Looking Ahead

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California Economy

County Auditors Conference

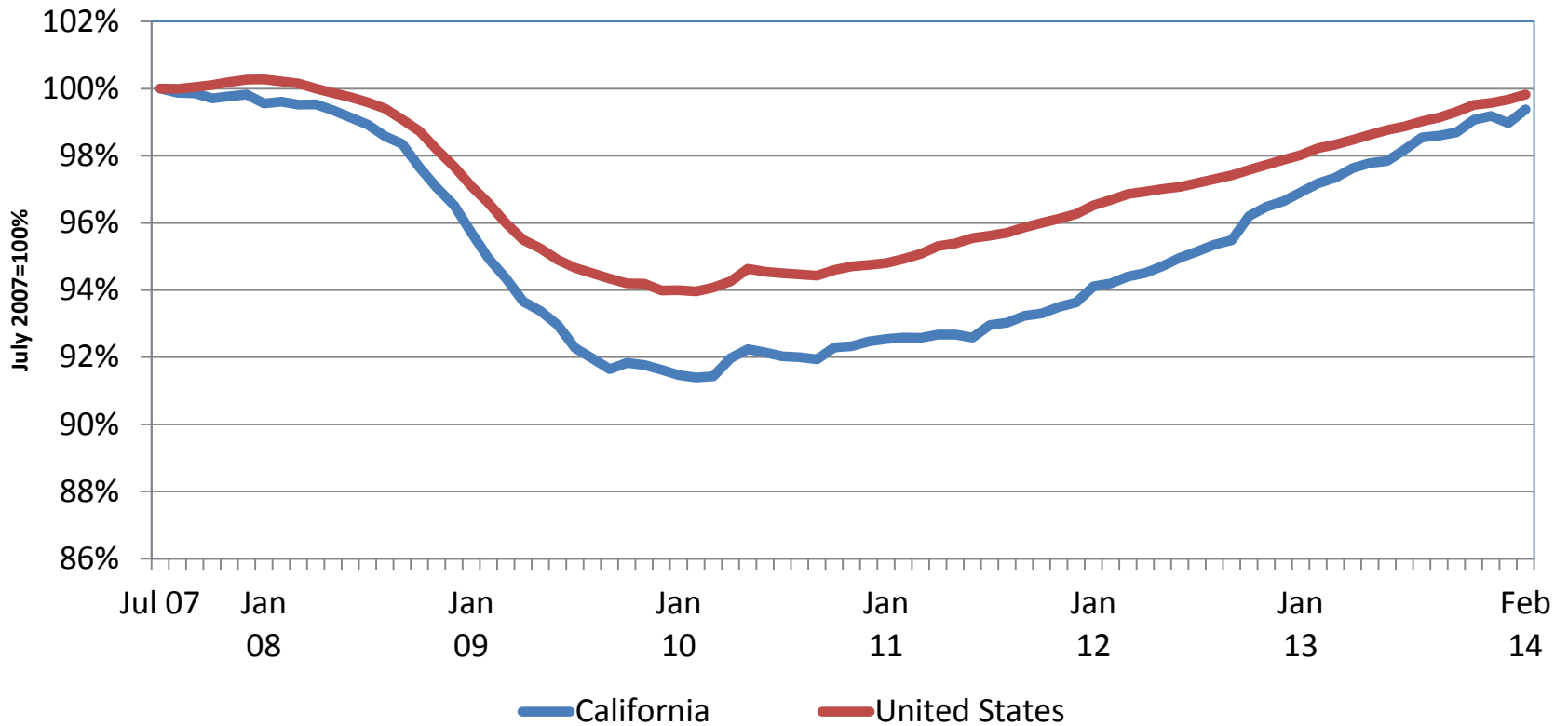
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Topics

- The California Economic Recovery: Where do we Stand
- Future Growth Slightly Faster Than the Nation
- Challenges—Planning for Economic and Population Growth
 - Workforce and Education
 - Housing
 - Transportation and Investing for the Future

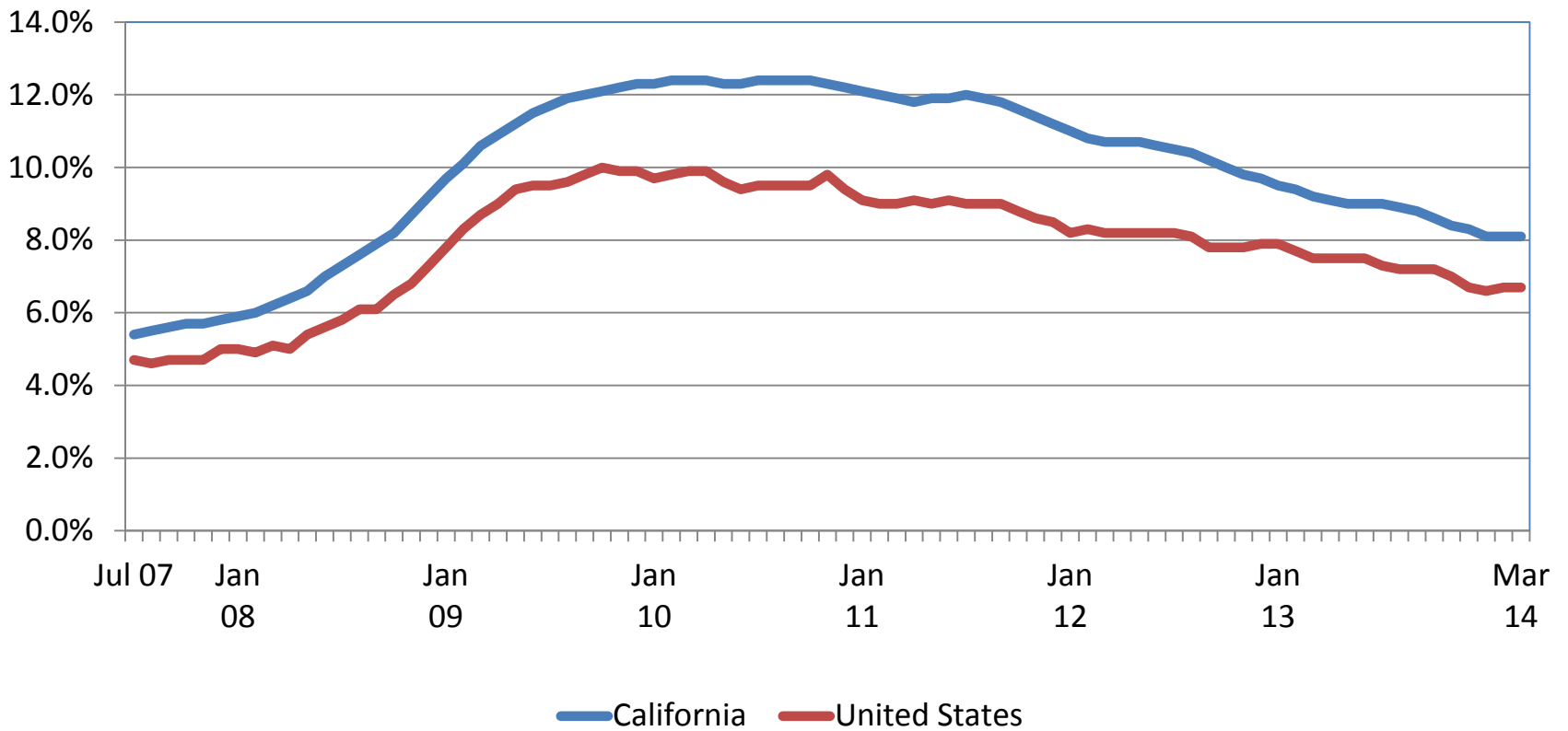
There is a California Comeback

Job Trends: Recession and Recovery

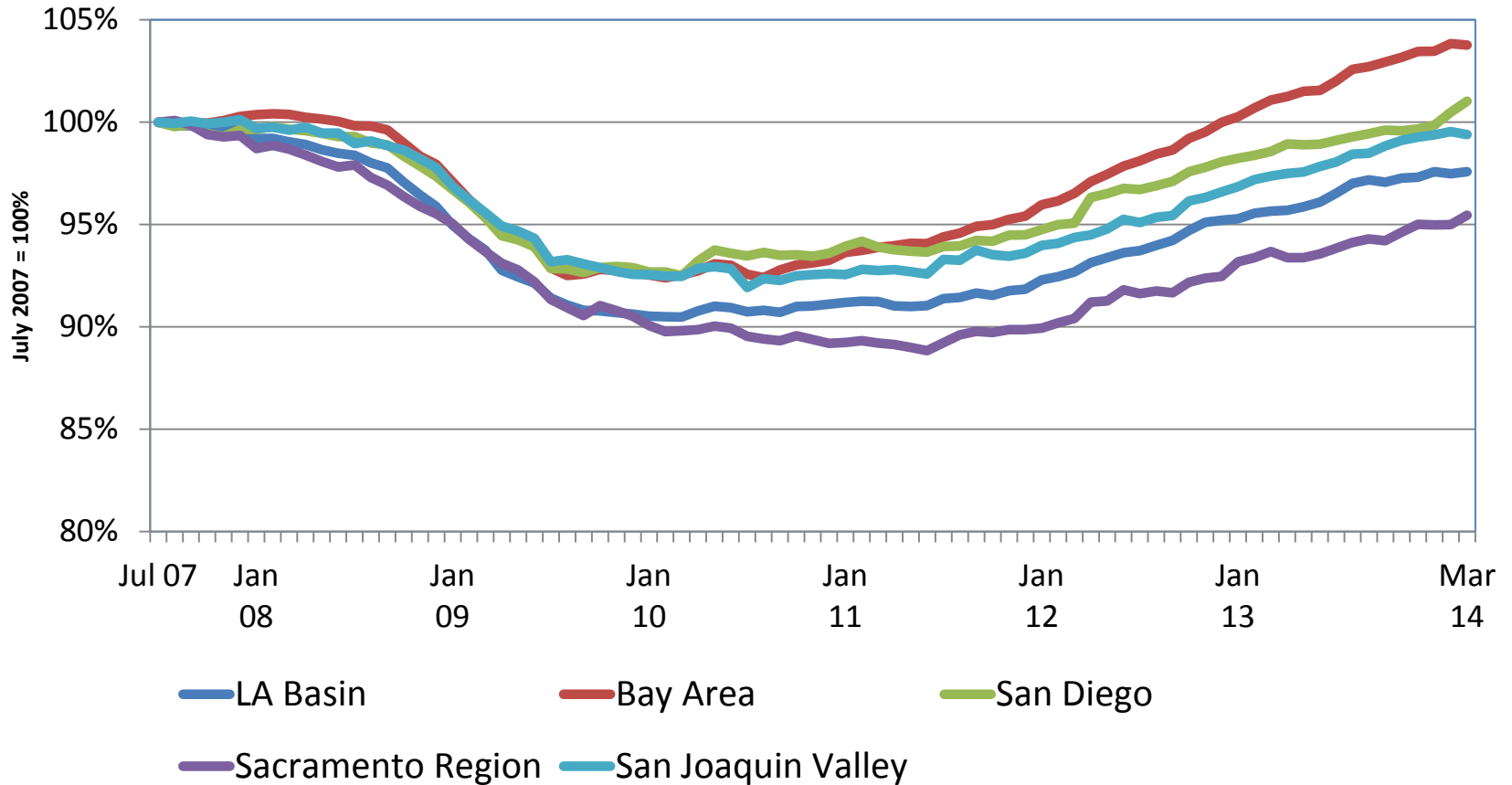


Unemployment: Still High but Falling

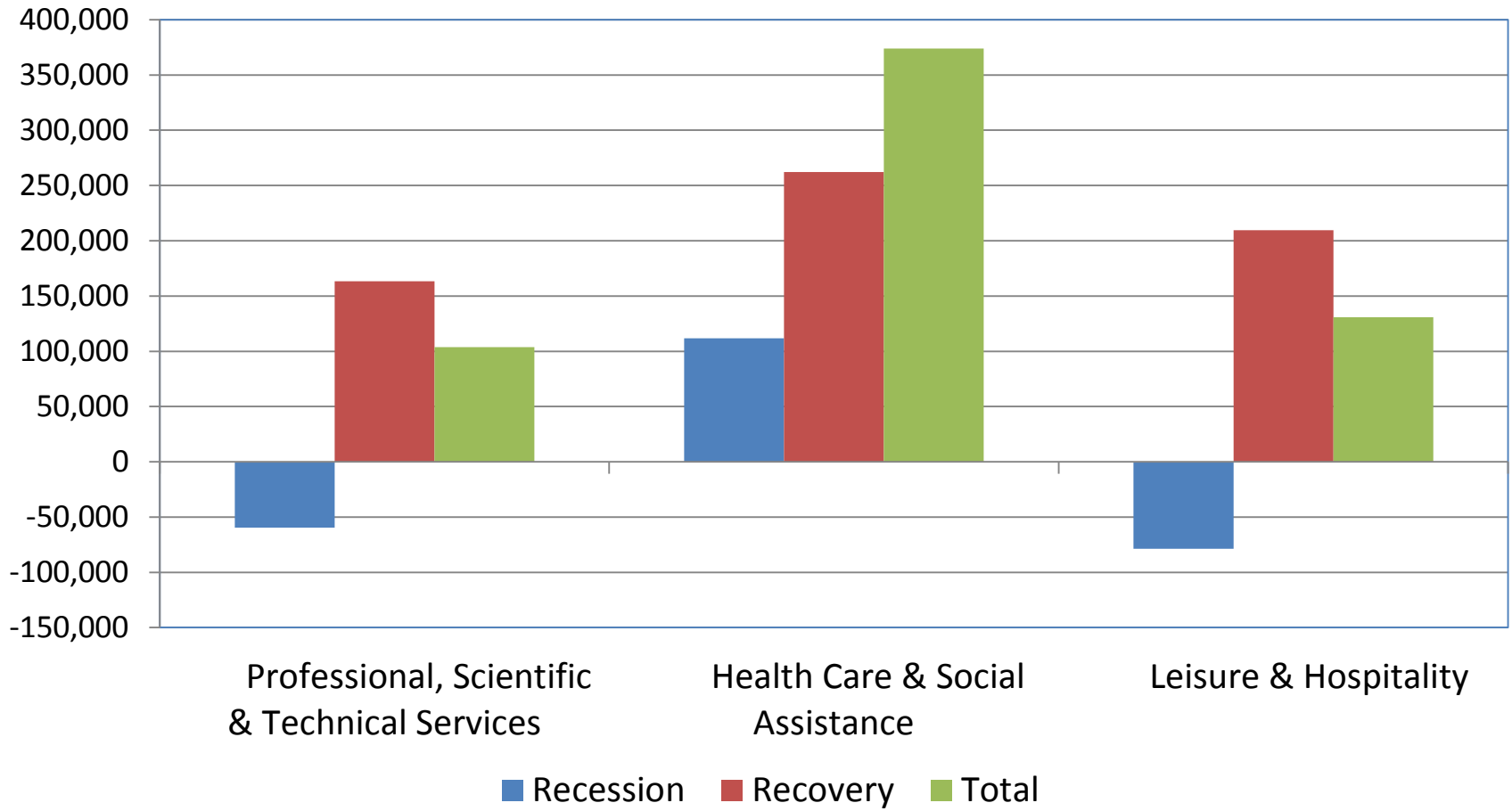
Unemployment Rate Trends



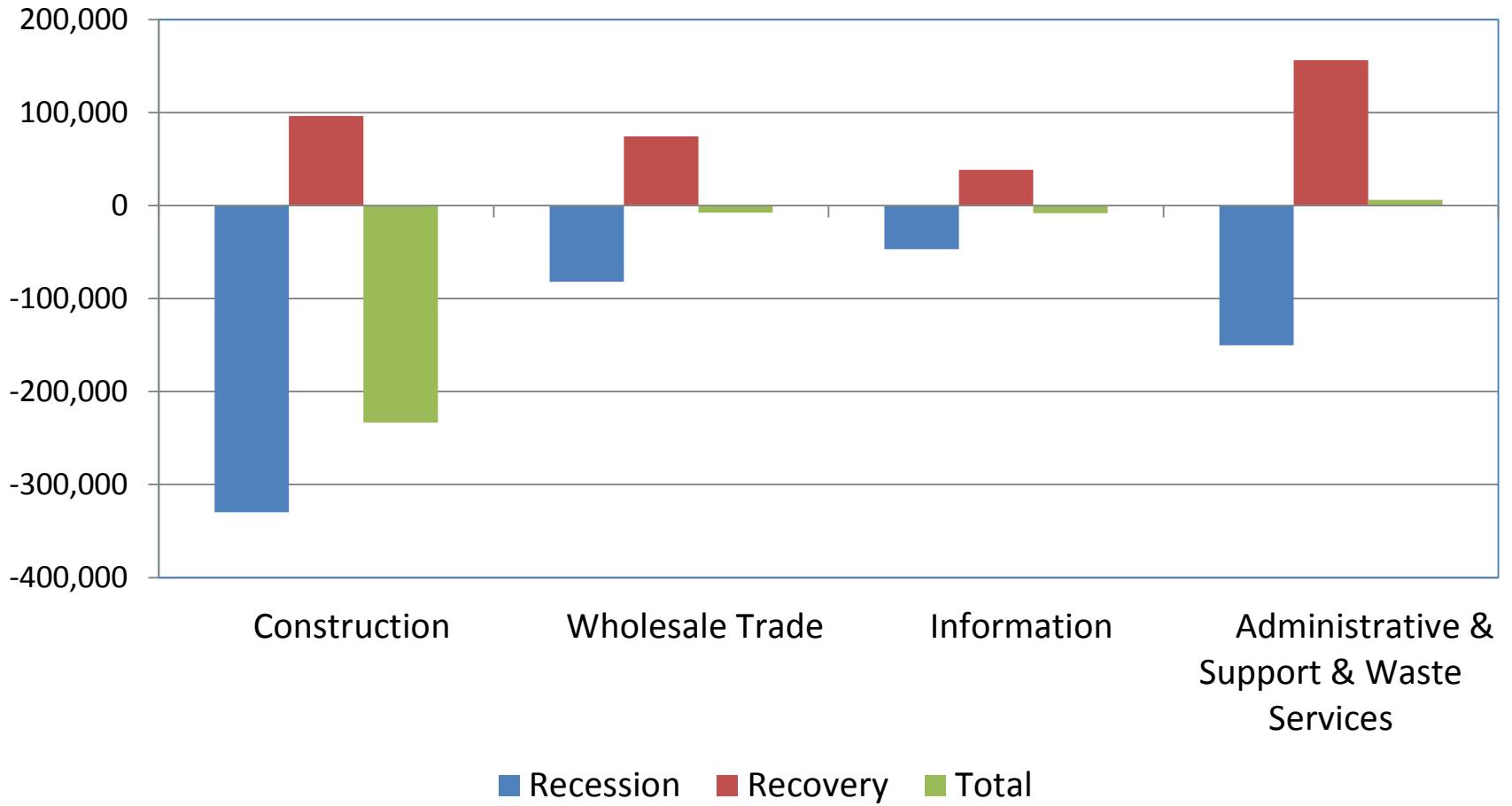
Bay Area Leads and Job Recovery is Spreading



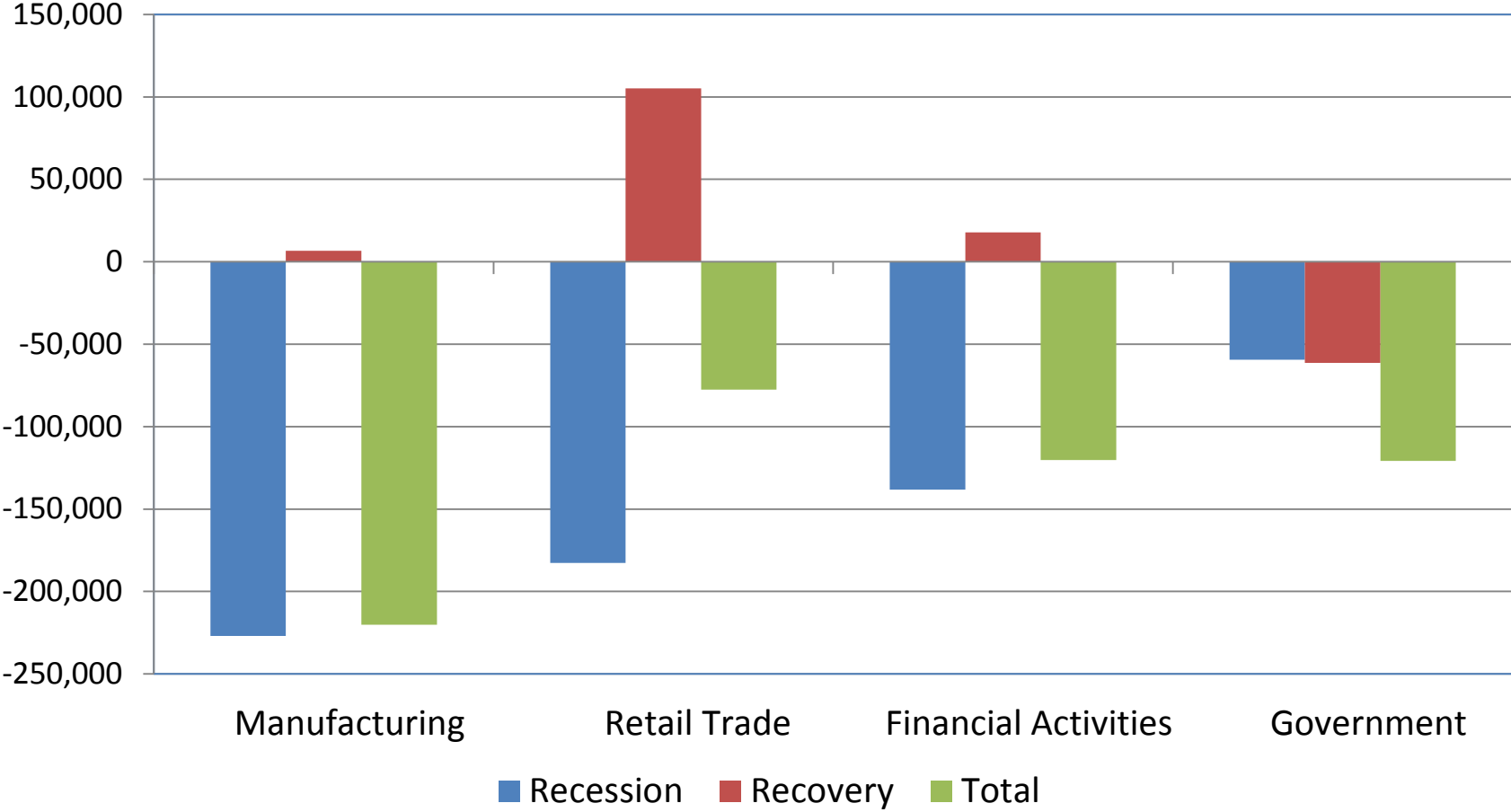
Leading Job Growth Sectors



Poised to Grow Strongly



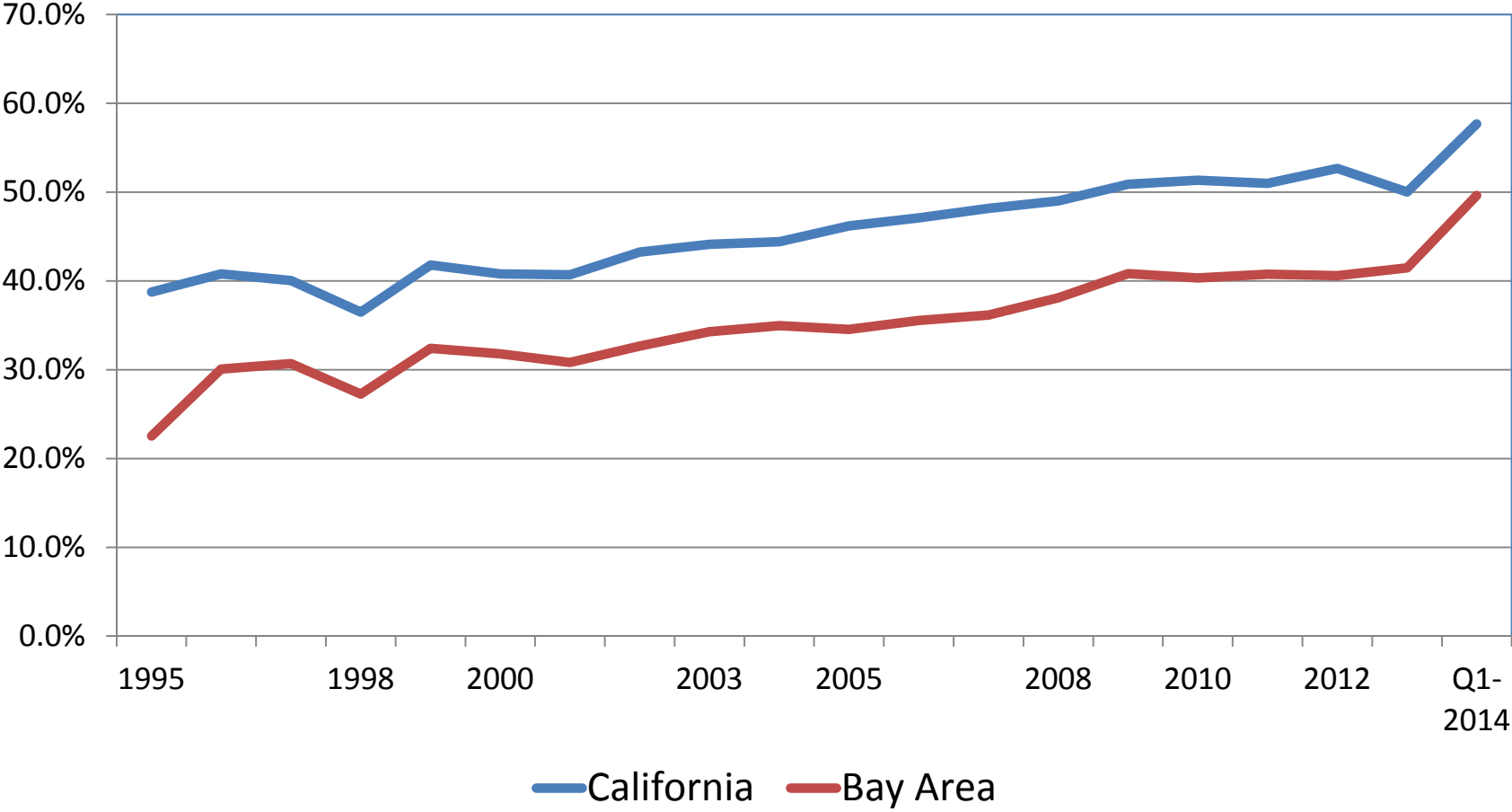
Sectors with Lower Growth Prospects



The Three T's Will Lead the Economy

- Technology
- Trade
- Tourism (and Entertainment)

CA Captures Rising Share of VC Funding



Facing the Future

- At least 2 of 3 job openings will be to replace the tsunami of baby boomer retirements
- Growth will average close to 200,000 jobs per year with 400,000 new residents needing at least 140,000 new homes
- A rising tide does not lift all boats BUT a rising tide (economic growth) is the most powerful single tool to meet this challenge.

Meeting the Workforce Challenge— The Prerequisites to Training

- A good high school education, overcoming basic skills deficiencies for adults, exciting students about work opportunities—making studies meaningful
- Two key concepts—contextualized learning and getting industry involved

Designing Training that Works

- Industry participation is critical
 - to design curricula that lead to jobs and show students that learning matters
 - to provide internship/apprenticeship options
- Regional coordination is important
 - to avoid duplication given limited resources
 - recognizing that people work and live in all parts of major regions
- Its not over after Training—networking, job search and mentoring

Foundations for a Rising Tide

- Finding skilled workers to replace retiring boomers and fill the new jobs
- World class infrastructure—transportation, energy, water, broadband
- Building enough housing with variety and affordability as best we can
- Communities that are attractive places to live and work
- Consistent and customer friendly regulations and permitting

A Tax System for Growth and Local Incentives

- Broadening the sales tax base with possible reduction in income/corporate tax rates
- Lowering local voting majorities to 55% for all taxes and bonds
- A rainy day fund using “excess” capital gains revenues
- And shared participation in funding retirement benefits and using realistic rate of return assumptions