

# Alliance for Workforce Development: Nevada County

**Economic Update** with Robert Eyler, PhD

May 12, 2020 Webinar



Robert Eyler, PhD

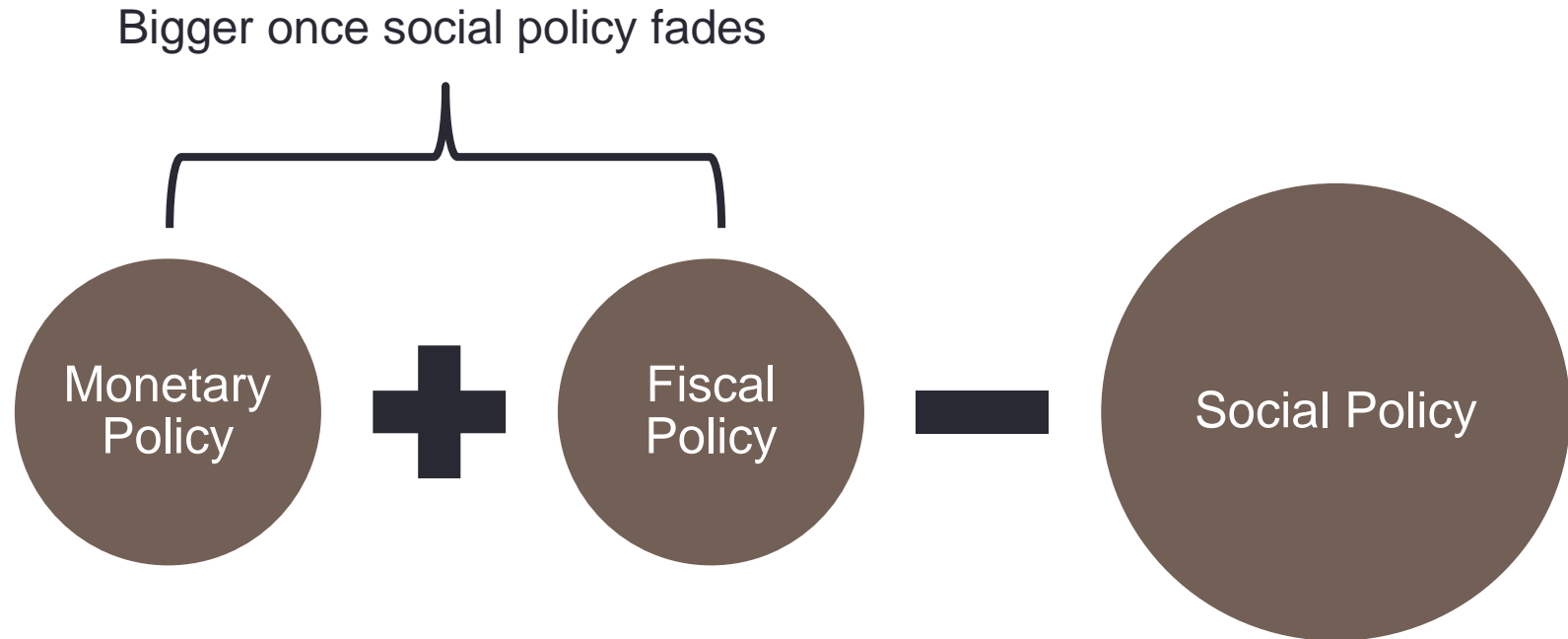
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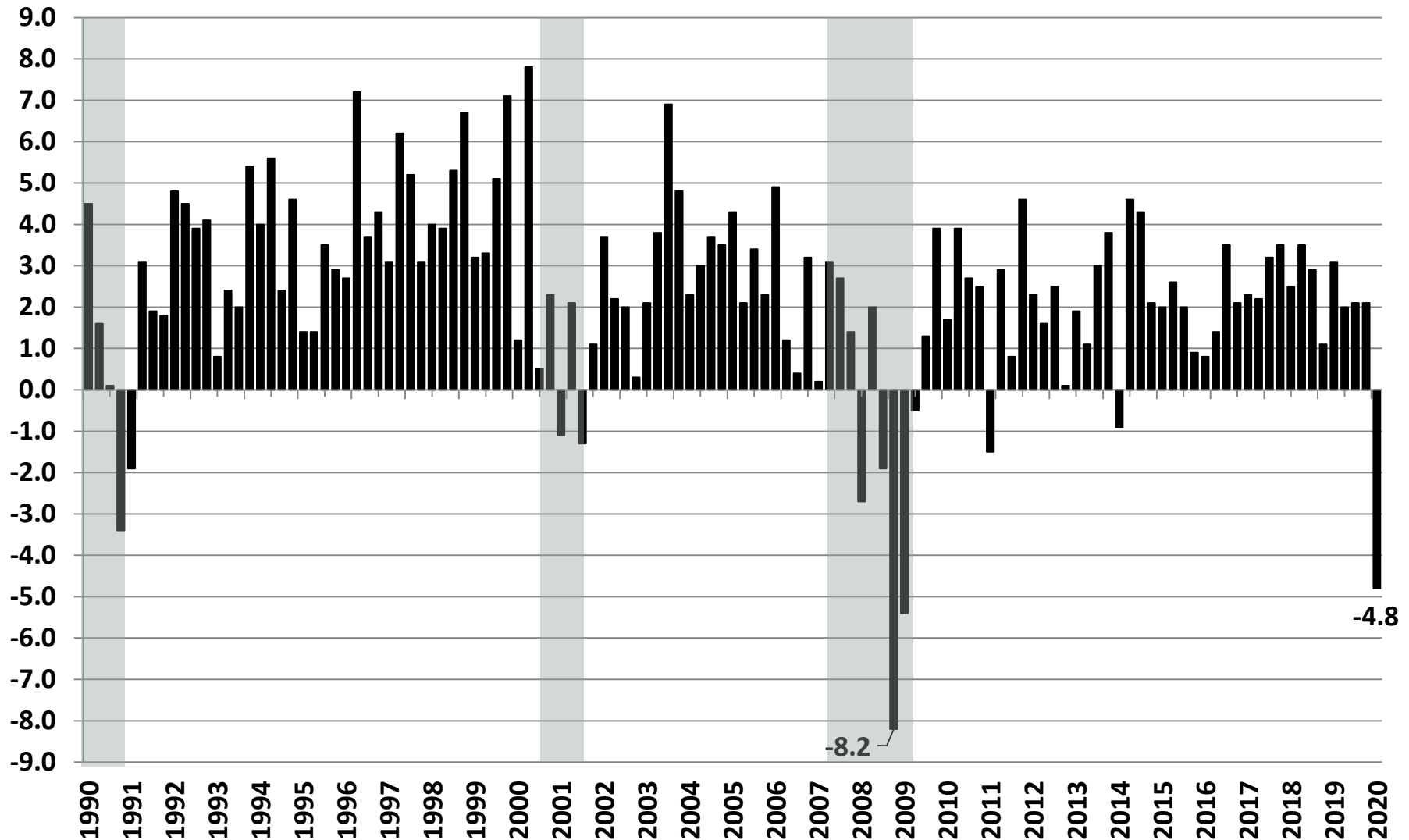
# Agenda

- COVID-19:
  - Data reveals coming: initially bad numbers
  - Still watching jobs and connections to re-opening
  - **US Unemployment in April 14.7%, 20.5 million jobs lost from March (WOW!, but expected)**
- Data on Jobs and Recovery in Nevada County
  - Re-opening concerns: what to consider
  - What do the forecasts look like?
- What to watch: Jobs data and capacity
  - Business losses the next shoe to drop
  - Policy attempting to preserve capacity

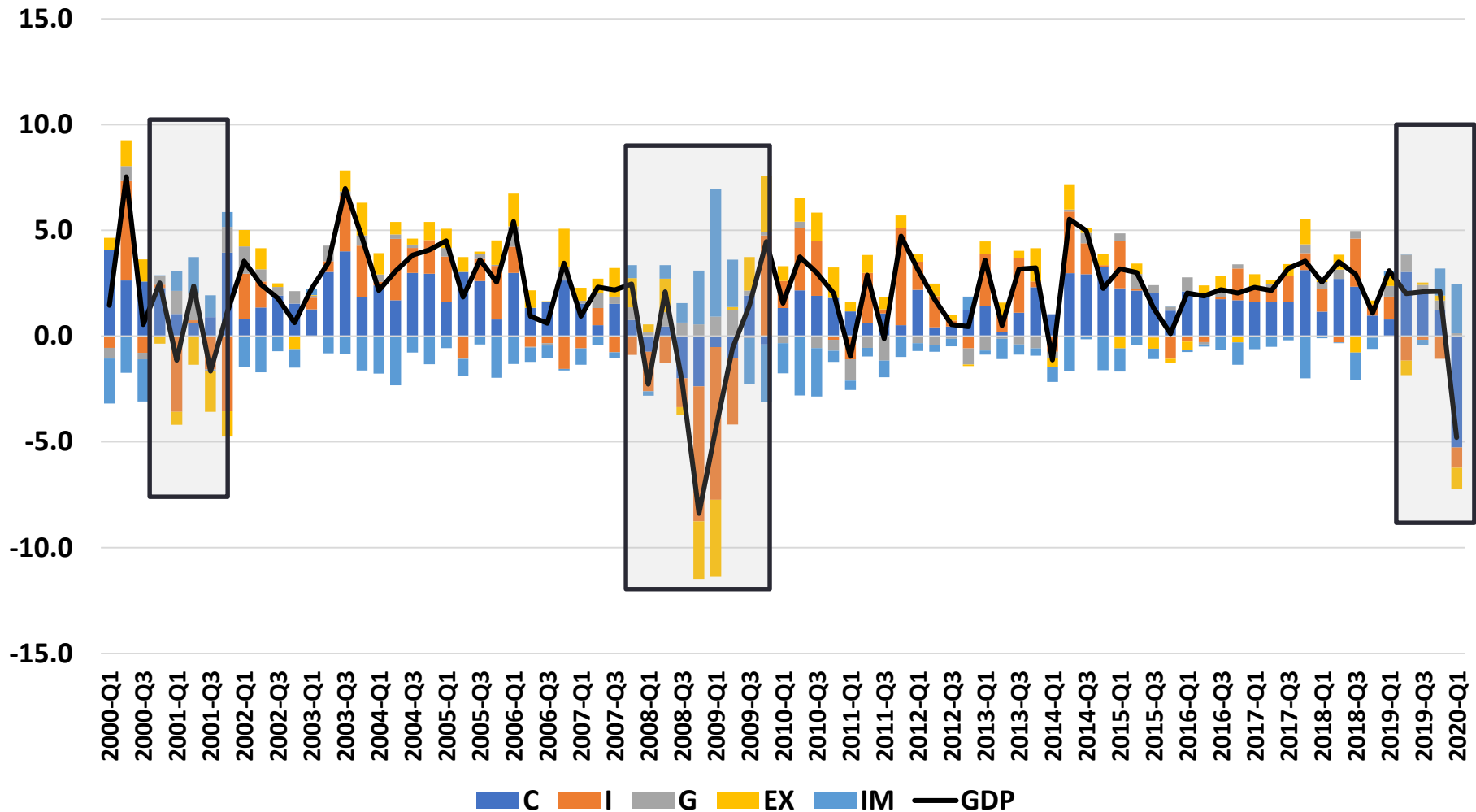
# Reactions: A Tale of Three Policies



# US GDP Q1 2020, 1<sup>st</sup> Estimate, SAAR

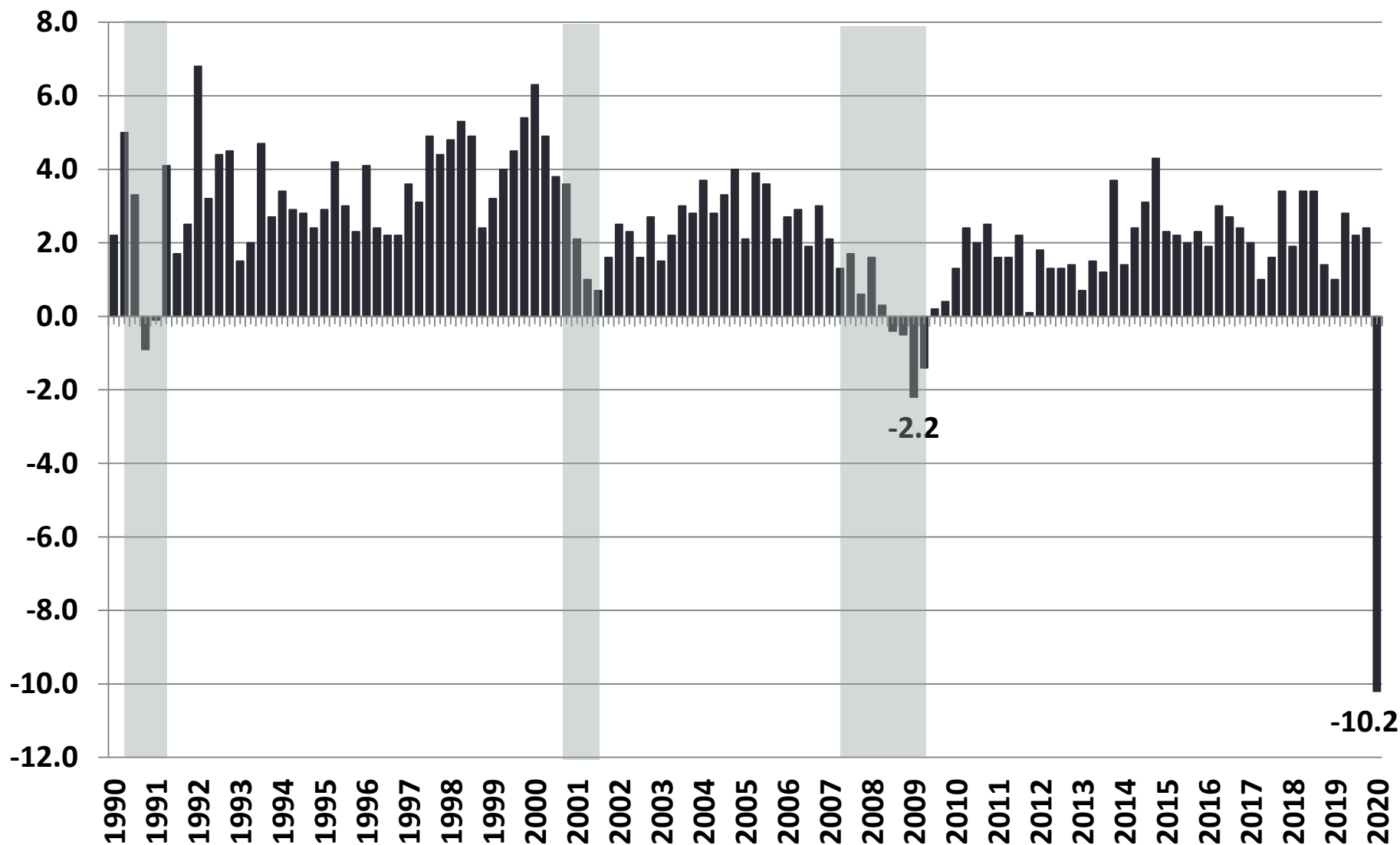


# GDP Contribution by Major Variable, 2000-2020 Quarterly, US, % Change SAAR



# Services Consumption, US

## % Change, 1990 – 2020, Quarterly



# National Assoc of Business Economists, April 2020



	Real Gross Domestic Product % change, annual rate			Civilian Unemployment Rate %, quarterly average		
	Full Sample Median	Five Lowest	Five Highest	Full Sample Median	Five Lowest	Five Highest
Q1-20	-2.4	-7.7	1.0	3.8a	—	—
Q2-20	-26.5	-50.0	-1.0	12.0	6.4	20.0
Q3-20	2.0	-12.6	20.7	10.5	5.9	17.3
Q4-20	5.8	0.0	23.6	9.5	4.5	18.0
Q1-21	6.0	2.1	15.7	8.0	4.1	15.0
Q2-21	4.5	2.1	13.1	7.4	4.0	13.4
Q3-21	3.8	2.0	8.0	6.6	3.9	12.0
Q4-21	2.9	1.1	6.3	6.0	3.7	10.4

*a = actual*

# Decisions on Re-Opening: Costs/Benefits

## Costs

- Short-term
  - Risk of re-infection, health care system overload
- Medium-term
  - Shut down again, more economic impacts
- Long-term
  - Change in the cost of doing business, probably for some time

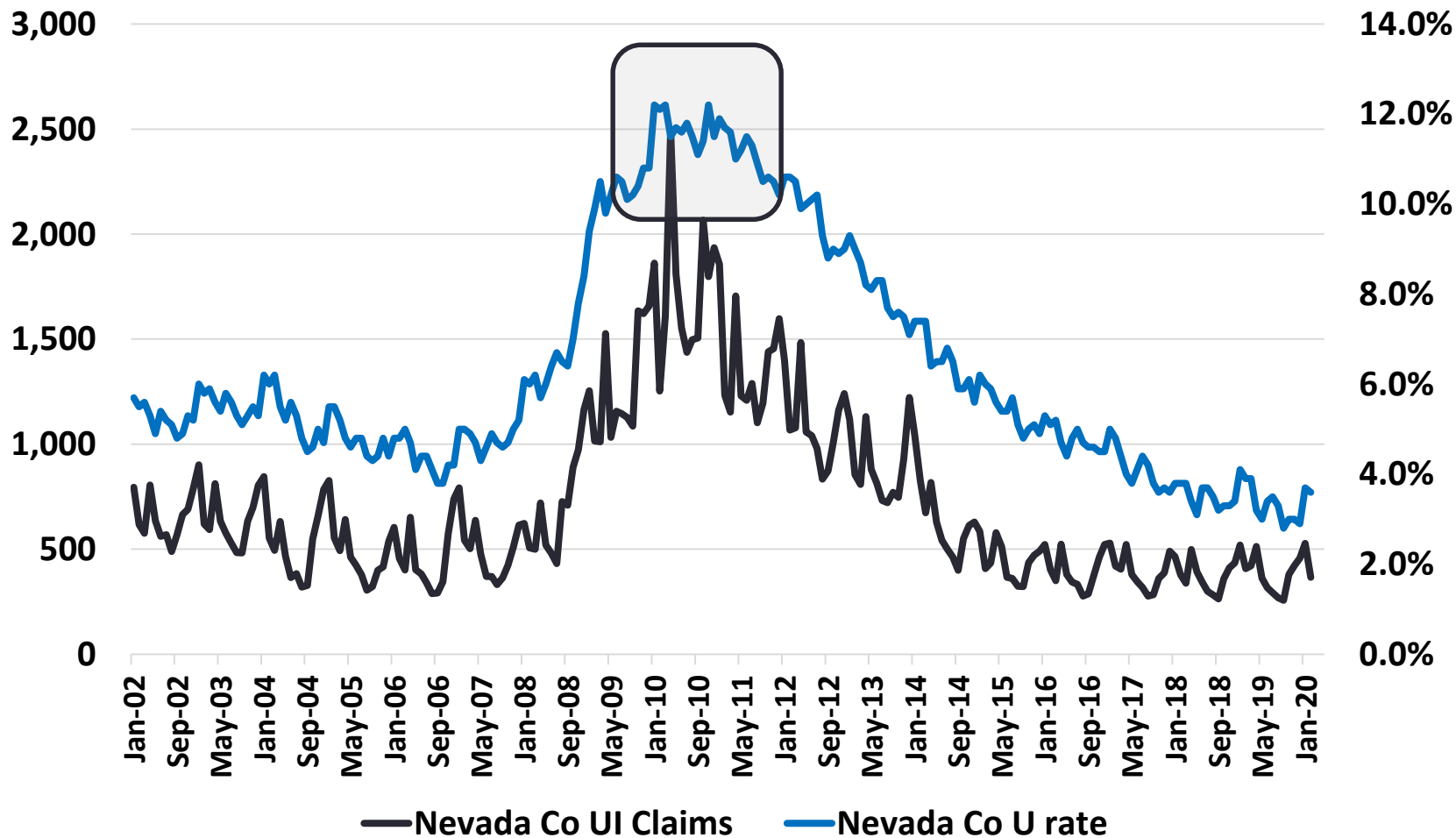
## Benefits

- Short-term
  - Jobs and spending start
  - Tax revenue flowing
- Medium-term
  - Bet on no repeat of virus, continue toward baseline
- Long-term
  - Adaptation and innovation help reduce the long-term costs



# Depth and Duration

# Nevada County UI Claims and U Rate, 2002-2020, Peak to Peak, 7 months



## March 2020, Changes in Labor Force Variables, Nevada County, Compared to March 2019 and California

Labor Force Variables	California Employees	% Change	Nevada Employees	% Change
Civilian Labor Force	(175,200)	-0.9%	(1,000)	-2.0%
Civilian Employment	(395,800)	-2.1%	(1,340)	-2.8%
Civilian Unemployment	220,600	25.5%	340	18.0%

**These data are for the  
residents of Nevada County**

## Jobs at Nevada County Employers, March 2020, Compared to March 2019 and California



Labor Force Variables	California Employees	% Change	Nevada Employees	% Change
<b>Manufacturing</b>	<b>(14,900)</b>	<b>-1.1%</b>	<b>-50</b>	<b>-3.8%</b>
Wholesale Trade	(6,600)	-1.0%	0	0.0%
Retail Trade	(11,300)	-0.7%	-30	-0.8%
Transport, Warehouse & Utilities	31,800	4.7%	-	0.0%
Information	28,700	5.1%	-10	-3.6%
Financial Activities	21,300	2.6%	10	0.8%
Professional & Business Services	29,800	1.1%	60	2.6%
<b>Educational &amp; Health Services</b>	<b>71,900</b>	<b>2.6%</b>	<b>-100</b>	<b>-1.8%</b>
Leisure & Hospitality	(43,500)	-2.2%	0	0.0%
Other Services	(6,900)	-1.2%	30	1.5%
<b>State &amp; Local Government</b>	<b>32,800</b>	<b>1.4%</b>	<b>-110</b>	<b>-1.7%</b>

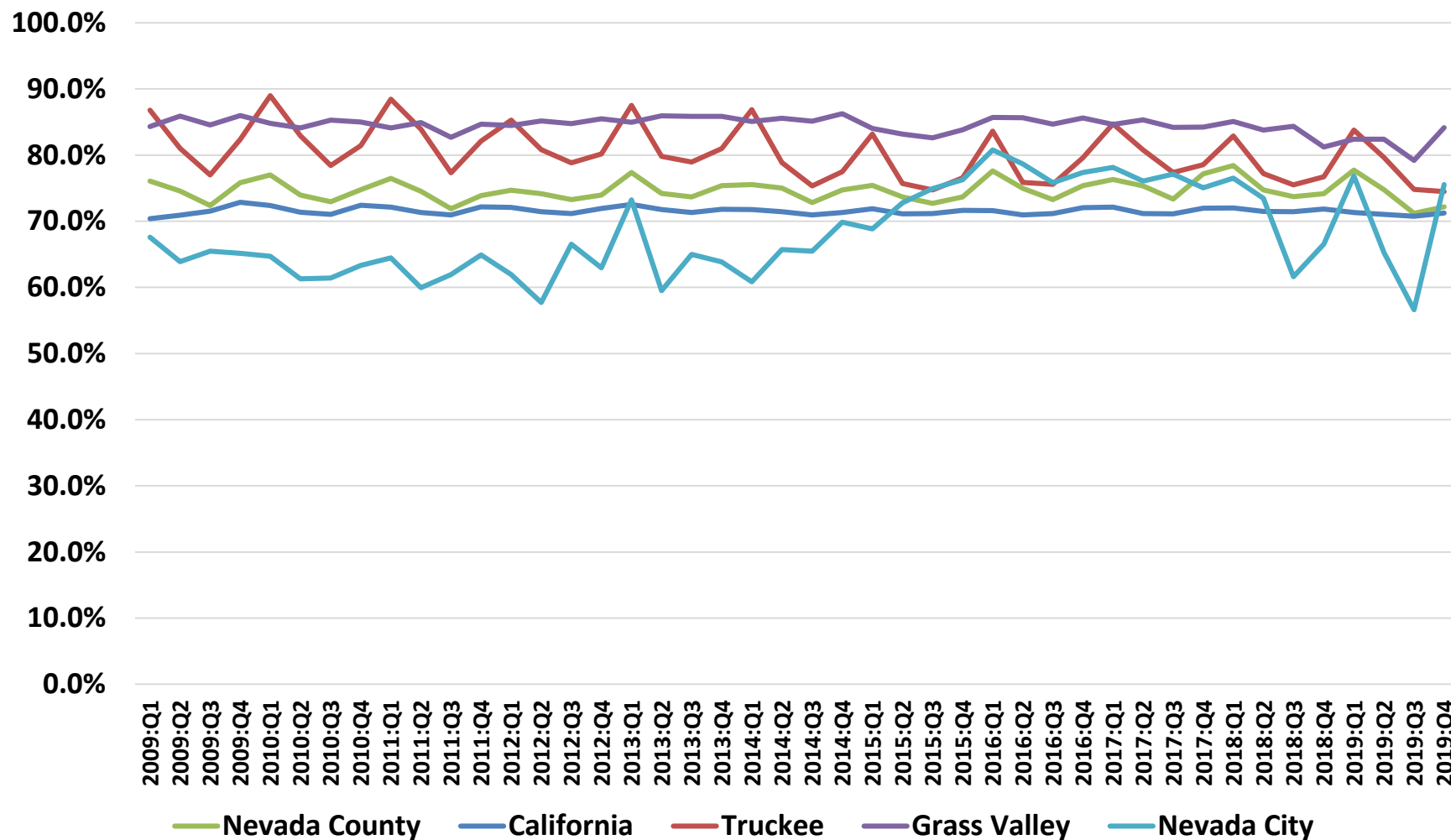
# Factors of vulnerability

- Travel-related businesses
- Manufacturing: supply chain slowdowns
  - Cannabis market expanding or stable or contracting?
- Construction:
  - Housing market indirectly connected in short-term
  - Will building continue?
- Healthcare demand shifting: not all good
  - Surgeries and outpatient work to restart soon
- Government: admin leave and potential furloughs
- Worker side: Low-wage jobs main vulnerable
  - UI does not solve hunger or rent

# Re-Opening, May 8, 2020 in CA

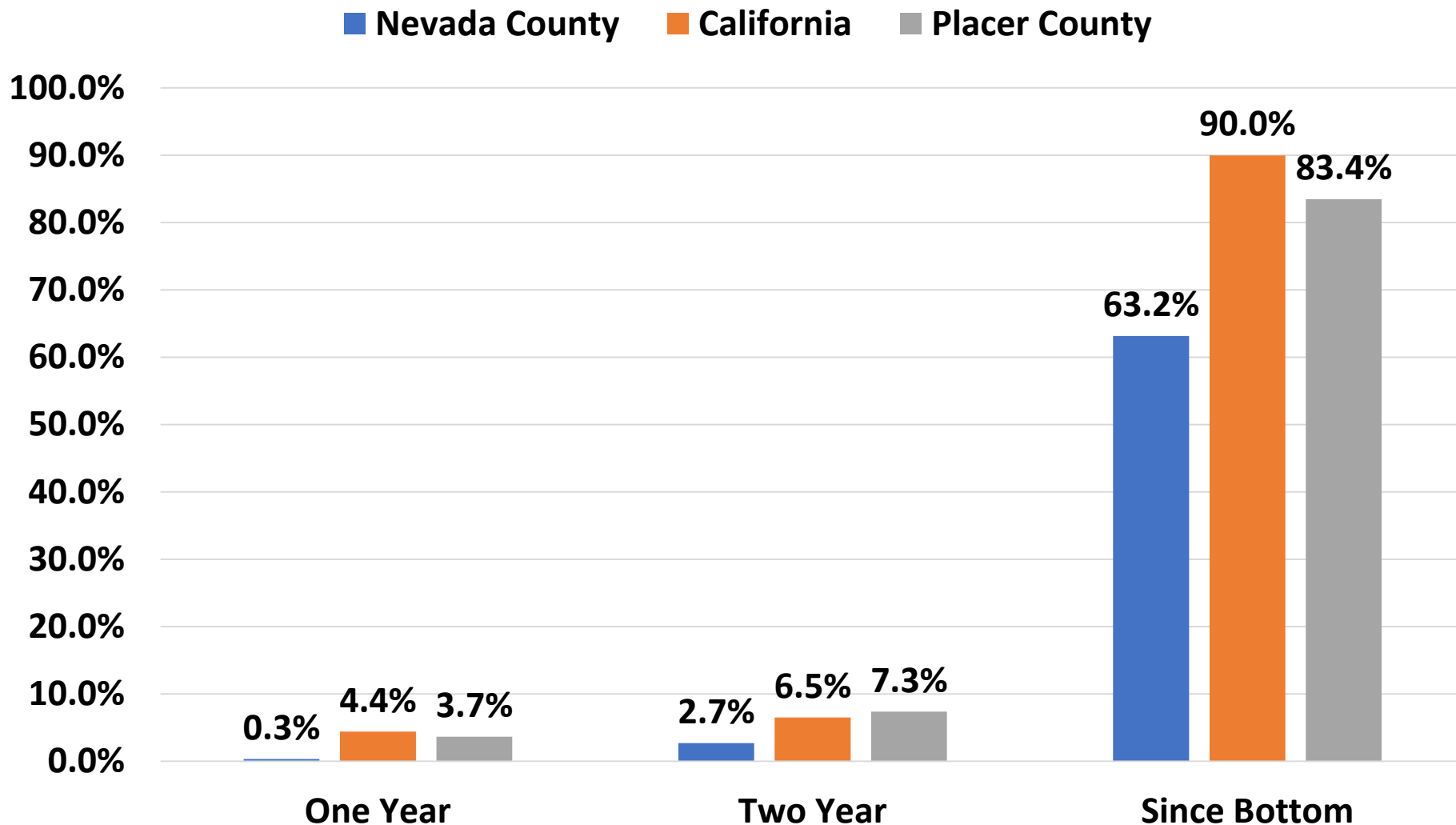
- **Manufacturing**
- Agriculture and livestock
- Auto-dealerships
- Communications infrastructure
- Construction
- Delivery services
- Energy and utilities
- Food packing
- Hotels and lodging
- Life sciences
- Logistics and Warehousing facilities
- Mining and logging
- Office workspaces
- Ports
- Public Transit and Intercity Passenger Rail
- Real estate transaction
- Retail

# Taxable Sales Exposure, % Retail and Restaurants of Total Taxable Sales, 2009-2019



# Housing Market Data: Price Dynamics

## Nevada County, Placer County and CA, Since 2010





# Municipal Concerns

- Taxable sales fall
  - Visitor flow reduction (Bed Tax/TOT basically a sales tax on hotel rooms)
  - General reduction in non-essential retail (consumer durables)
- Construction slowdown?
- Watching for property tax shock
- Costs on social assistance side likely to rise
  - As unemployment rate rises...
- Unfunded liabilities becoming true liabilities?
  - Retirements, delays and equity markets

# Economic Development Triage

- Initial turn still in the shadow cast
- Tourism
  - Local hotels to rely on state and regional audience
  - Movement of people likely to be very competitive
- Downtowns
  - Local retailers and restaurants: tied to flow of people
  - Local retailers and restaurants: tied to residential income
- Housing and Commercial Construction
  - Support here has short-term benefits for jobs and income creation
- Cannabis and next steps: will the labor market help or hurt the progression here?

# Workforce Development Opportunities



**Goal: Upskilling**

**Vendor: Community Colleges**

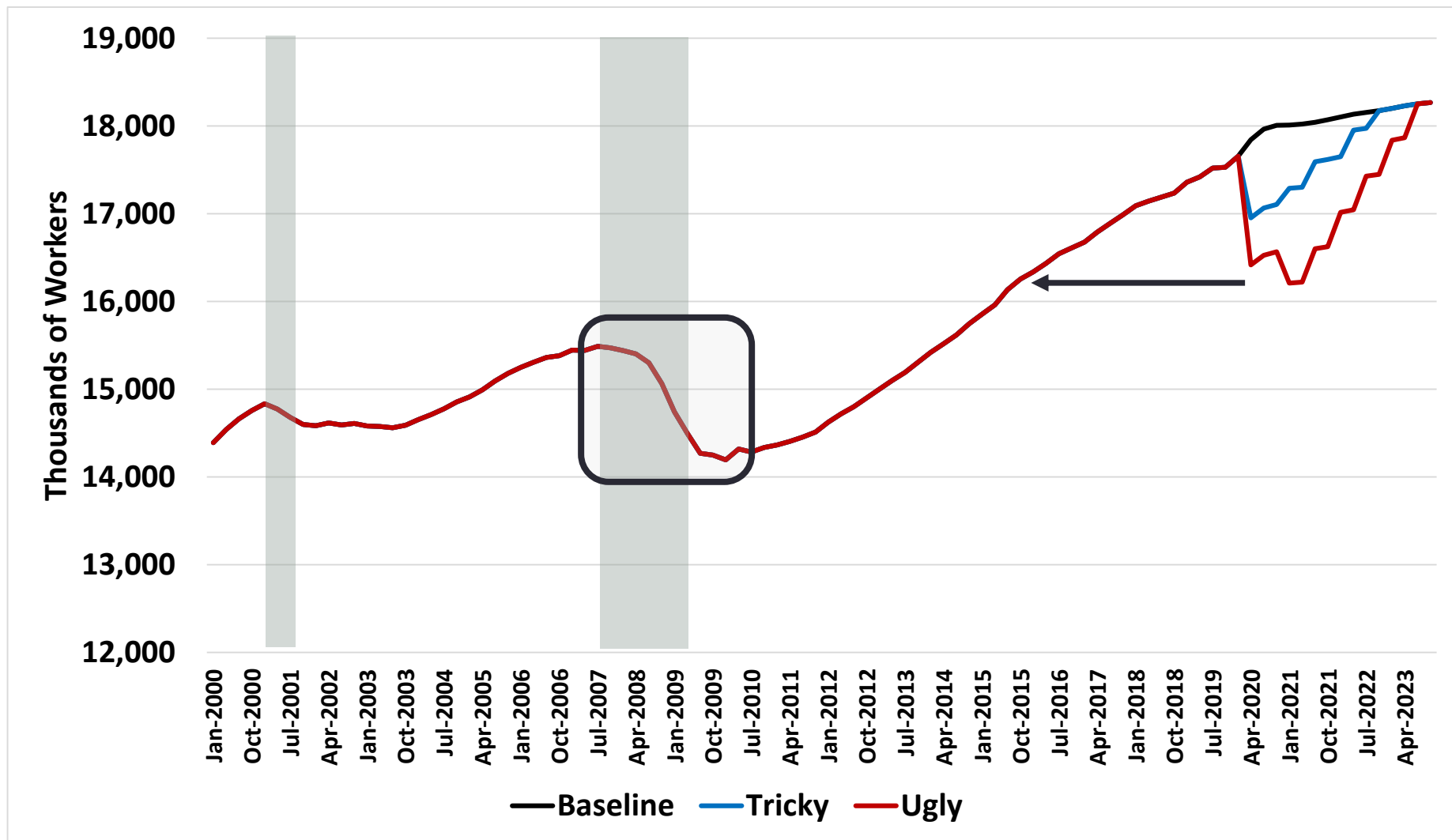
**Example: Biotech and Michigan**

# Details: Potential Forecasts on Jobs

- Tricky Scenario
  - Shortish recession, some workers are furloughed or laid off
- Ugly Scenario
  - Situation is general: jobs losses rise and move from seasonal to structural
  - Restart slow, especially in tourism/casinos/air travel
  - Wealth effects become jobs losses
  - Businesses concerned about revenues and profits into 2021 and a second episode

# Scenarios: Jobs in CA, 2000-23

## Thousands of Workers, Seas Adj



# What to Watch

- Labor market changes: Numbers to be ugly
  - May 22: data on Nevada County and CA
  - Shifting to continued claims vs new claims for UI
  - Nevada County to see some tough numbers soon
  - Opportunities are there
- Epidemiology: getting closer?
  - General peak across US: depth and duration
- Policy: more social now than anything
  - **Activity lift once corner turned, if turned well**



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# Thanks for attending.

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