

# PANEL OF EXPERTS MEETING

## PROGRAM AGENDA

## Review of Methodology & Assumptions of the Regional Growth Forecast for the 2016-2040 RTP/SCS

JUNE 27, 2013 - SCAG BOARD ROOM

<b>10:00 AM</b>	Welcome/Introductions: 2016-2040 RTP/SCS Growth Forecasting Process	<i>Hasan Ikhata/Huasha Liu</i>
<b>10:15 AM</b>	National issue presentation	<i>Steve Levy (CCSCE)</i>
<b>10:25 AM</b>	National issue discussion	<i>All/Steve Levy (CCSCE)</i>
<b>10:50 AM</b>	California economy presentation	<i>Steve Levy (CCSCE)</i>
<b>11:00 AM</b>	California economy discussion	<i>All/Steve Levy (CCSCE)</i>
<b>11:20 AM</b>	SCAG region economy presentation	<i>Steve Levy (CCSCE)</i>
<b>11:30 AM</b>	SCAG region economy discussion	<i>All/Steve Levy (CCSCE)</i>
<b>12:00 AM</b>	LUNCH	
<b>12:30 AM</b>	SCAG's integrated growth forecast/ SCAG region demography presentation	<i>Simon Choi/Steve Levy (CCSCE)</i>
<b>12:40 PM</b>	SCAG region demography discussion	<i>All/Simon Choi</i>
<b>1:10 PM</b>	SCAG county presentation	<i>Simon Choi/Steve Levy (CCSCE)</i>
<b>1:20 PM</b>	SCAG county discussion	<i>All/Simon Choi</i>
<b>1:45 PM</b>	Wrap up / next steps	<i>Huasha Liu/Frank Wen</i>

**Conference Call-In Number: 1-888-363-4734, Passcode: 162294**

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# Panel Members

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Michael Bracken	Development Management Group, Inc.
Deborah Diep	Cal State Fullerton, Center for Demographic Research
Viviane Doche-Boulos	DB Consulting
Bill Gayk	Riverside County
Dan Hamilton	California Lutheran University
John Husing	Economics & Politics
Robert Kleinhenz	Los Angeles Economic Development Corporation
Billy Leung	Regional Economic Models, Inc.
Steve Levy	Center for Continuing Study of the California Economy
Sue Lieu	South Coast Air Quality Management District
Wade Martin	Cal State Long Beach
Dowell Myers	University of Southern California
Jerry Nickelsburg	UCLA Anderson Forecast
Mark Schniepp	California Economic Forecast
Bill Schooling	California Department of Finance, Demographic Research Unit
Wallace Walrod	Orange County Business Council

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DATE: June 12, 2013

TO: SCAG Expert Panel and Staff

FROM: Stephen Levy

SUBJECT: Background Memo for Expert Panel Meeting June 27, 2013

This memo provides background, preliminary findings and questions for the Expert Panel meeting at SCAG on June 27, 2013. The purpose of the meeting is to receive feedback from the expert panel on the development of the SCAG region growth forecast to 2040 that is being developed as part of the 2016 RTP update.

The primary focus of this memo is on job projections to 2020 and 2040 for the nation, state and SCAG region. The SCAG region job projections are developed based on job projections for the nation and state.

### **National Projection Background and Preliminary Results**

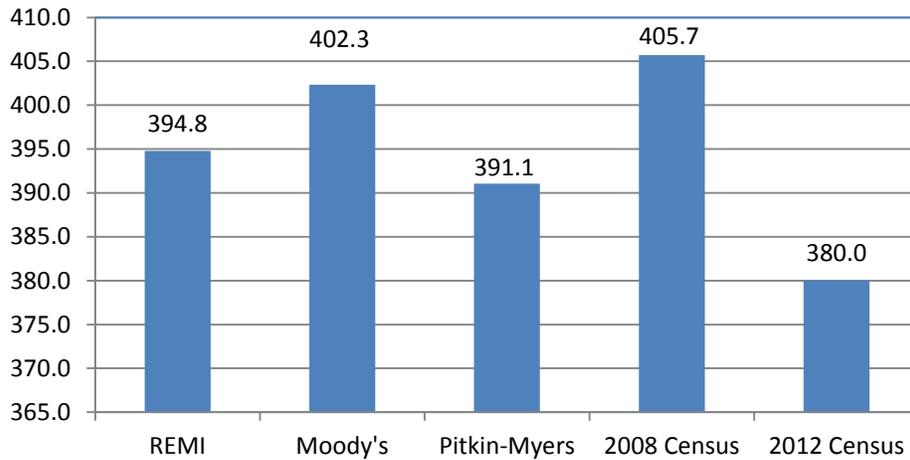
Projections of jobs at the national level are developed based primarily on projections of total population, population by age group and labor force participation rates. The population projections are primarily determined by assumptions regarding fertility and mortality rates and immigration levels.

The baseline U.S. population projections used by CCSCE were developed by Dowell Myers and John Pitkin in 2011 and updated in 2013. They use 2010 Census data as the starting point. The immigration projections are based on the use of a panel of experts.

The chart on page 2 compares the projected U.S. population in 2040 from five sources including Pitkin-Myers, REMI, Moody's (economy.com) and the 2008 and 2012 Census Bureau middle projection series. The Pitkin-Myers population projection is lower than all series except the 2012 Census Bureau middle series.

None of these projections explicitly incorporated assumptions about the impact on immigration flows of current immigration reform proposals that would raise the level of annual legal immigration by varying amounts.

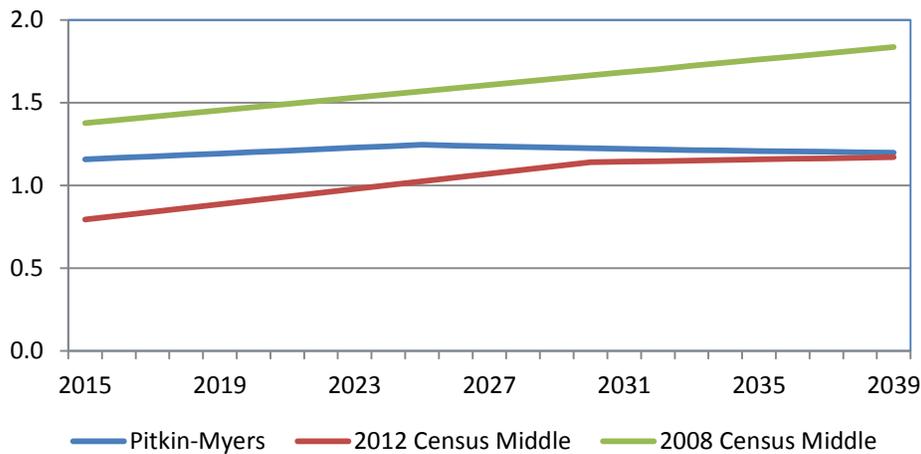
## U.S. Population in 2040 (Millions)



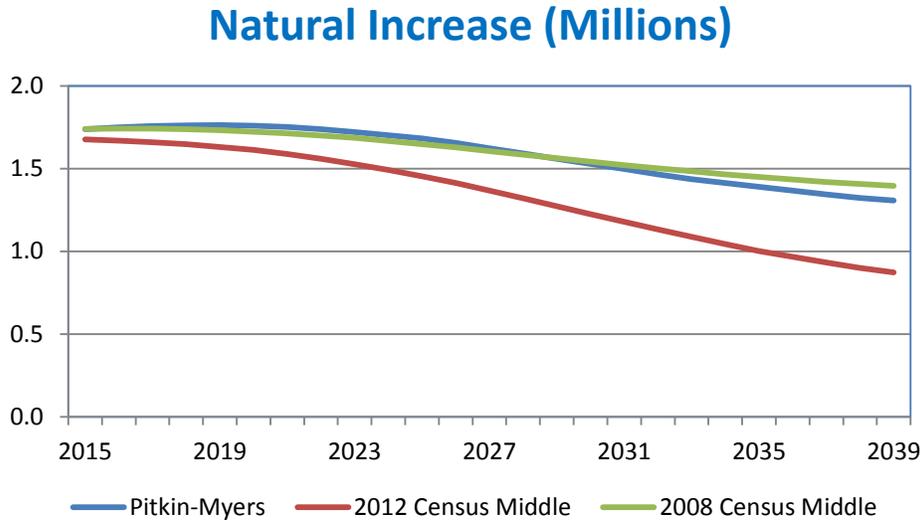
A comparison of the immigration and natural increase projections for Myers-Pitkin and the 2008 and 2012 Census Bureau middle series projections are shown below. The Census Bureau substantially reduced their projections of annual immigration between the 2008 and 2102 series. The Pitkin-Myers projections show an increase in annual immigration from current levels but below what would occur should current immigration reform legislation be adopted.

To give a rough sense of magnitude, an additional 500,000 immigrants per year over 25 years from 2015 to 2040 would increase the U.S. population by 12.5 million in 2040 **plus the children born to the additional immigrants.**

## Annual Immigration (Millions)



The Census Bureau substantially reduced the projected level of natural increase in the 2012 middle series compared to the 2008 projections primarily as a result of lowering the Latino fertility projection.



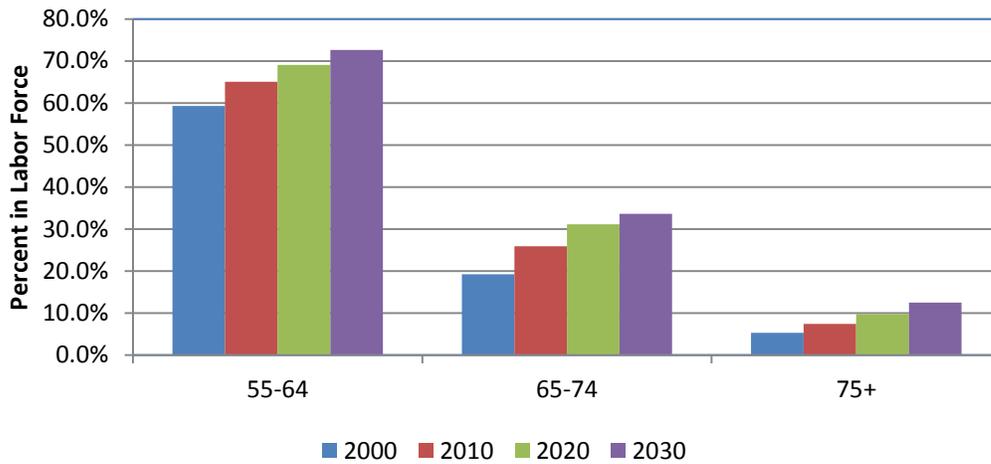
Dowell Myers will be at the expert panel meeting to help us review the assumptions underlying U.S. population projections.

### Labor Force Participation Rate Projections

The preliminary CCSCE job projections were based on the Pitkin-Myers population projections and a set of labor force participation rate projections developed by John Pitkin and CCSCE in the spring of 2013. The major assumptions were that participation rates for the population under 55 would remain at 2010 levels through 2030 and that participation rates for population 55 and above would increase through 2030 to reflect longer working lives for health and financial reasons.

As shown on page 4 the participation rates for older workers have been increasing since 2000. The participation rate projections are consistent with the BLS long-term projections published in 2009 and 2012. **The increase in participation rates for older workers was assumed to peak in 2030 and the 2040 participation rates are the same as for 2030 shown below.**

## U.S. Labor Force Participation Rates



### Full Employment Assumed in 2020 and 2040

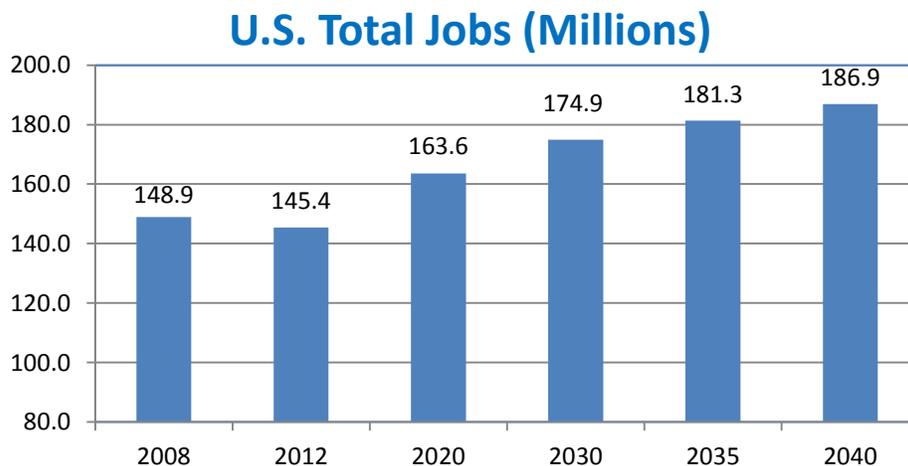
The national forecasts we reviewed in the attached forecast summary file had three projections of national unemployment rates for 2020:

- CBO 5.4%
- UCLA 5.5%
- Economy.com 5.3%

The CCSCE forecast assumed an unemployment rate in 2020 and beyond of 5.5%. **The main takeaway, though, is that current national forecasts to 2020 assume that the economy has returned to full employment.**

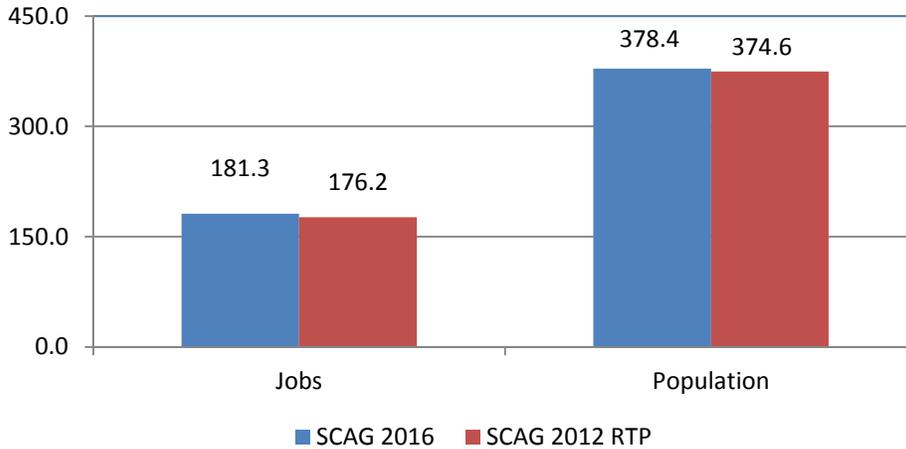
### U.S. Job Projections

The resulting projections of U.S. job levels to 2040 are shown below.



The horizon year for the 2012 RTP growth forecast was 2035. The national projections used in the 2012 RTP for 2035 are similar to those proposed for the baseline 2016 growth forecast as shown below. The job forecast is slightly higher in this round because 1) the 2010 Census found a higher than expected share of the population in working age groups and 2) the labor force participation rates for older workers are slightly higher than assumed in the 2012 RTP forecast.

### U.S. Projections for 2035 (Millions)

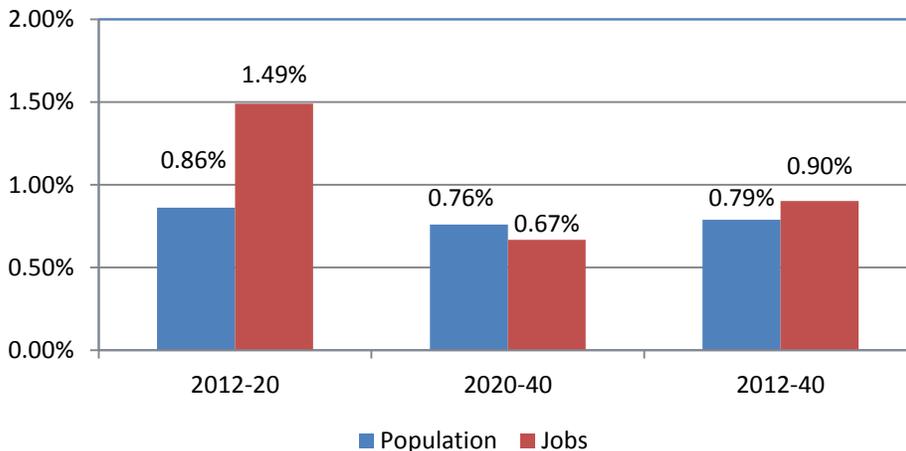


For the same reasons the CCSCE national job growth forecast for 2012-2040 (based on non-farm wage and salary jobs (what Economy.com projects) is similar to but slightly higher than the forecast by economy.com:

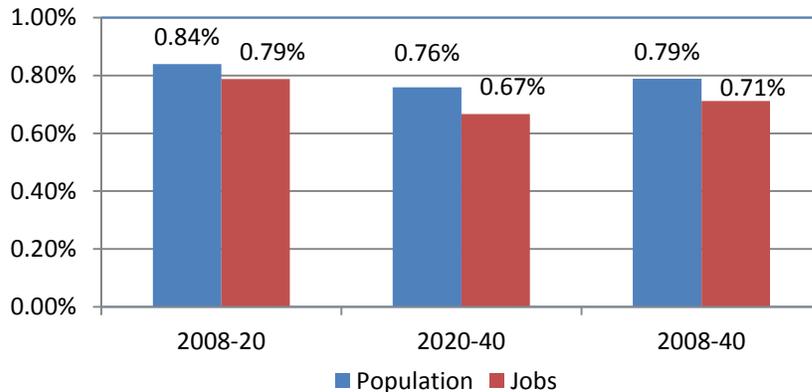
- CCSCE 29.5%
- Economy.com 25.6%

The national growth rates to 2040 are all below 1% per year and lower when 2008 is used as a base year.

### Average Annual U.S. Growth Rates



## Average Annual U.S. Growth Rates



The 2008-2040 growth rates show a truer picture of the baby boomer aging and retirement phenomena as population growth outpaces job growth as workers leave the workforce for retirement.

### Key Questions

Help us assess the U.S. population and job projections. Please assess:

- The assumption of full employment by 2020
- The immigration assumption
- The fertility rate assumption
- The labor force participation rate assumption

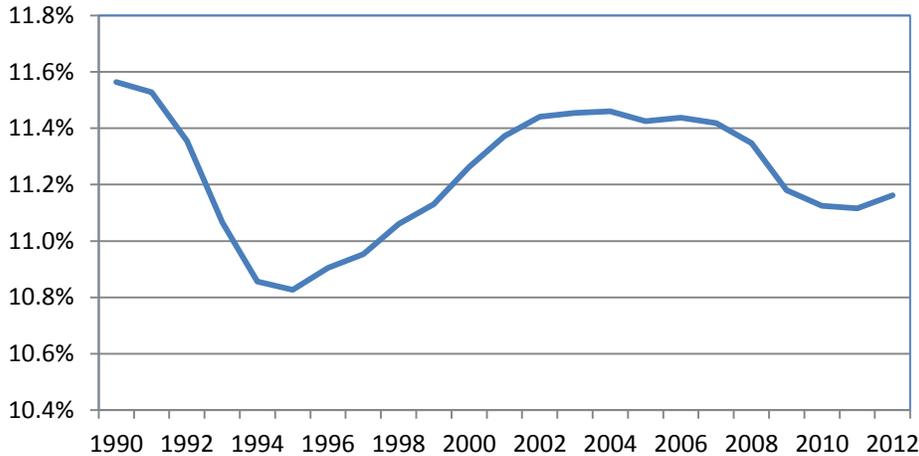
When SCAG develops high and low forecast alternatives, should we vary the 2040 U.S. population and job totals and, if so, how?

### California Job Forecast Background and Preliminary Findings

Long-term and recent trends for California job and unemployment levels compared to the nation are presented below. The main takeaways are 1) that California still has a ways to go in recovering the pre-recession job and unemployment levels but 2) the state has been outpacing the nation over the past 24 months. The key question is whether this faster growth represents merely catch up or the beginning of a new period where California will outpace the nation in job growth for many years to come.

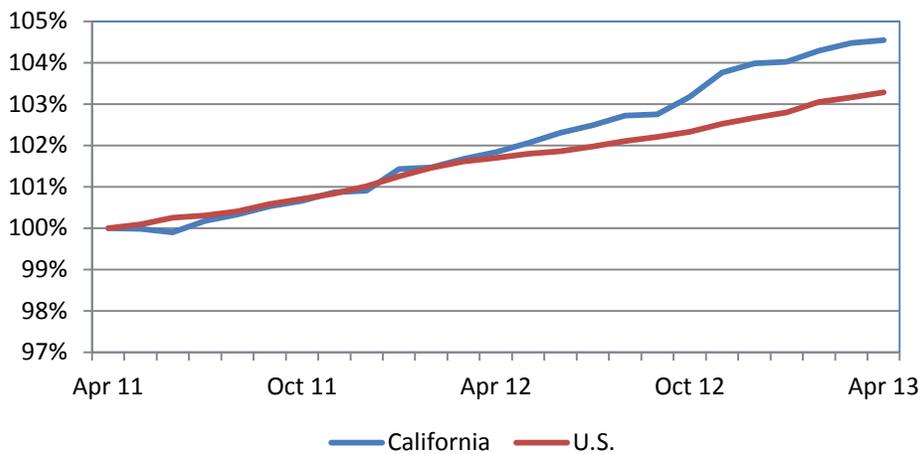
The long-term picture shows California regaining a small portion in 2012 of the job share losses experienced in the recent recession. In 2012 the state's share of U.S. jobs remained below pre-recession peaks and below the 11.6% share in 1990 before the aerospace and base closure job losses began.

### California Share of U.S. Jobs



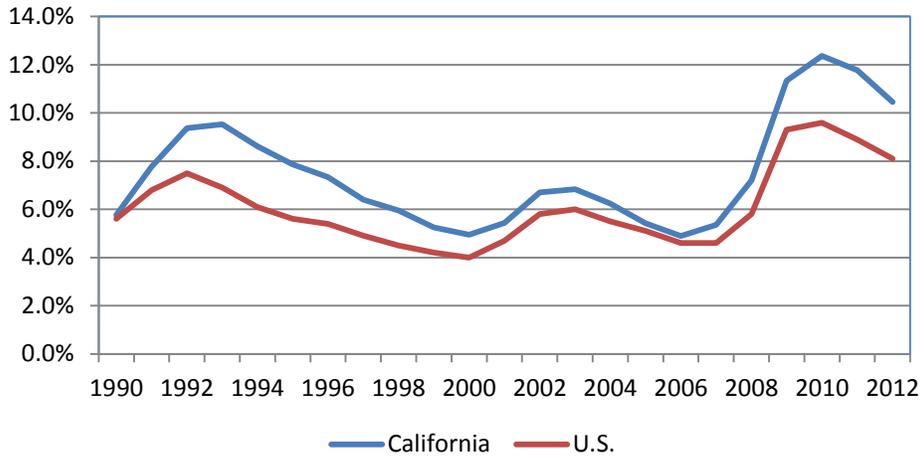
During the 24 months ending in April 2013 California added 639,600 non-farm wage and salary jobs according to the EDD interim state job estimates that use the latest complete payroll data. This represents a gain of 4.3% compared to the national 3.1% job gain. The gap between state and national job growth rates has widened in recent months.

### Job Growth Over Past 24 Months



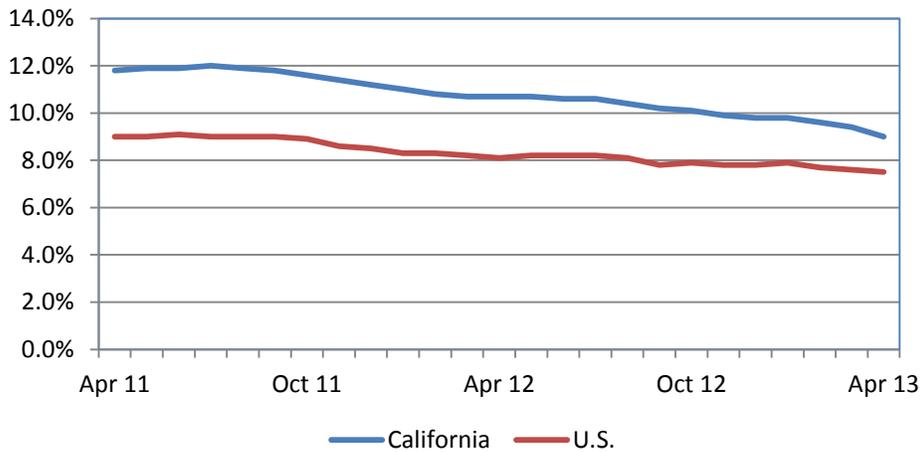
Twice since 1990 California's unemployment rate has surged to 3% higher than the national rate—once in the early 1990s and once in the recent recession. In between these two periods the California rate was slightly above the national rate but the same as the national rate if you account for demographic differences in the two workforces. In 2012 the gap between the state and national rate began to close.

### Long-Term Unemployment Rate Trends



Over the 24 months ending in April 2013, the gap between the state and national unemployment rate declined from 2.8% to 1.5%.

### Recent Unemployment Rates



### California Economic Forecasts from the 2013 Forecast Survey

The forecast survey provides three forecasts of the California unemployment rate for 2020:

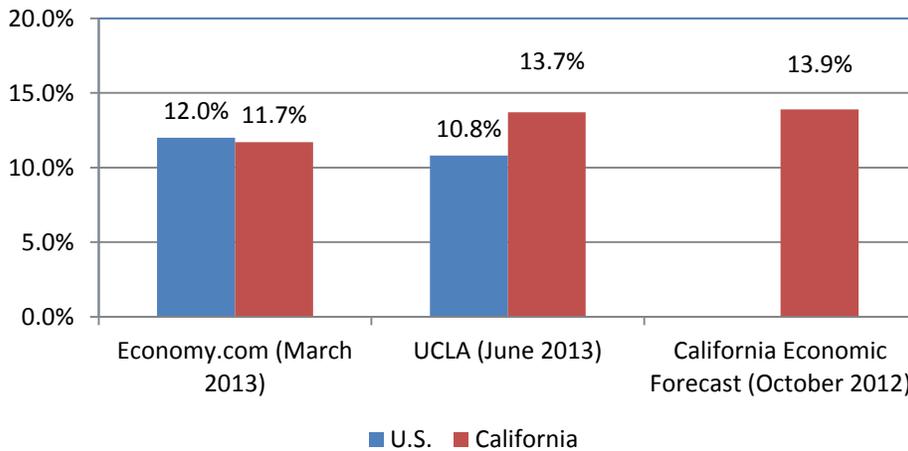
- UCLA 5.9%

- Economy.com 5.7%
- California Economic Forecast 5.7%

These forecasts reflect a state economy at full employment by 2020 with unemployment rates declining to near 6% by 2017.

The forecast survey includes three forecasts of California job growth to 2020. The Economy.com forecast has similar job growth rates for California and the nation between 2012 and 2020. The UCLA June 2013 forecast, which goes to 2023, has the state outpacing the nation in job growth in each year between 2012 and 2023. The state forecast from the California Economic Forecast has similar state job growth to 2020 as the UCLA forecast but does not have a national forecast on the Caltrans site.

### Non-farm W&S Job Growth 2012-20



### The CCSCE California Job Forecast to 2020

The CCSCE forecast is based on an analysis of industry trends for more than 100 separate industries in the state and nation. One way to think about the projection framework is that national job growth in total and by industry is the PIE from which state job growth is projected as a SHARE. The total job projections are driven first by projections of industries in the state’s economic base. State/national job share projections by industry follow recent trends. There are no assumptions of significant share gains over the projection period.

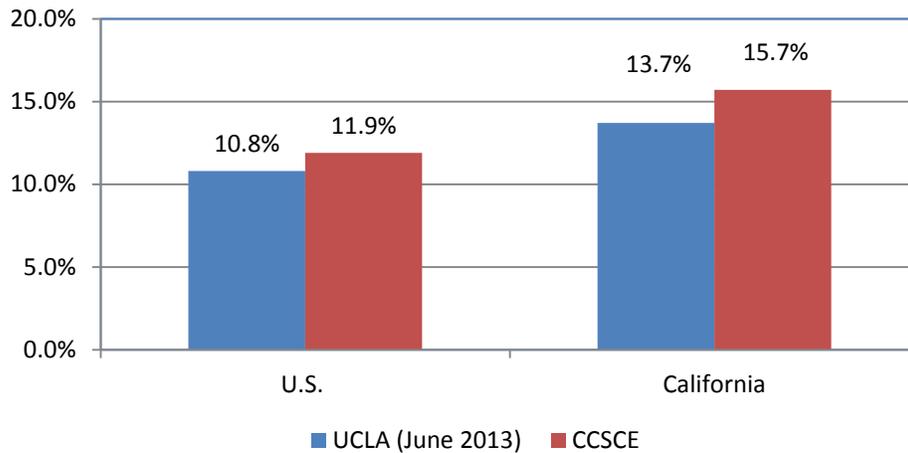
Relative job growth rates are driven by the composition of industries in the state’s economic base. If California has an above-average share of industries poised for above-average job growth in the nation, the result will be a projection of above-average total job growth in California and vice versa.

Jobs in the population serving sectors are projected in proportion to economic base job growth and changes in the industry composition of population-serving

jobs follow national trends and recent state/national share trends.

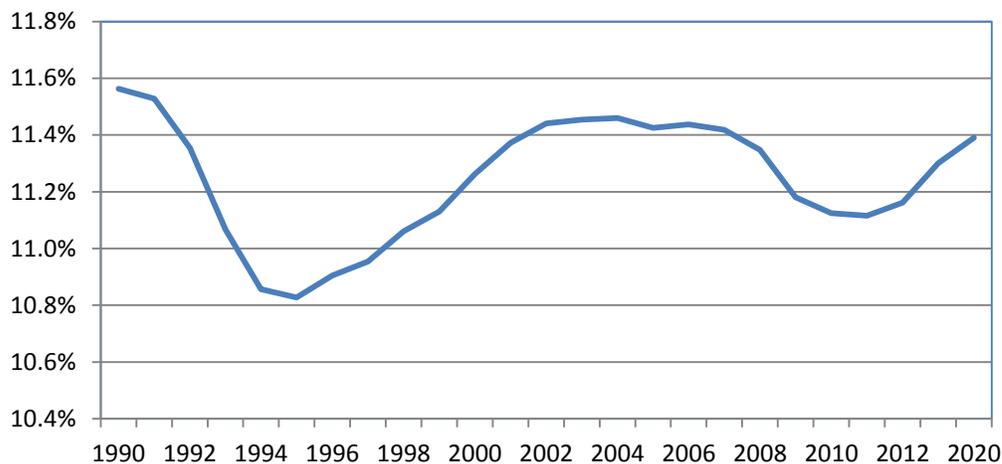
CCSCE preliminary state job projections to 2020 are slightly larger but closely mirror the pattern of gains relative to the nation found in the June 2013 UCLA projections. The state job growth to 2020 is higher than in the UCLA forecast because the PIE of national job growth is higher based on CCSCE's population and labor force projections and the state share of national growth is slightly higher.

### Non-farm W&S Job Growth 2012-20



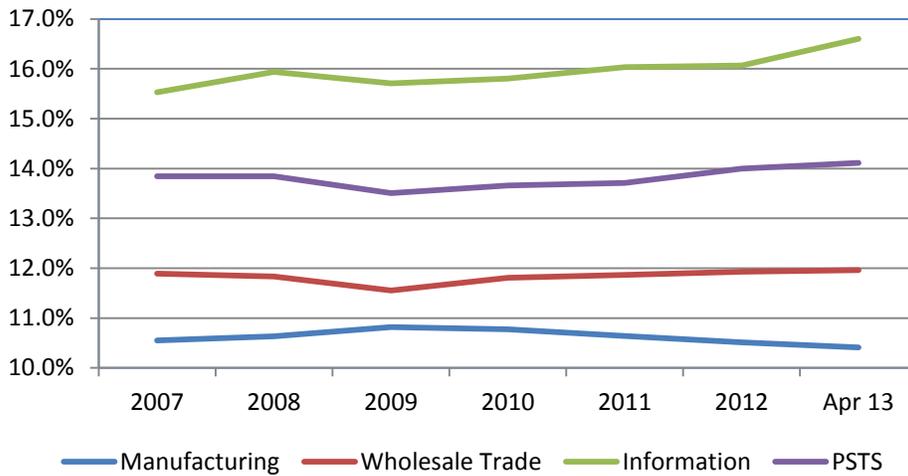
The CCSCE preliminary 2020 forecast has California capturing 11.4% of U.S. jobs in 2020 up from 11.2% in 2012. The 11.4% share returns California to the shares for the 2000-2008 years but still below the 11.6% peak job share in 1990 before the aerospace and base closure permanent job losses.

### California Share of U.S. Jobs



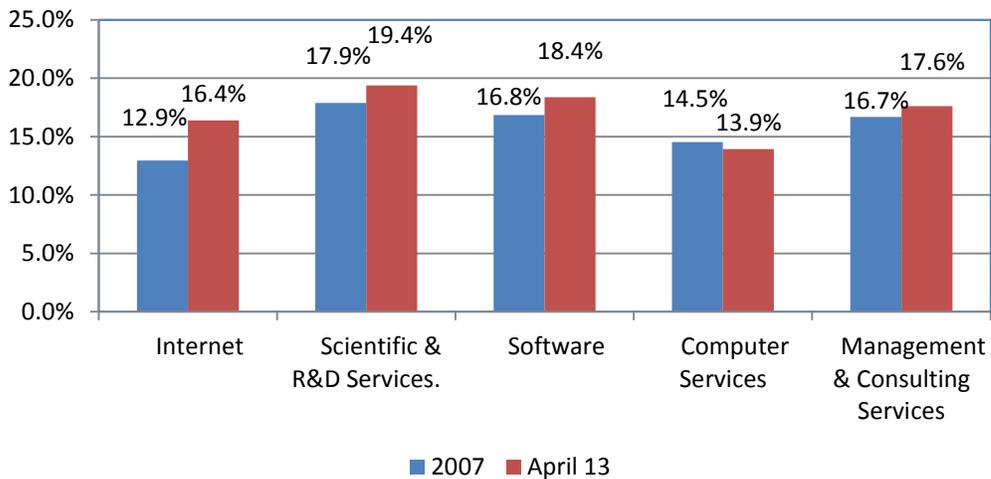
California is projected to outpace the nation in job growth because the state's economic base is favorably positioned to gain from the structure of expected U.S. job growth to 2020 and beyond. The chart below shows four of the major large economic base sectors—Manufacturing, Wholesale Trade, Information and Professional, Scientific and Technical Services (PSTS). Except for Manufacturing where the state's share of U.S. jobs has declined since 2007, all of the other sectors maintained a strong competitive position during the recession and are now showing share gains.

### CA Share of U.S. Jobs in Major Economic Base Sectors



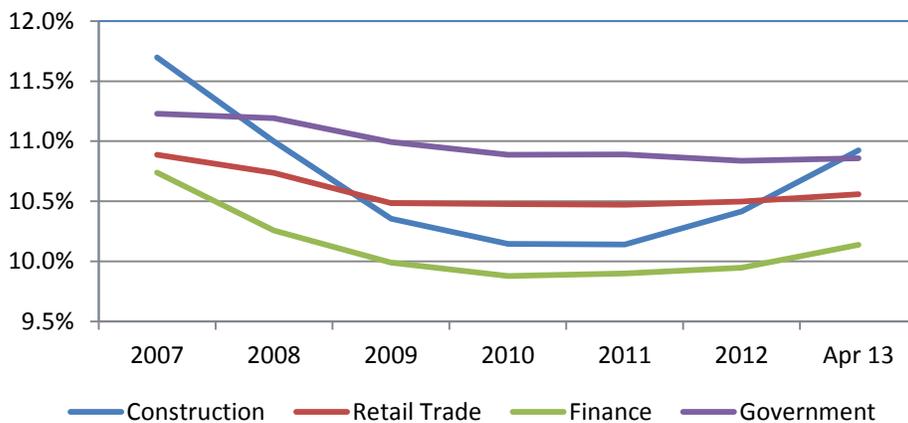
The chart below shows some of the more detailed high-wage economic base sectors and underscores that many of the state's key economic base sectors came through the recession unharmed and are now showing share gains.

### CA Share of U.S. Jobs



The deeper recession in California was caused primarily by above-average job losses in key population-serving sectors led by construction and government. In particular, housing construction declined from 200,000 units to near 40,000 at the low and caused the loss of 600,000 construction-related jobs and a sharp drop in the state's share of national construction jobs. Some of these jobs were in the Finance and Real Estate sectors where the state's share declined. Government and retail trade job losses were also greater than in the nation but share losses in all of these sectors have ceased and, except for government, turned around.

## CA Share of U.S. Jobs in Major Population Serving Sectors



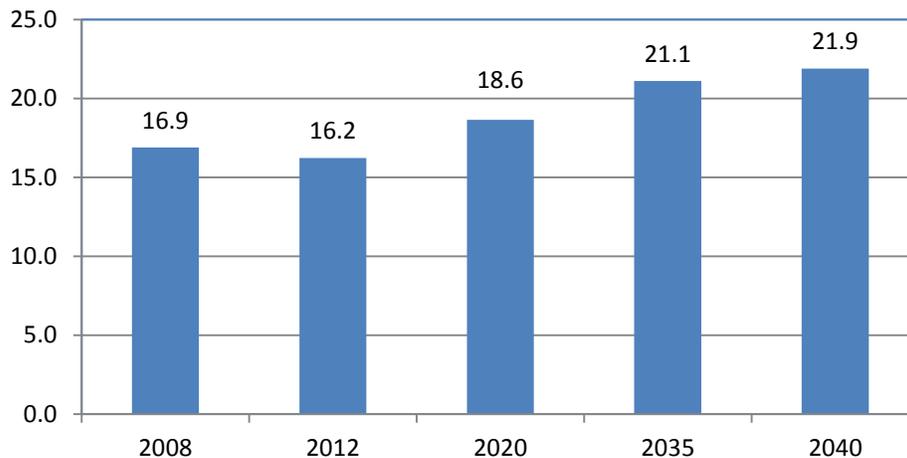
Strength in the state's economic base and recovery in construction and related sectors support the forecast of above-average state job growth.

### Extending the California Projections to 2040

A preliminary set of baseline projections was developed based on extending the major industry share trends from 2012 to 2020 to 2035 and 2040. The assumption was made that the average share gains between 2012 and 2020 would be reduced by 50% for 2035 and 2040. As a result California is projected to capture a higher share of U.S. jobs in 2035 and 2040 than in 2020 but a lower share than if the recent share gains were continued at the same pace as to 2020.

State job levels under these assumptions are projected to increase from 18.6 million in 2020 to 21.1 million in 2035 and 21.9 million in 2040. The state projection for 2035 is slightly higher than was used in the 2012 RTP as a result of the higher U.S. job projection. The projected state share of U.S. jobs increases from 11.4% in 2020 to 11.6% in 2035 and 11.7% in 2040.

## California Jobs (Millions)



### Key Questions

In the final round of RTP technical analysis the projected CA share of U.S. jobs was 11.2% (low), 11.4% (mid) and 11.6% (high in 2020 and 11.4% (low), 11.6% (mid) and 11.7% (high) in 2035.

- How do you assess the projected job growth to 2020 in California relative to the nation?
- Between 2020 and 2040 will California continue to outpace the nation?
- If the 2012 share of total U.S. jobs was 11.2% projected to increase to 11.4% in the preliminary baseline forecast, what are reasonable high and low job shares for 2020 and 2040?

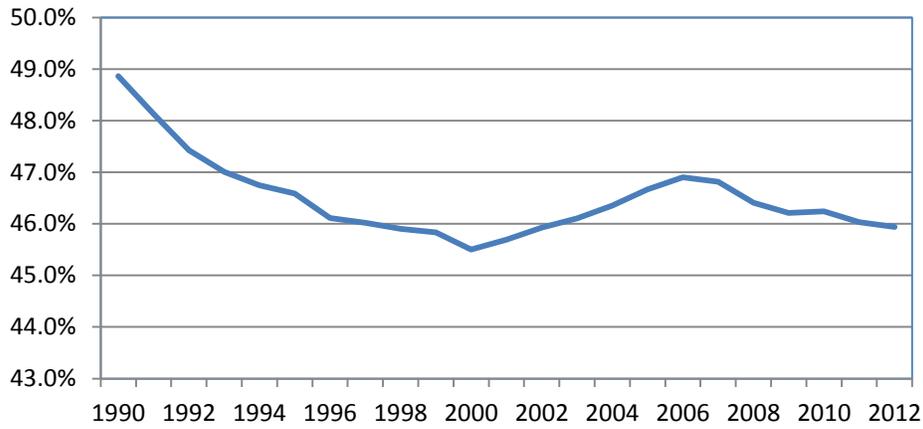
### SCAG Region Job Forecast Background and Preliminary Findings

Long-term and recent trends for the SCAG region job and unemployment levels compared to the state and nation are presented below. The main takeaways are 1) that the SCAG region has experience a decline in both the long-term and recent share of state jobs and lags the state in job and unemployment recovery and 2) the SCAG region has been outpacing the nation over the past 24 months. The key question is whether this faster growth represents merely catch up or the beginning of a new period where the SCAG region will outpace the nation in job growth for many years to come.

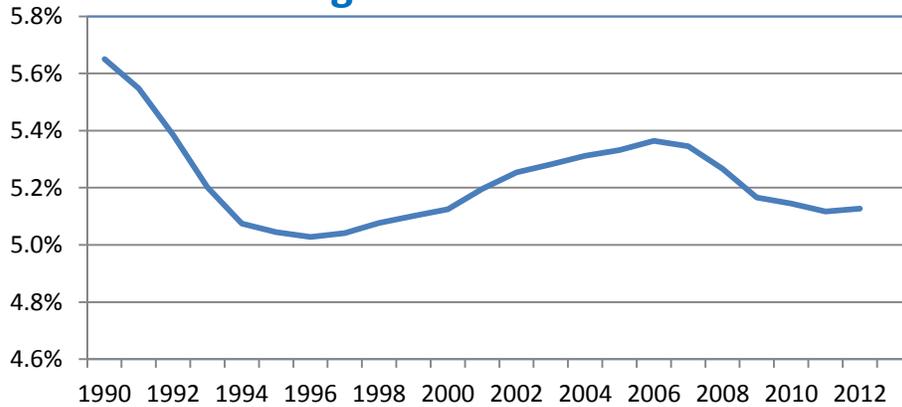
The long-term picture shows the SCAG region lost a share of state jobs in the early 1990s and in 2012 had a slightly smaller share of state jobs (45.9%) than in 1994 (46.7%). The region also saw a decline in the share of national jobs in the early 1990s. Since then the region's share has fluctuated and in 2012 the

region's share of U.S. jobs (5.127%) was slightly higher than in 1994 (5.075%).

### SCAG Region Share of CA Jobs

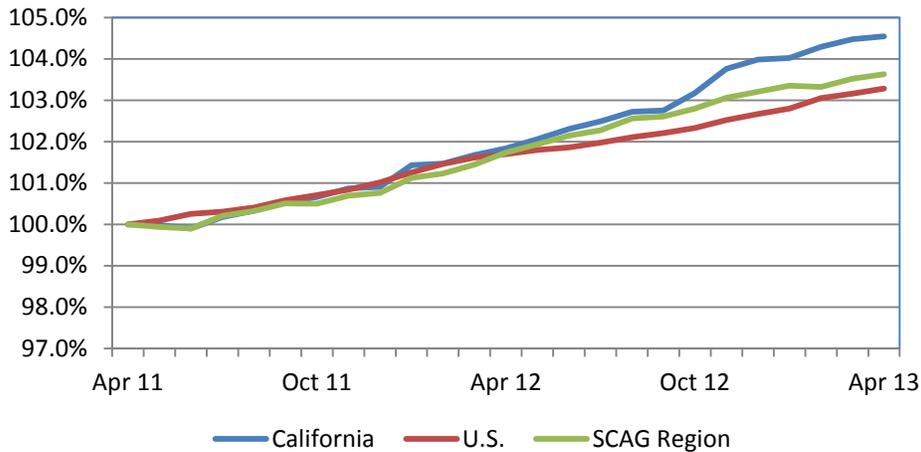


### SCAG Region Share of U.S. Jobs



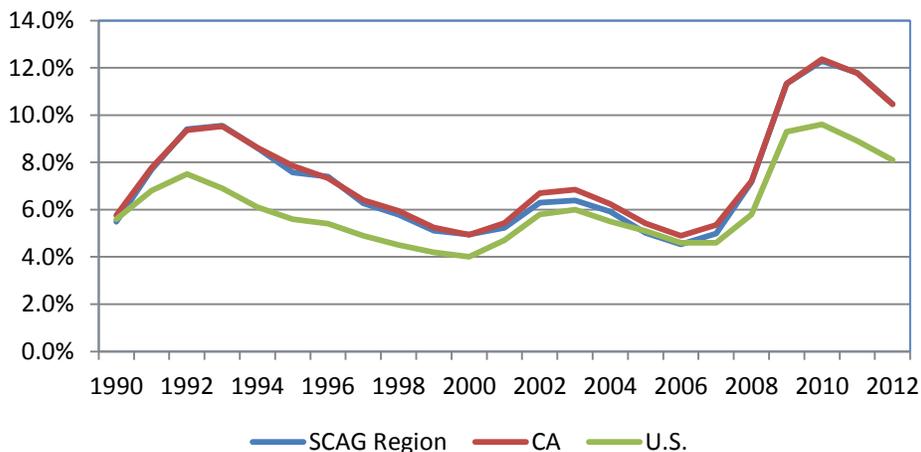
Over the past 24 months the region has outpaced the nation in job growth and recovered a portion of the recession job share losses. During this period SCAG region jobs increased by 3.6% compared to 3.3% for the nation and 4.5% for California.

## Growth over the Past 12 Months



The regional unemployment trends are nearly identical to the state trends and the past few months have shown a decline in the gap between the state/region and national unemployment rates as occurred after the 1990s recession.

## Unemployment Rates



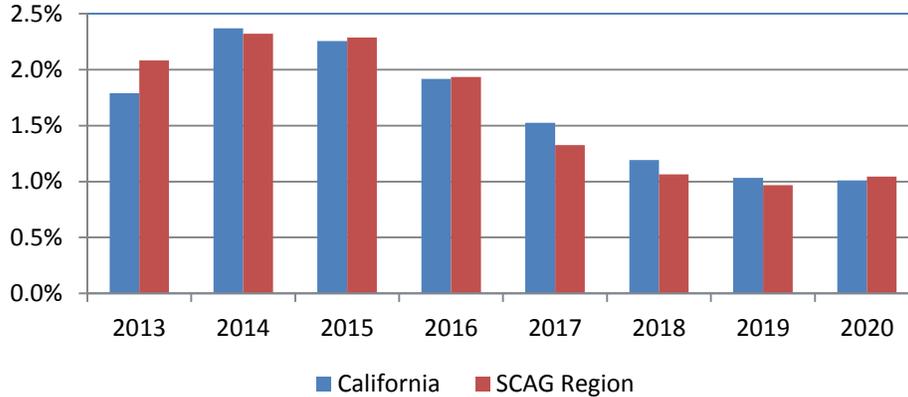
## SCAG Region Economic Forecasts from the 2013 Forecast Survey

Just two regional forecasts were identified for the forecast survey: 1) the short-term economic outlook from May 2013 and 2) the October 2012 forecast to 2020 and beyond from the California Economic Forecast.

The unemployment rate forecasts show a path toward full employment in the region by 2020. The California Economic Forecast expects 2020 unemployment rates in 2020 of 5.8% in Los Angeles County, 5.0% for Orange, 5.9% in Riverside, 6.3% in San Bernardino and 4.5% in Ventura County. The job growth

rates to 2020 for the SCAG region anticipated by the California Economic Forecast are similar to those they forecast for California.

### Job Growth Rates from CA Econ Forecast



### The CCSCE SCAG Region Job Forecast to 2020

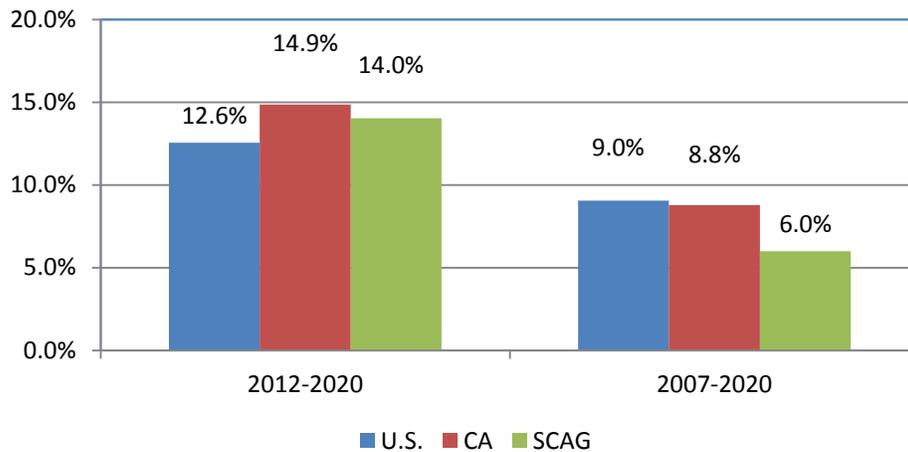
The CCSCE forecast is based on an analysis of industry trends for more than 100 separate industries in the region, state and nation. One way to think about the projection framework is that state job growth in total and by industry is the PIE from which regional job growth is projected as a SHARE. The total job projections are driven first by projections of industries in the state’s economic base. Regional/state job share projections by industry follow recent trends. There are no assumptions of significant share gains over the projection period.

Relative job growth rates are driven by the composition of industries in the region’s economic base. If the SCAG region has an above-average share of industries poised for above-average job growth in the nation, the result will be a projection of above-average total job growth in the SCAG region and vice versa.

Jobs in the population serving sectors are projected in proportion to economic base job growth and changes in the industry composition of population-serving jobs follow national trends and recent regional/state share trends.

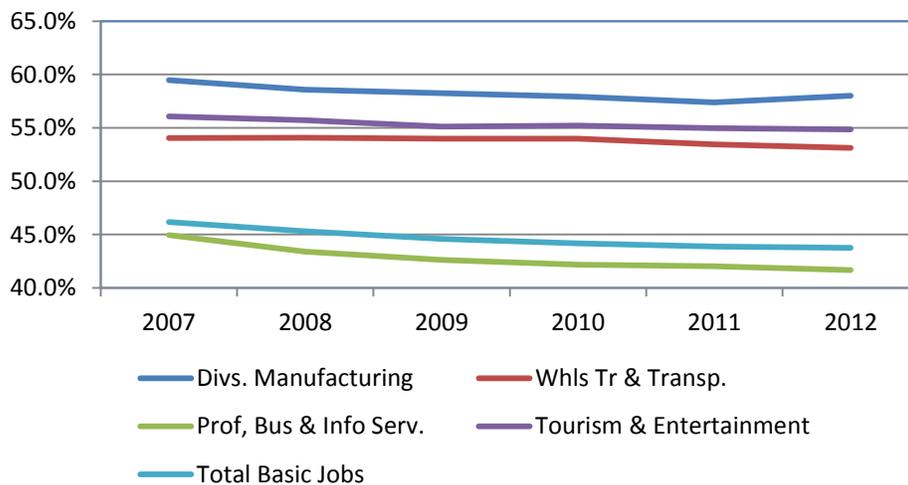
CCSCE preliminary regional job projections to 2020 are slightly below the state forecast measured by job growth and slightly larger than the projected national job growth rate for the 2012-2020 years. Measured from the pre-recession 2007 job levels, the region is projected to grow more slowly than both the state and nation.

## Job Growth to 2020



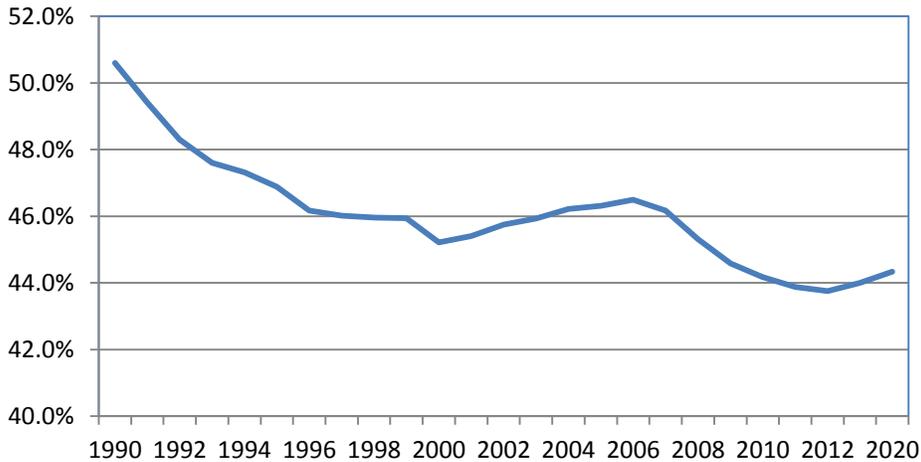
The region's economic base was hurt more than the state's during the recent recession. The region's share of state basic jobs declined from 46.2% in 2007 to 43.8% in 2012 with shares drops in all of the four largest economic base sectors.

## SCAG Share of CA Jobs



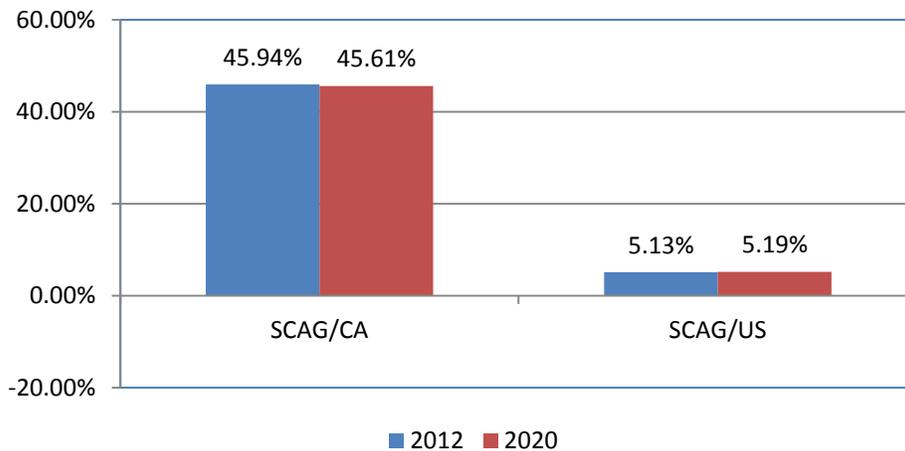
An analysis of all the region's economic base sectors results in a forecast of a very small rebound from the 2012 share lows to 2020 with the region's economic base accounting for 44.3% of state jobs in 2020 compared to 43.8% in 2012. A small rebound similarly occurred after the large share losses in the 1990s.

## SCAG Region Share of CA Basic Jobs



The small increase in the region's share of basic jobs is offset by a projected return to more normal ratio of population serving jobs to total jobs and, as a result, the region's share of state jobs is projected to decline slightly between 2012 and 2020.

## SCAG Region Share of CA & U.S. Jobs

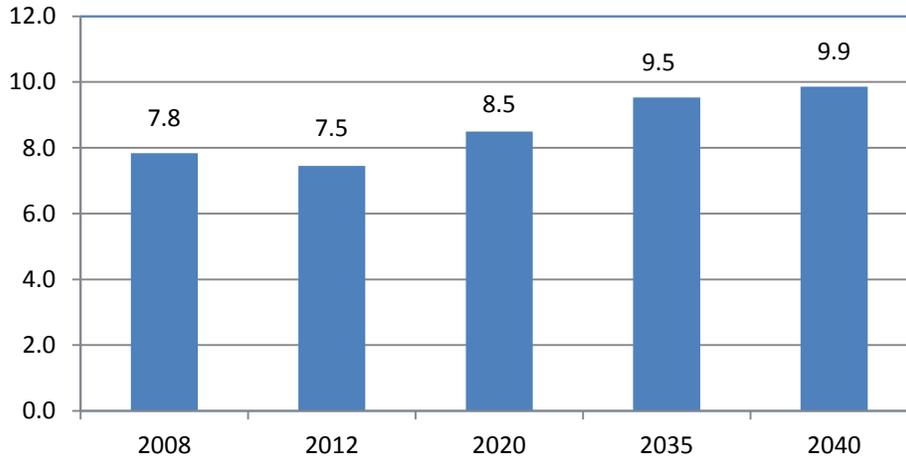


### Extending the SCAG Job Projections to 2040

The same procedure was used as with the California projections. Trends in the SCAG/California job shares by major industry were tabulated and reduced by 50% to 2035 and 2040. These new major industry job shares were used with the preliminary California 2035 and 2040 projections to develop projections for the SCAG region. The preliminary 2035 SCAG job projection is slightly higher than the adopted 2012 total (9.4 million) in line with the higher U.S. and California

projections. The projection regional share of state job declines from 45.9% in 2012 to 45.6% in 2020, 45.2% in 2035 and 45.0% in 2040.

### SCAG Region Jobs (Millions)



#### Questions

In the final round of the 2012 RTP technical analysis the projected SCAG region share of California jobs was 44.0% (low), 45.1% (mid) and 46.2% (high) for 2020 and for 2035 was 43.0% (low), 45.0% (mid) and 47.2% (high). The 45.6% share for 2020 and 45.2% for 2035 in the preliminary 2016 growth forecast are slightly higher than the 2012 RTP shares.

- How do you assess the SCAG region 2020 forecast?
- Do you expect the region to grow more slowly than the state to 2040?
- Will the region keep pace with, grow faster than or lag behind the nation in job growth between 2020 and 2040?

#### Preliminary Baseline Share Projections to 2040

The CA/U.S. and SCAG/CA job shares for the baseline projections described in this background memo are shown below.

Baseline Alternative Share History and Projections

	2008	2012	2020	2035	2040
CA/US	11.3%	11.2%	11.4%	11.6%	11.7%
SCAG/CA	46.4%	45.9%	45.6%	45.2%	45.0%

# National, State and Regional Job Projections

Prepared for Expert Panel Discussion at  
SCAG June 27, 2013

Steve Levy, Center for Continuing Study  
of the California Economy

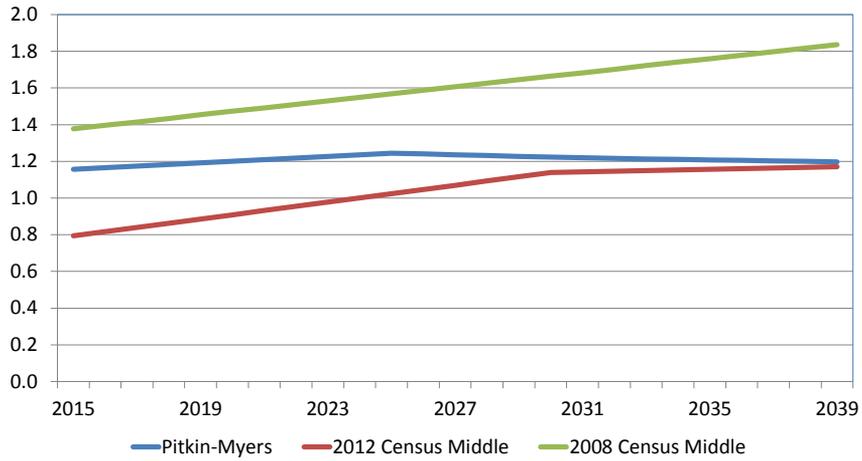
1

## National Projections

- Population growth assumptions
- Labor force participation assumptions
- A full employment economy (see forecast survey)
- Unemployment rate assumptions
- Projected population and jobs to 2040

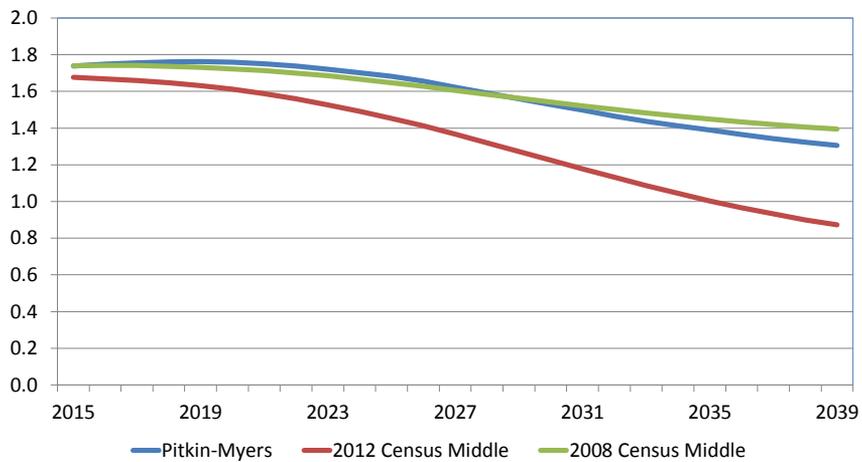
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## Annual Immigration (Millions)



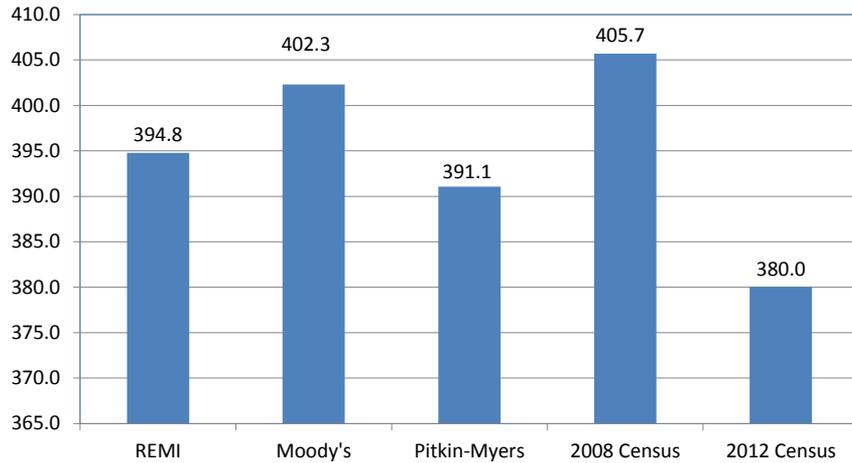
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## Natural Increase (Millions)



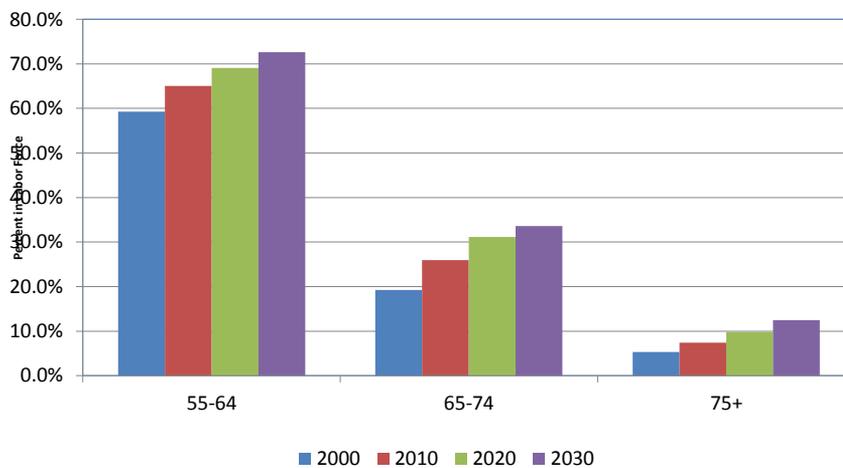
4

## U.S. Population in 2040 (Millions)



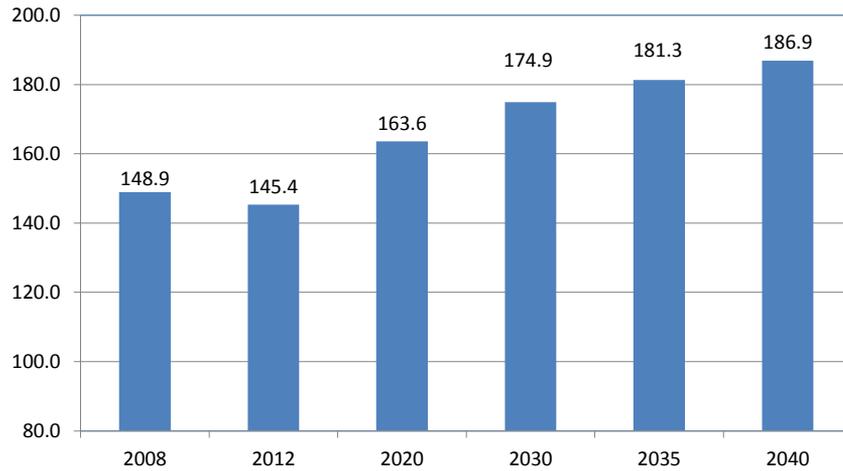
5

## U.S. Labor Force Participation Rates



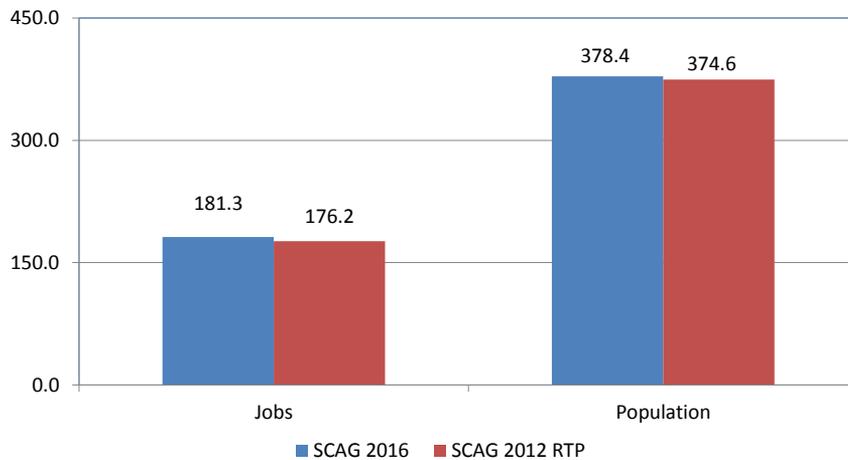
6

## U.S. Total Jobs (Millions)



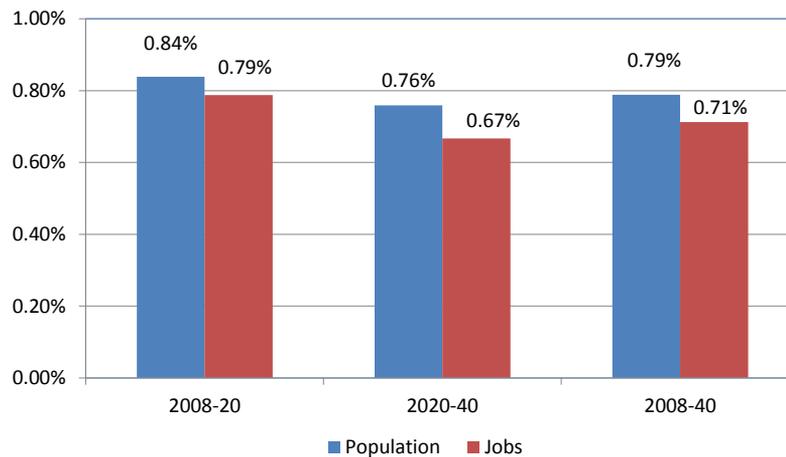
7

## U.S. Projections for 2035 (Millions)



8

## Average Annual U.S. Growth Rates



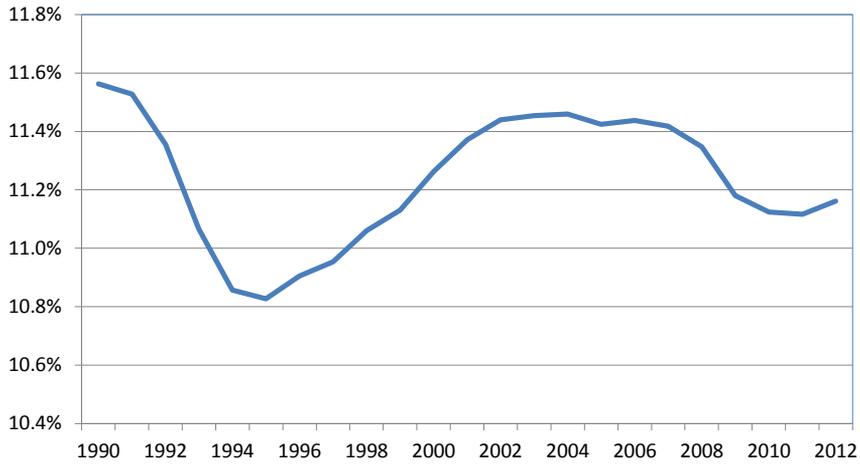
9

## California Job Projections

- Rapid recent job growth
- Full employment before 2020 (see forecast survey)
- Recent sector trends
- UCLA, California Economic Forecast have CA outpacing the nation each year to 2020 and beyond
- The CA Job Projections and Comparisons

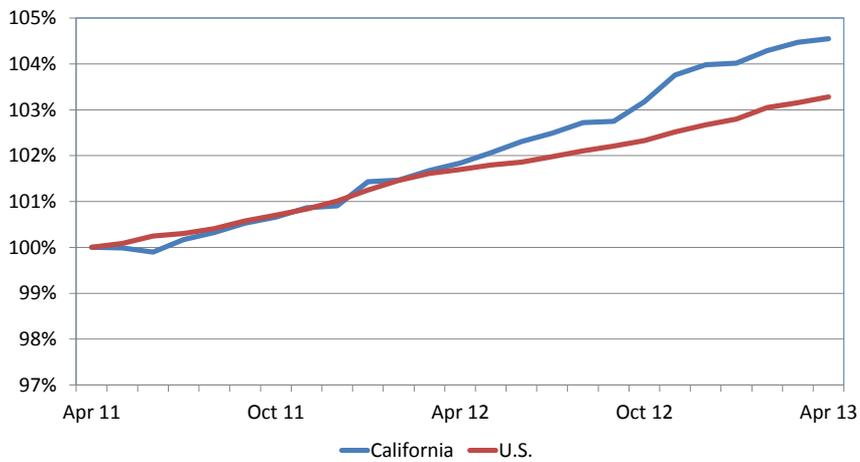
10

## California Share of U.S. Jobs



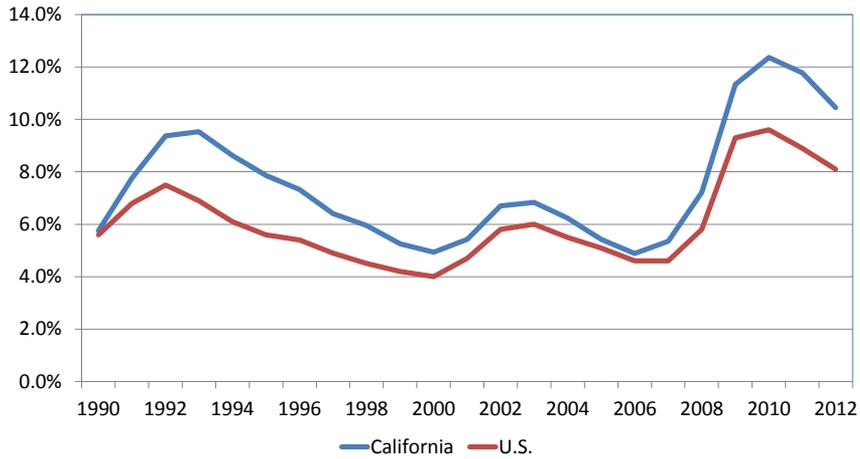
11

## Job Growth Over Past 24 Months



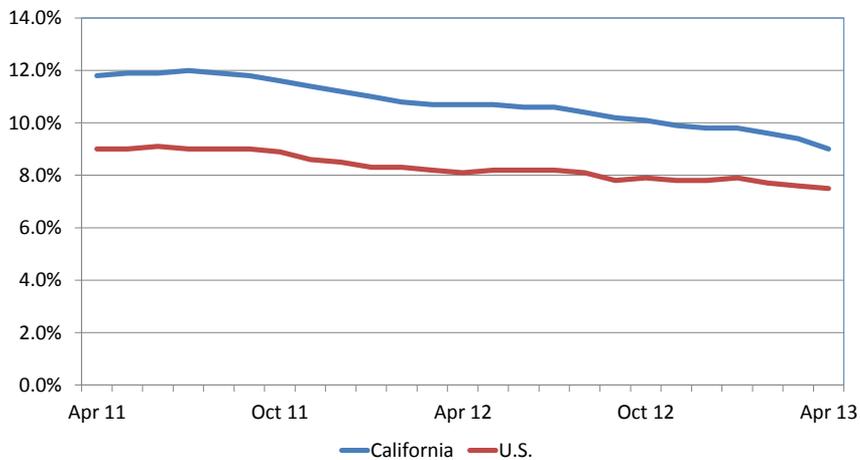
12

## Long Term Unemployment Rate Trends



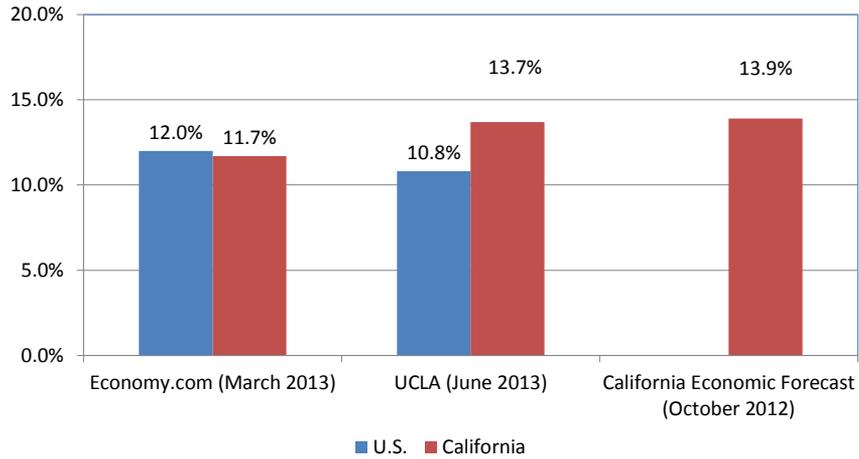
13

## U.E. Rates Over Past 24 Months



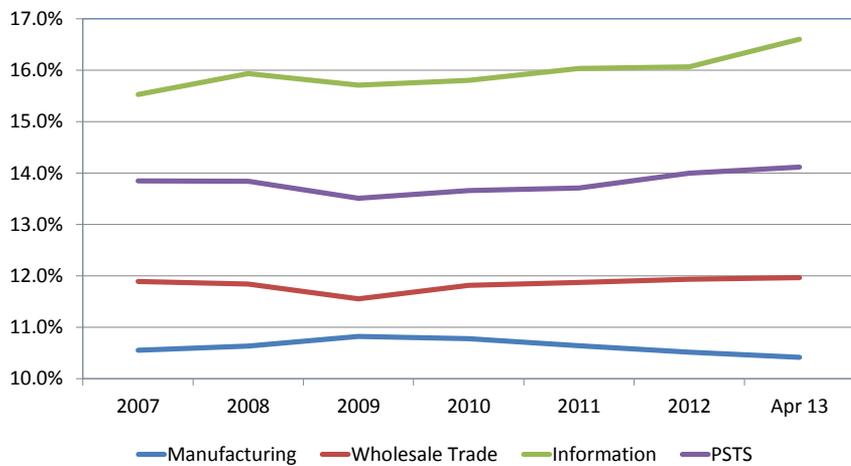
14

## Non-Farm Wage & Salary Job Growth



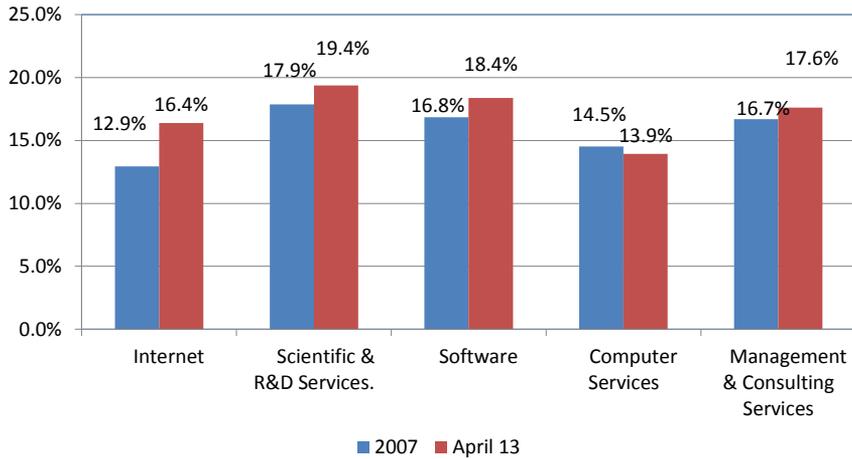
15

## CA Share Of U.S. Economic Base Jobs



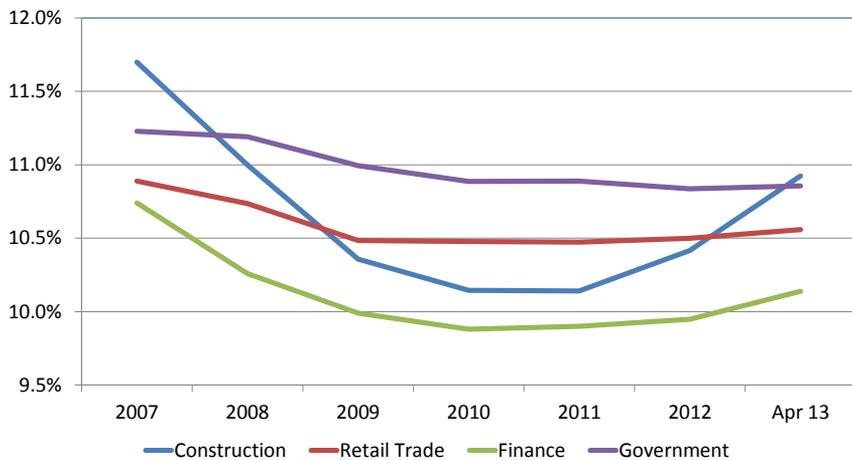
16

## CA Share of U.S. Jobs—Key Sectors



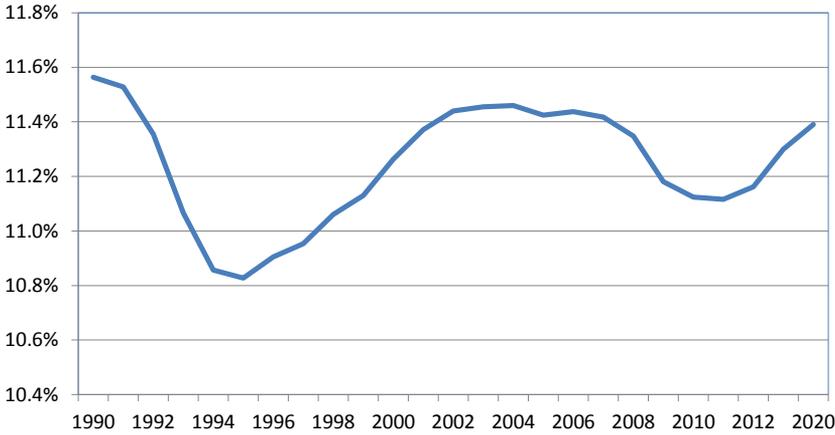
17

## CA Share of U.S. Pop-Serving Jobs



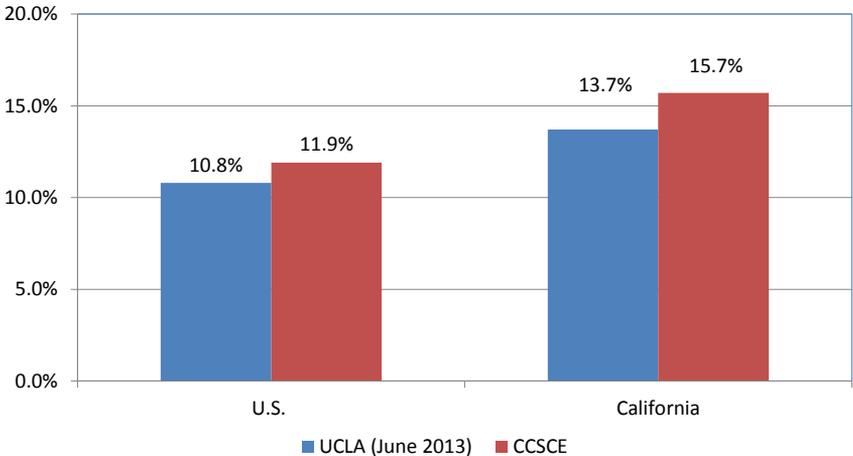
18

# California Share of U.S. Jobs to 2020



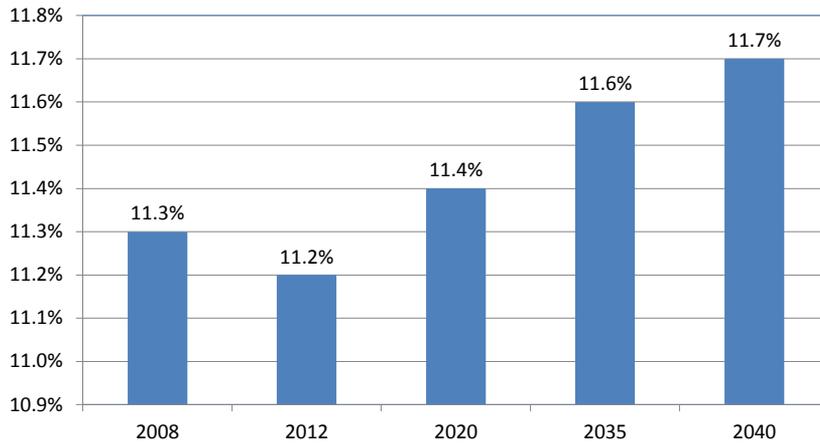
19

# Non-Farm Wage and Salary Job Growth



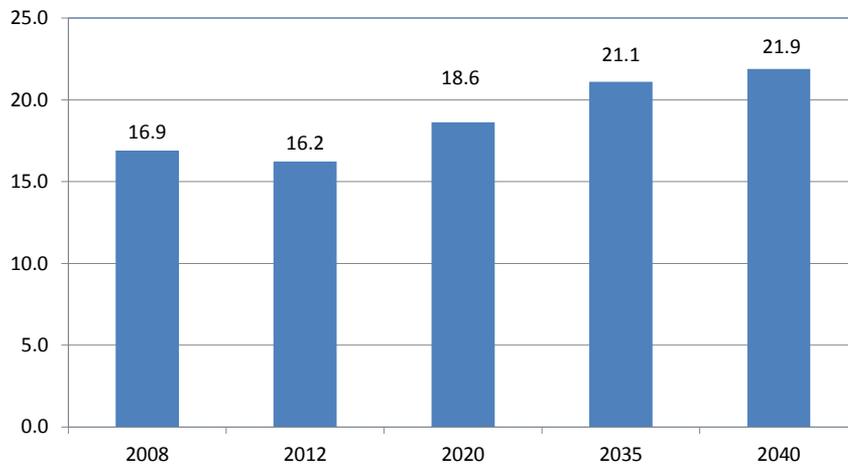
20

## California Share of U.S. Jobs



21

## California Jobs (Millions)



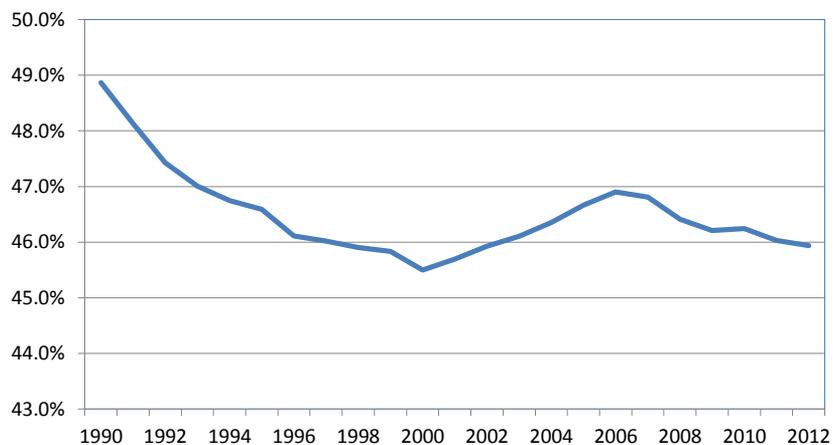
22

## SCAG Region Job Projections

- Recent trends
- Forecasts from forecast survey
- Economic Base Analysis
- SCAG Region Job Projections

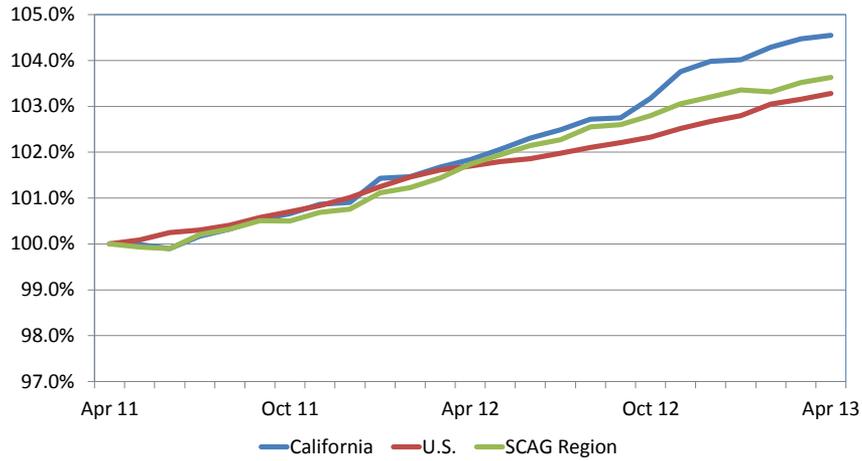
23

## SCAG Region Share of CA Jobs



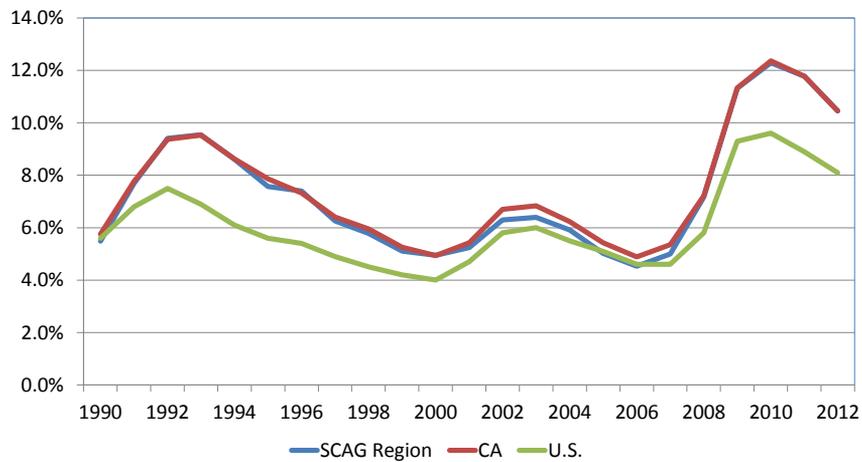
24

## Growth Over Past 24 Months



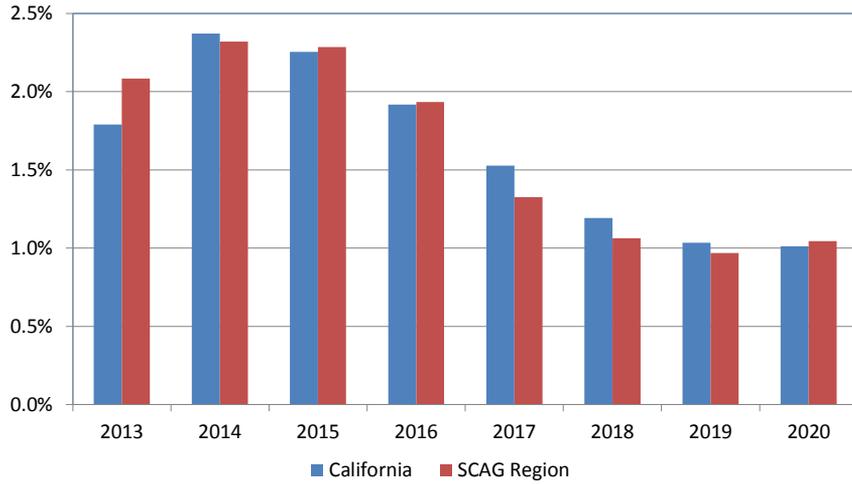
25

## Unemployment Rates



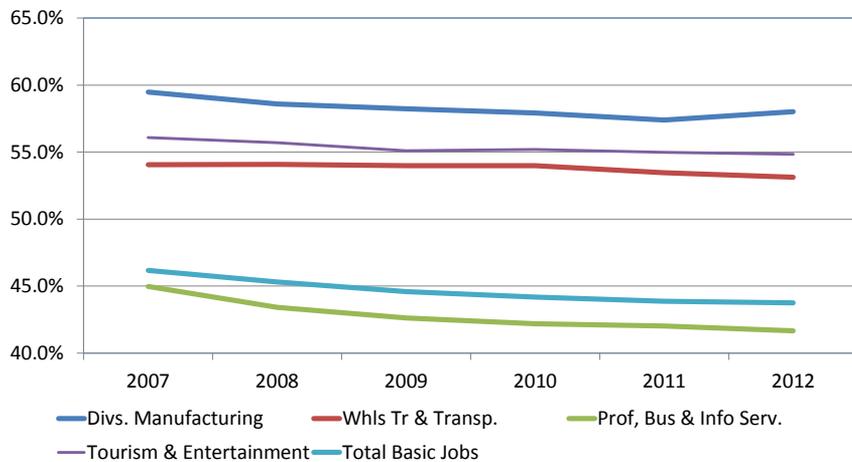
26

## California Economic Forecast Growth Rates



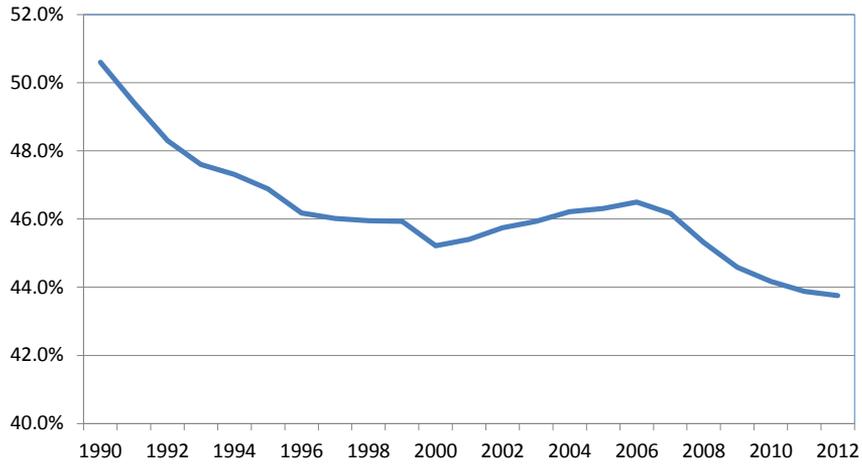
27

## SCAG Share of CA Economic Base



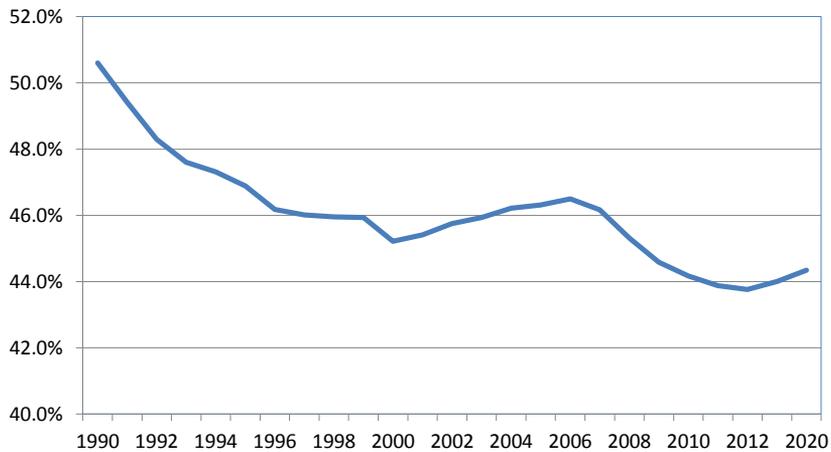
28

## SCAG Region Share of CA Basic Jobs



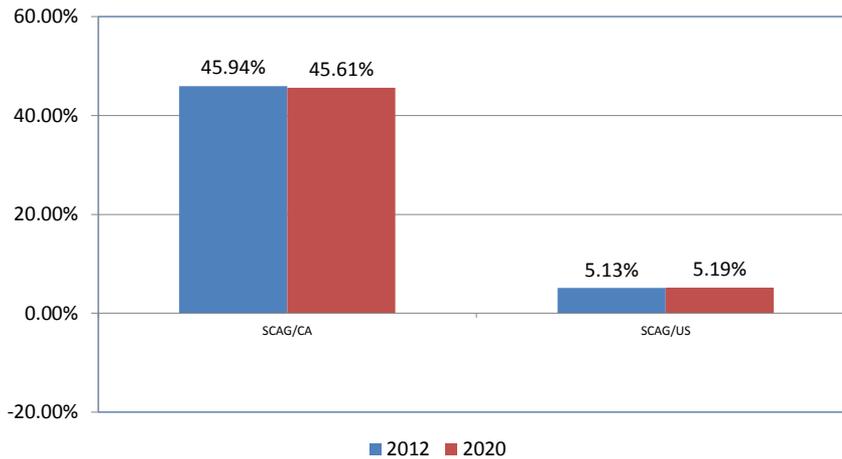
29

## SCAG Region Share of CA Economic Base to 2020



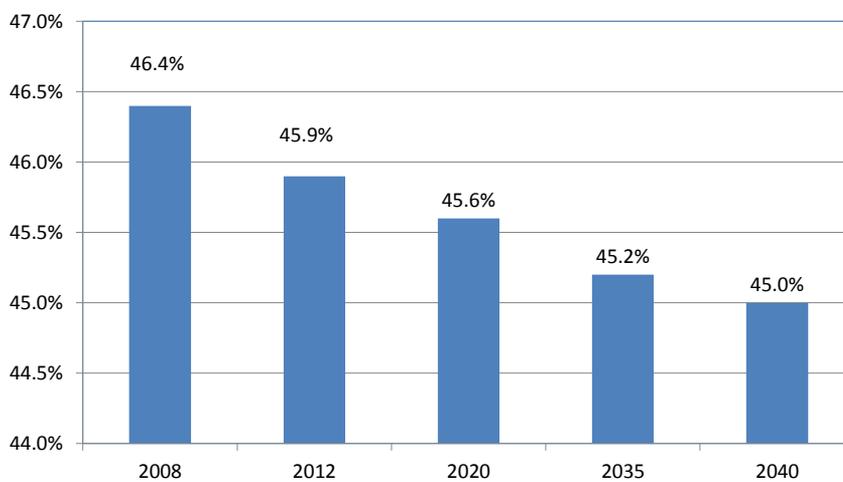
30

## SCAG Region Share of CA and U.S. Jobs



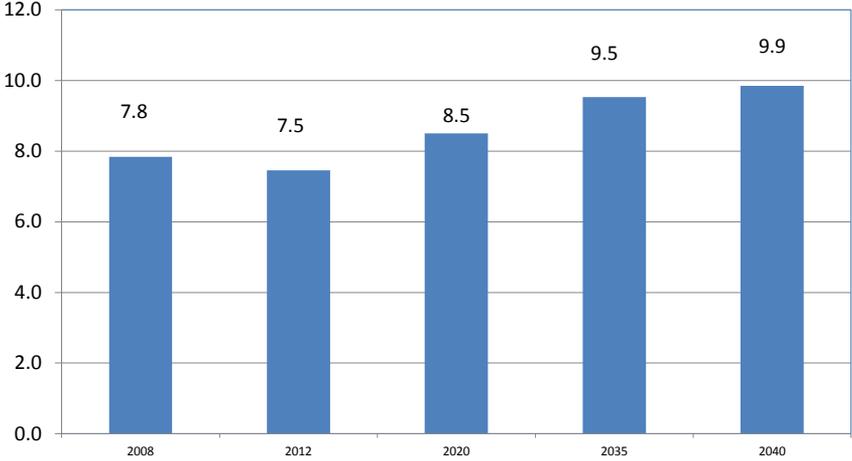
31

## SCAG Region Share of CA Jobs



32

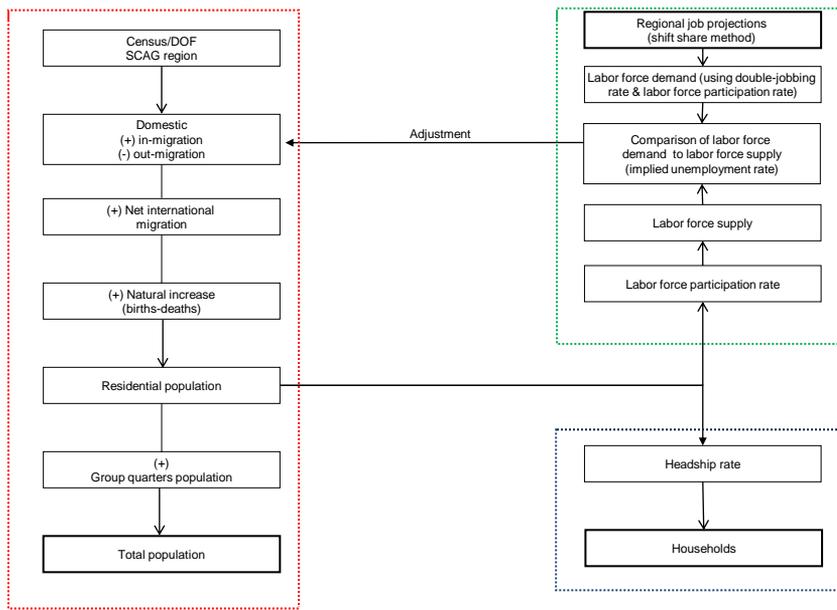
# SCAG Region Jobs (Millions)



# Regional Demographic Forecast Model

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## Regional Economic-Demographic Forecast Process



## Key Regional Demographic Assumptions

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- Demographic Assumptions
  - Fertility: **Declines**
  - Mortality: **Declines**
  - Net Immigration: **Constant**
  - Net Domestic Migration: **Fluctuates**
  - Household Headship Rate: **Increases**
- Additional Regional Assumptions
  - Jobs Per Worker: **1.0452**
  - Unemployment Rate: **5%-8%**
  - Total Labor Force Participation Rate: **Declines, Increases for older age cohorts.**

3

3

## Total Fertility Rates by Race/Ethnicity

---

	2000	2005	2010	2040
White (NH)	2.0	1.8	1.7	1.7
Black (NH)	2.4	2.1	1.9	1.9
Asian & Others(NH)	1.4	1.4	1.4	1.4
Hispanic	2.8	2.5	2.5	2.3
Total	2.3	2.1	2.1	2.0

Source: Rand California; United States Department of Health and Human Services (US DHHS), Centers for Disease Control and Prevention (CDC), National Center for Health Statistics (NCHS); CA DOF

4

## US Census Bureau's Assumptions of Total Fertility Rates by Race/Ethnicity

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	2012	2020	2035	2040
White (NH)	1.83	1.83	1.83	1.83
Black (NH)	2.03	2.01	1.98	1.97
Asian & PI (NH)	1.72	1.73	1.75	1.76
Hispanic	2.53	2.47	2.35	2.31
Total	2.00	1.98	1.95	1.94

Source: US Census Bureau, Methodology and Assumptions for the 2012 National Projections, 2013

5

## US Census Bureau's Assumptions of Life Expectancy at Birth by Race/Ethnicity

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	2010	2040	% change 2010-2040
Male White/API (NH)	76.8	81.1	5.6
Male Black (NH)	71.2	77.4	8.7
Male Hispanic	78.8	81.1	2.9
Female White/API (NH)	81.5	85.2	4.5
Female Black (NH)	77.6	82.2	5.9
Female Hispanic	83.7	85.2	1.8

Source: US Census Bureau, Methodology and Assumptions for the 2012 National Projections, 2013

6

## Migration

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- Domestic migration is influenced by *labor demand*, derived from regional employment Projections.
- Net international migration is determined using the annual average (95,000) of net international migration (1990-2012).

7

7

## Labor Force Participation Rates by Race/Ethnicity

---

	2010	2040
White (NH)	64%	61%
Black (NH)	59%	57%
Asian & Others (NH)	62%	56%
Hispanic	61%	60%
Total	62%	59%

Source: SCAG

8

## Household Headship Rates by Race/Ethnicity

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- Asian headship rates increase by 50% of difference from 2010 White headship rates by 2050
- Hispanic headship rates increase by 25% of the difference from 2010 White headship rates by 2050

	2010	2040
White (NH)	52%	52%
Black (NH)	48%	51%
Asian & Others (NH)	45%	48%
Hispanic	33%	37%
Total	41.8%	43%-44%

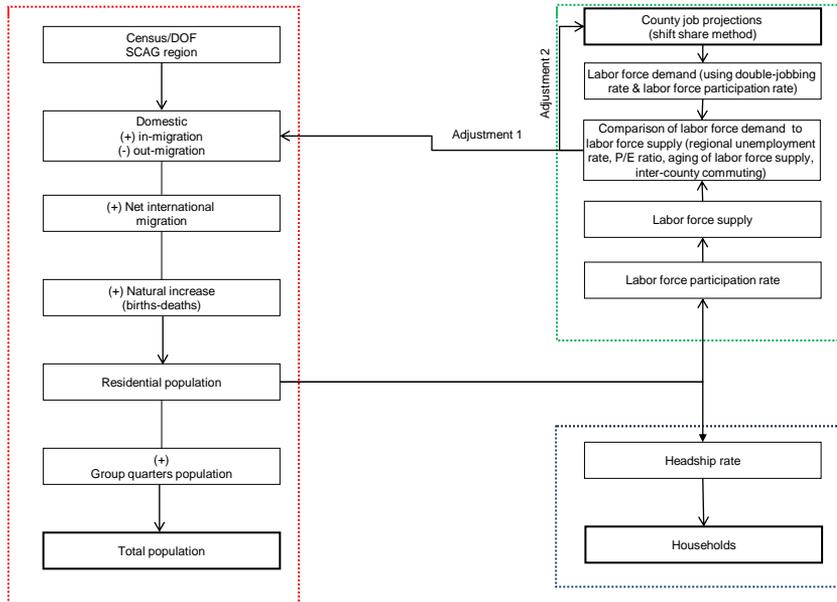
Source: US Census Bureau, 2010 Decennial Census

9

## County Economic-Demographic Forecast Model

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## County Economic-Demographic Forecast Process



11

## County Share of Regional Population, Households, and Employment

County/ Region	Population		Households		Employment	
	2012	2040	2012	2040	2012	2040
Imperial	1.0%	1.3%	0.8%	1.2%	0.8%	1.3%
Los Angeles	54.1%	51.4%	55.3%	52.6%	56.9%	51.1%
Orange	16.8%	15.5%	17.0%	15.4%	20.7%	18.8%
Riverside	12.3%	15.0%	11.8%	14.9%	8.3%	13.2%
San Bernardino	11.3%	12.4%	10.5%	11.6%	8.8%	11.2%
Ventura	4.6%	4.3%	4.6%	4.3%	4.5%	4.4%
SCAG Region	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: CA DOF, CA EDD, SCAG

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## Survey of Economic Outlook/Forecasts (As of June 2013)

<b>Forecast/Outlook for the U.S.</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b><u>Unemployment Rate</u></b>									
CBO (Feb. 2013)	8.1%	7.9%	7.8%	7.1%	6.3%	5.6%	5.5%	5.5%	5.4%
UCLA (June 2013)	8.1%	7.6%	7.1%	6.6%	6.2%	6.0%	5.7%	5.6%	5.5%
LAEDC (May 2013)	8.1%	7.6%	7.3%						
DOF (May 2013)	8.1%	7.7%	7.3%	6.7%					
LAO (May 2013)	8.1%	7.7%	7.3%	6.7%	6.3%	6.0%	5.8%		
REMI (Mar. 2013)									
Economy.com (Mar. 2013)	8.1%	7.6%	7.0%	6.2%	5.8%	5.5%	5.4%	5.4%	5.3%
<b><u>Non-farm job growth</u></b>									
CBO (Feb. 2013)	1.4%	1.0%	1.3%	1.9%	1.9%	1.6%	0.9%	0.7%	0.7%
UCLA (June 2013)	1.7%	1.5%	1.6%	1.8%	1.6%	1.3%	1.0%	0.8%	0.7%
LAEDC (May 2013)	1.7%	1.5%	1.7%						
DOF (May 2013)	1.7%	1.5%	1.6%	1.8%					
LAO (May 2013)	1.7%	1.5%	1.6%	1.8%	1.7%	1.3%	0.9%		
REMI (Mar. 2013)	1.6%	1.7%	1.7%	1.8%	1.7%	1.7%	1.6%	1.7%	1.6%
Economy.com (Mar. 2013)	1.7%	1.5%	1.7%	2.6%	2.2%	1.4%	0.7%	0.6%	0.7%
<b>Forecast/Outlook for California</b>									
<b><u>Unemployment Rate</u></b>									
UCLA (June 2013)	10.5%	9.1%	8.1%	7.1%	6.4%	6.1%	6.0%	5.9%	5.9%
LAEDC (May 2013)	10.5%	9.8%	8.9%						
DOF (May 2013)	10.5%	9.4%	8.6%	7.6%					
LAO (May 2013)	10.5%	9.3%	8.3%	7.5%	6.9%	6.5%	6.1%		
REMI (Mar. 2013)									
Economy.com (Mar. 2013)	10.5%	9.3%	8.1%	6.6%	6.1%	5.8%	5.7%	5.7%	5.7%
Califorina Economic Forecast (Oct. 2012)	10.6%	9.7%	8.3%	7.2%	6.4%	6.1%	5.9%	5.8%	5.7%
<b><u>Non-farm job growth</u></b>									
UCLA (June 2013)	1.8%	2.0%	2.0%	2.2%	2.0%	1.5%	1.2%	1.1%	1.0%
LAEDC (May 2013)	1.8%	1.8%	1.7%						
DOF (May 2013)	2.0%	2.1%	2.4%	2.5%					
REMI (Mar. 2013)									
LAO (May 2013)	2.1%	2.0%	2.5%	2.4%	2.0%	1.5%	1.2%		
Economy.com (Mar. 2013)	1.8%	1.5%	2.1%	2.6%	2.1%	1.1%	0.6%	0.6%	0.6%
Califorina Economic Forecast (Oct. 2012)	1.7%	1.8%	2.4%	2.3%	1.9%	1.5%	1.2%	1.0%	1.0%
<b>Forecast/Outlook for SCAG region</b>									
<b><u>Unemployment Rate</u></b>									
Califorina Economic Forecast (Oct. 2012)									
Imperial	26.4%	25.1%	22.5%	19.0%	16.2%	14.0%	12.4%	11.2%	10.1%
Los Angeles	10.9%	9.7%	8.9%	8.1%	7.3%	6.8%	6.5%	6.1%	5.8%
Orange	7.8%	6.9%	6.3%	5.8%	5.5%	5.4%	5.4%	5.3%	5.0%
Riverside	12.2%	10.4%	9.5%	8.5%	7.6%	7.1%	6.7%	6.2%	5.9%
San Bernardino	11.9%	10.5%	9.5%	8.7%	7.9%	7.4%	7.0%	6.7%	6.3%
Ventura	9.3%	8.3%	7.5%	6.8%	6.1%	5.6%	5.2%	4.8%	4.5%
LAEDC									
Los Angeles	11.1%	10.0%	9.7%						
Orange	7.6%	7.1%	6.5%						
Inland Empire	12.4%	11.7%	11.2%						
Ventura	9.1%	8.6%	8.5%						
<b><u>Non-farm job growth</u></b>									
Califorina Economic Forecast (Oct. 2012)									
Imperial	-0.2%	3.8%	3.5%	3.1%	3.3%	2.8%	2.7%	2.1%	2.0%
Los Angeles	1.1%	1.6%	2.0%	1.9%	1.5%	0.9%	0.7%	0.7%	0.6%
Orange	2.1%	2.6%	2.5%	2.7%	2.2%	1.4%	1.0%	0.9%	1.3%
Riverside	2.0%	4.6%	3.6%	3.5%	3.2%	2.8%	2.3%	2.1%	2.0%
San Bernardino	1.5%	2.1%	2.8%	2.8%	2.6%	2.0%	1.7%	1.7%	1.8%
Ventura	1.0%	1.6%	2.0%	2.0%	1.9%	1.8%	1.6%	1.4%	1.2%
SCAG Region	1.4%	2.1%	2.3%	2.3%	1.9%	1.3%	1.1%	1.0%	1.0%
LAEDC									
Los Angeles	1.4%	1.7%	1.8%						
Orange	1.6%	1.6%	2.1%						
Inland Empire	1.4%	2.0%	2.9%						
Ventura	0.6%	1.5%	2.1%						

**Survey Questions on Major Assumptions for  
2016-2040 RTP/RCS Regional Growth Forecasts  
for SCAG Panel of Experts,  
June 27, 2013**

Thank you for taking time to respond to questions on major assumptions for 2016-2040 RTP/SCS Regional Growth Forecasts. We will not disclose the respondents and their professional opinion of forecasting assumptions. The respondent's opinion should be personal and does not represent the affiliated organization's current official forecast assumptions. The survey response will be used only for statistical and analytical purpose. Feel free to skip any questions you are not comfortable answering. We will provide time in the meeting to answer the survey or you can submit your survey response to Steve Levy ([slevy@ccsce.com](mailto:slevy@ccsce.com)) by the end of June 27 (Thursday).

Name:

Organization:

1. *Help us assess the immigration assumptions underlying the U.S. population and job projections. Will immigration reform raise the level of immigration above what we are projecting and, if so, by how much—200,000 per year, 350,000 per year, 500,000 per year? An increase of 350,000 per year would increase the 2040 U.S. population and job levels by approximately 3%. The baseline immigration assumptions are shown on pages 1-2 of the background memo.*
2. *Do you agree that workers will retire later in the next 20-30 years? The baseline U.S. labor force participation rates are shown on pages 3-4 of the background memo.*
3. *Do you agree with the forecast survey that the nation will be at full employment in 2020?*

Yes ( ) No ( )

4. *Do you think California's share of U.S. jobs will remain the same, increase or decrease to 2020, 2035 and 2040? CCSCE's initial assumptions and reasoning are shown on pages 9-13 of the background memo.*

(1) California's share of U.S. jobs for 2020 will be:

a) 10.5%-11% b) 11%-11.5% c) 11.5%-12% d) Others (    %)

(2) California's share of U.S. jobs for 2035 will be:

a) 10.5%-11% b) 11%-11.5% c) 11.5%-12% d) Others (    %)

- (3) California's share of U.S. jobs for 2040 will be:  
a) 10.5%-11% b) 11%-11.5% c) 11.5%-12% d) Others (    %)

5. *Do you think the SCAG Region's share of California job growth will remain the same, increase or decrease to 2020 and 2035 and 2040? See pages 15-19 of the background memo.*

- (1) SCAG Region's share of California jobs for 2020 will be:  
a) 43%-44% b) 44%-45% c) 45%-46% d) Others (    %)

- (2) SCAG Region's share of California jobs for 2035 will be:  
a) 43%-44% b) 44%-45% c) 45%-46% d) Others (    %)

- (3) SCAG Region's share of California jobs for 2040 will be:  
a) 43%-44% b) 44%-45% c) 45%-46% d) Others (    %)

6. *Do you think the SCAG region will grow slightly faster than, the same as or slightly slower than the nation to 2020, 2035 and 2040?*

- a) Slightly slower  
b) The same as  
c) Slightly faster

7. *Please provide your opinion on the future birth rates (total fertility rates) in the SCAG region. Total fertility rate for 2010 was 2.1 (See slide 4 in the demographic presentation) Total fertility rate for 2035 will be*

- a) 1.9 b) 2.0 c) 2.1 d) 2.2 e) Others (    )

8. *Should SCAG adopt the life expectancy trends in the new Census Bureau projections? See slide 6 in the demographic presentation.*

9. *Should SCAG use the annual average of net international migration between 1990 and 2012? Net international migration for the region is assumed to be 95,000 per year. See slide 7 in the demographic presentation.*

- a) Yes b) No

10. *Will the SCAG region experience the same changes in labor force participation rate (retirement) trends that have been discussed for the nation? See slide 8 in the demographic presentation.*

11. *Please provide your opinion on future headship rates in the SCAG region for 2040. According to 2010 Census, the overall headship rate in the SCAG Region is 41.8%. See slide 9 in the demographic presentation.*

12. Do you think that Asian and Hispanic headship rates in 2040 will be closer to White headship rates in 2040 than now? See slide 9 in the demographic presentation.

a) Yes b) No

13. Please provide your comments on other significant factors influencing the SCAG region's employment, population, and household projections for 2020 and 2035.

(1) Part of Q1. What is the likely range of the SCAG Region's unemployment rate for 2020? a) 5%-6% b) 6%-7% c) 7%-8%, d) Others ( )

(2) What is the likely range of the SCAG Region's unemployment rate for 2035? a) 5%-6% b) 6%-7% c) 7%-8%, d) Others ( )

(3) What is the likely range of the SCAG Region's unemployment rate for 2040? a) 5%-6% b) 6%-7% c) 7%-8%, d) Others ( )

14. Do you think that the county share of regional population, households, and employment in 2040 will be consistent with SCAG's 2012-2035 RTP/SCS growth forecast. See slide 12 in the demographic presentation.

a) Yes b) No