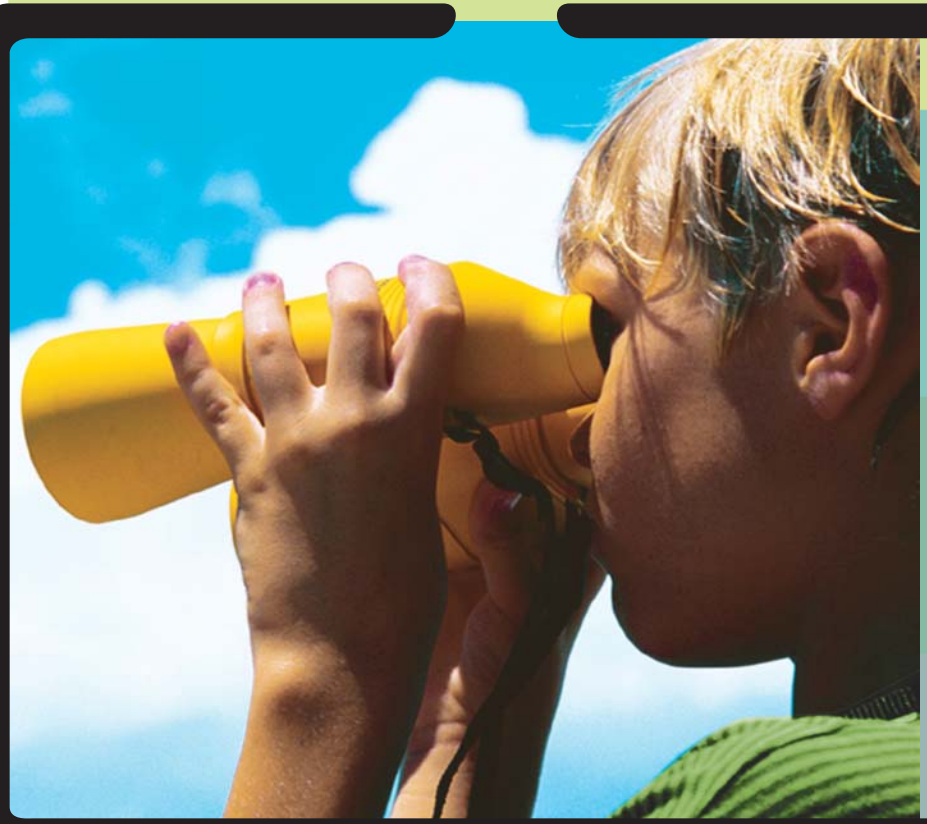
THE STATE OF THE REGION 2002



Measuring Progress In the 21st Century

SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

THE STATE OF THE REGION 2002

Measuring Progress in the 21st Century

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December 2002

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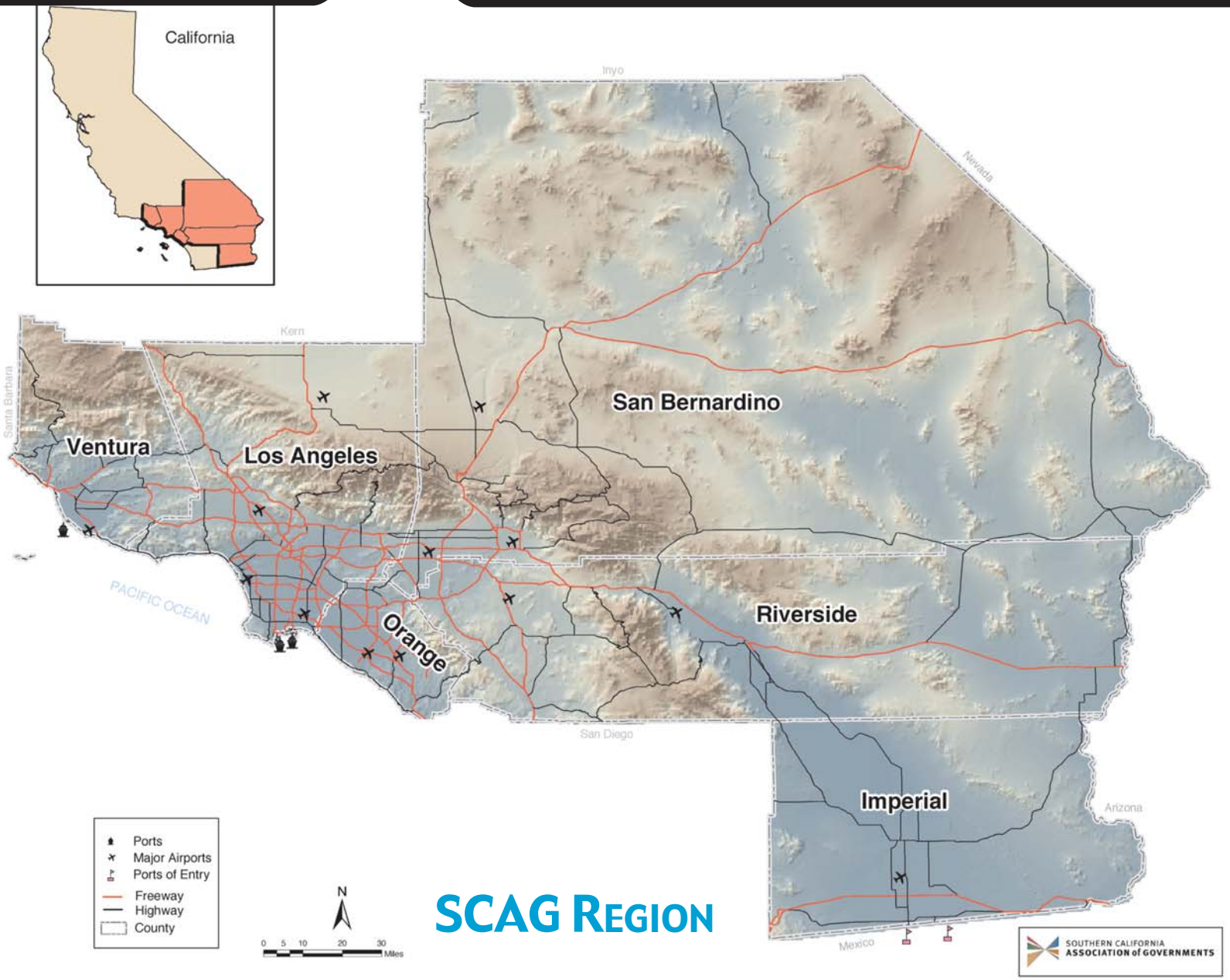
PREFACE

The State of the Region 2002 is the Southern California Association of Governments (SCAG) fifth annual report on performance assessment for the region. SCAG, which is both the Council of Governments and the designated Metropolitan Planning Organization for Southern California, represents six counties, 187 cities, and 14 subregions. With over 17 million residents, the region's population is larger than the entire state of Florida, the fourth most populous state in the nation. The SCAG Region includes Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura Counties. SCAG works with local governments, public agencies and other partners to address the regional issues that are vital in shaping our common future.

The State of the Region 2002 tracks Southern California's performance both in 2001, as well as providing a discussion of the progress made between 1990 and 2000. During the 1990s, there were significant transformations in the demography and economy of the region which set the context for future growth and change in Southern California.

The report assesses the region's performance with respect to key issue areas and goals identified in SCAG's *Regional Comprehensive Plan and Guide*. The Plan had three overall goals for Southern California: to raise the standard of living, enhance the quality of life, and foster equal access to resources. Members of SCAG's Benchmarks Task Force, which consists of elected officials and representatives from business and academia, identified the performance measures to be tracked in this report. In addition to looking at how the region performed in each county and as a whole, *The State of the Region 2002* also compares Southern California with other large metropolitan regions in the nation.

This report tracks the region's perform-ance both in 2001 and between 1990 and 2000


California
Inyo
Nevada
Kern
Santa Barbara
Ventura
Los Angeles
San Bernardino
PACIFIC OCEAN
Orange
Riverside
San Diego
Imperial
Arizona
Mexico
Ports
Major Airports
Ports of Entry
Freeway
Highway
County
N
0 5 10 20 30
Miles
SCAG Region
SOUTHERN CALIFORNIA
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Map 1

EXECUTIVE SUMMARY

The SCAG Region, also referred to as Southern California in this report, includes Imperial, Los Angeles, Orange, Riverside, San Bernardino and Ventura Counties (see Map 1 page 2). With over 17 million people, it is the second most populous metropolitan region in the nation, following the New York Region. It is also one of the most dynamic gateway regions in the world.

The State of the Region 2002 assesses how Southern California performed during 2001 as well as during the 1990s. Key regional issue areas discussed include population, economy, housing, transportation, environment and quality of life. Performance was assessed through various indicators at both the regional and county levels, and four major themes emerged:

- The demographic and economic driving forces that significantly shaped the performance of our region during the 1990s originated outside of the region.
- During the 1990s, our region lost ground relative to the basic socioeconomic well-being of our residents, contrary to the sustaining economic prosperity and improved standard of living throughout the rest of the nation.
- Nevertheless, during the last decade, Southern California managed to achieve significant progress in various areas, including diversifying its economic base, improving air quality, and reducing violent crime rates.
- The region's performance in 2001 was mixed.

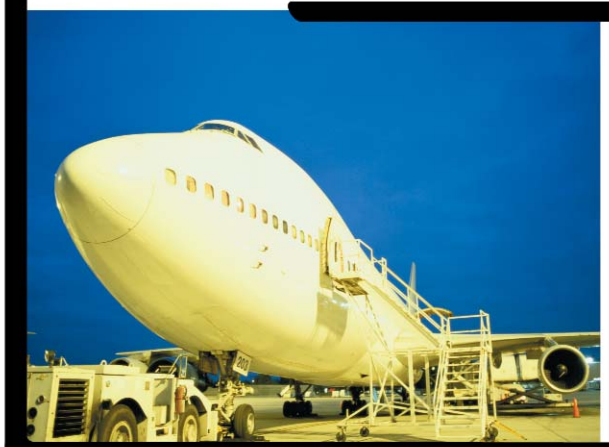
1. **The demographic and economic driving forces that significantly shaped the performance of our region during the 1990s originated outside of the region.**

The economic driving force began in 1988 with massive defense spending cuts after the end of the Cold War

The demographic and economic driving forces that significantly impacted the region were interrelated. The demographic driving force was an unprecedented large flow of net domestic outmigration due to the recession and the sustaining flow of foreign immigration. The economic driving force began in 1988 with massive defense spending cuts after the end of the Cold War and was followed by the most severe recession since the Great Depression of the 1930s.

Demographic Driving Force

The region's foreign-born population increased by 3 million between 1980 and 2000, from 2.1 million to 5.1 million, about sixty percent of the population growth in the region. During the 1990s, the 1.5 million net domestic outmigration was essentially replaced by the same magnitude of immigration. When compared with domestic outmigrants, recent foreign immigrants, on average, are younger, have less education and lower household income, and live in larger households in rental housing. While 81 percent of the domestic outmigrants completed at least a high school education, only 46 percent of the recent immigrants were able to achieve the same.



The recession caused the largest loss of durable manufacturing jobs in the region's history

Economic Driving Force

During the first three years of the 1990s, the region lost nearly half a million jobs due to the significant job loss in defense-related industries. While it took the nation less than one year to get out of the recession in 1991, it took our region three years. The recession also caused the largest loss of durable manufacturing jobs in the region's history, about 200,000 in the 1990s. The majority of the jobs lost were aerospace-related jobs with wages almost 80 percent higher than the region's overall average.

Both the demographic and economic driving forces impacted every county in the region. However, having much higher shares of the region's foreign-born population and defense and aerospace-related jobs, Los Angeles County experienced disproportionately much higher impacts throughout the decade. Total jobs in Los Angeles County in 2000 were still 67,000 jobs lower than the 1990 level, though by 2000 the other five counties in the region had long recovered the jobs lost in the recession of the early 1990s.

2. During the 1990s, our region lost ground relative to the basic socioeconomic well-being of our residents, contrary to the sustaining economic prosperity and improved standard of living throughout the rest of the nation.

During the 1990s, the region lost ground in several major socioeconomic well-being indicators, including educational attainment, unemployment and income, poverty and housing affordability.

Educational Attainment

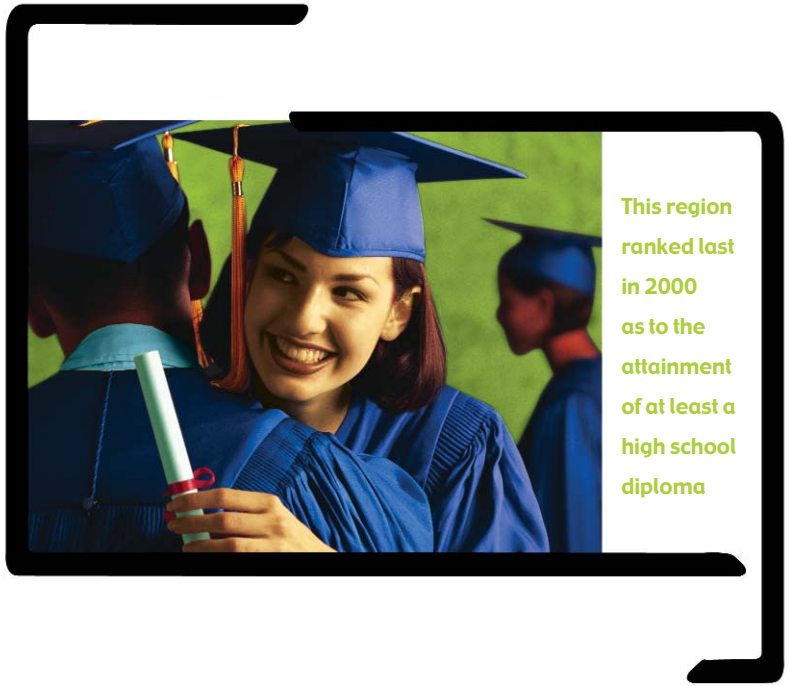
Among the nine largest metropolitan regions in the nation, the region ranked last in 2000 as to the percentage of residents with at least a high school diploma. At a time when the new information-based economy requires a better educated labor force and provides much higher return for more education, Southern California is increasingly less competitive in its human capital.

Unemployment and Income

Unemployment in the region was consistently higher than that in the nation throughout the 1990s. The higher wage manufacturing jobs lost were replaced by lower wage service jobs, making the region's overall wage level less competitive compared to the rest of the state. In addition, the region's median annual earnings have been on a declining path. Since 1990, the gap between the region and the state in per capita income has been gradually widening. When comparing per capita income among the 17 largest metropolitan regions in the nation, the region dropped from the 4th highest in 1970, to 7th in 1990 and 16th in 2000. Median household income declined during the last decade, contrary to the improving trends in the state and the nation.

Poverty

In 1999, close to one in six persons of all ages and one in five children under 18 in Southern California were in poverty. During the 1990s, poverty rates for both measures increased significantly in the region while decreasing at the national level. Among the nine largest metropolitan regions in the nation, the region had the highest poverty rate among persons of all ages as well as children under 18. Unlike Southern California, many of the largest metropolitan regions made improvements in reducing poverty rates during the 1990s, particularly for children under 18.



Housing Affordability

The decline of median household income and the larger household size of the immigrant population, combined with the undersupply of new housing units, shaped the housing performance outcome of the last decade. When comparing homeownership in the nine largest metropolitan regions in the nation, the region's homeownership rate of 55 percent in 2000 ranked 8th, above only the New York Region. Among the largest metropolitan regions, Southern California had the highest percentage of owner and renter households with housing cost greater than 30 percent of the household income. Contrary to the decreasing trend at the national level, the percentage of housing considered crowded increased in every county in the region from 1990 to 2000. Almost 20 percent of the households in the region lived in crowded housing in 2000, compared to only 6 percent for the nation.

When comparing homeownership in the nine largest metropolitan regions in the nation, the region's homeownership rate of 55 percent in 2000 ranked 8th

For all of the socioeconomic well-being indicators discussed above, there were persistent disparities among different racial and ethnic groups in the region throughout the 1990s. In all cases, Hispanic and African American residents had a lower standing of socioeconomic well-being than Asians and Non-Hispanic Whites.

3. Nevertheless, during the last decade, Southern California managed to achieve significant progress in various areas, including diversifying its economic base, improving air quality, and reducing violent crime rates throughout the region.

The significant decline in defense and aerospace manufacturing related employment during the 1990s was more than offset by dramatic growth in service-oriented employment. Business services, direct international trade services, tourism, health services, motion pictures/television production, apparel and textile industries together grew by more than 500,000 jobs during the decade. The majority of these jobs were created by small and medium-size companies. Total value of international trade through the Los Angeles Customs District more than doubled, from $130 billion to $285 billion. By the end of the 1990s, the region's economic base was much more diversified than it was at the beginning.

Air quality in the region also improved significantly in the 1990s. There were fewer days in which federal and state standards were exceeded for carbon monoxide, ozone and PM10.

Both violent crime and juvenile felony arrest rates decreased significantly during the decade. In addition, the region also made improvements in several other areas. For example, despite the rising population, the amount of waste sent to landfills decreased by 10 percent from 1990 to 2000. Among the nine largest metropolitan regions in the nation, the region had the highest percentage of workers who carpooled to work in 2000. The rate of increase of vehicle miles traveled throughout the 1990s dropped sharply from the previous decade.

4. The region's performance in 2001 was mixed.

Employment growth in 2001 began to show some signs of renewed strength. Though employment grew at a slower pace than in the previous four years, every county increased its employment during this national recession year. The value of new housing construction also continued to increase despite the economic slowdown. Also net domestic outmigration from the region finally stopped in 2000, and the region has since experienced net domestic in-migration.

The combined effects of the national recession and the September 11 terrorist attack, however, led to the largest reductions since 1990 in international trade, international tourism and airport-related activities. Those reductions were impacted by the business cycle and do not indicate changes in long-term growth trends. In addition, statewide data indicated that violent crime rates increased in 2001, reversing a decade trend of decline. Also Los Angeles County saw an increase in high school dropout rates, while Imperial and Ventura Counties had noticeable reduction.

Air quality in the region also improved significantly in the 1990s.

What could we learn from assessing our region's performance during the 1990s and 2001? The new demographics and the new economy are the two driving forces that have been shaping the performance of our region. It is important to note that the immigrant population, after they have settled longer in the region, tend to have gradual improvements in the socioeconomic well-being (see Figure 6a page 94). However, even after 20 years of improvements, the immigrant

population still lags behind the native-born population in their socioeconomic well-being. A critical challenge for the region is to find ways to nurture and to accelerate the upward mobility process for residents with lower socioeconomic standing.

It is also clear that various aspects of the socioeconomic well-being tend to change in the same direction. While a higher education will enable higher income, people with lower income generally have less educational opportunities to pursue. While homeownership facilitates the creation of household wealth, a household with little wealth cannot afford owning a home. A holistic and coordinated regional approach to improve the socioeconomic well-being of Southern Californians will be essential.

POPULATION

Growth Characteristics

During 2001, Southern California's population grew by approximately 350,000 to a total of just over 17 million people (Figure 1). The rate of the region's population growth was a little faster than that of the state. Within the region, Riverside County had the fastest growth rate of 3.8 percent while Los Angeles County had the largest population increase of 170,000. *The region's population increase of 350,000 in 2001 was higher than the average annual increase for any decade since 1950* and well above the average annual increase of approximately 190,000 during the 1990s (see Figure 1a page 92).

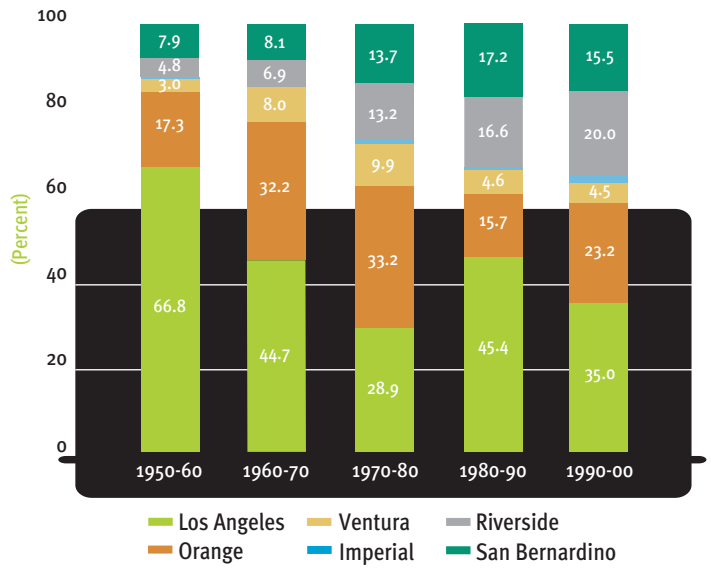
The geographical distribution of population growth within the region has changed significantly since 1950 (Figure 2). Over the years, the Inland Empire (Riverside and San Bernardino Counties) has consistently increased its share of the region's total population growth. From 1950 to 1960, the Inland Empire attracted less than 13 percent of the region's growth. However, during the 1980s and 1990s, the population increase in the Inland Empire accounted for approximately 34 percent of the region's growth. Since 1980, the Inland Empire has been the fastest growing area in California.[1] Conversely, since 1950, the population growth share of Los Angeles and Orange Counties has declined from 84 percent to less than 60 percent.

Figure 1
Population in the Region
(000)

County	1990	2000	2001	2002	2001-02 Increase Number	2001-02 Increase Percent
Imperial	109.3	142.3	148.3	150.8	2.5	1.7
Los Angeles	8,863.1	9,519.3	9,653.9	9,824.8	170.9	1.8
Orange	2,410.5	2,846.2	2,880.2	2,939.5	59.3	2.1
Riverside	1,170.4	1,545.3	1,583.6	1,644.3	60.7	3.8
San Bernardino	1,418.3	1,709.4	1,741.1	1,783.7	42.6	2.4
Ventura	669.0	753.1	765.2	780.1	14.9	1.9
REGION	14,640.8	16,516.0	16,772.3	17,123.2	350.9	2.1
California	29,760.0	33,871.6	34,385.0	35,037.0	652.0	1.9

Source: 1990 and 2000 Census. Data in 2001 and 2002 are based on the California Department of Finance annual January 1st estimates

Figure 2
Population Growth Share by County

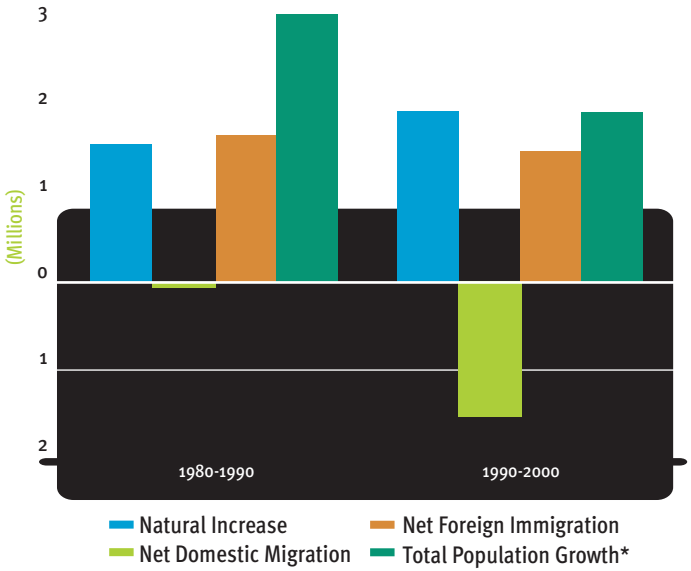


Source: US Census Bureau

Population growth in the region came from three sources: natural increase (excess of births over deaths), net domestic migration, and net foreign immigration. *During the 1990s, the relative contributions among these three sources of population growth also changed significantly*

(Figure 3). A defining feature of demographic changes in Southern California during the 1990s was the large number (1.5 million) of net domestic out-migration, primarily due to the severe recession which occurred from 1990 to 1993. This magnitude of net domestic out-migration was the largest in the region's history. During the 1980s, the region experienced only a very minor net domestic out-migration (about 28,000). Prior to 1980, net domestic in-migration had always been an important component for population increase in the region.[2] During the 1990s, natural increase became the largest component of Southern California's population growth, partly due to the higher rate of births among the foreign-born population in the region.

Figure 3
Population Growth by Component



Total Population Growth = Natural Increase + Net Domestic Migration + Net Foreign Immigration

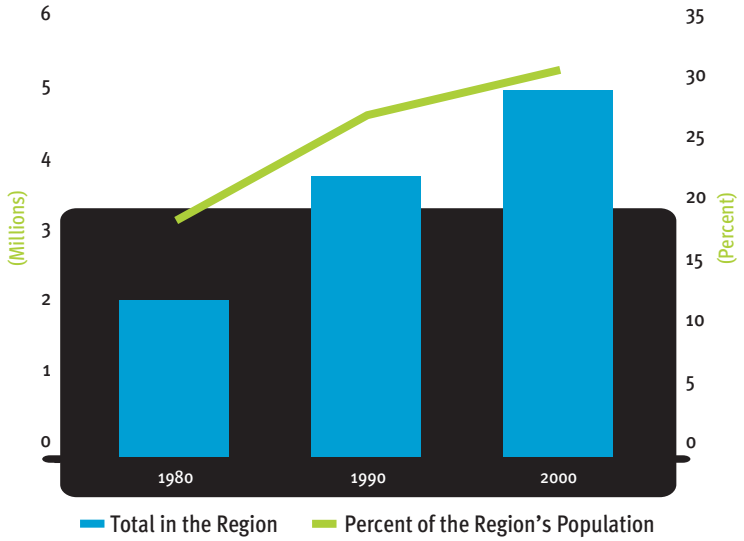
Source: California Department of Finance

Within the region, however, net domestic out-migration during the 1990s (about 1.5 million) originated almost exclusively from Los Angeles County (see Figure 3a page 92). It is important to note that Riverside was the only county where net domestic migration was the largest component of growth, whereas natural increase was the primary growth factor throughout the rest of the region.

Foreign-Born Population

The region's foreign-born population increased by 3 million between 1980 and 2000, from 2.1 million to 5.1 million (Figure 4). *Hence, the majority (almost 60 percent) of the region's foreign-born population arrived within the last two decades.* In 2000, almost one out of every three Southern Californians (31 percent) was born in a foreign country, which is an increase from 27 percent in 1990 or 19 percent in 1980. In

Figure 4
Foreign-Born Population



Source: US Census Bureau

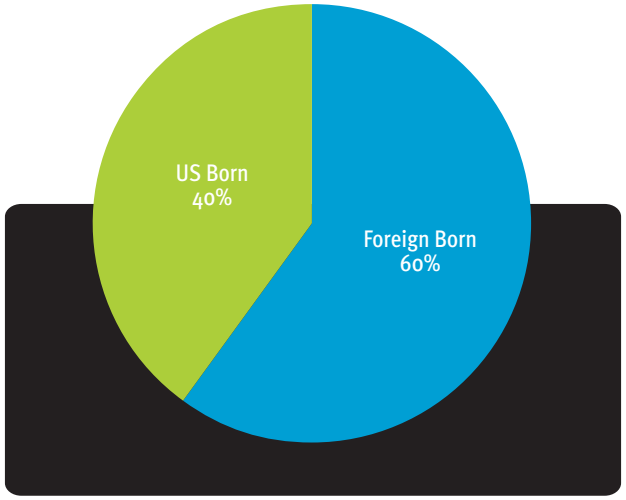
addition, less than half (48 percent) of Southern Californians were born in California (see Figure 4a page 93). Within the region, foreign-born residents are heavily concentrated in Los Angeles County, making up about 3.5 million or 70 percent of the region's total foreign-born residents (see Figure 4b page 93, also see Map 2 page 15 on Foreign-Born Population in 2000).

Nationally, foreign-born residents reached the historical high of about 31 million in 2000, which was about 11 percent of the U.S. population.[3] *In 2000, the region had the highest percentage of its population being foreign-born than any other large metropolitan region in the country* (see Figure 69 page 75). About one in every six foreign-born residents in the U.S. lives in Southern California.

Figure 5

Foreign-Born Population – Share of Population Growth

1990-2000



Note: The same growth shares also apply to the 1980-1990 decade

Source: 1990 and 2000 Census

Figure 6

Characteristics of Domestic Outmigrants vs. Foreign Immigrants

	Domestic Outmigrants*	Foreign Immigrants*
Median Age	31	25
High School Graduate and Higher	81%	46%
Median Household Income	$28,000	$21,000
Household Size	2.6	4.0
Renters	57%	87%

**Left or entered into the SCAG Region during 1985-1990*

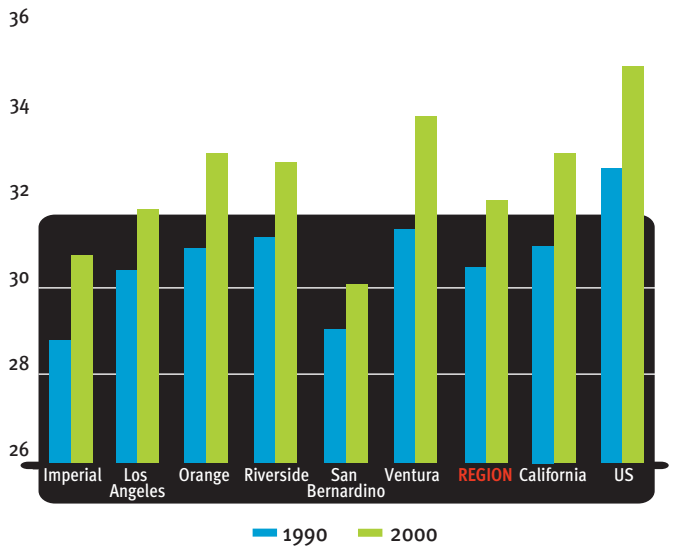
Source: 1990 Census PUMS (5% Sample)
SCAG, 1995. Migration in the Southern California Region

During the 1990s, almost 60 percent of the region's population growth was due to the increase in foreign-born population (Figure 5). Foreign-born residents, overall, tend to have notably different demographic, socio-economic and housing characteristics than U.S.-born residents. When compared with domestic outmigrants, foreign-born residents on average are younger, have less education and lower household income, and live in larger households in rental housing (Figure 6).[4] It is important to note the significant difference between domestic outmigrants and foreign-born immigrants in educational attainment. While 81 percent of the domestic outmigrants completed at least a high school education, only 46 percent of the recent immigrants were able to achieve the same. *Because of the significant and increasing share of foreign-born residents, the overall demographic and socioeconomic characteristics of the region have been increasingly influenced by its foreign-born residents.*

Age Characteristics

Between 1990 and 2000, the region's population aged at a slower pace than either the state or the nation (Figure 7). *In 2000, based on the median age, the region had an overall younger population than the state, which was already younger than the nation as a whole.* Within the region, there were significant differences among the counties as to the median age. For example, San Bernardino County had the youngest median age (30), almost four years younger than that of Ventura County. Every county in the region had a younger median age than that of the nation, and only Ventura County had an older median age than the state as a whole. Among the nine largest metropolitan regions in the country, Southern California was the second youngest in terms of median age (see Figure 68 page 74).

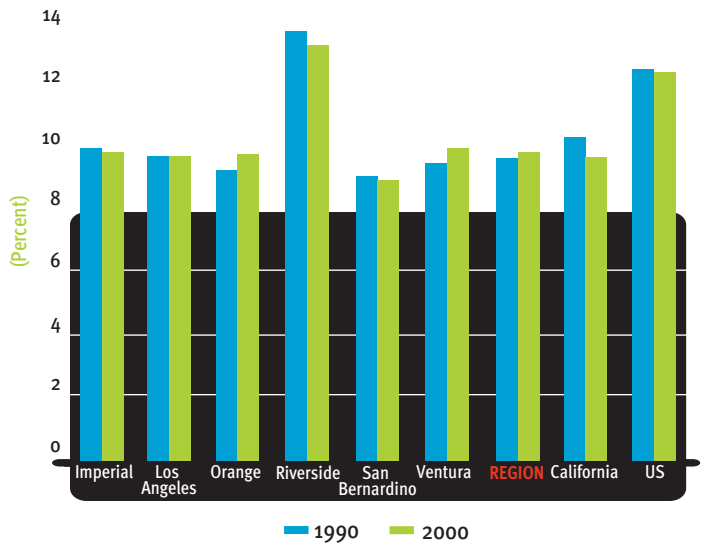
Figure 7
Median Age



Source: 1990 and 2000 Census

From 1990 to 2000, the percentage of the region's senior population aged 65 years or over increased only slightly to 10 percent (Figure 8). This was well below the national rate of over 12 percent but a little higher than the state rate of 9.7 percent. In 2000, the senior population in the region totaled 1.7 million, an increase of almost 220,000 from 1990.[5] Within the region, only Riverside County had a higher rate of senior population than the nation in 2000, with San Bernardino County having the lowest rate.

Figure 8
Persons 65 Years or Over



Source: 1990 and 2000 Census

Educational Attainment

Educational attainment is perhaps the most important leading indicator for an individual's lifetime economic opportunities. Furthermore, a substantial part of the growth of the economy is attributable to increased education. Higher educational attainment correlates strongly with higher income levels and lower levels of poverty. In an increasingly information and knowledge-based society, education is becoming the key for improvements in an individual's economic and social well-being.

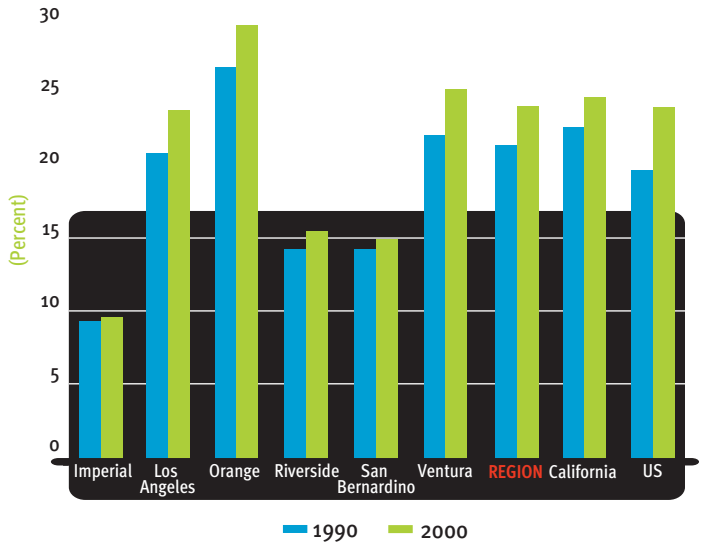
Educational attainment could be measured by the percentage of persons 25 years and over with high school or bachelor's degrees. The region ranked poorly in both measures in 2000 compared to other metropolitan regions. *As to the attainment of bachelor's degrees or higher, the region ranked eighth among the nine largest metropolitan regions in the country in 2000. In addition, the region ranked last as to the attainment of a high school diploma or higher* (see Figures 71 and 72 page 76).

By both measures, the region also had a lower educational attainment than California in 1990 and 2000 (Figures 9 and 10). Within the region, there was a pattern of significant disparity among the six counties as to educational attainment. As to the attainment of bachelor's degrees or higher, every county in the region made progress during the 1990s. Orange and Ventura Counties were the only two counties in the region with higher educational attainment than the state as a whole. There were also significant differences between the coastal counties (Orange, Ventura and Los Angeles) and inland counties (Riverside, San Bernardino and Imperial). There were much higher disparities in the population with bachelor's degrees than in the population with a high school diploma. (See Map 3 page 16 on the educational attainment for persons without a high school diploma in 2000.)

Figure 9

Educational Attainment

Bachelor's Degree or Higher*



*Percent of persons 25 years and over

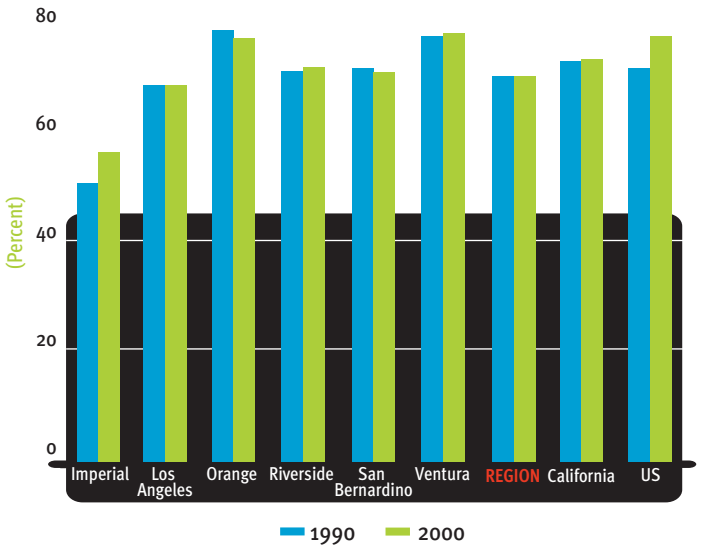
Source: 1990 and 2000 Census

Between 1990 and 2000, the percentage of persons 25 years and over with a high school diploma or higher stayed relatively unchanged for most counties in the region. Orange and Ventura Counties continued to take the lead within the region. It should be noted that Imperial County made the most improvement during the 1990s.

Figure 10

Educational Attainment

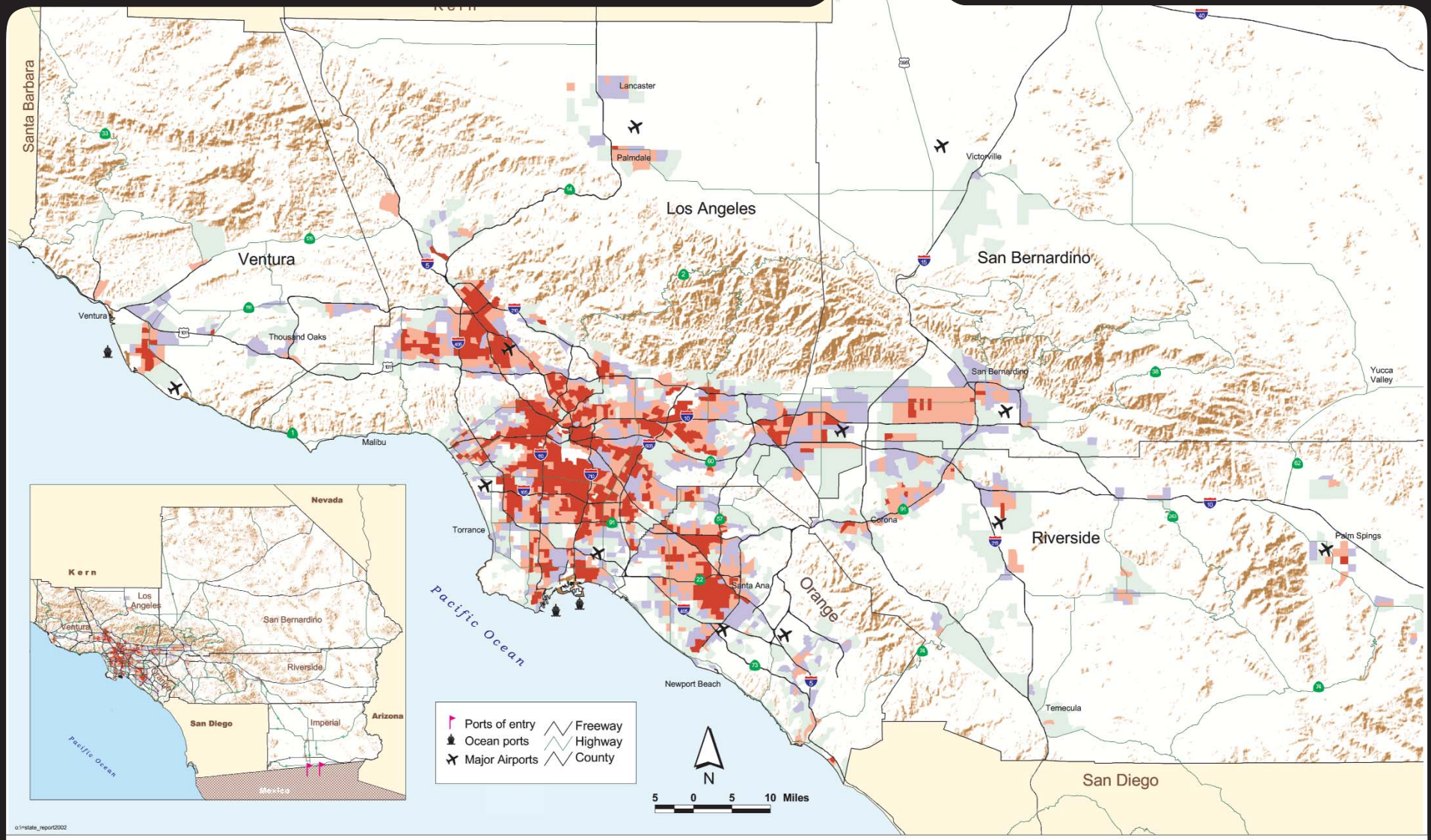
High School Diploma or Higher*



*Percent of persons 25 years and over

Source: 1990 and 2000 Census

Historically, education has paid off. In 1999, the average annual earning nationally was $18,900 for high school dropouts, $25,900 for high school graduates and $45,400 for college graduates. Within the region, Orange and Ventura Counties led in educational attainment, particularly for college graduates. They are also the two counties with the highest levels of per capita income and lowest levels of poverty in the region (see Economy Section Figures 23 and 27).



Foreign-Born Population per Square Mile by Census Tract

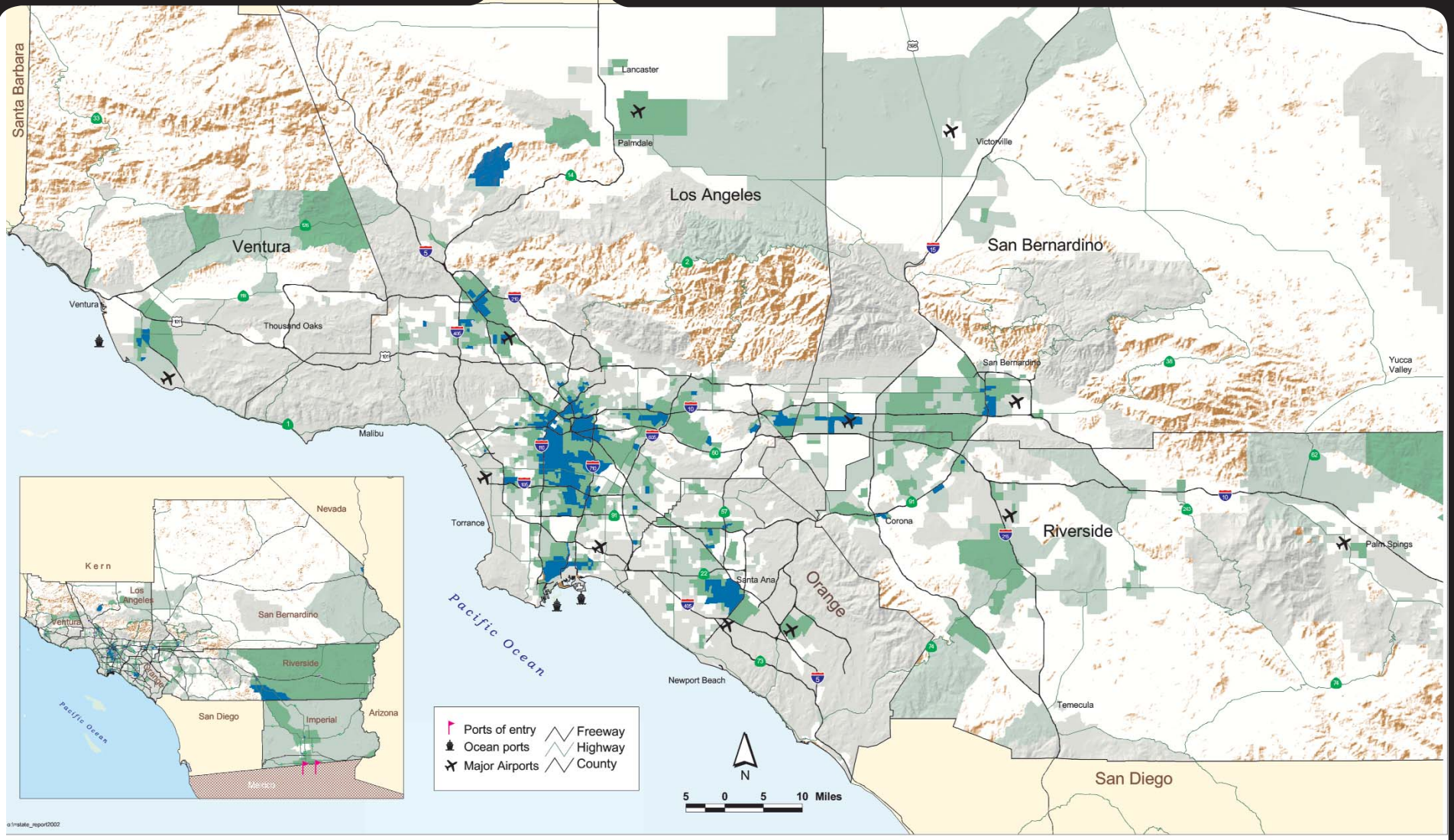
- 0 - 20
- 21 - 80
- 81 - 200
- 201 - 600
- Over 600

Source: Census 2000 SF3
Thomas Bros. Network

Foreign-Born Population

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Map 2



Percent of Persons (25 years and over) Without a High School Diploma by Census Tract

- 0 - 10%
- 11 - 25%
- 26 - 40%
- 41 - 60%
- Over 60%

Source: Census 2000, SF3
Thomas Bros. Network

Educational Attainment

Persons Without a High School Diploma

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Map 3