

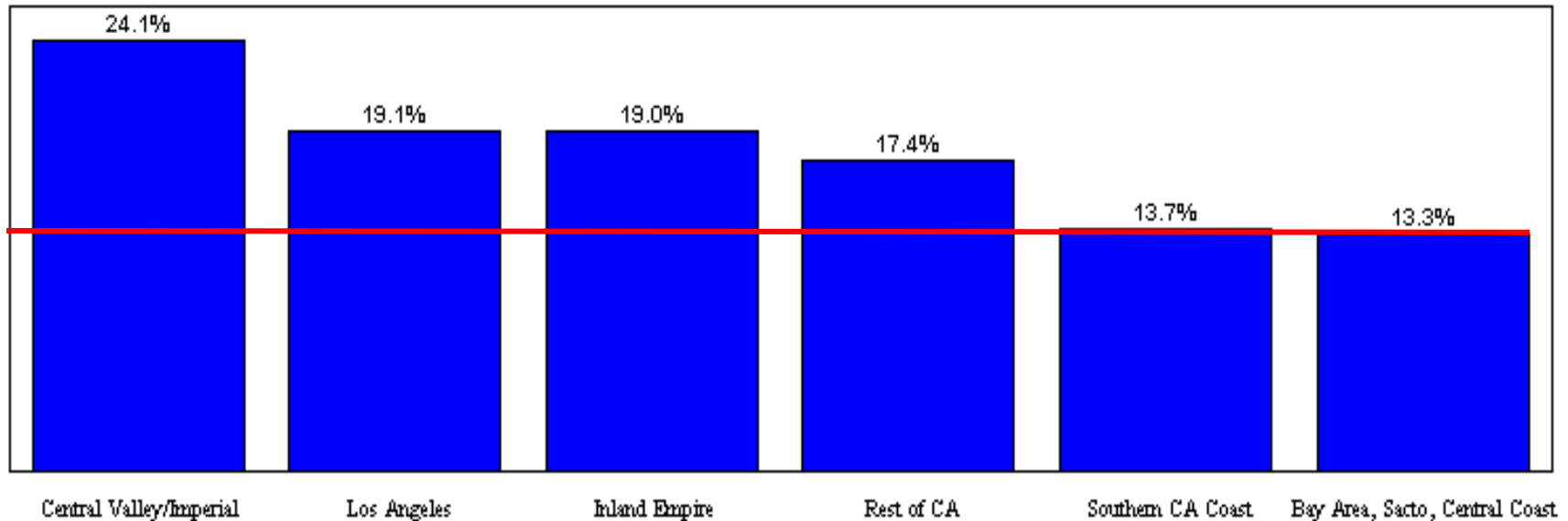
The Two Californias



John E. Husing, Ph.D.
Chief Economist, IEEP

Share of People In Poverty

Exhibit 1.-Share of Population Living in Poverty
California Areas, 2012

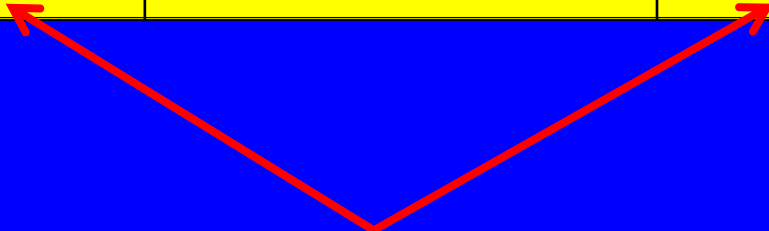


Source: American Community Survey

Poverty Has Soared

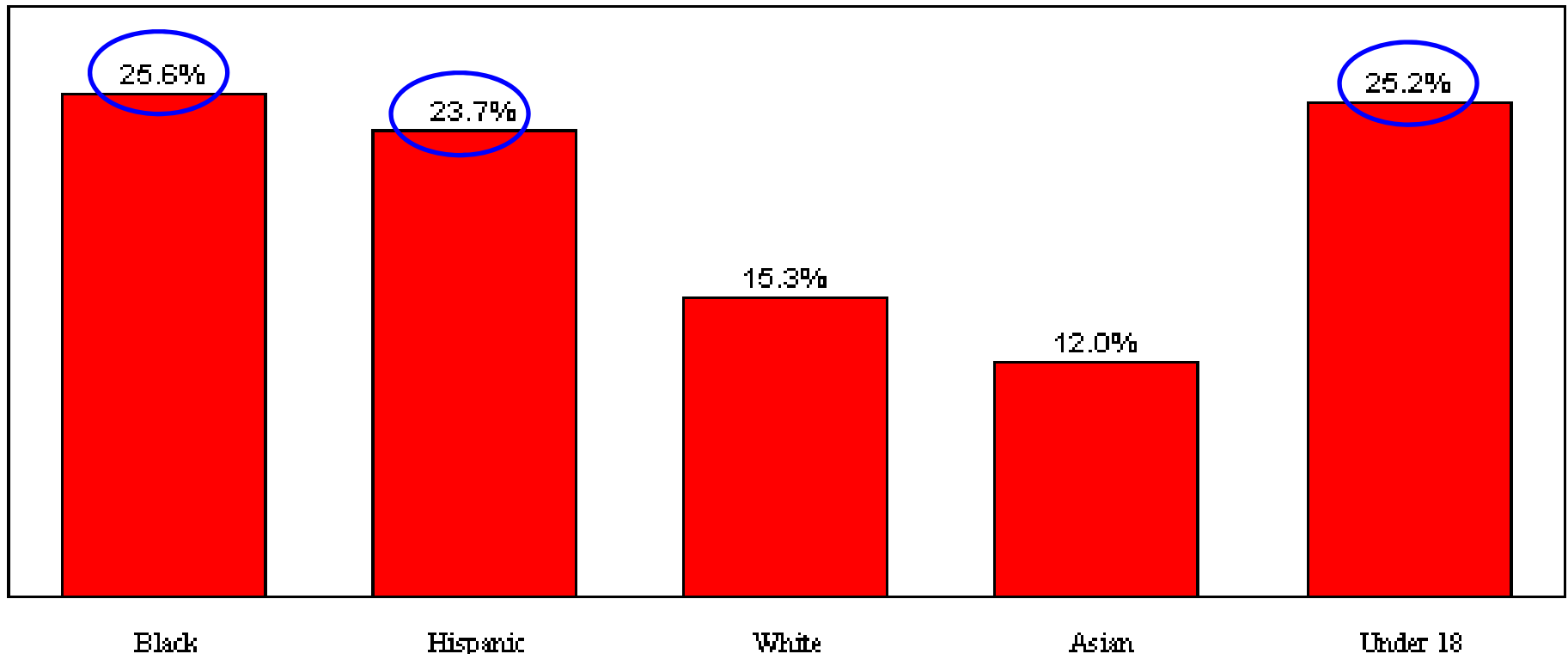
Exhibit 5.-Share & Number of SCAG Residents Below Poverty Level

Census Bureau Year	People In Poverty	Share of Population in Poverty	Population
1990	1,890,781	13.2%	14,336,363
2000	2,541,791	15.7%	16,200,728
2012	3,200,490	17.7%	18,054,518
Change	1,309,709	4.5%	3,718,155
Changes	+95.1%		+25.9%



Social Justice Issue

Share of Population Living in Poverty
SCAG Region, By Ethnicity & Youth, 2012

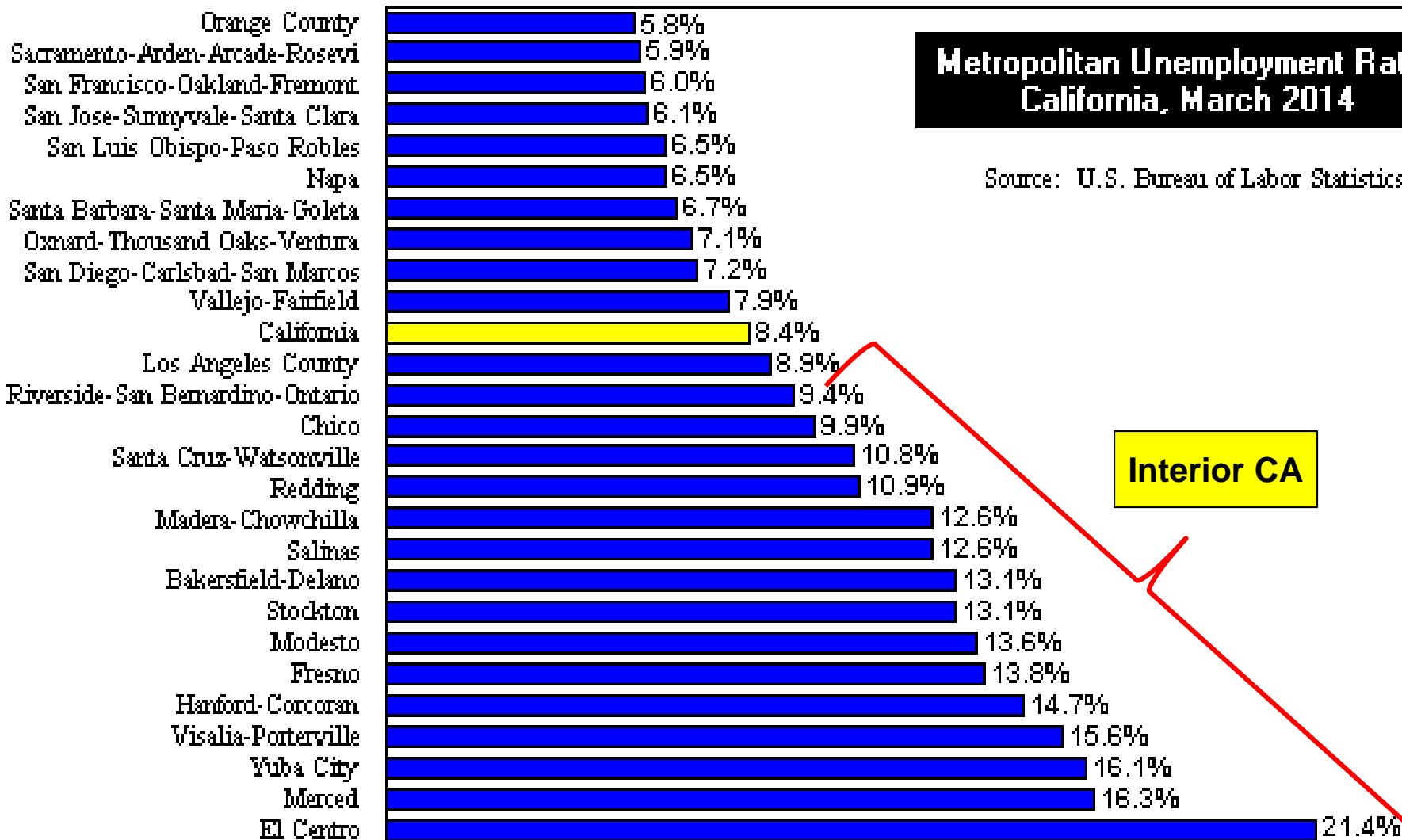


Source: 1990, 2000 Census, 2012 American Community Survey

Unemployment Rates, March 2014

Metropolitan Unemployment Rates California, March 2014

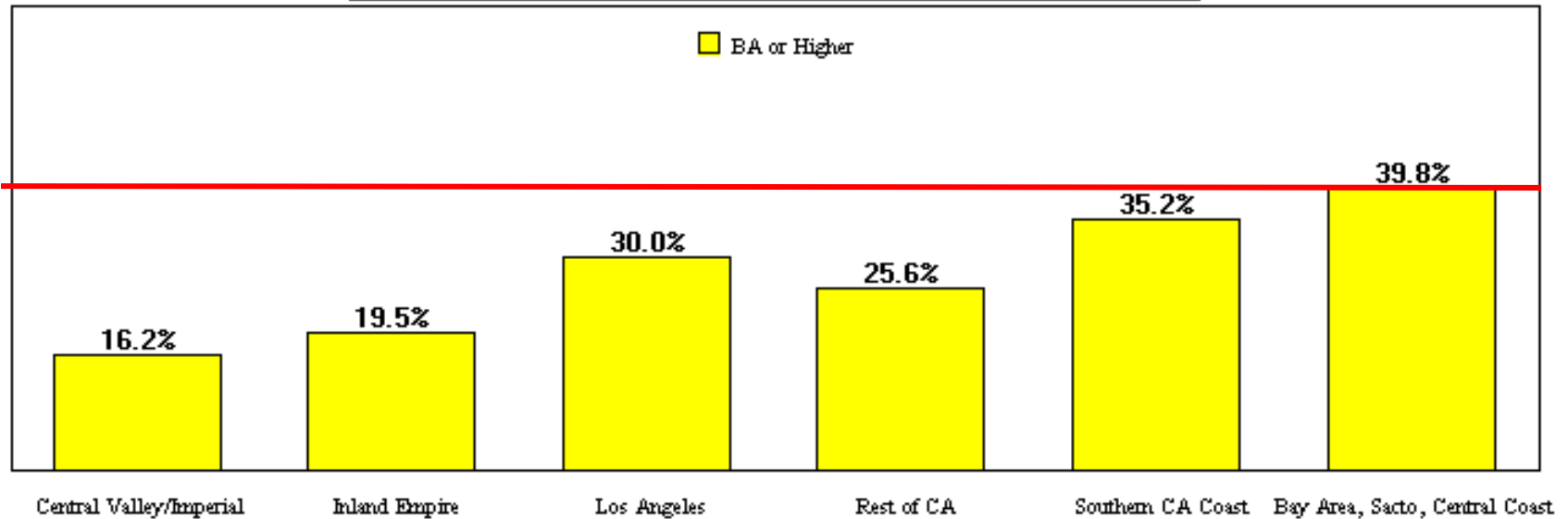
Source: U.S. Bureau of Labor Statistics



Interior CA

Educational Attainment

Exhibit 3.-Educational Attainment, Adults 25 & Over
California Areas, 2012



Source: 2012 American Community Survey

Key Determinants of Public Health

Causes of Public Health Difficulties



Source: Different Perspectives For Assigning Weights To Determinants of Health, University of Wisconsin, Public Health Institute, 2010

PM 2.5 Reduction Largely Due To Cleaner Truck and Railroad Engines

Exhibit 7A.-PM 2.5 Days over National Standard vs. Total Square Feet of Net Industrial Absorption Since Highest PM 2.5 level

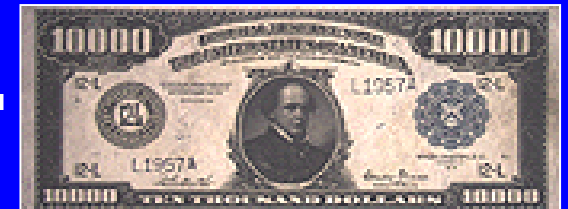
Monitoring Sites	Mira Loma-Van Buren	Riverside-Magnolia	Riverside-Rubidoux	Fontana-Arrow Highway	Ontario-1408 Francis Street	San Bernardino-4th Street
2001			120.2	58.2	79.5	80.8
2002		88.4	92.6	73.7	67.4	88.9
2003		69.7	78.1	54.3	62.2	55.2
2004	*	47.8	57.3	*	*	*
2005	*	*	39.7	22.9	25.3	9.3
2006	46.2	31.3	*	27.2	*	*
2007	43.4	*	*	*	*	*
2008	*	12.4	15.0	19.3	19.4	9.5
2009	19.0	6.0	15.1	6.2	9.0	6.2
2010	8.0	6.3	4.0	6.6	3.2	5.9
2011	13.0	7.1	5.0	7.1	6.8	*
2012	7.0	*	7.0	10.6	0.0	0.0
Change From Highest	-39.2	-81.3	-113.2	-63.1	-79.5	-88.9
Change	-84.8%	-92.0%	-94.2%	-85.6%	-100.0%	-100.0%
Net Absorption Since Highest	86,378,254	183,911,357	229,967,544	183,911,357	229,967,544	183,911,357

Gold Mine Theory

Secondary Tier



Primary Tier



What is Needed To Attack Poverty?

- Short Course Adult Training in Specific Skills
- Sectors With Few Education Barriers to Entry
- Sectors: Median Incomes Approaching Middle Class Earnings
- Skill Ladders Up Which Workers Can Move To Median Incomes
- Sectors That Are Adding Jobs



Health Care



Advanced Tech



Arts, Media & Entertainment

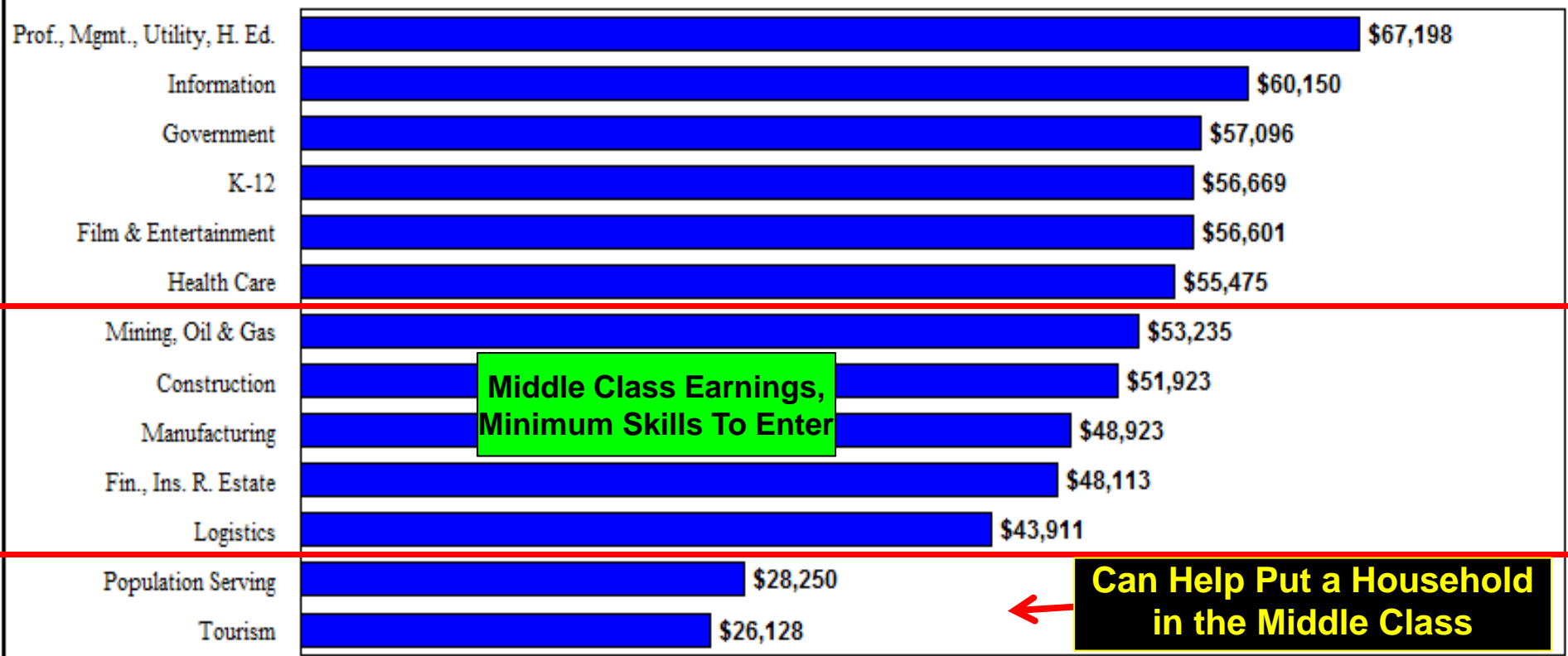
- **Industry Defined Training Needs**
- **Community College, Adult Schools, K-12 Private Schools Willing To Respond**
- **Job shadowing experiences**
- **Faculty externships**
- **Industry mentors**
- **Technical & creative critiques of student work**
- **Technical & creative critiques of academic instructional programs**
- **College Scholarships**

IEEP Affiliates

- Inland Empire Logistics Council, Distribution Management Association, Norco CC
- Inland Empire Manufacturing Council, Technical Training Institute, Chaffey CC
- Inland Empire Health Care Council, IE Education Council
- Baldy View Building Industry Association, Victor Valley College
- Method:
 - Industry Sets Occupational Needs & Training Standards
 - Industry Identifies Acknowledged Certifications
 - Industry Willing To Hire
 - Educational Institutions Willing to Compete To Train
- Funding is An Issue

Median Incomes Near To Middle Class Needs, Minimum Entry Level Requirements

**Exhibit 8.-Median Pay Level By Sector
Inland Empire, 1st Quarter, 2013**



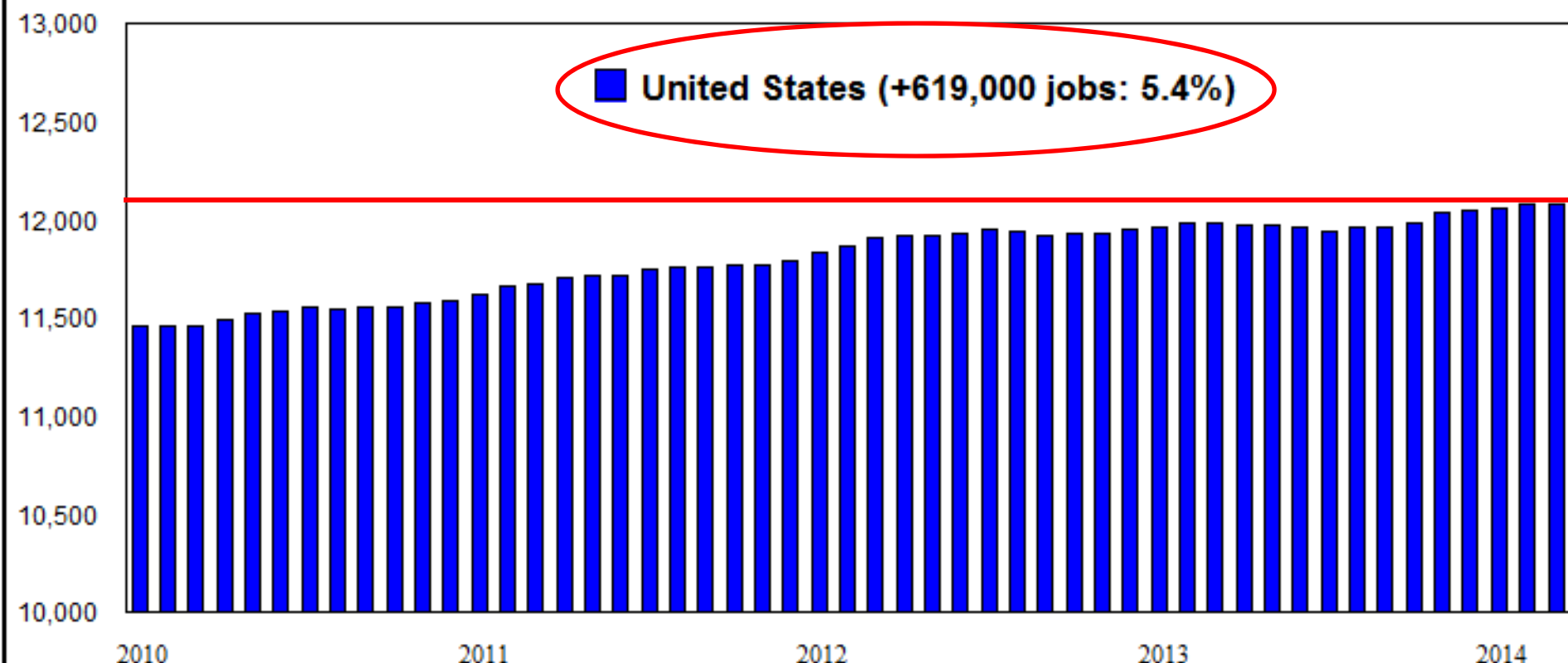
Source: Occupational Pay Scales & Sector Job Composition, CA Employment Development Department

Manufacturing



U.S. Manufacturing Job Creation

**Exhibit 9.-Manufacturing Job Trends, Seasonally Adjusted
U.S. , 2010-2014 (000)**



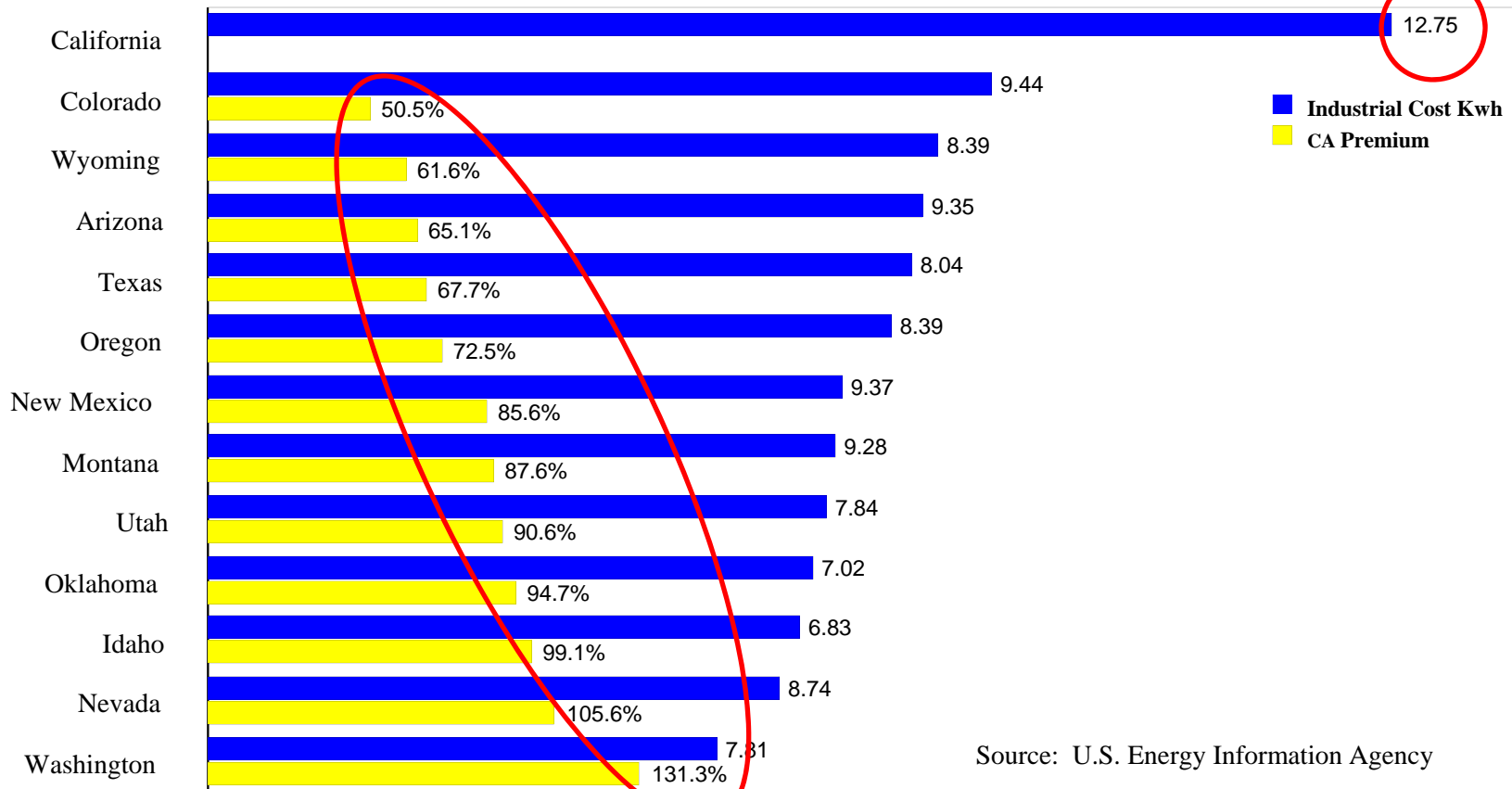
Source: U.S. Bureau of Labor Statistics

Regulatory Policy Ranking

- **CEO Magazine continues to rank California as 50th in Business Friendliness**
- **Small Business Friendliness Survey gave CA an “F” rating on its regulation**

CA Policy Is Creating A Huge Electrical Cost Disadvantage For Manufacturers

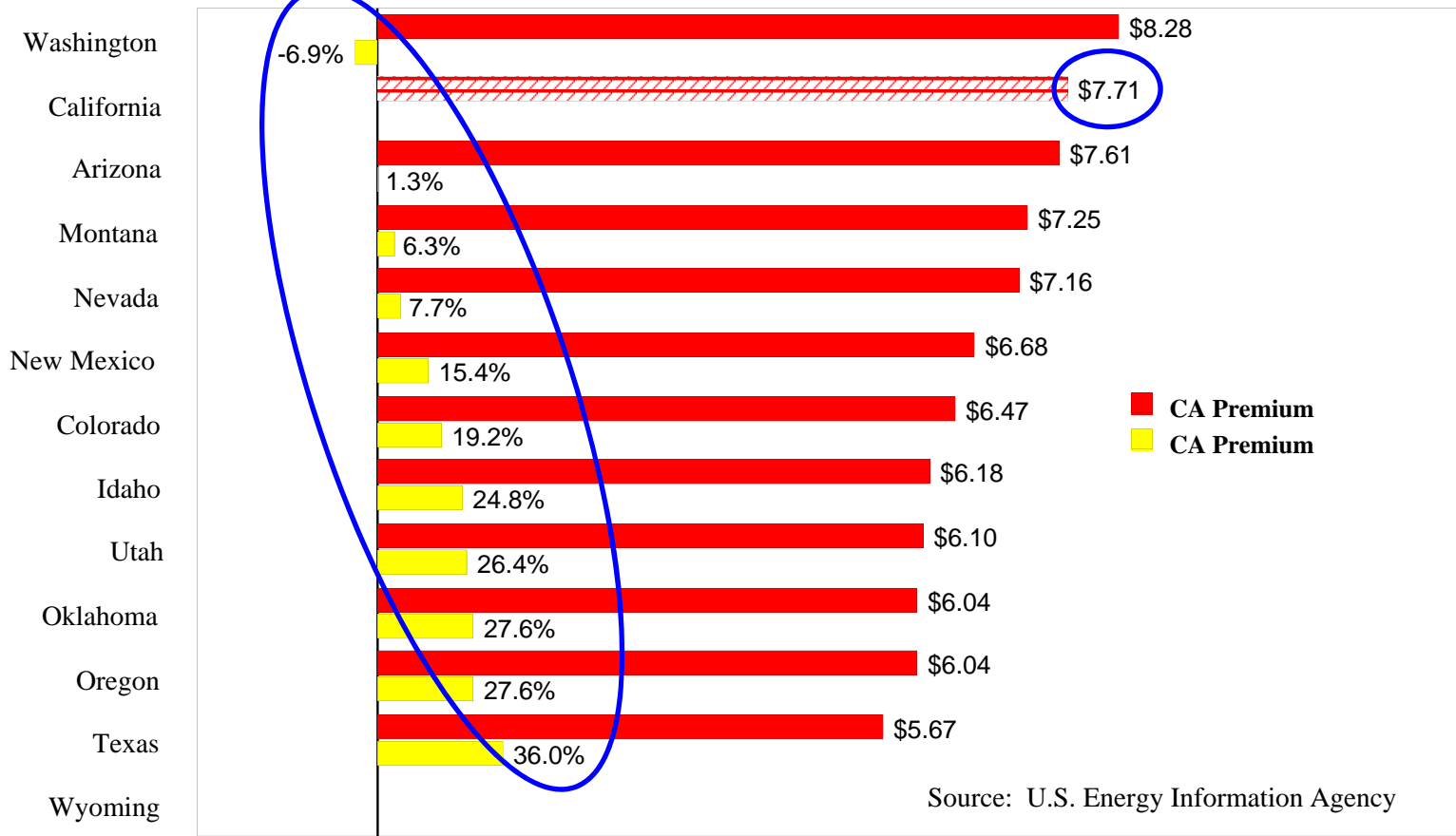
Exhibit 13.- Price of Electricity to Industrial End-User
Western U.S. States, February 2014



Source: U.S. Energy Information Agency

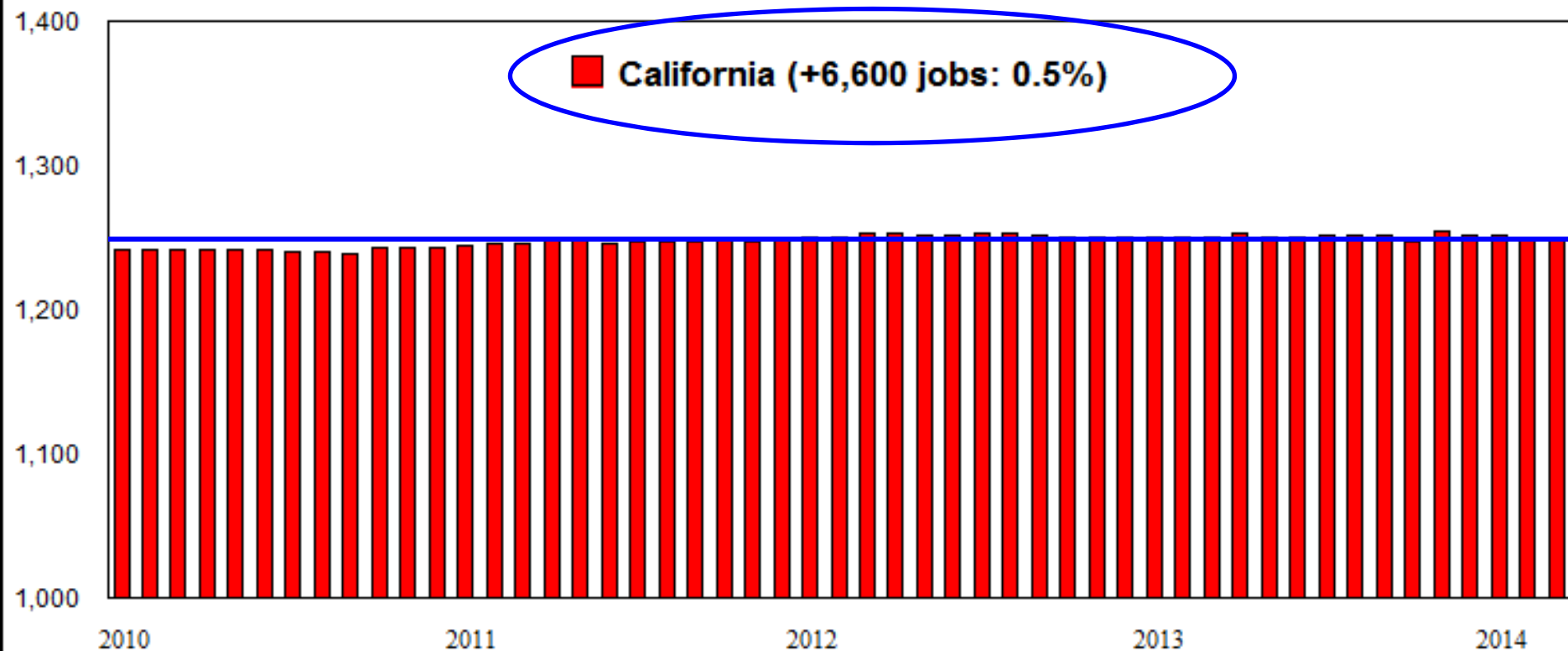
CA Also Has A Smaller Natural Gas Cost Disadvantage For Manufacturers

**Exhibit 14.- Price of Natrual Gas to Industrial End-User
Western U.S. States, Cents Per kWh, February 2014**



CA Manufacturing Job Creation

Exhibit 10.-Manufacturing Job Trends, Seasonally Adjusted
California, 2010-2014 (000)



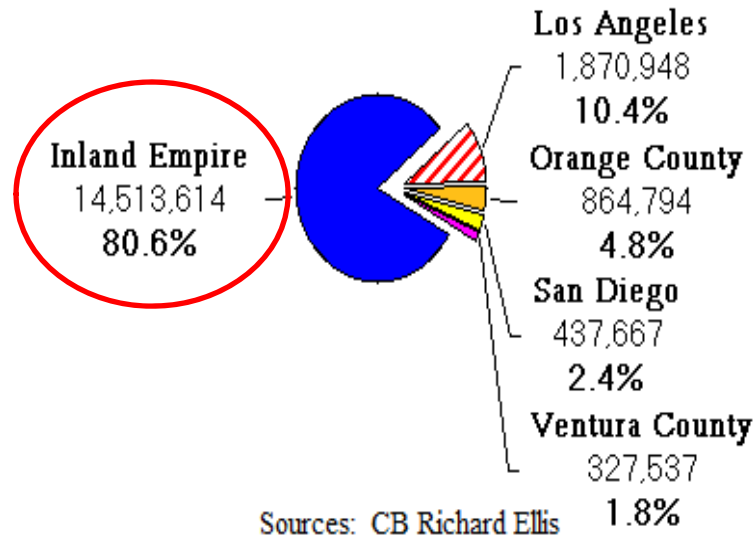
Source: CA Employment Development Department

Logistics



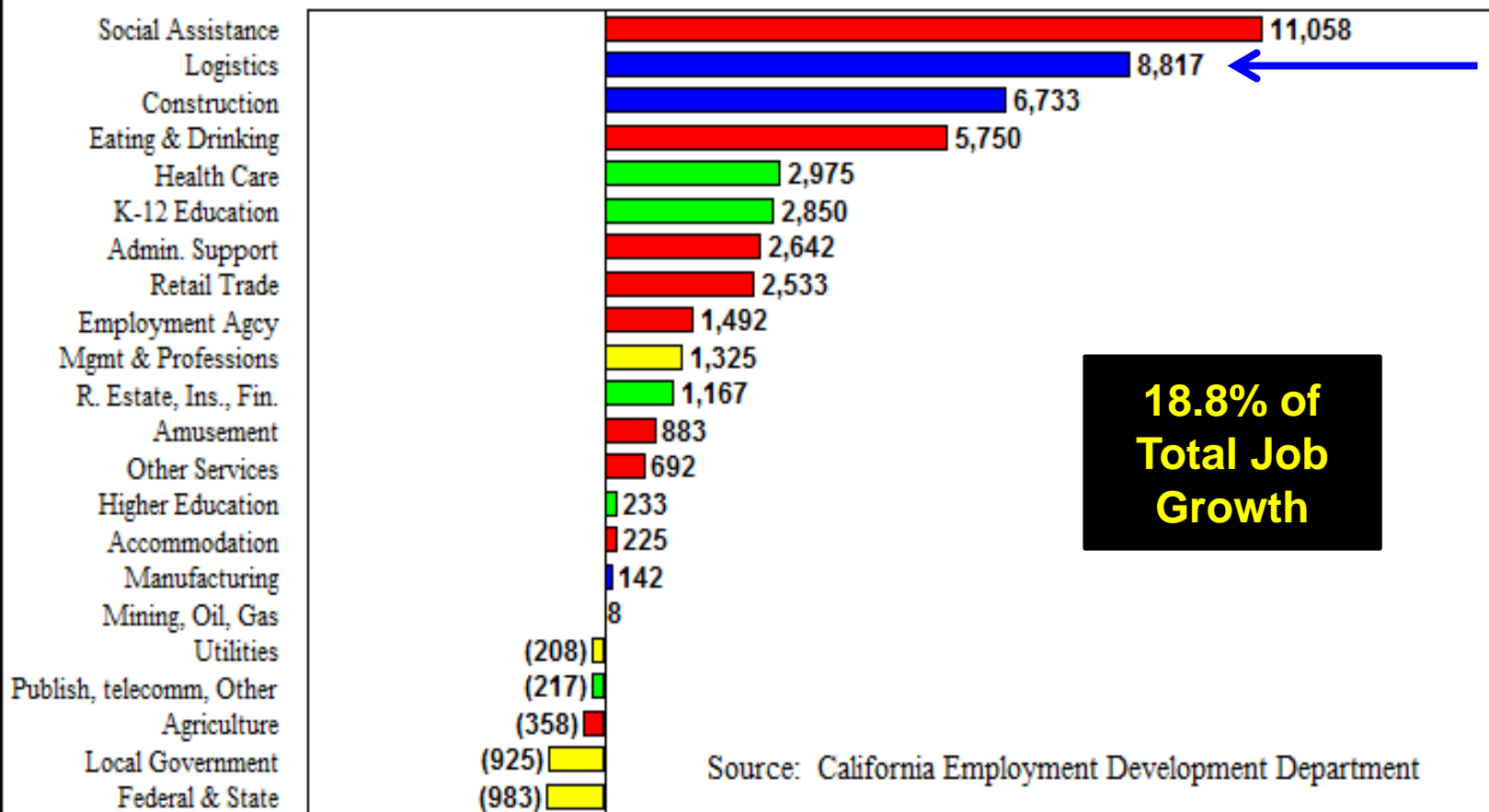
Industrial Construction, 2013

**Exhibit 17.-Industrial Space Under Construction
Southern California Market, December 2013**



Inland Empire Sector Growth

**Exhibit 16.-Inland Empire Growing & Decling Sectors
Average January-December 2012-2013**



Indirect Source Rule Proposal

New Warehouses Would Pay Fees To Offset Trucks They Might Attract

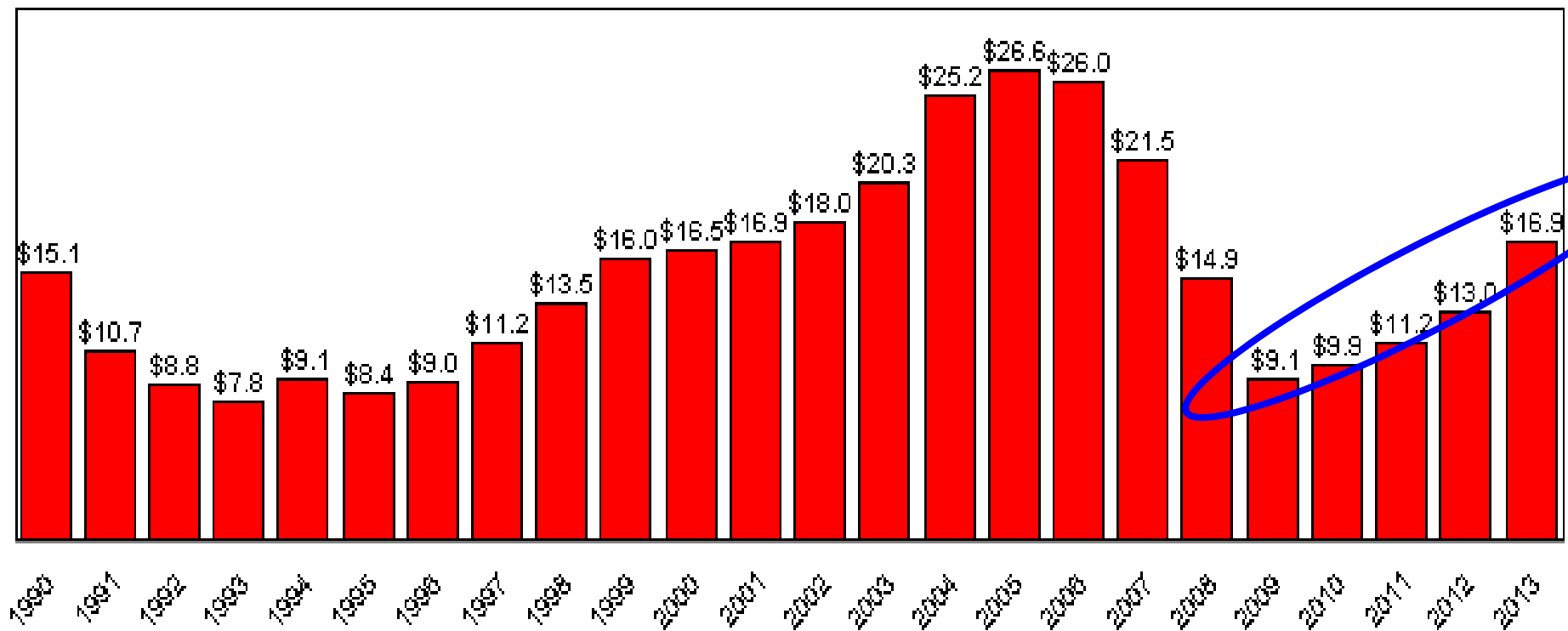
- 1. AQMD Study uses 95% Highest Attractor Per Square Foot As The Standard**
- 2. Intent Is To Slow Or Stop Warehousing Development In The Inland Empire**
- 3. Rationale Is AQMD Can't Meet Its EPA Target Without Cutting Truck Trips**
- 4. Impact Would Be To Hurt The Inland Empire's Strongest Economic Base Sector**
- 5. Impact Would Be To Deny Job Growth To Marginally Educated Inland Workers**

Construction



Permits: Finally A Little Hope

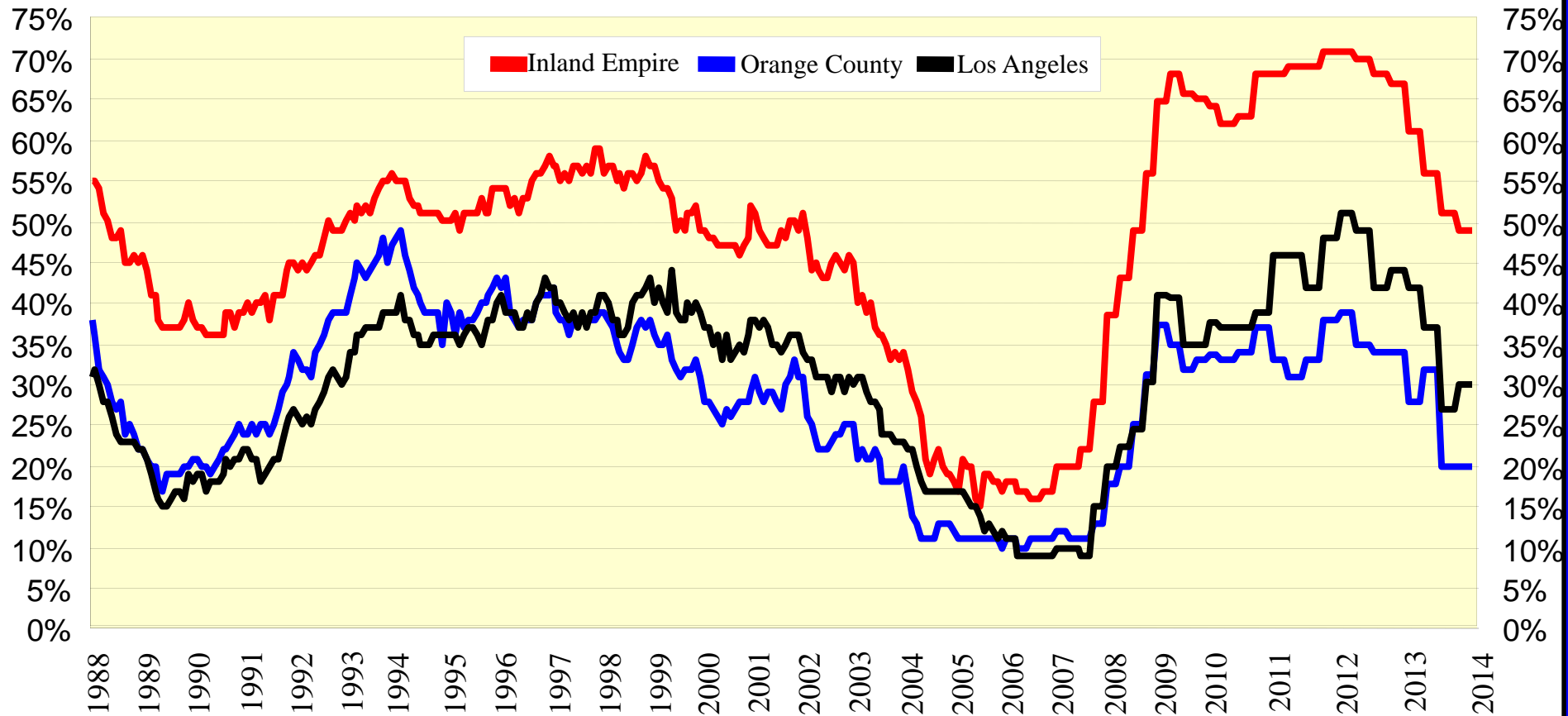
Total Building Permit Valuation
Los Angeles, Orange, Inland Empire, 1990-2013 (billions)



Source: Construction Industry Research Board, Construction, Construction Home Building Foundation

Affordability To Median Income Family

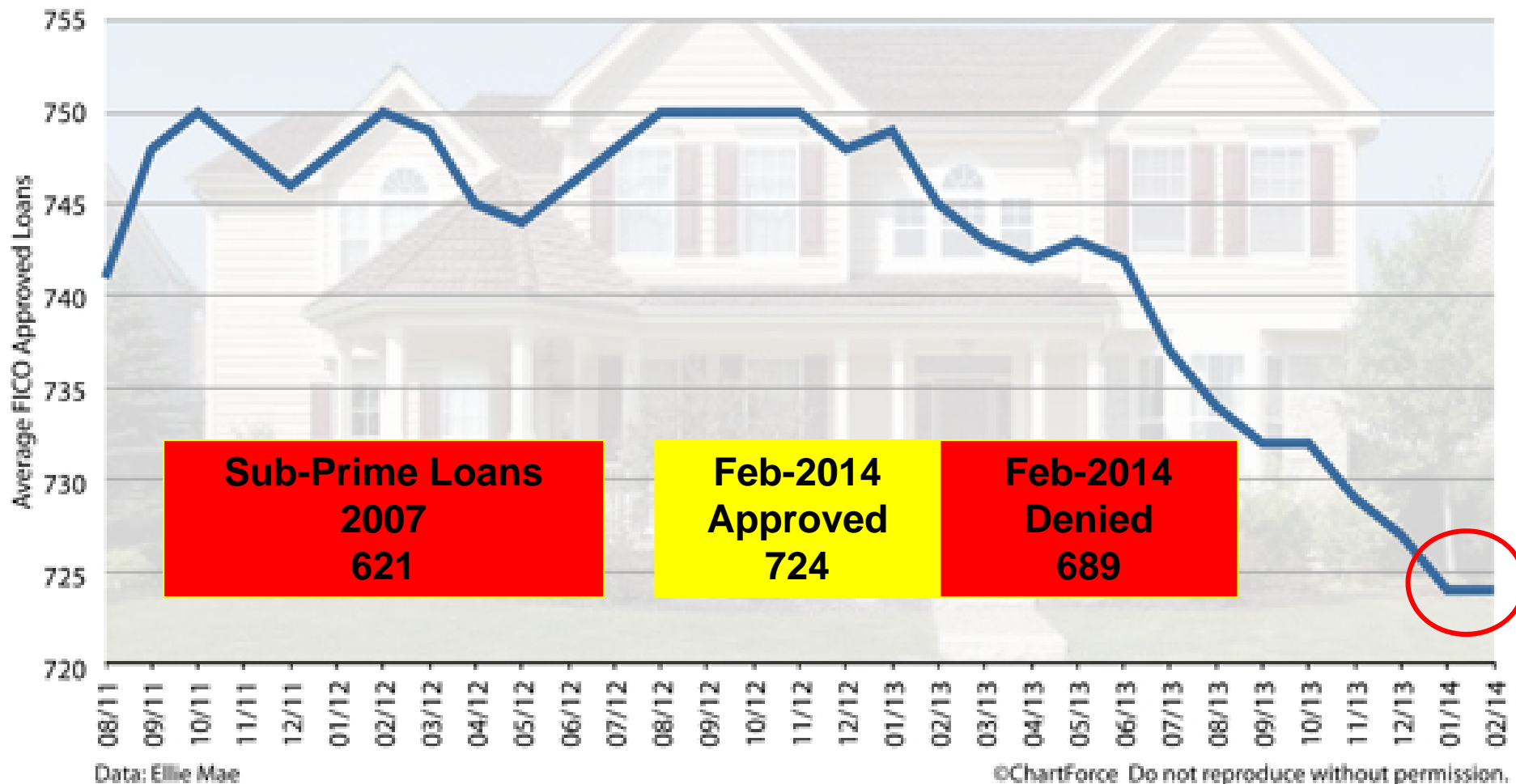
**Exhibit 14.-Housing Affordability, Southern California
Share of Families Afford Median Priced Home, 1988-2014**



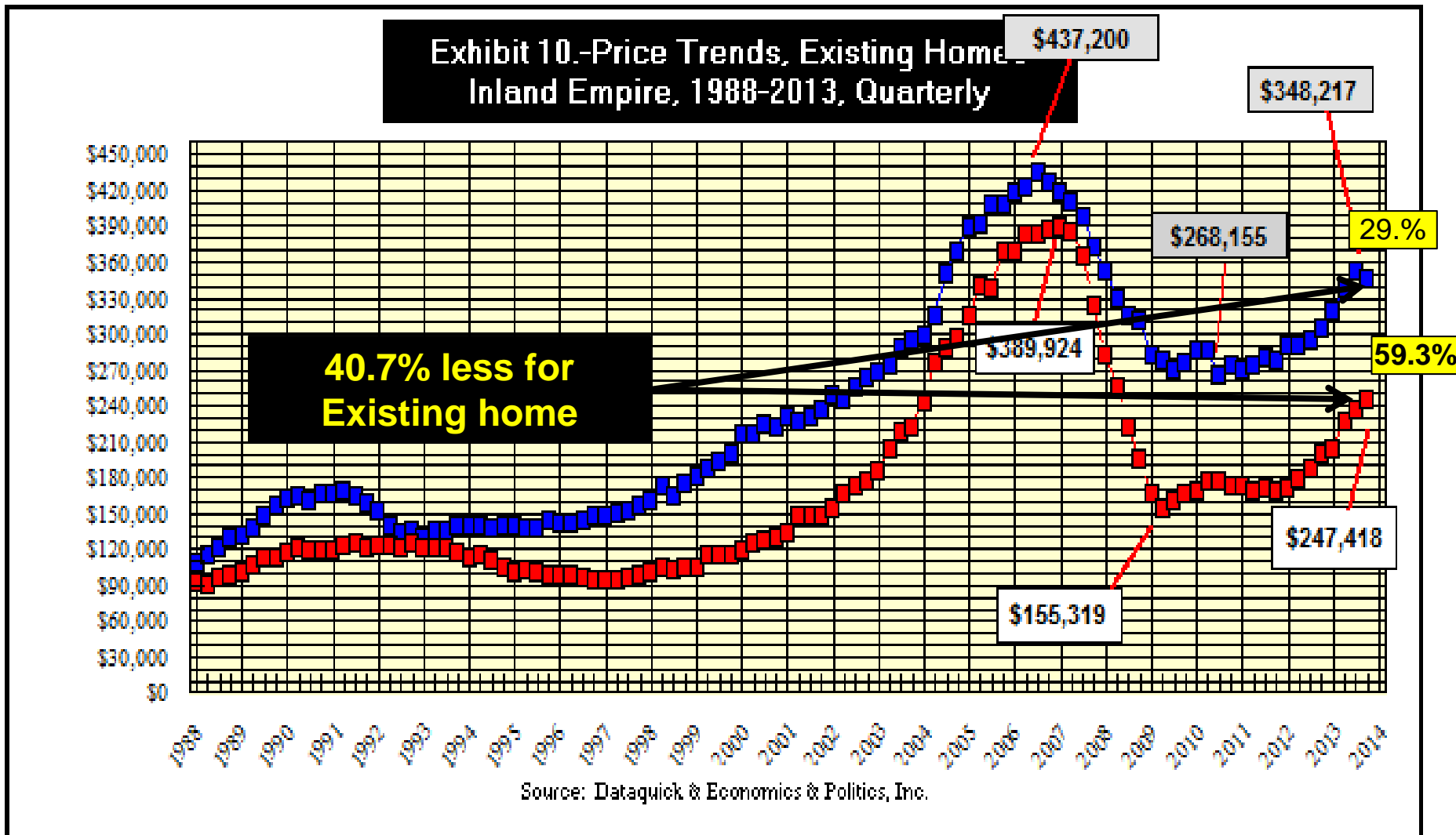
Source: CA Association of Realtors

FICO Score Average Is Easy A Little

Average FICO Scores Dropping On Approved Loans

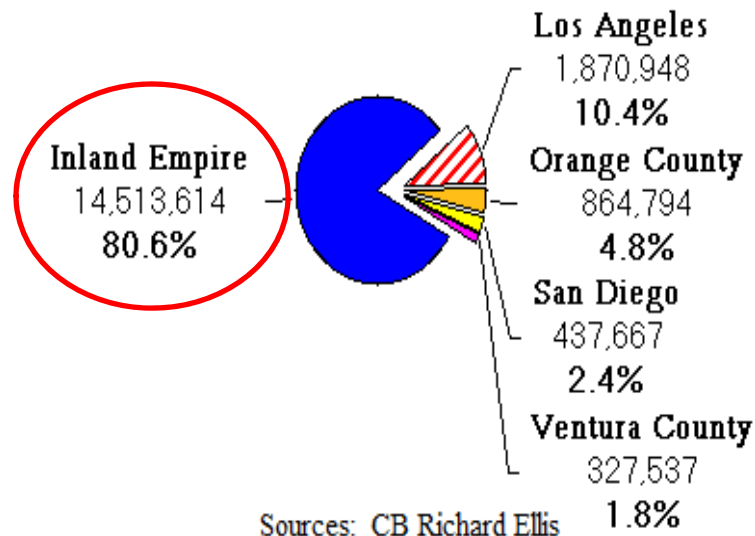


Home Price Trends



Industrial Construction

**Exhibit 17.-Industrial Space Under Construction
Southern California Market, December 2013**



Sources: CB Richard Ellis

CEQA

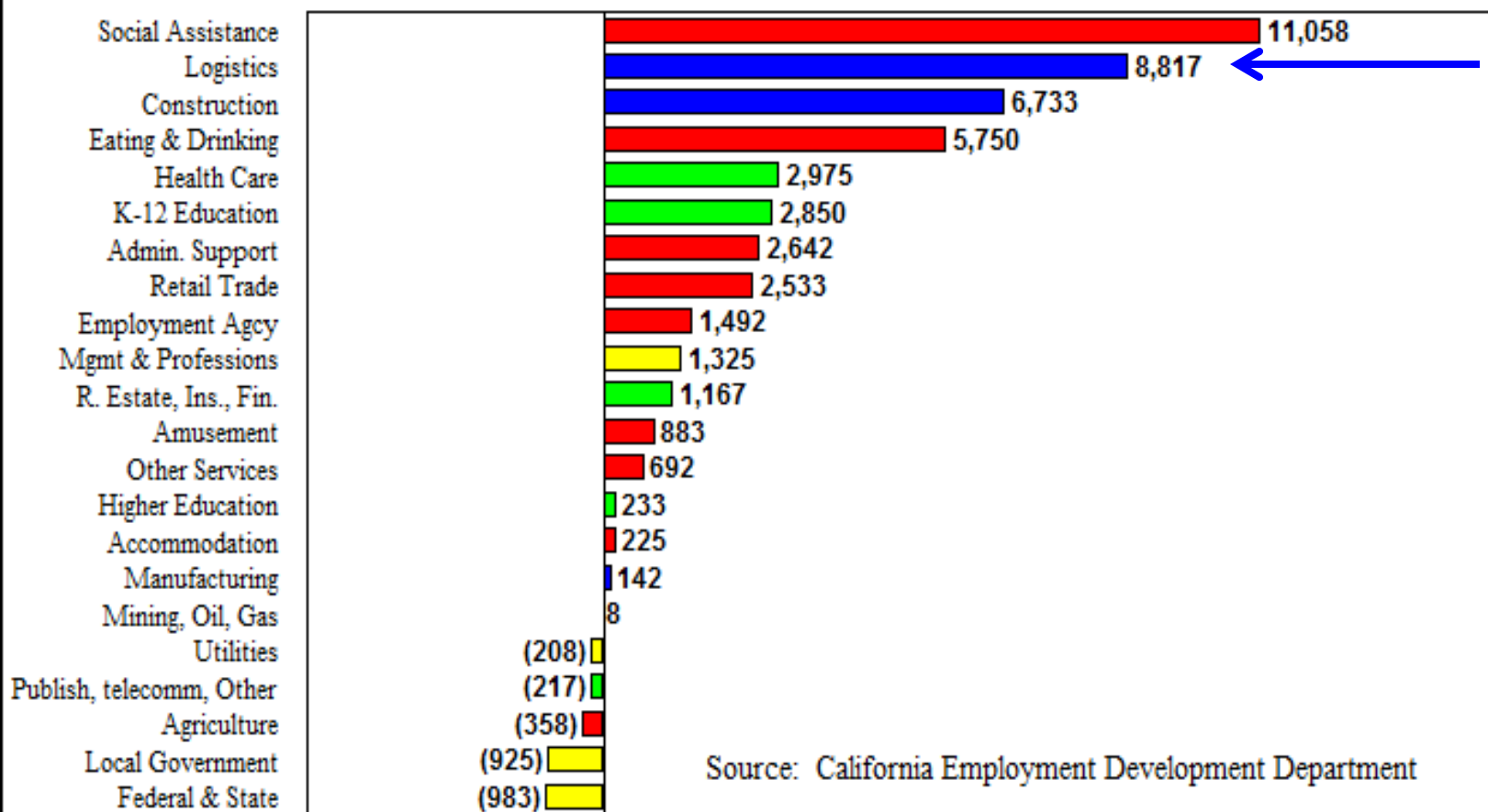
CEQA Repeatedly Abused

- **NIMBYS Wanting To Stop Projects, Drive Up Their Costs**
- **Lawyers Using Threat Of Suits As A Cash Cow**
- **Business Wanting To Drive Up The Costs Of Their Competitors**
- **Unions Using Threat of Suits To Force Developers To Use Their Members**
- **Result Is To Slow Construction Growth & Job Creation**



Inland Empire Sector Growth

**Exhibit 16.-Inland Empire Growing & Declining Sectors
Average January-December 2012-2013**



Energy



Fracking & State Industry Natural Gas Prices

Exhibit 18.-Industrial Natural Gas Price Per 1,000 Cubic Feet
CA vs. States With Major Natural Gas Delivery From Fracking, February 2014

State	Industrial Price	
Pennsylvania	\$9.07	-15.0%
California	\$7.71	
Colorado	\$6.47	19.2%
Arkansas	\$6.38	20.8%
Oklahoma	\$6.04	27.6%
Texas	\$6.04	27.6%
Louisiana	\$5.97	29.1%
North Dakota	\$5.07	52.1%

•Would Lower Energy Costs To CA's Manufacturers In Particular

State Policies



Energy Policy & Job Losses

In judging the efficacy of energy policies, the legislature could mandate that an analysis of the impact of increased fuel costs on job creation in manufacturing, logistics and construction be determined.

- Criteria could then be established for setting levels of job losses beyond which policies must be modified due to their impact on the state's marginally educated workers.**

Monterey Shale

• Given its potential to increase the competitiveness of sectors like manufacturing in California, the development of the Monterey Shale for oil and gas should be a high priority, subject to appropriate environmental and safety concerns.

• This is potentially an asset to the kind of blue collar job creation needed by marginally educated workers throughout the state, and specifically in the Central Valley where unemployment is currently 16.5%.

State Policy & Poverty

- The non-partisan Legislative Analyst's Office could be funded by the legislature specifically to document the extent to which the state's energy and regulatory policies are cutting off job growth that could otherwise lower the levels of poverty in the state and the associated public health difficulties.
- The goal would be to recommend policies & procedural changes to stop this from happening.

Regulatory Appeals

- An appeals framework outside the control of the state's regulatory agencies could be set-up by the legislature that would allow firms or their workers to challenge what they see as onerous policies & rules.
- This would overcome the difficulty found in that the same organizations promulgating regulations are currently the ones hearing any appeals to their actions.

CEQA Reform

- Establish CEQA Courts**
- End Minimal Cost to Plaintiffs of Losing Suits**

Expedited Review of Casts

Expert Judges

Reduce Frivolous Suits

Reduce Appellate Court Pressure

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