



IMPACT OF COVID-19 ON THE CALIFORNIA ECONOMY

Somjita Mitra
California Department of Finance

June 18, 2020

- > **31st ANNUAL
DEMOGRAPHIC
WORKSHOP**
- > **ACCELERATING PLANNING
TO CATCH UP TO 21ST
CENTURY DEMOGRAPHICS**
- > **PART 1
THURSDAY, JUNE 11, 2020**
- > **PART 2
THURSDAY, JUNE 18, 2020**



USC
Price
School
of Public Policy

California's Economic Outlook in January



Unemployment at record lows



Almost 10 years of consecutive job growth



1 out of 7 new U.S. jobs in California

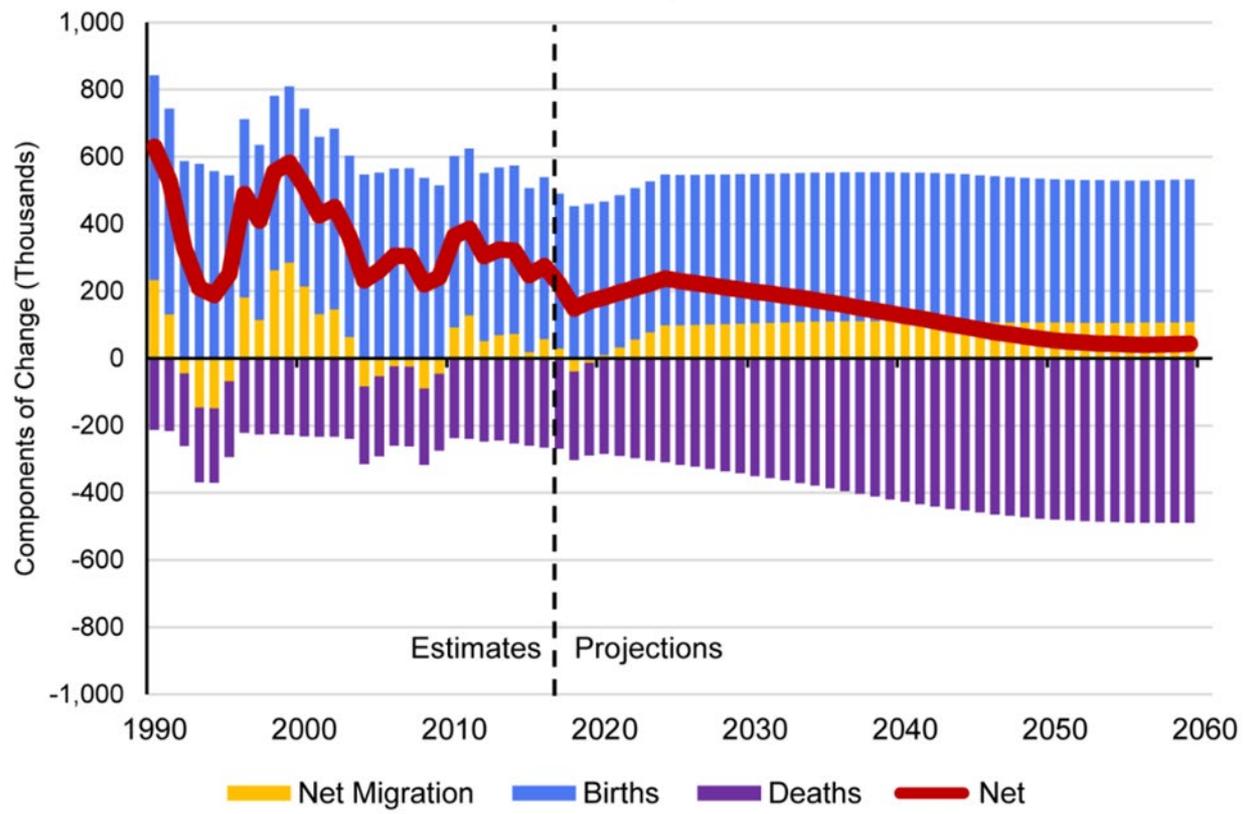


5th largest economy in the world

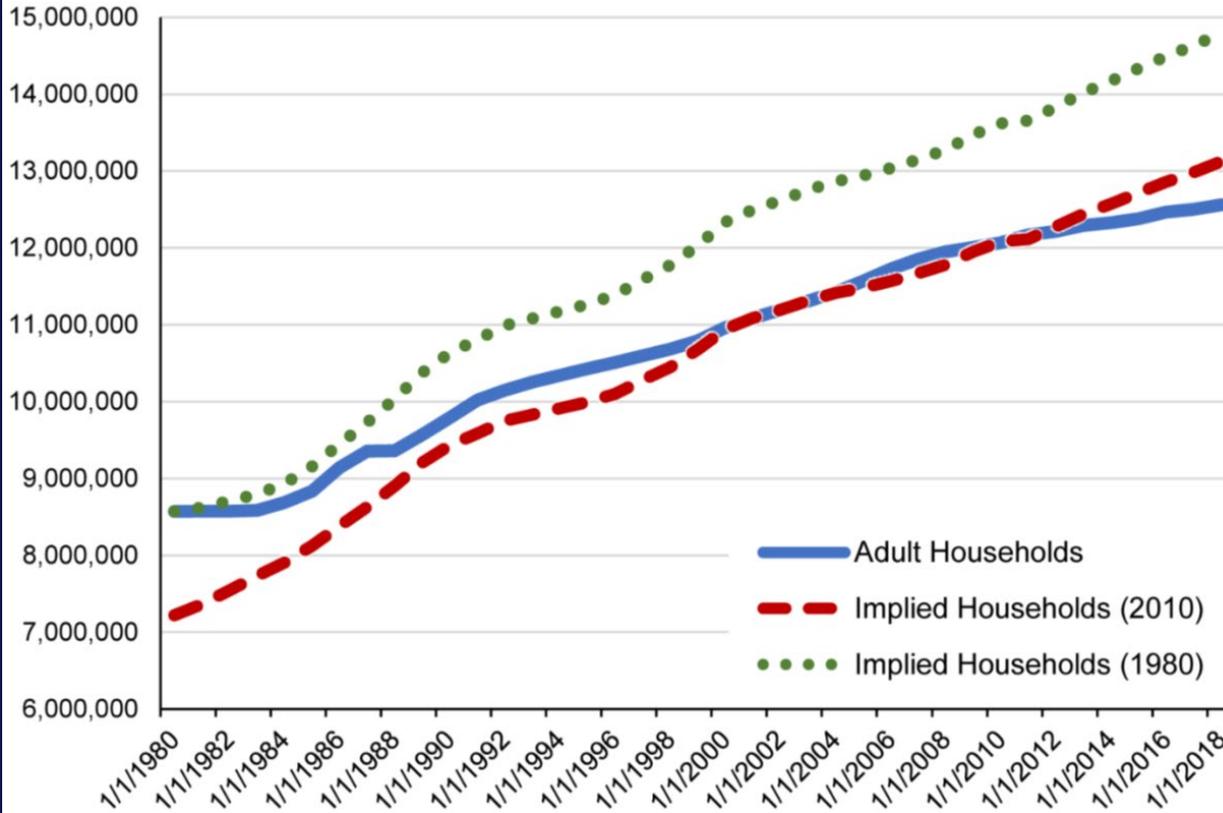


Projected budget surplus \$5.6 billion

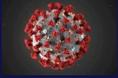
Annual Population Change: California 1990-2060



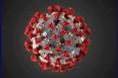
Actual Adult Households vs. Historical Adult Housing Demand



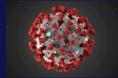
COVID-19



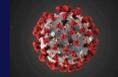
January 20, 2020 --first U.S. case



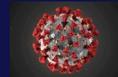
January 26, 2020 -- first California case



March 11, 2020 -- global pandemic declared by WHO

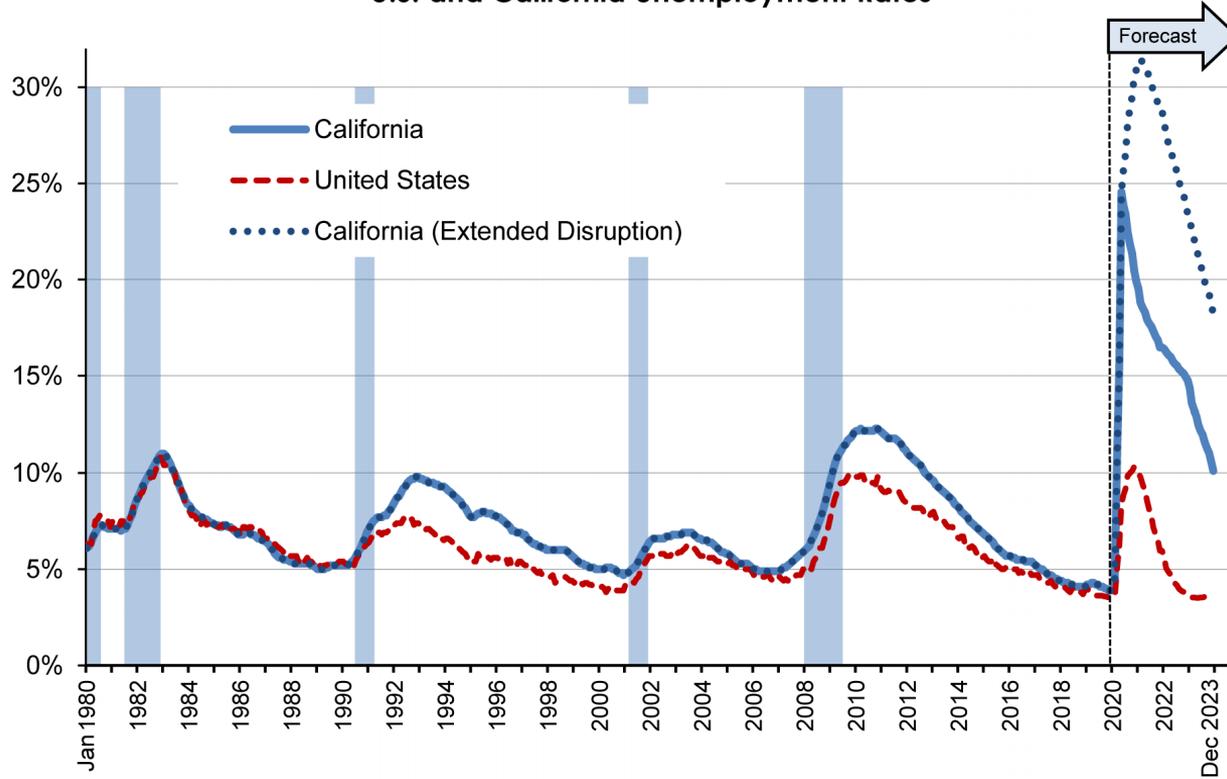


March 19, 2020 – California stay-at-home order



Through June 15, 2020 – 2.2M cases in the U.S. with over 118K deaths (over 150K cases and 5K deaths in California)

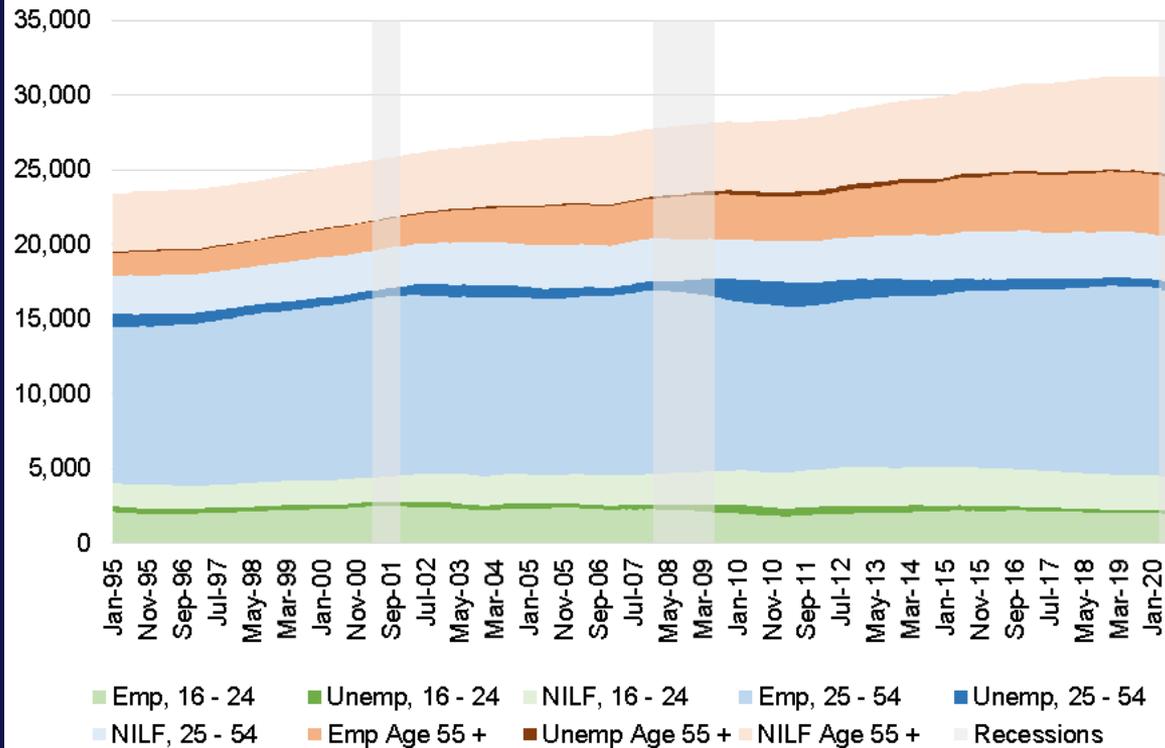
U.S. and California Unemployment Rates



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics; CA Employment Development Department, Labor Market Information Division; CA Department of Finance, May Revision Forecast.

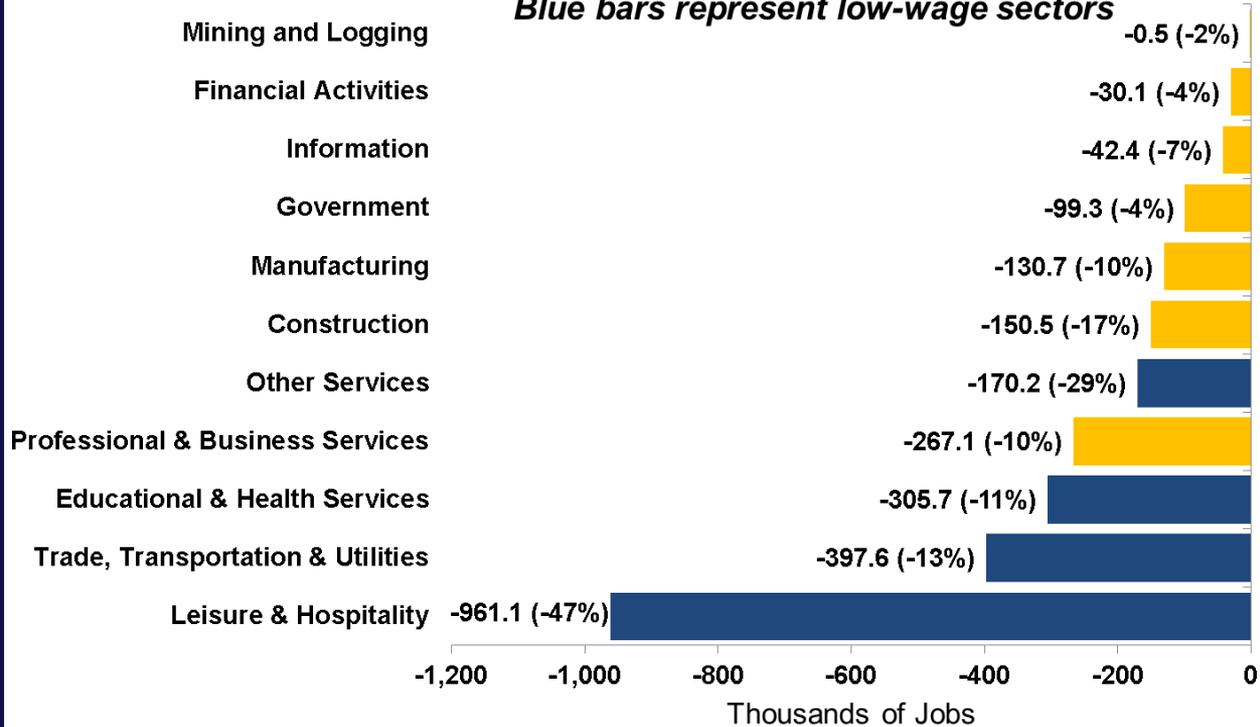
Labor Force and Working Age Population (Thousands)



Source: California Employment Development Department, LMID

California Job Losses in March and April 2020 (Jobs and Percentage Changes relative to February 2020)

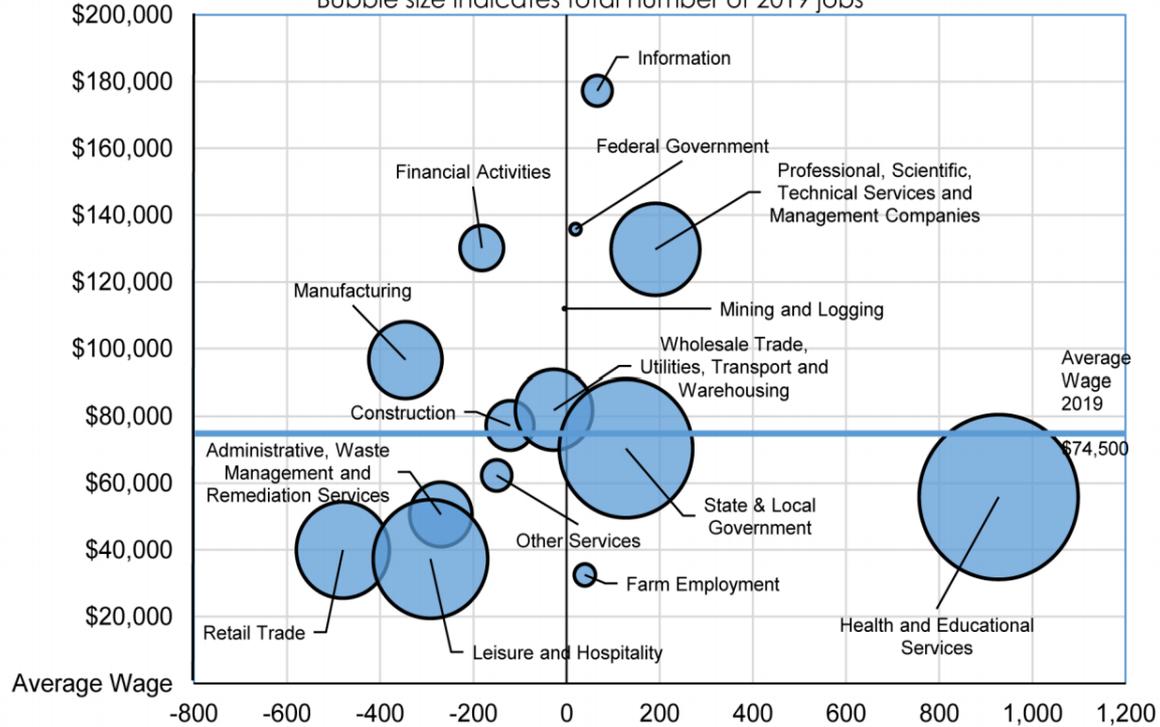
Blue bars represent low-wage sectors



Source: CA EDD, Labor Market Information Division

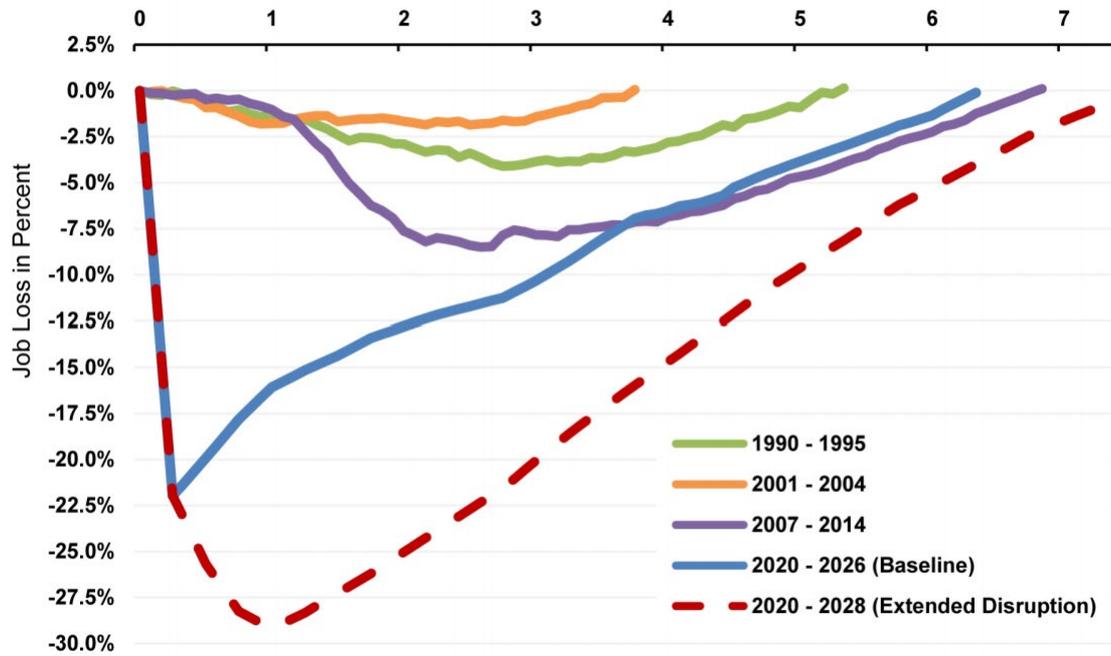
Change in Jobs by Sector: 2020 relative to 2007

Bubble size indicates total number of 2019 jobs



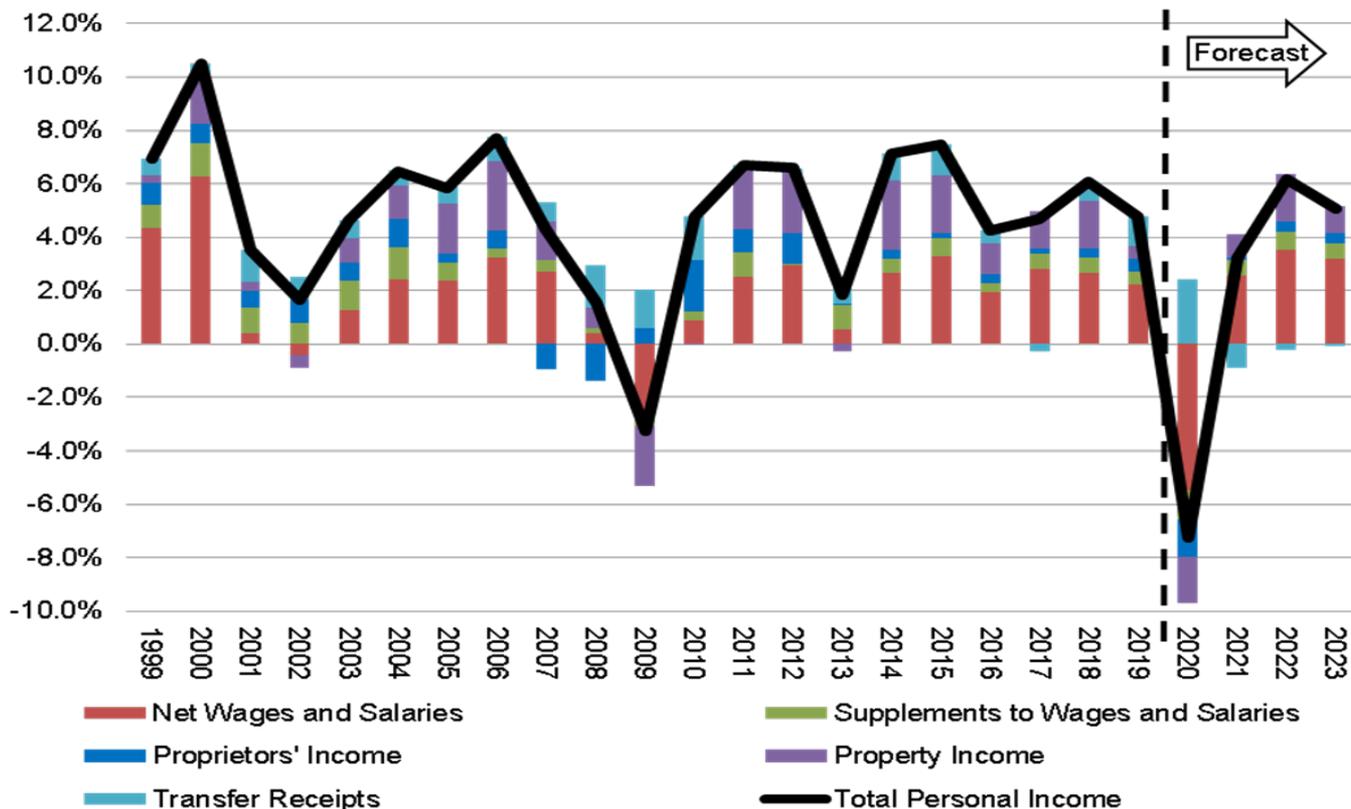
Source: CA Employment Development Department, Labor Market Information Division;
CA Department of Finance, May Revision Forecast.

California Job Losses (Years after Employment Peak)



Source: U.S. Bureau of Labor Statistics; CA Employment Development Department, Labor Market Information Division; CA Department of Finance, May Revision Forecast.

Contributions to CA Personal Income Growth



Source: BEA, California Department of Finance, May Revision

Long-Term Revenue Forecast — Three Largest Sources

(General Fund Revenue — Dollars in Billions)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Average Year-Over-Year Growth
Personal Income Tax	\$99.2	\$94.8	\$76.8	\$76.8	\$81.4	\$87.7	-1.9%
Sales and Use Tax	\$26.1	\$24.9	\$20.6	\$23.7	\$24.6	\$25.4	0.0%
Corporation Tax	\$14.1	\$13.9	\$16.6	\$15.9	\$16.0	\$14.9	1.6%
Total	\$139.4	\$133.6	\$114.0	\$116.4	\$122.0	\$128.0	-1.4%
Growth	6.4%	-4.2%	-14.6%	2.1%	4.8%	4.9%	

Note: Numbers may not add due to rounding.

Source: California Department of Finance, May Revision Forecast

Key Conclusions for Forecast

- ✓ Pandemic is controlled
- ✓ Recovery is gradual, measured and restrained
- ✓ Fundamental changes in business operations

! Continuing Risks

! Extended Shutdown Scenario

Thanks!

somjita.mitra@dof.ca.gov