Rupert Report

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League of California Cities
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roadmap for today

- http://www.efp.ucsb.edu/talk
- was there an election recently?
- inequality
- minimum wages
- Federal Reserve developments
- thoughts on the future
economics and the election
what to expect

- uncertainty
- immigration
- international trade
- taxes
- Obamacare
- oil

ugh, I need a lot more slides! but...
Real GDP
Logged Billions of 2009$, Seasonally Adjusted
unequality
unequality

_noun_  |  _un·equal·i·ty_  |  \ ə-ni-ˈkwä-lə-tē\

1 : the quality of being unequal or uneven

2 : the condition of being variable

3 : the result of being affected differently by things
housing inequality

- housing values are very local
Zillow Home Value Index: Coastal
Index (100 = Pre-Recession Max Value)

Santa Barbara City [ $1,064,100 ]
Alta Mesa [ $1,197,600 ]
East Mesa [ $1,383,200 ]
West Mesa [ $1,054,100 ]
Hope [ $885,500 ]
income inequality

- how is income distributed?
Real Personal Income Per Capita Growth Since 2006:
2006

Source: BEA
Real Personal Income Per Capita Growth Since 2006:
2006

Source: BEA
Real Personal Income Per Capita Growth Since 2006:
2006

Source: BEA
Real Personal Income Per Capita Growth Since 2006: 2006

Source: BEA
Real Personal Income Per Capita Relative to CA Average:
2015

CA Avg: $48,918.69

Source: BEA
Percent Change in Per–Capita Personal Income
2007–2009

US Average: −4.45%
CA Average: −6.93%

Source: BEA
Percent Change in Per−Capita Personal Income 2009–2015

Source: BEA

US Average: 10.62%
CA Average: 15.23%
Percent Growth of Real Median Hourly Wages, 2010–2015

Occupational Employment Statistics (OES)
California Regions

-0%–0.42%
-2%–0%
-3%–2%
-4%–3%
-9.15%–4%
Gini = $\frac{A}{(A+B)}$
Gini Coefficient
Real per capita personal income across counties

0.18
0.16
0.14
0.12
0.10
0.08


US
California

Gini Coefficient
Real per capita personal income across counties
new findings on inequality

- most of the inequality is “between firms”
- not “within firms”
minimum wages
a looming labor market issue

- current minimum wage $10
- $15 minimum wage by 2022
- let’s start by examining the data
Real Minimum Wage
(2009 dollars)

California
Federal
Percent of Workers at Minimum Wage

- Wage & Salary @ Fed Min
- Wage @ Fed Min
- Wage & Salary @ Binding Min

where?

- what areas will be affected most?
who?

which workers will feel the brunt?
Percent Making Minimum Wage by Occupation

United States, 2015

- Management/Professional: 65%
- Service Occupations: 17.8%
- Sales: 3.2%
- Natural Resources/Construction/Maintenance: 9.1%
- Transportation: 4.9%

Source: BLS
why?

- why this policy?
- aren’t there better policies?
- how about the earned income tax credit?
labor markets
labor market: California

- employment growth strong
  - but varies by industry and geography

- unemployment as well
Civilian Employment, California
Number Employed (Millions)

Source: CA EDD
Total Employment, All Industries Growth, Seasonally Adjusted

Source: CA EDD
Federal Open Market Committee

- raised rates back in December of last year
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- another holiday gift?
Federal Open Market Committee

- raised rates back in December of last year
- since? nothing
- another holiday gift?
- very likely
Effective Federal Funds Rate

Source: FRB St. Louis
Unemployment Rates
Percent, SA

Unemployment
U6
Economic Forecast Project
Source: BLS
Initial Unemployment Claims
Thousands of Claims, SA

Economic Forecast Project
Source: BLS
final thoughts

- election uncertainty
- strong growth in the US
- FOMC likely to raise rates sooner rather than later
Real GDP
Logged Billions of 2009$, Seasonally Adjusted

Linear Trend
thank you!