The Long-Term Impacts of COVID on the SCAG Regional Economy—Factors to Consider and an Opportunity to Pursue

Stephen Levy, Center for Continuing Study of the California Economy
31st Annual Demographic Workshop
June 18, 2020
An Opportunity to Pursue

• Distinguishing mitigating the immediate economic pain from getting back to “normal” and the more ambitious goal of strengthening and broadening prosperity—goals of the SCAG regional plans

• There is already talk in California leadership circles of a “recovery bond” which is really new stimulus funding in contrast to simply replacing lost wages.
Outline of a Major State Stimulus Effort

• How to make it a triple bottom line set of investments
• Accelerate funding for low income housing
• Accelerate funding of existing backlogs of transportation investments
• Accelerate energy saving and GHG emission reduction investments
• These investments create jobs, build and repair our infrastructure and are climate friendly
Factors in the Long-Term Growth of the SCAG region

- SCAG region growth depends on the size and composition of national growth and how the region is poised to compete for a share of national job growth
- Has COVID changed any of the long-term growth trends
The State Share of U.S. Jobs Has Been Increasing

California Share of U.S. Jobs

The Regional Share of U.S. Jobs Has Been Increasing
National Trends

• U.S. population growth is determined primarily by birth rates (have been declining) and mostly in the future by immigration. A continuation of recent immigration levels would reduce U.S. population by approximately 6-7%. A continuation for that long is very unlikely.

• U. S. Job levels are determined by population growth and labor force participation and unemployment rates (both of which have trended positive for job growth relative to population).
Composition of Job Growth

• There is always uncertainty regarding job trends far into the future.

• But the question for the impact of COVID on the region’s long-term growth is whether any impacts are long lasting and whether they favor or hinder relative growth in the SCAG region.
Does the SCAG Region Have a Competitive Set of Industries

• The region benefits from trade from the fast-growing Pacific Rim
• The region is a tourism center
• The region has specialized design firms
• The region is building a tech base
• These sectors performed well in the years since the growth forecast was completed
• While COVID will negatively impact these strengths in the short term, that is unlikely for the 2025—2045 period?
A Surge in Logistics Jobs

Logistics Jobs in Riv--SB Metro Area
Air Travel on the Rise

Passengers at Major SCAG Region Airports (Millions)

![Graph showing the increase in passengers at major SCAG region airports from 2000 to 2019.](image)
Regional Challenges and Responses

• Major challenges continue to be housing that is sufficient and affordable and expanding mobility options
• The Connect SoCal regional plan addresses these challenges directly
• In addition the state has and continues to adopt policies and funding in support of more housing that is broadly affordable
• The response to COVID can accelerate these positive responses
Final Thoughts

• As previous panelists showed, the short-term impacts of COVID are painful in human and economic terms
• Yet the region’s strengths shown by strong performance for 2015-19 remain solid and can grow with Connect SoCal successes
• COVID economic stimulus efforts directed at the region’s transportation, housing and climate challenges would be an added bonus