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A Brief Review

While the Pandemic was a historically sharp contraction for many localities across the U.S., it was not as severe in Ventura County. As CERF economists noted a year ago, our county's leaders led the state in efforts to re-open small businesses and schools earlier and to keep these establishments open longer in the face of subsequent waves of COVID transmission.

During the Pandemic, Ventura County's jobs contracted 14 percent (from December 2019 to April 2020). This was the same drop in percentage terms as experienced by the U.S., and less than the drops suffered by California and Los Angeles County. For all geographies, including the U.S., the Pandemic Contraction was historic in achieving double digit contractions in economic activity in just a few months. Deep recessions had indeed occurred before, but the speed at which the Pandemic Contraction unfolded was unprecedented. To assess the speed and the depth of the Pandemic Contraction, we must review economic data at the monthly frequency.

Ventura County's GDP dropped as well, however, we are not able to see the full depth of the decline due to county-level GDP only being available at the annual frequency. We can see from the available annual Ventura County GDP data that 2020 was a relatively better year, economically, for our County than its neighboring counties, the state, and the nation. The economy contracted 1.3 percent. This compares with a 5.7 percent contraction for Los Angeles County, a 3.5 percent contraction for Orange County, and 2.5 percent contraction in San Diego County. Again, we believe that Ventura County's performance was due to our unique and courageous effort to stay open or re-open when possible.

For the U.S., where both monthly as well as annual GDP data are available, the decline in 2020 was 2.8 percent as measured by annual data. By comparison, the monthly GDP decline was 14.4 percent. When the movement in the economy is extremely rapid, monthly data provides a lens into the severity of the occurrence that annualized data cannot provide.

The U.S., its states, and its counties all bounced back in 2021, recording positive economic growth as economies reopened and as COVID improved. Ventura County's GDP rose three percent from 2020 to 2021. Our county's peers grew noticeably more rapidly however. The U.S. grew 6 percent, California grew 7.8 percent, Los Angeles County grew 7.9 percent, Orange County grew 7.0 percent, and San Diego County grew 7.8 percent.

How did jobs fare in the recovery? The County's job base, as of the most recent December 2022 data, was still less than it was in December of 2019, by one percent. LA County's jobs were down less, at half a percent, whereas California's jobs were *up* a bit over one percent and the nation's jobs were up 1.3 percent. This is noteworthy. While Ventura County did *better* during the Pandemic Contraction, it has performed *worse* since then, specifically during the 2021 and 2022 time frame.

For most economies, ordinarily, economic growth exceeds job growth. However, from 2007 to 2018, job growth exceeded GDP growth by 1.8 percent. This was the result of the composition of growth, where growth was dominated by low-paying sectors rather than high-paying sectors. The low-paying sectors bring little value-added to a broad measure of economic activity such as GDP.

Economic and Demographic indicators provide evidence that Ventura County's economy, population, and labor force are in decline. GDP peaked the earliest, in 2007, and astonishingly, was 12.3 percent smaller in 2021 than in 2007. This compares to California's economy at a size that was 41 percent larger in 2021 than it was in 2007.

Population peaked in either 2016 or 2017 depending on the source and/or measure. Ventura County's labor force peaked in 2012.

From the perspective of 15 years, rather than just 3 years, the Pandemic Contraction was an exception in the sense that Ventura County outperformed its peers. Prior to the Pandemic, as well as after, our county has underperformed its peers.

People, households, and businesses have been migrating out of the County for most of each of the past 30 years. Out migration data show that 2022 was the worse year on record for departures from Ventura County to other localities in the U.S. This is particularly noteworthy as it is true despite the fact there is not a deep recession, natural disaster, or epidemic occurring currently. The out-migration is the key factor behind the County's declining population.

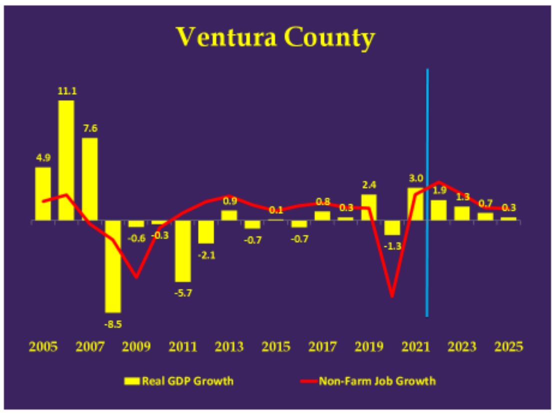
The Forecast

The over-riding general assumption governing this baseline forecast is that Ventura County attitudes and policies will continue in a similar fashion as in recent years. This implies slow growth in the economy, population, and labor force, slower relative to the U.S., California, and neighboring counties.

While we forecast slow growth, our baseline forecast is not that Ventura County will experience a recession.

Instead, like the U.S., it will experience a stagflationary era, where growth is positive but slow, and inflation remains stubbornly high.

CERF also maintains the assumption that Ventura County growth will continue to be strong in low-paying sectors, and weak in high value-added sectors. This assumption implies that the previously mentioned pattern will carry forward into the next three years through 2025, namely that Ventura County's GDP will not only lag that of its own history, and that of its peers, but its economic growth will also lag the rate of its job creation.



Historical and Forecasted Growth Comparisons

	2019	2020	2021	2022 ‡	2023	2024	2025
		History			*Forecast*		
Ventura County							
GDP growth	2.4	-1.3	3.0	1.9	1.3	0.7	0.3
Job Growth	1.2	-7.0	2.4	3.5	2.5	1.2	1.1
GDP Growth							
Los Angeles County	2.6	-5.7	7.9	3.2	2.4	1.7	1.7
California	3.2	-2.3	7.8	0.4	2.4	1.9	1.9
United States	2.3	-2.8	6.0	2.1	2.0	1.5	1.4

Sources: U.S. Bureau of Economic Analysis, CA Employment Development Department, CLU-CERF

‡ 2022 is estimated