

# Economic Update

**Marin County Dept of Education  
Property Tax Forum**

May 2, 2023  
Jon Haveman, Ph.D.  
Executive Director, NEED




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## Outline

- The U.S. Economy
- Inflation/The Fed
- Real Estate/Marin
- The Budget

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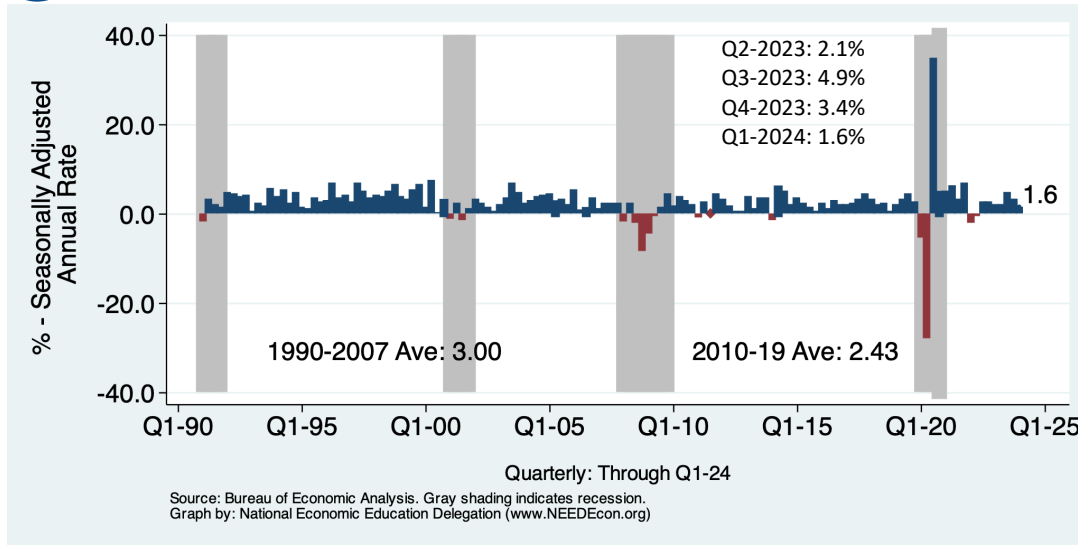
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# The U.S. Economy

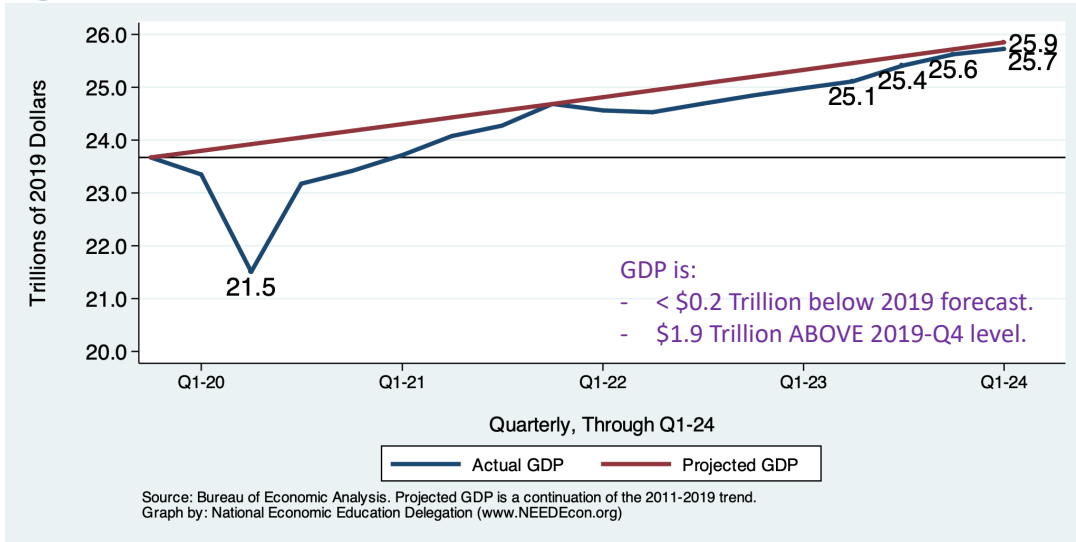
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## GDP: Quarterly Growth



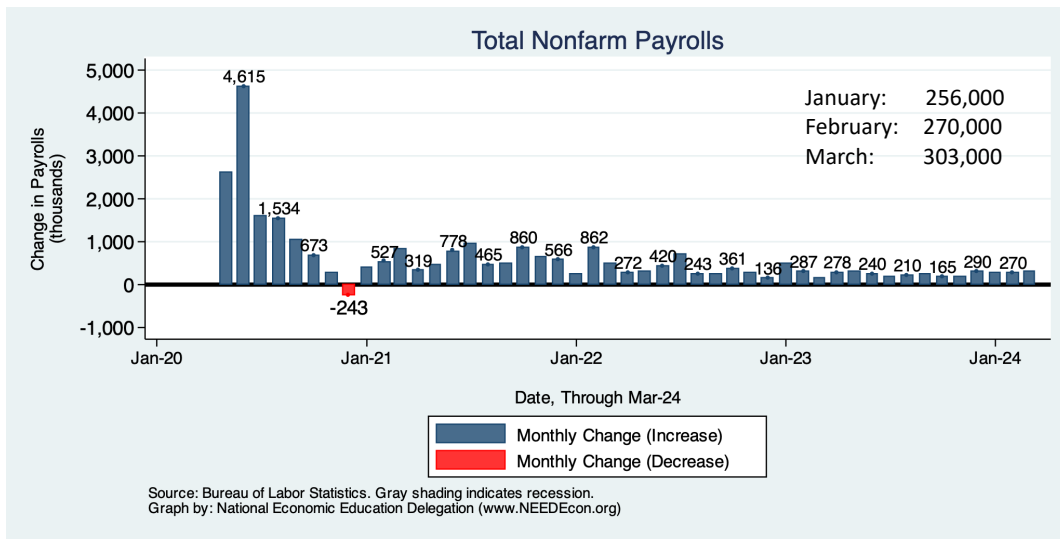
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## GDP Trajectory: Pandemic Plunge!



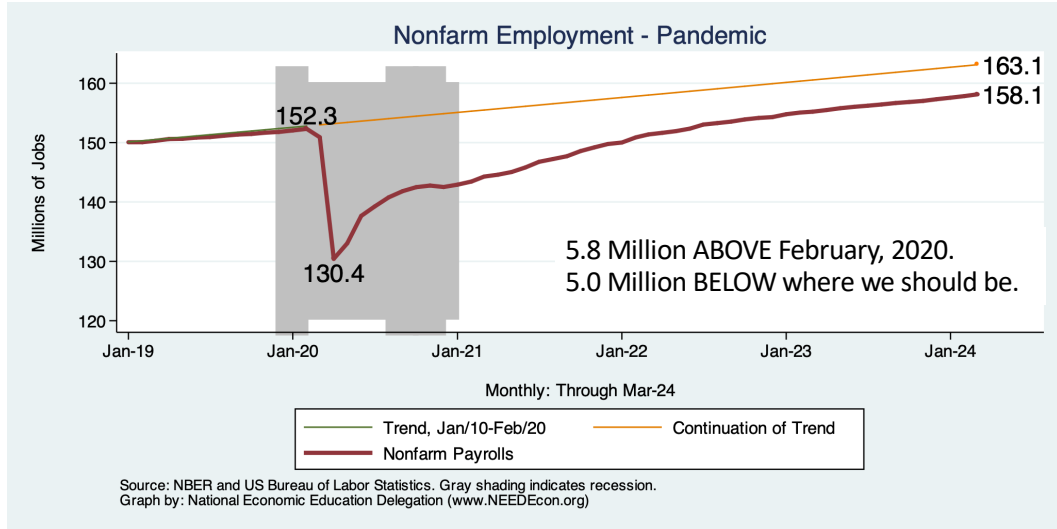
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## Monthly Changes in Nonfarm Employment



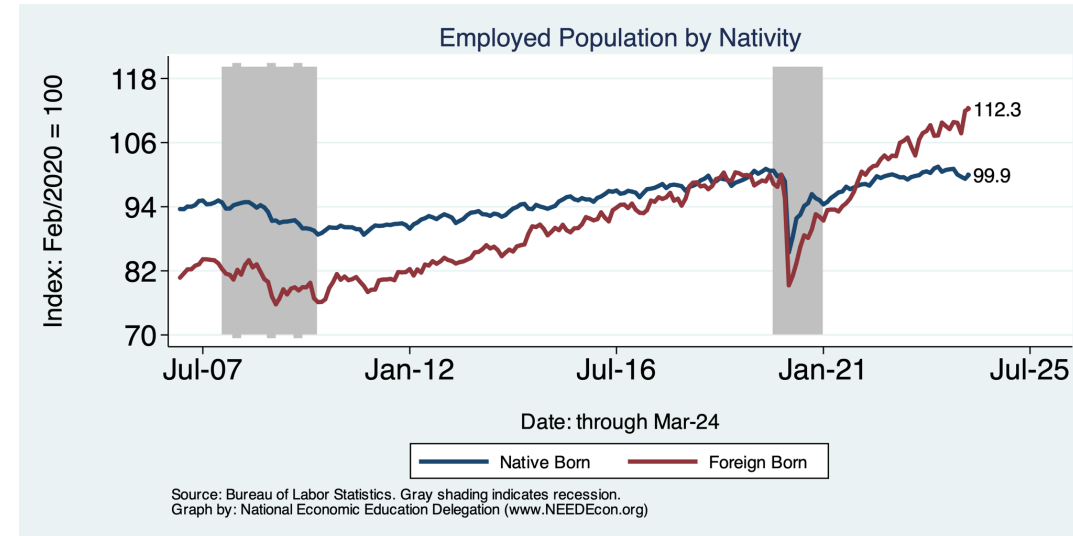
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# Employment Gap



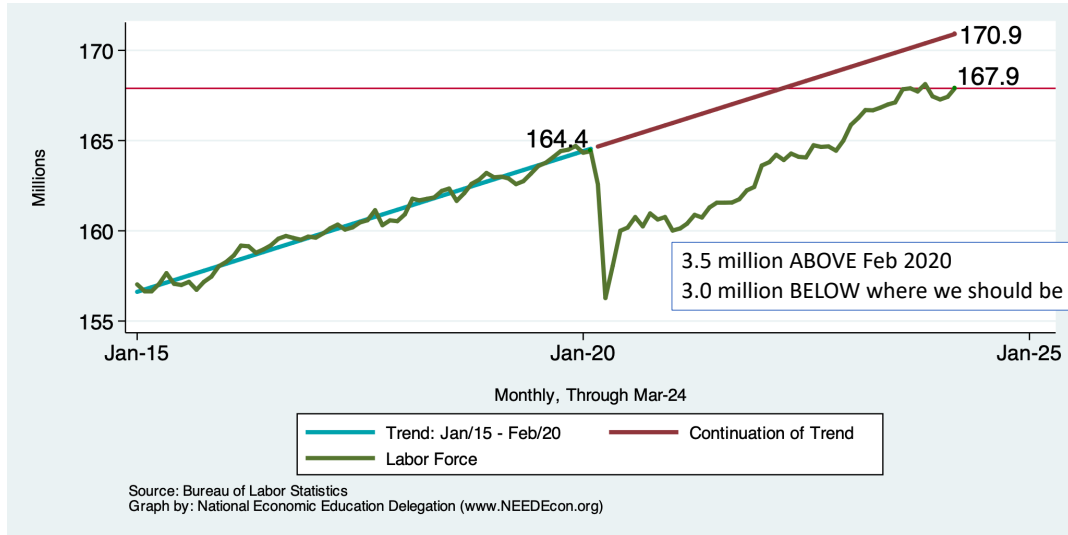
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# Immigrants to the Rescue?

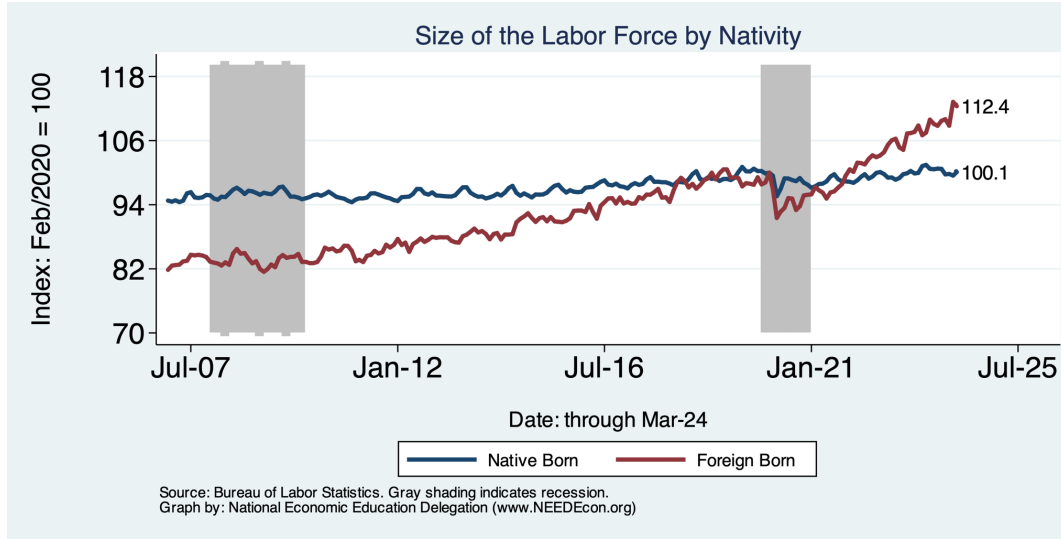


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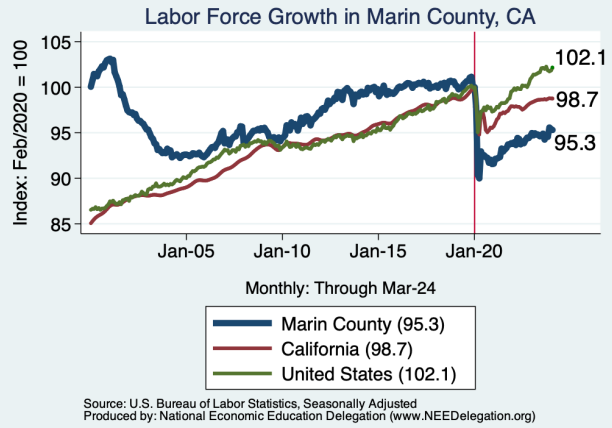
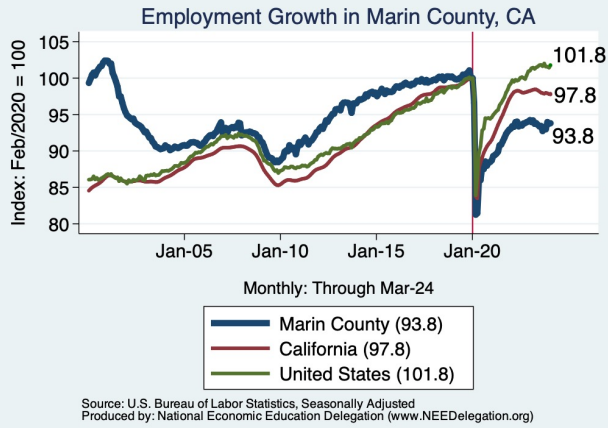
## Where Have All the Workers Gone?



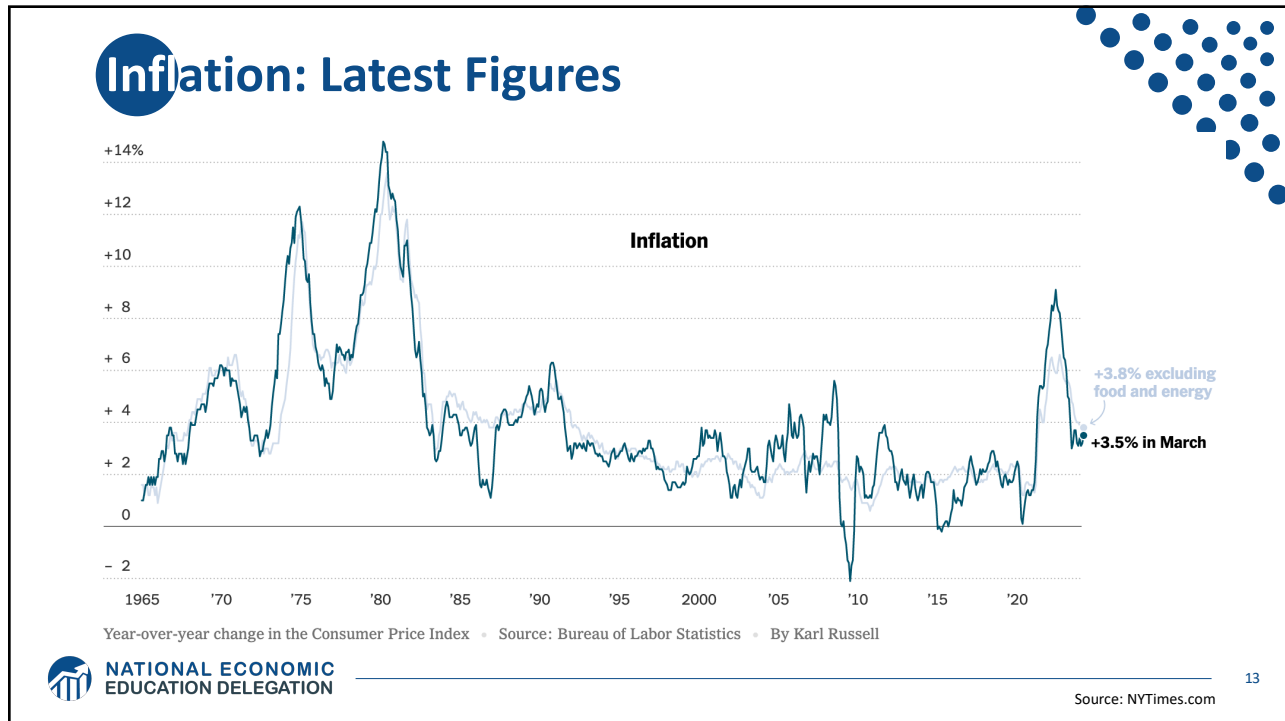
## Immigrants to the Rescue?



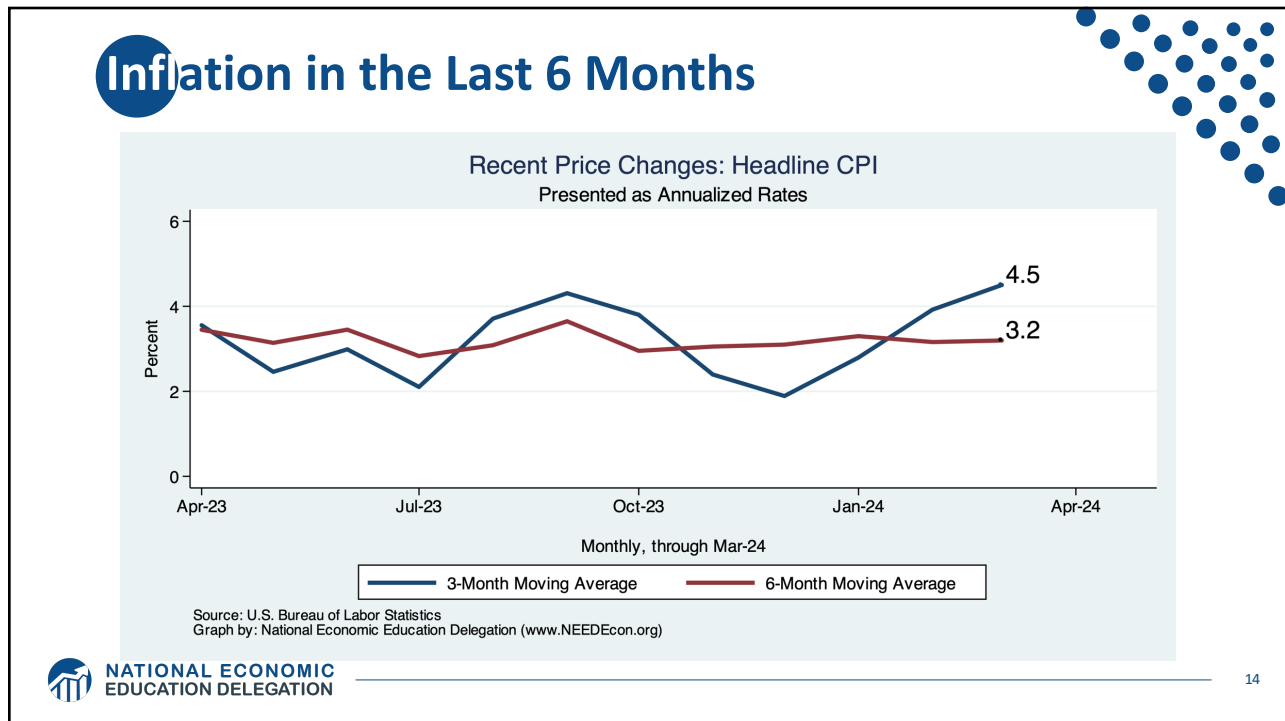
# Labor Market Experience: Marin County



# Inflation



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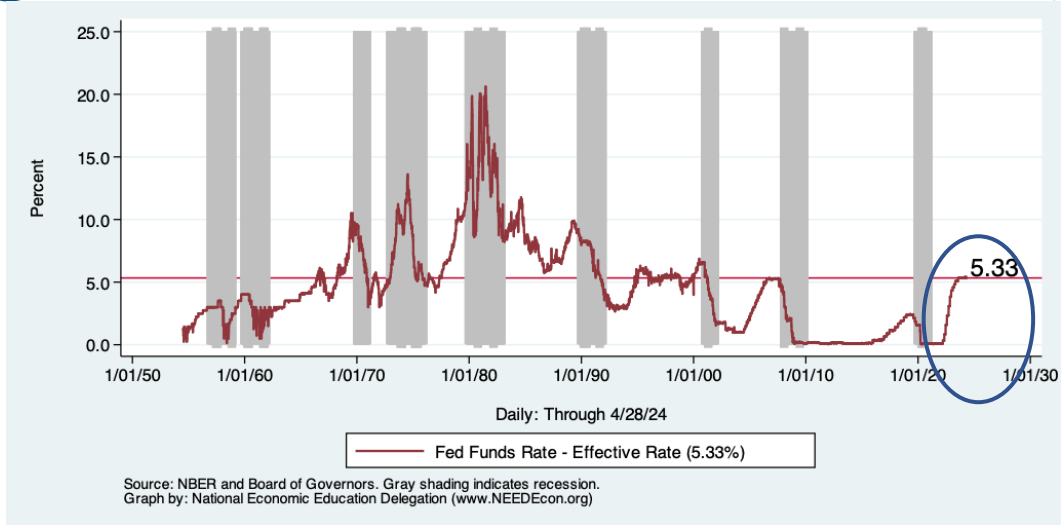


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# What's the Fed Doing About It?

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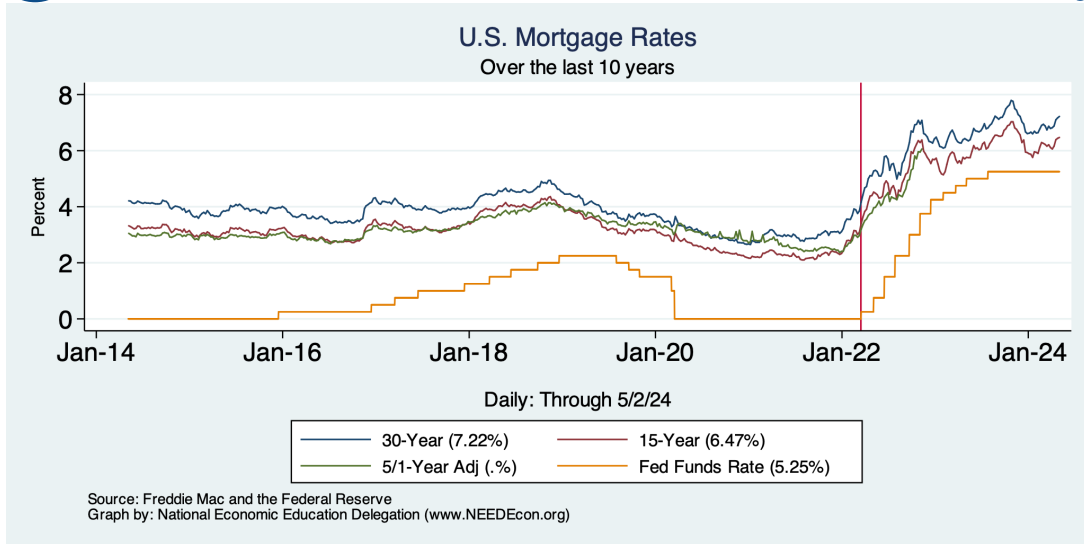
## Raising the Federal Funds Rate



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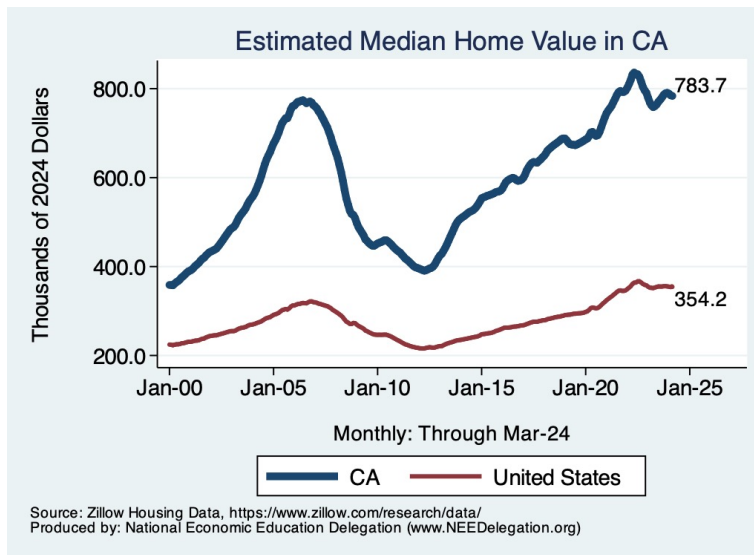


# Interest Rates are High!



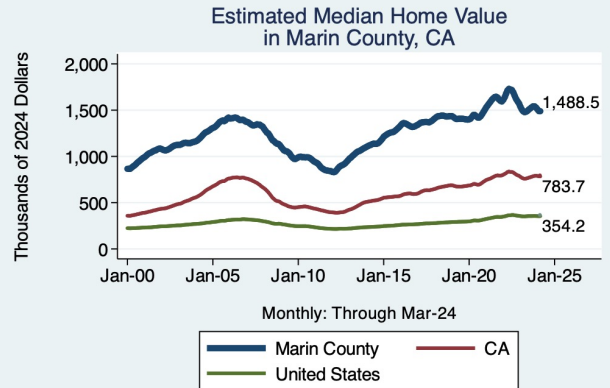
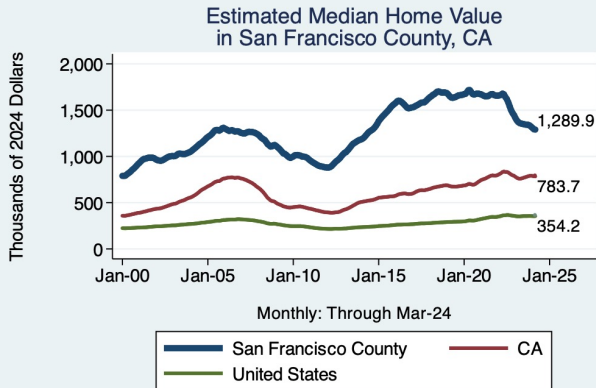
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# Real Estate Prices



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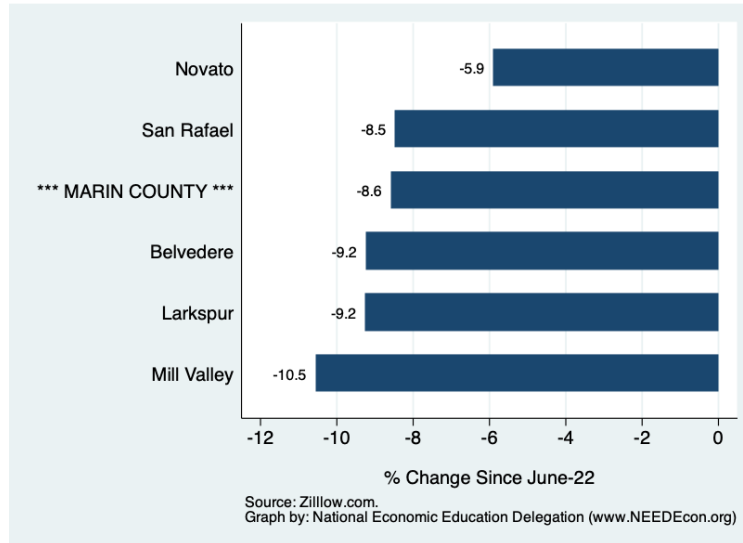
# RE Experiences ... Similar And Not Good



Source: Zillow Housing Data, <https://www.zillow.com/research/data/>  
 Produced by: National Economic Education Delegation ([www.NEEDelegation.org](http://www.NEEDelegation.org))

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# Home Price DEpreciation w/in Marin



Source: Zillow.com.  
 Graph by: National Economic Education Delegation ([www.NEEDecon.org](http://www.NEEDecon.org))

# The California Budget



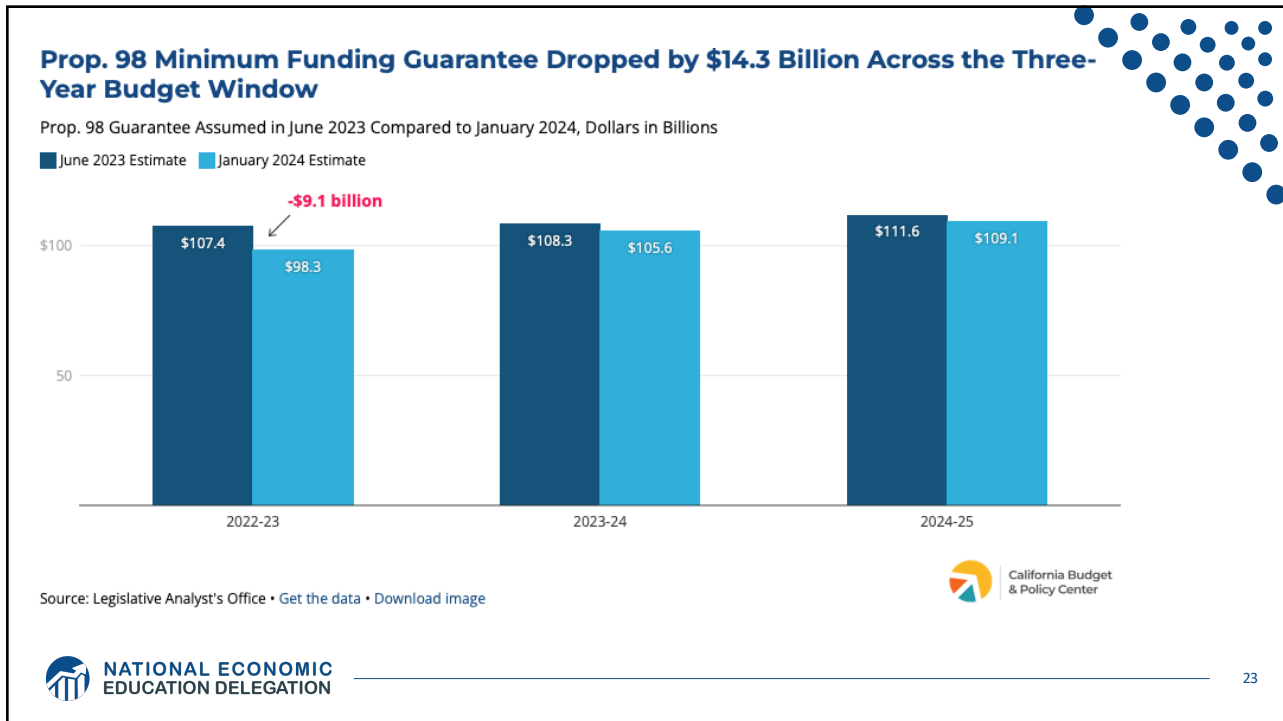
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## California Budget

- **In the red: \$38B or \$73B – depends on who you ask.**
  - \$38B – Newsom (CY revenues are running \$6B behind estimates)
  - \$73B – LAO
- **Why?**
  - Lower than expected revenues when budgets were made.
    - o 7-month tax deferral.
    - o High interest rates reduced investment and startups.
- **Will know more once 2023 tax revenues are in and May revise is out.**
- **Prop 98 Funding:**



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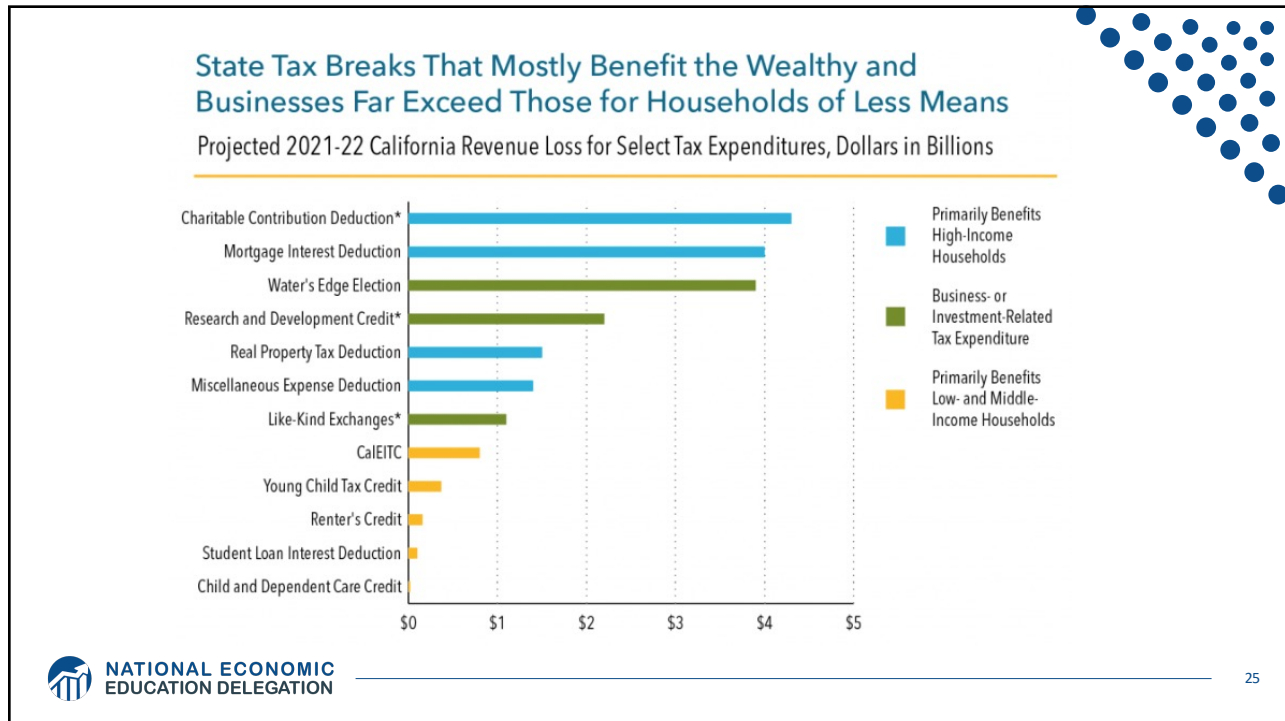
## What's Being Done?

- **So far – budgeting gimmicks**
  - Move payroll by one day to next fiscal year.
  - Other borrowing from Peter to pay Paul.
- **What could be done?**
  - Borrow from reserves.
  - Cuts to some new programs.
    - o Public defenders, foster kids, climate.
  - Raise tax rates.
  - Address tax expenditures.

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## Takeaways

- **Is a recession on the horizon?**
  - No.
  - Many indicators are still in the black.
    - o Recent growth has been pretty good!
- **Threats to continued growth:**
  - If inflation starts to rise again, which seems unlikely.
  - Ukraine and Middle East
- **State Budget in trouble for several years to come.**

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Thank you!

# Any Questions?

[www.NEEDEcon.org](http://www.NEEDEcon.org)

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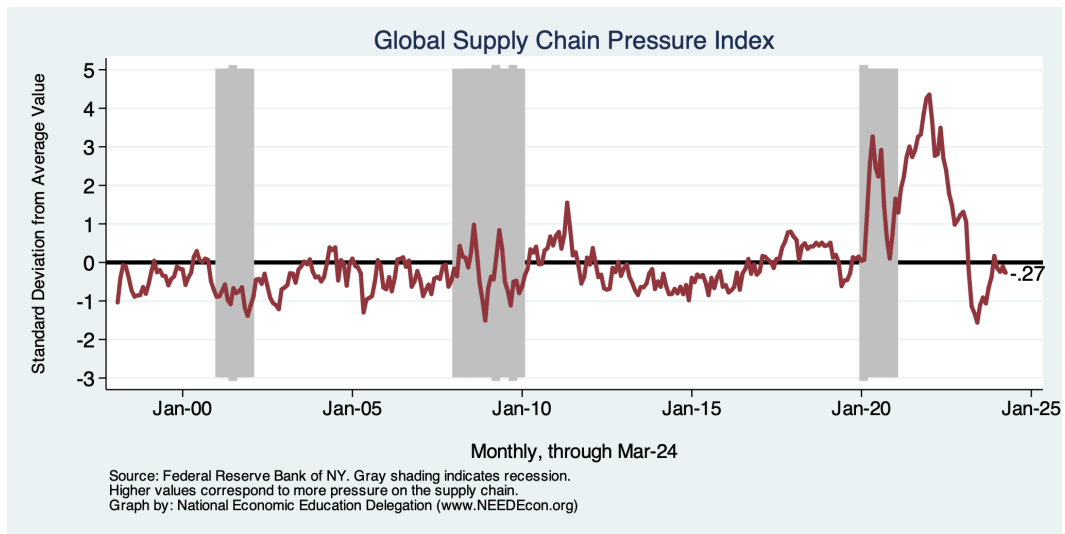
Contact NEED: [info@NEEDEcon.org](mailto:info@NEEDEcon.org)

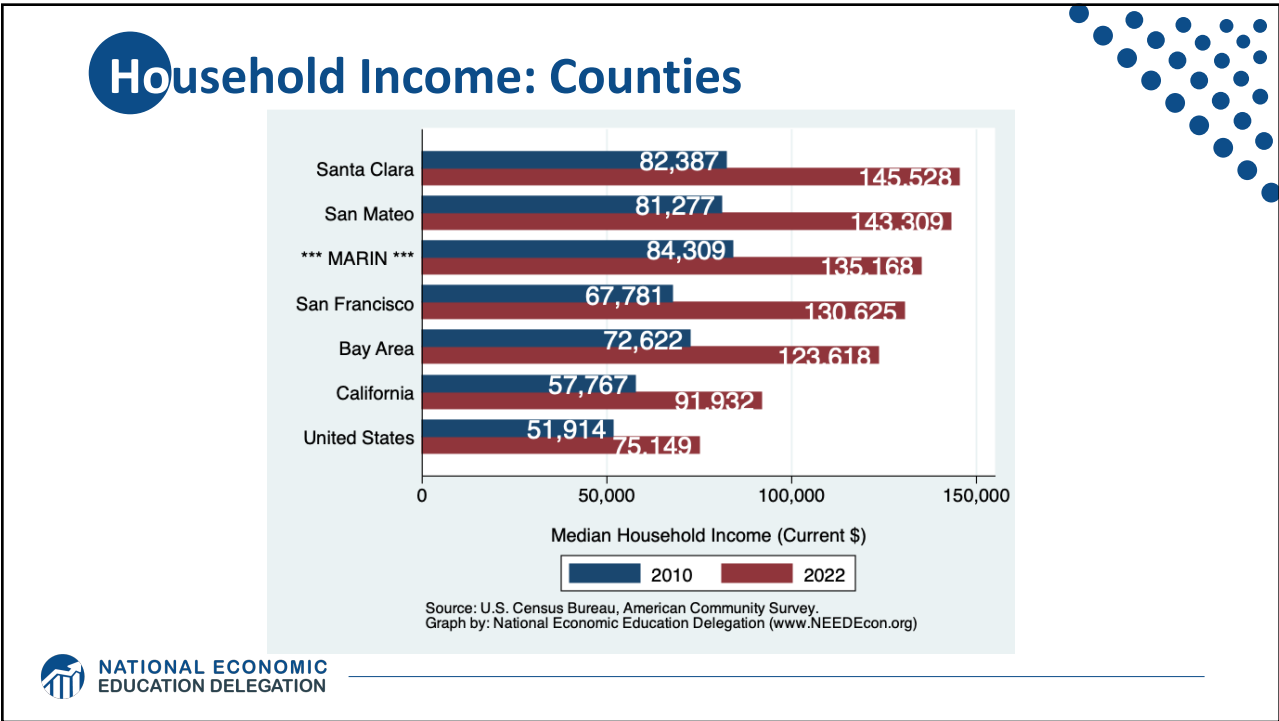
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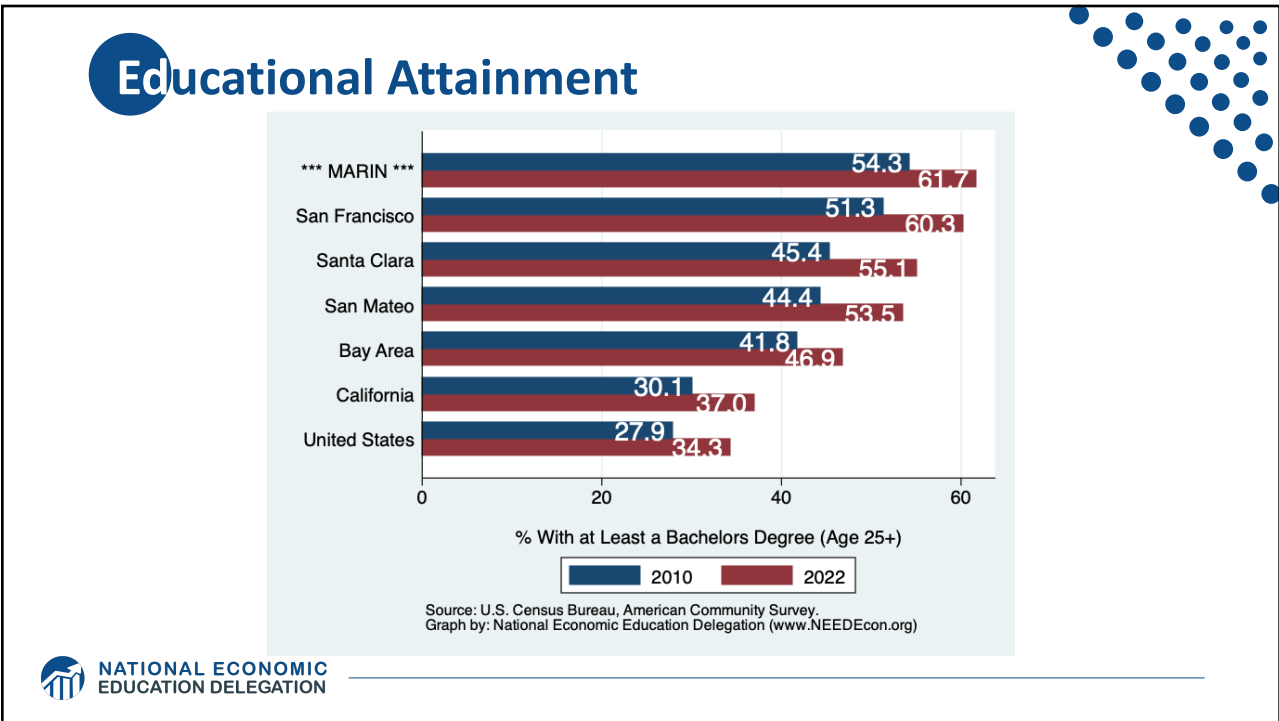


# Supply Chains

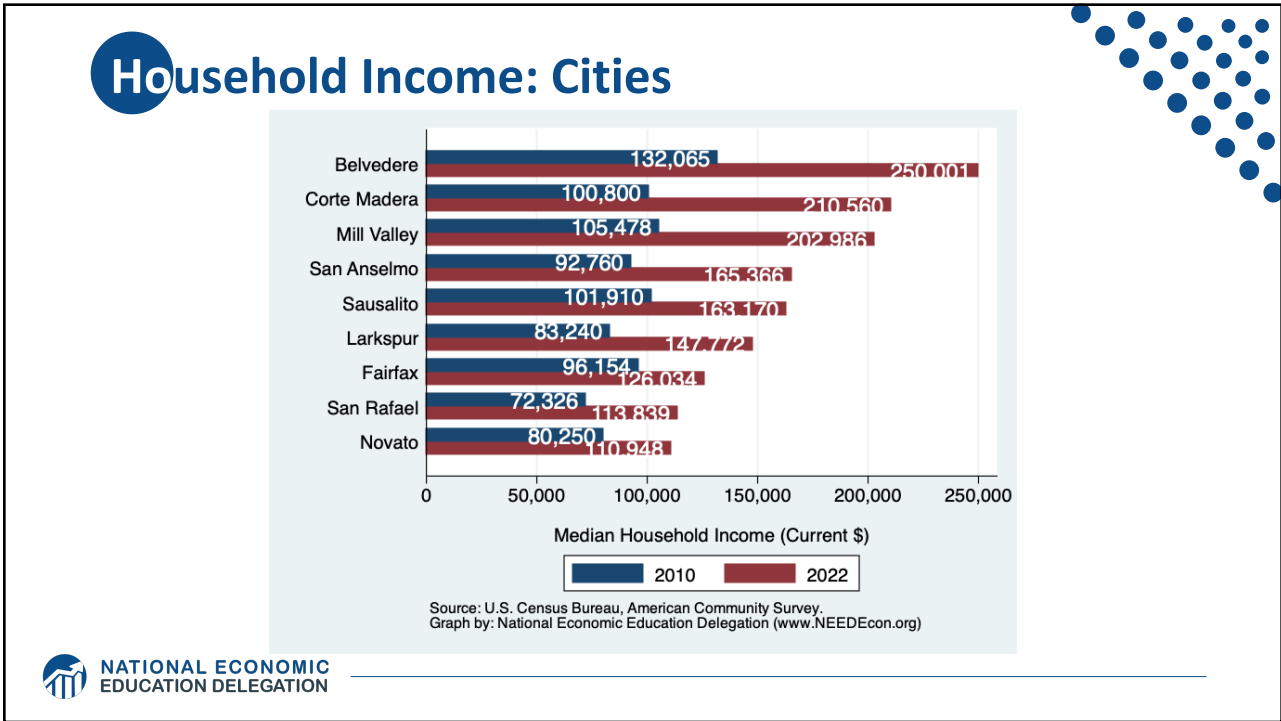




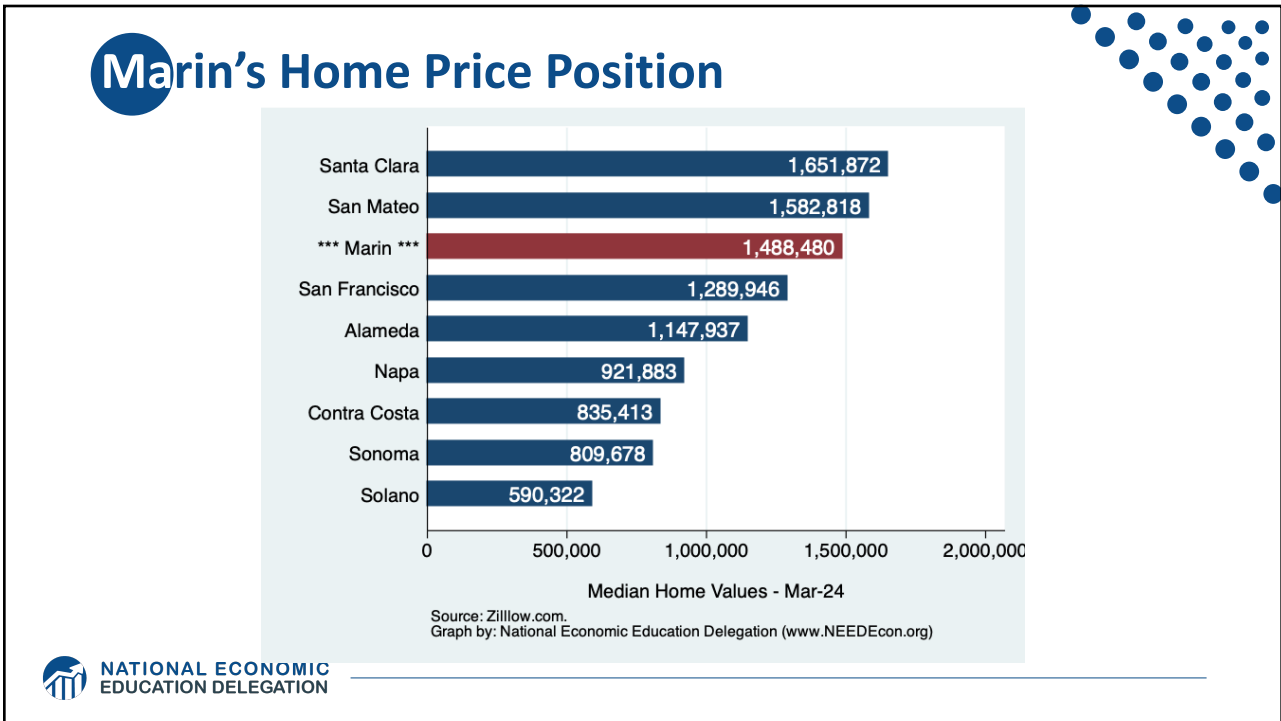
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# Home Price Appreciation w/in Marin

