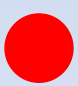
Trends & Indicators Dashboard

A project of the Citizens' Finance Advisory Commission

City of Loveland
Updated by
Alan Krcmarik, Executive Fiscal Advisor

Draft for the **SEPTEMBER 2011** CFAC Meeting

Indicators Definitions

	Status
	Green – This indicator is performing within the fiscal range needed to meet (or exceed) its COL Budget expectations. Projection should be monitored if it is a declining trend.
	Amber – This indicator is performing below the fiscal range needed to meet its COL Budget expectations, but is not critical. Projection is important.
	Red – This indicator is performing well below the fiscal range needed to meet its COL Budget expectations. Positive projection is desired, otherwise corrective actions are warranted.

	Projections
	Expected trend will meet to exceed COL Budget requirements.
	Expected trend will meet COL Budget requirements. No changes expected.
	Expected trend is at risk to fall below COL Budget requirements. Corrective actions may be needed to prevent further adverse impact.
	Expected trend is to fall below COL Budget requirements. There is no indication of positive correction.
	Expected trend is to fall significantly below COL Budget requirements. Corrective action is beyond COL ability to effect.

Trends & Indicators Dashboard

Leading Indicators	Status	Projection
US Unemployment		
US Personal Income		
Colorado Sales Tax		
Colorado Unemployment		
Loveland Foreclosures		
Loveland Sales Tax Licenses		

Lagging Indicators	Status	Projection
Loveland sales by GEO area		
Use Tax - Building Materials		
Building Permits		
Property Tax projections		
Local Employment Outlook		

- Loveland job growth continues to grow. U.S. and Colorado employment situation slipping.
- Colorado sales tax rebounded from prior year; Start of the new fiscal year is also up.
- State outlook is a continued tight budget. A funding proposal will be on the ballot for school funding.
- Loveland retail sales have been steady; solid growth through August. GEO sales tax still green. Eight months of no negative GEO areas. Use tax on building permits started slow, but improving.
- Foreclosure rate down in Loveland; inventory still affecting sales prices . Tougher mortgage requirements limiting new building. The ACE project is moving forward and should help a great deal.

Summary: Loveland's 2011 on the right track; downgrade increases risk in the future

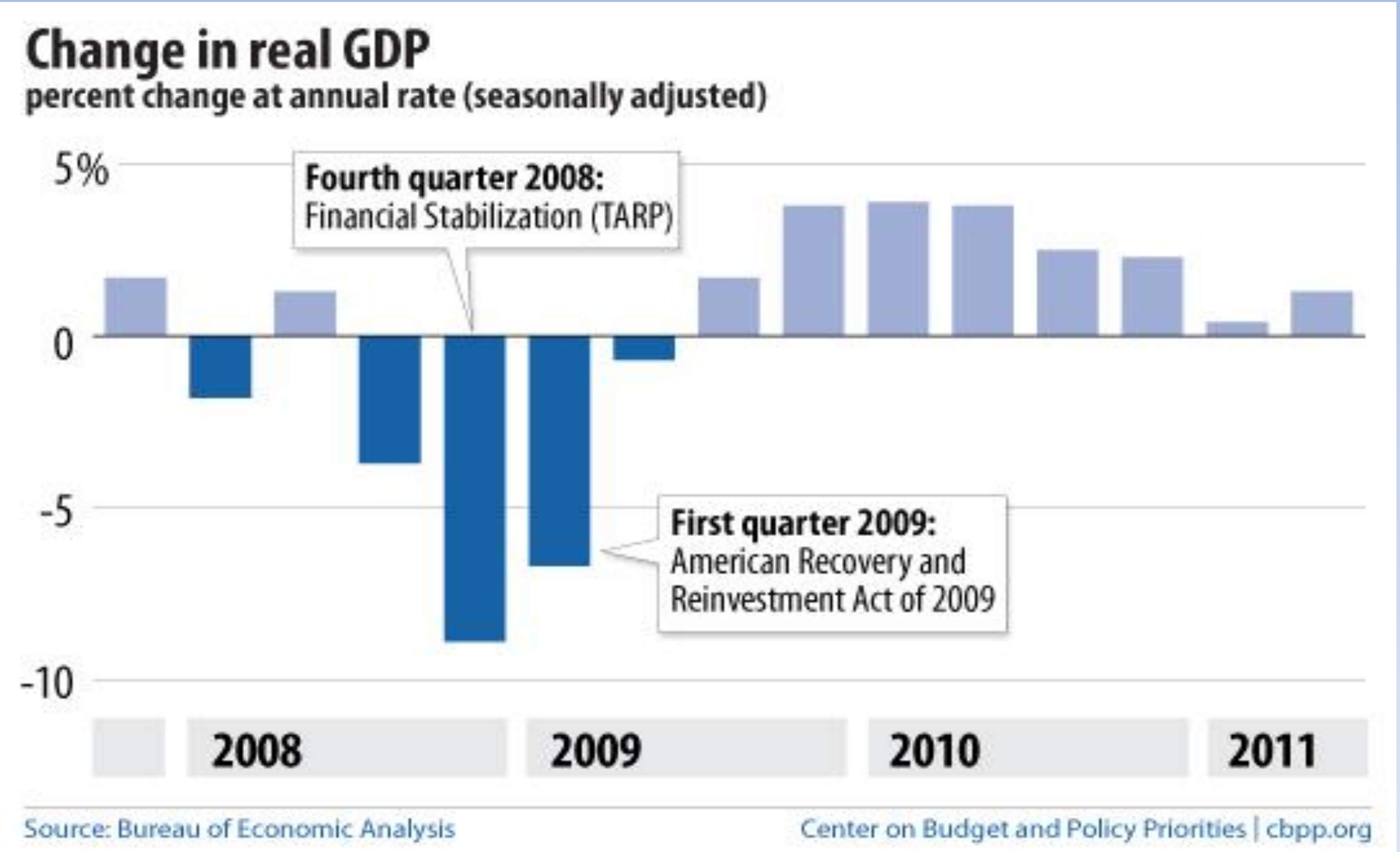
On one hand . . . .the positives

- Conditions in Loveland are better than many other places.
- Personal income and spending rising slowly; real income down
- Foreclosures in Colorado and Loveland decreasing
- Loveland apartment complexes coming on line, single family up
- Loveland sales tax collections ahead of last year and budget
- City revenues **ahead of expendi-tures and budget estimates**

On the other . . risks to the outlook remain

- National and state employment still show a jobs recession in place
- Rising gasoline prices down a little, but not enough to spur recovery
- Legal uncertainties may be masking a very weak housing situation
- True recovery in the housing sector probably years away
- Building permits and use tax below projections, but recent months up
- **The fiscal sustainability plan will face continued economic pressure**

Real (inflation-adjusted) gross domestic product (GDP) was contracting sharply when policymakers enacted the financial stabilization bill (TARP) and the American Recovery and Reinvestment Act. The economy has been growing for eight straight quarters, but the pace of recovery has slowed markedly in 2011.



Jobs Report Just Enough to calm the markets?

- **September 2, 2011**

- Today's jobs report highlights the critical need for policies to put people back to work. Employers added no net new jobs and the unemployment rate remained 9.1 percent. Most leading forecasters in government and out expect the unemployment rate to remain very high for the next few years (see chart below). To date, policymakers have focused far more on the budget deficit than the jobs deficit. Today's report demands that they shift their attention more to the jobs deficit even while they continue working on policies that will address the long-term fiscal challenge.
  Comments from Chad Stone, Center for Budget and Policy Priorities

September 2, 2011, Employment Situation Job Growth ground to a halt in August

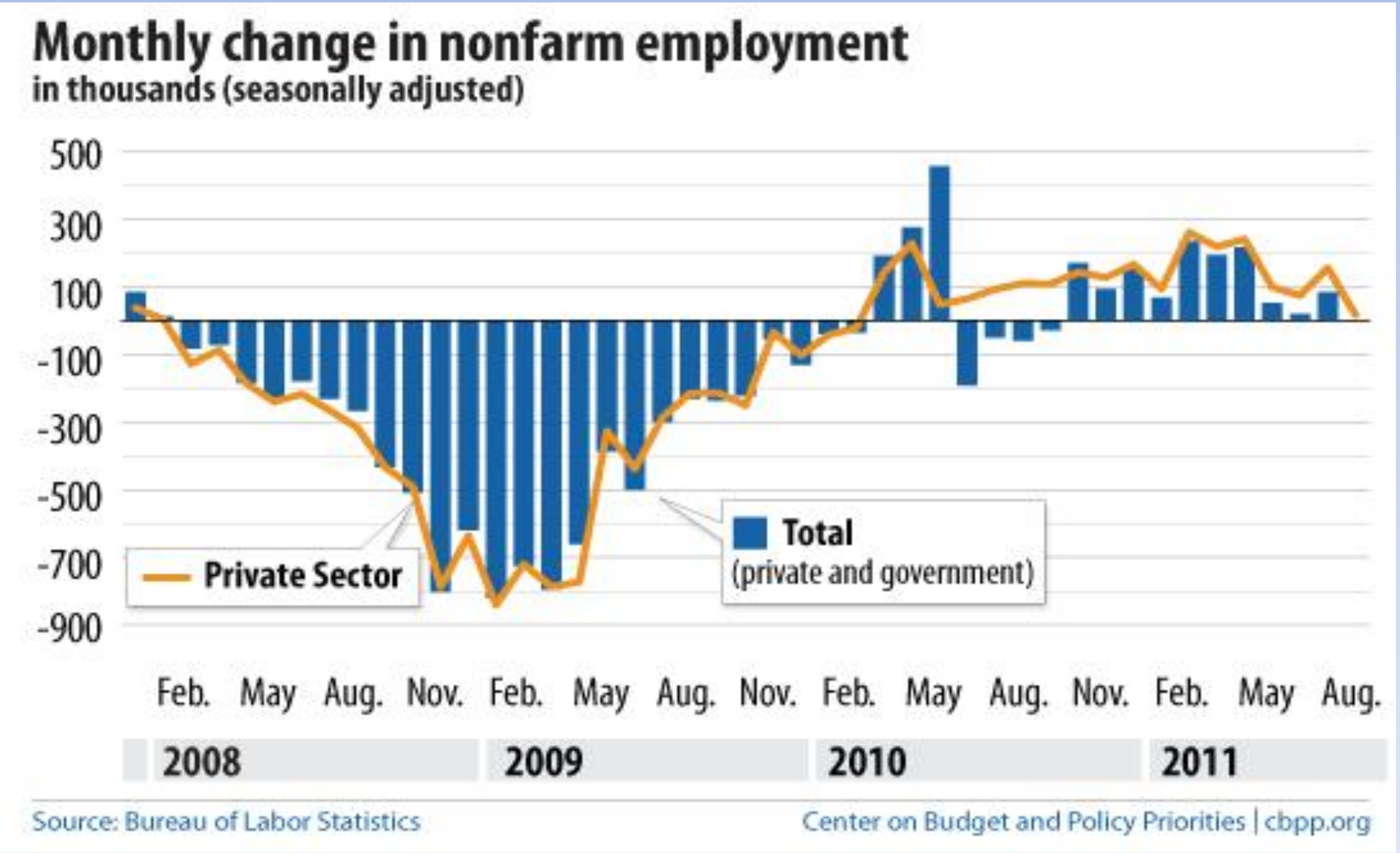
- **About the August Jobs Report**
- Private and government payrolls did not increase at all in August. Private employers on net added only 17,000 jobs The decline of 17,000 government jobs reflected a loss of 2,000 federal jobs, a gain of 5,000 state government jobs, and a loss of 20,000 local government jobs.
- This is the 18th straight month of private-sector job creation, with payrolls growing by 2.4 million jobs (a pace of 133,000 jobs a month) since February 2010; the modest pace of just 40,000 jobs per month over the last four months is deeply disappointing.
- The unemployment rate remained 9.1 percent in August.
- The share of the population with a job, which plummeted in the recession from 62.7 percent in December 2007 to levels last seen in the mid-1980s, was 58.2 percent in August and has not been above 58.5 percent in 15 months.
- It remains very difficult to find a job. The Labor Department's most comprehensive alternative unemployment rate measure — which includes people who want to work but are discouraged from looking and people working part time because they can't find full-time jobs — was 16.2 percent in August, not much below its all-time high of 17.4 percent in October 2009 in data that go back to 1994. By that measure, more than 25 million people are unemployed or underemployed.

Source: Center on Budget and Policy Priorities, non-partisan research institute.

- Chad Stone, Chief Economist, September 2, 2011

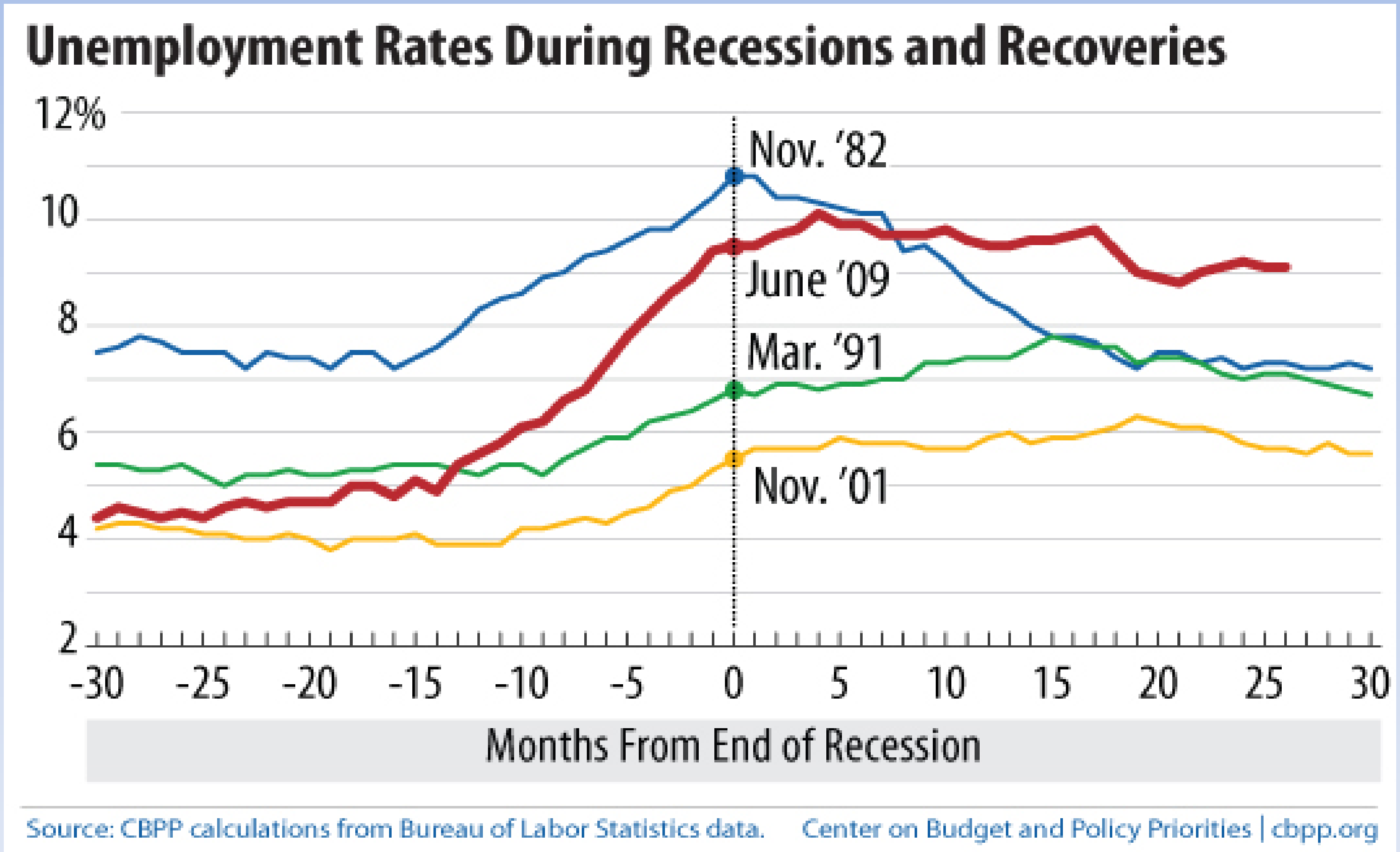
Private Payroll Employment Has Been Growing Since Early 2010:

Private employers added just 17,000 jobs to their payrolls in August, while continuing losses in government employment, especially at the local level, left total payroll employment unchanged from July. This is far too slow to drive economic recovery.



… Employment Could Stay High for Some Time

Thus far, modest job growth and job creation has kept the unemployment rate high long after the end of the recession. This is similar to what happened in the previous two recessions, and does not resemble the fairly rapid decline that followed the severe 1981-82 recession. Unless the pace of economic growth and job creation picks up dramatically, it will be several years before the unemployment rate returns to normal levels.



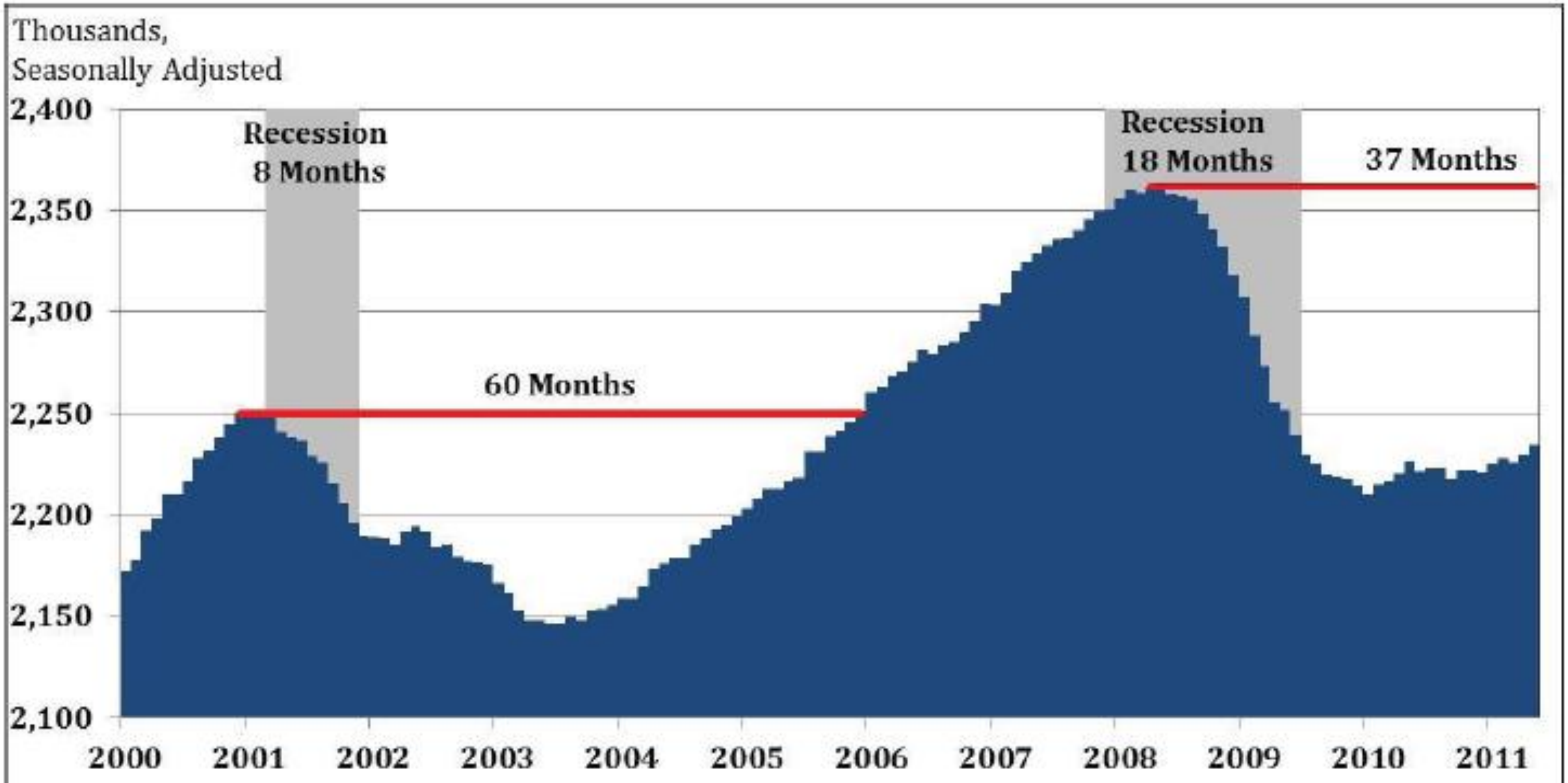
Recession Impacts Colorado

- The 18-month recession from December 2007 to June 2009 had, and continues to have, profound impacts on Colorado's economy; the effect can be seen in employment, labor force, unemployment, retail sales, and other metrics.
- From the start of the 2001 recession, it took Colorado 60 months – until 2005 – to recover the jobs it had lost in the downturn.
- In April 2008, Colorado employment totaled 2.36 million and then proceeded to fall by 150,000 before reaching the trough in August 2010. Figure 11 shows the adjusted statewide employment figures, showing the long road back to full employment.

Source: Colorado University Business School, July 2011

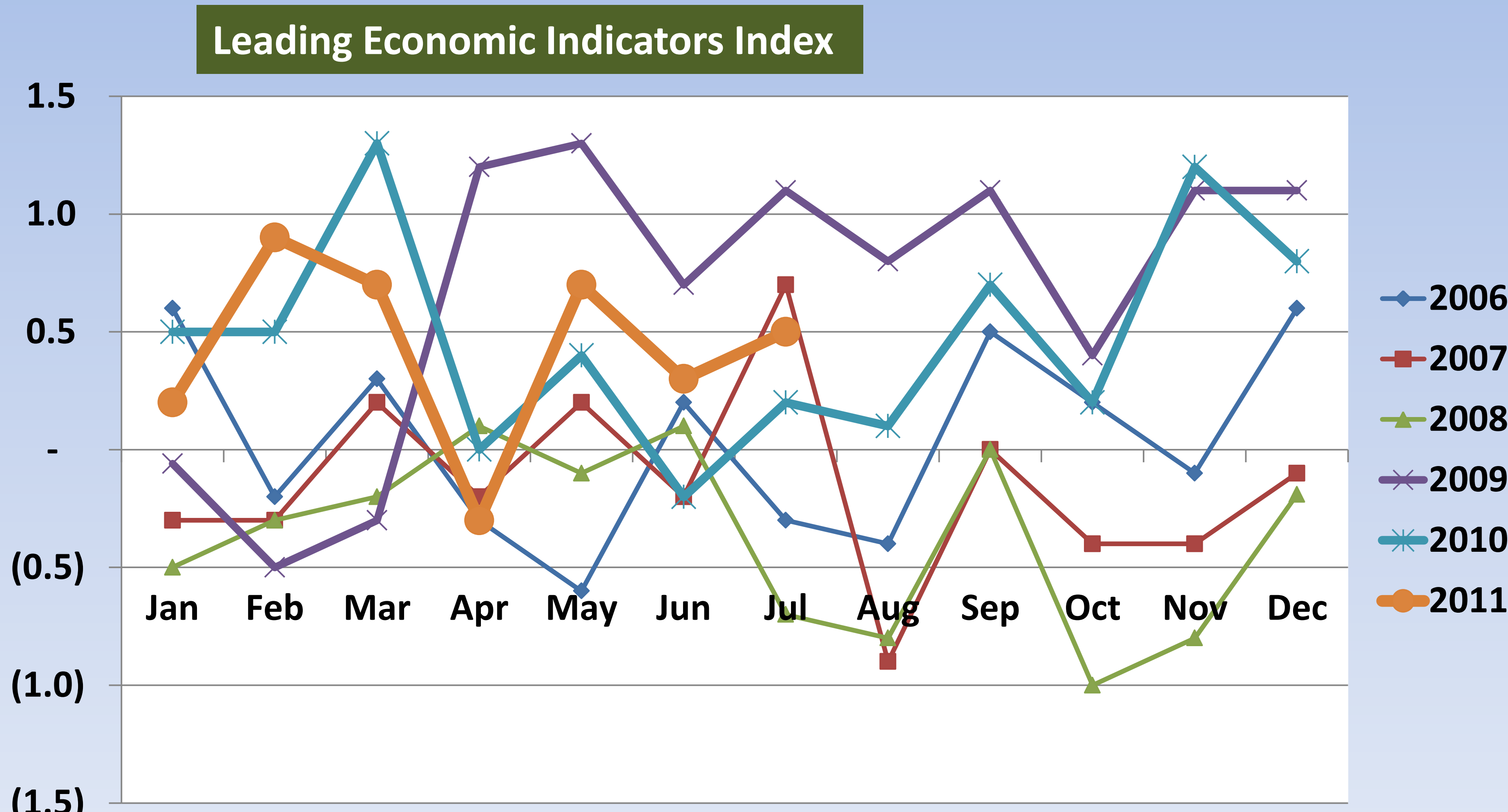
It took 5 years to return to the 2001 peak employment numbers. How long will it take to reach the 2008 peak?

FIGURE 11: COLORADO NON-AGRICULTURAL WAGE AND EMPLOYMENT, 2000-2010



Sources: Colorado Dept of Labor and Employment, Labor Market Information; and National Bureau of Economic Research.

The U.S. Leading Economic Indicators bounced back from a negative reading in April. Weak job creation and a dismal construction industry continue the negative pressure on the LEI.



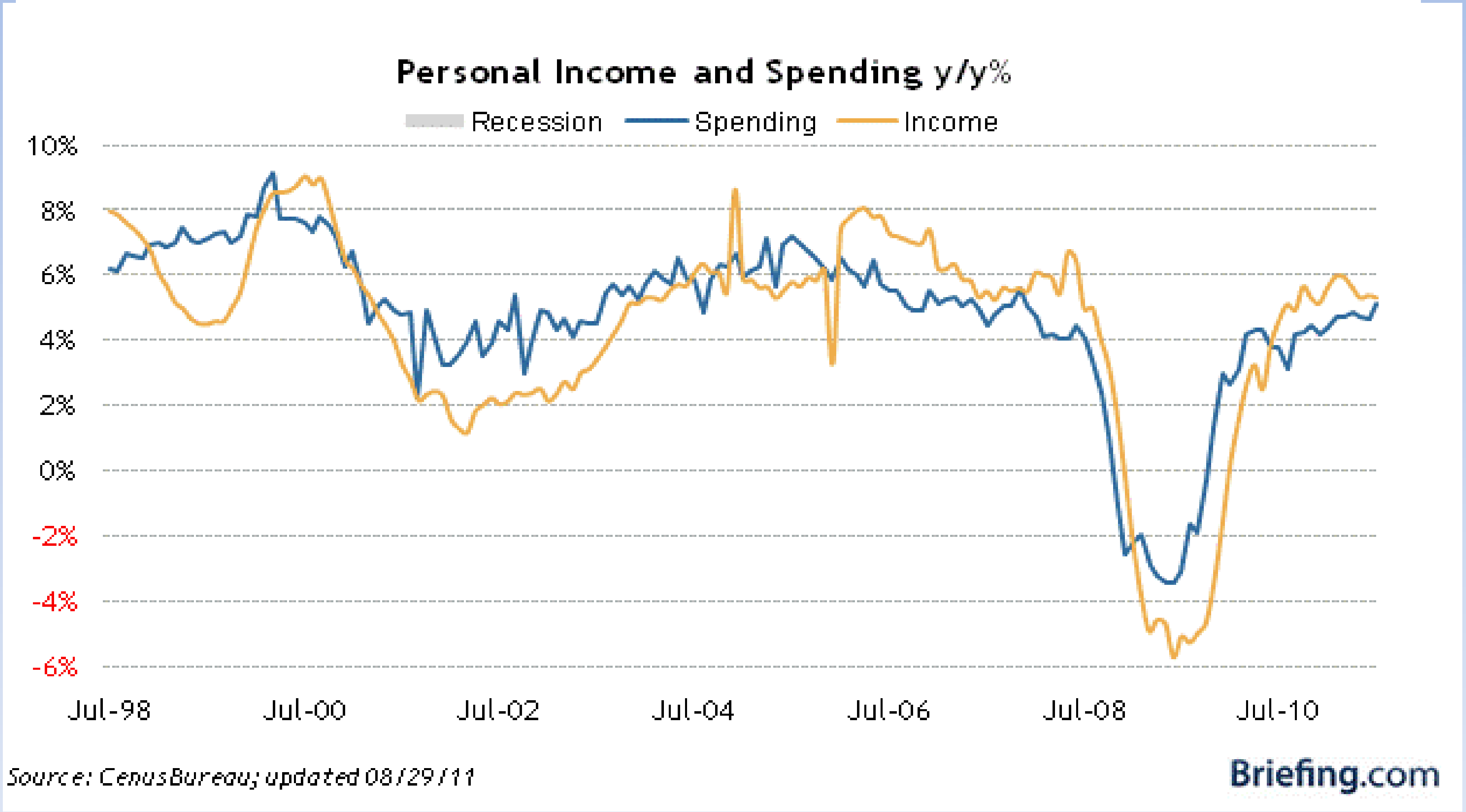
Case Shiller Index for June shows housing markets still struggling

S&P/Case-Shiller Index for June 2011

Data release August 30, 2011

- A double dip in the housing market is becoming a reality as home prices nation-wide fell 4.5 percent from June of 2010, according to the S&P/Case-Shiller Home Prices Index. Most MSAs and both Composites fared poorly in annual terms.
- Nineteen of the 20 MSAs and the two Composites posted negative annual growth rates in May 2011.
- The 10-City Composite was down 3.6% and the 20-City Composite was down 4.5% in May 2011 versus May 2010.
- Denver reported +1.6% price growth from May, but was down 2.5% from last June.
- Minneapolis posted a double-digit decline in annual rate of 10.8%. The only beacon of hope was Washington D.C. with a +1.3% annual growth rate and a +2.4% monthly increase.
- We have now seen three consecutive months of generally improving prices; however, we might have a long way to go before we see a real recovery.
- Sustained increases in home prices over several months and better annual results need to be seen before we can confirm real estate market recovery.

Personal Income increased 0.3% in July, up from 0.2% in June. ***Personal Spending*** increased a robust 0.8% in July after declining 0.1% in June, which was the first decline since June 2010. That was the strongest spending gain since February.



Personal Income and Spending

Key Factors

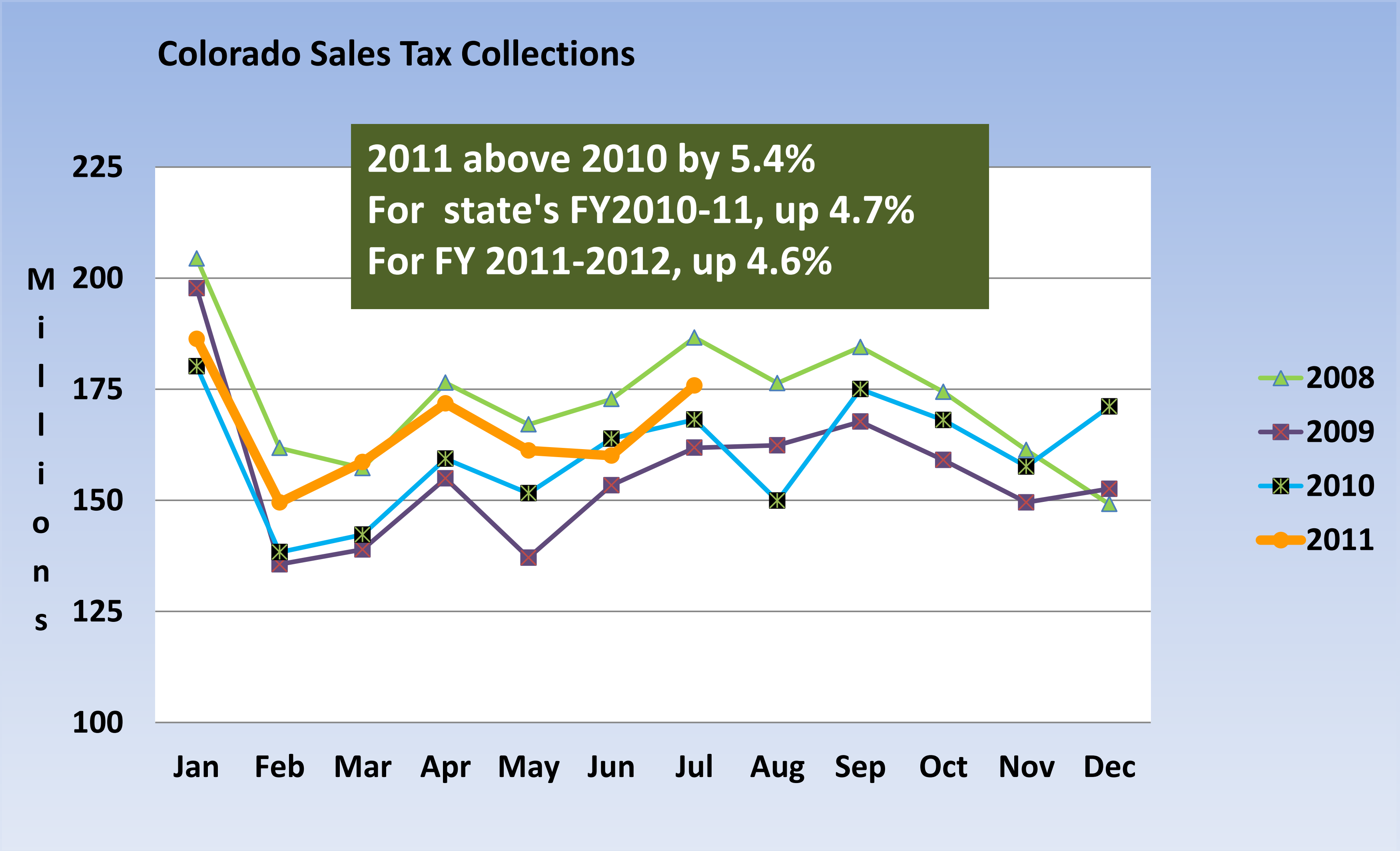
- The rebound in spending came mainly from the motor vehicle sector, which was a main driver of the drop in spending in June.
- The big jump in spending combined with the relatively sluggish growth in personal income caused the savings rate to tumble from 5.5% in June to 5.0% in July.
- In real terms, spending outperformed expectations as well. Even though consumer prices increased 0.4% in July, that was slightly weaker than the 0.5% increase assumed by the July CPI report. After adjusting for inflation, real consumption increased 0.5%, which is the strongest monthly gain since December 2009.

Big Picture

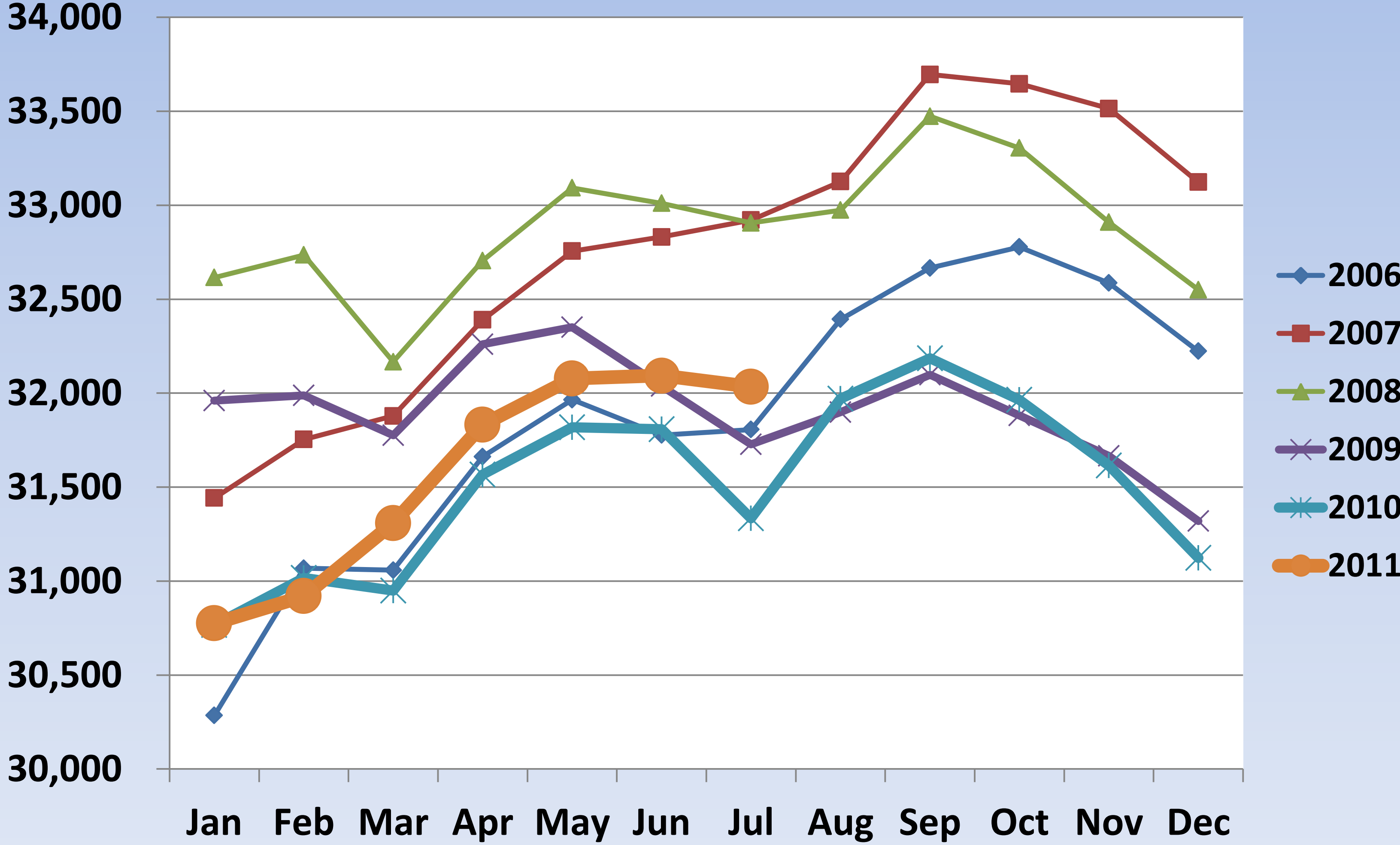
- Weak payroll growth was instrumental in the second quarter slowdown in consumer spending. If the employment sector does not strengthen in the near future, the rebound in consumption spending in July will only be temporary.

Source: www.briefing.com

State Collections exceed FY 2009-2010 collections 2011 Calendar year collections even better

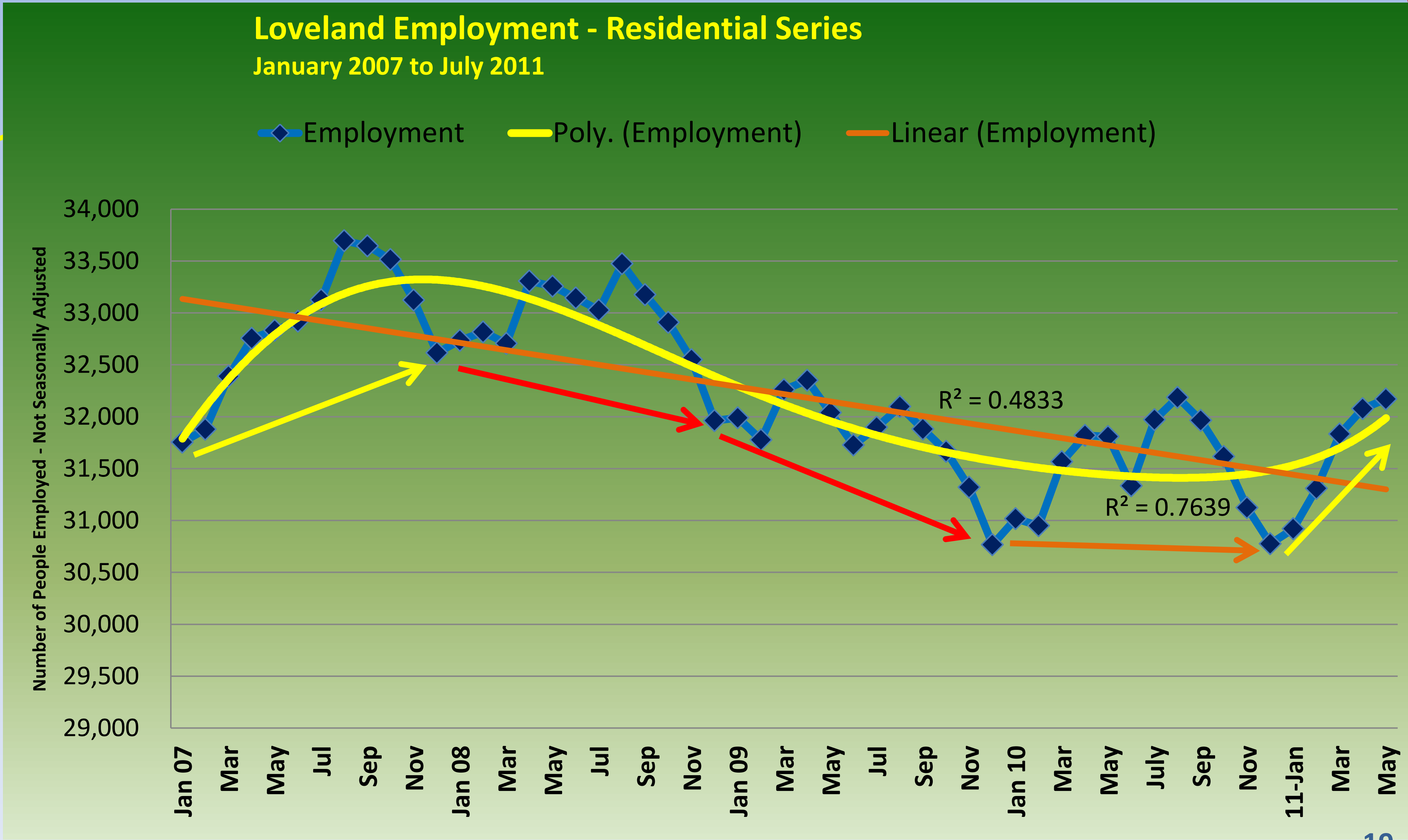


Loveland lost jobs from June to July, but added from July of 2010 – still ahead of the 2010 and 2009 levels



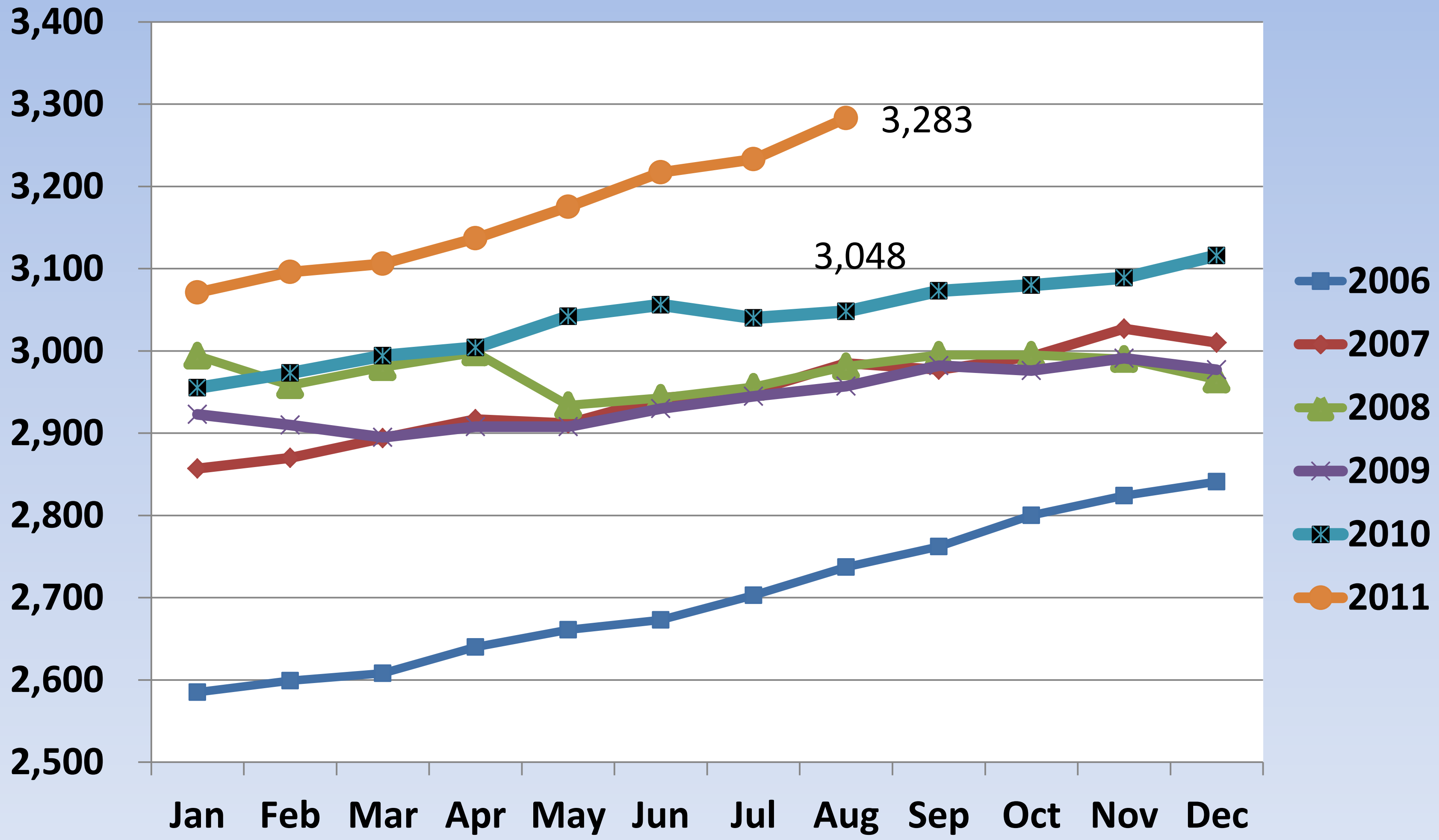
Loveland's 4½ year Employment Trend Downward

Since 2008, Strong Job Loss trend is in place but may be turning



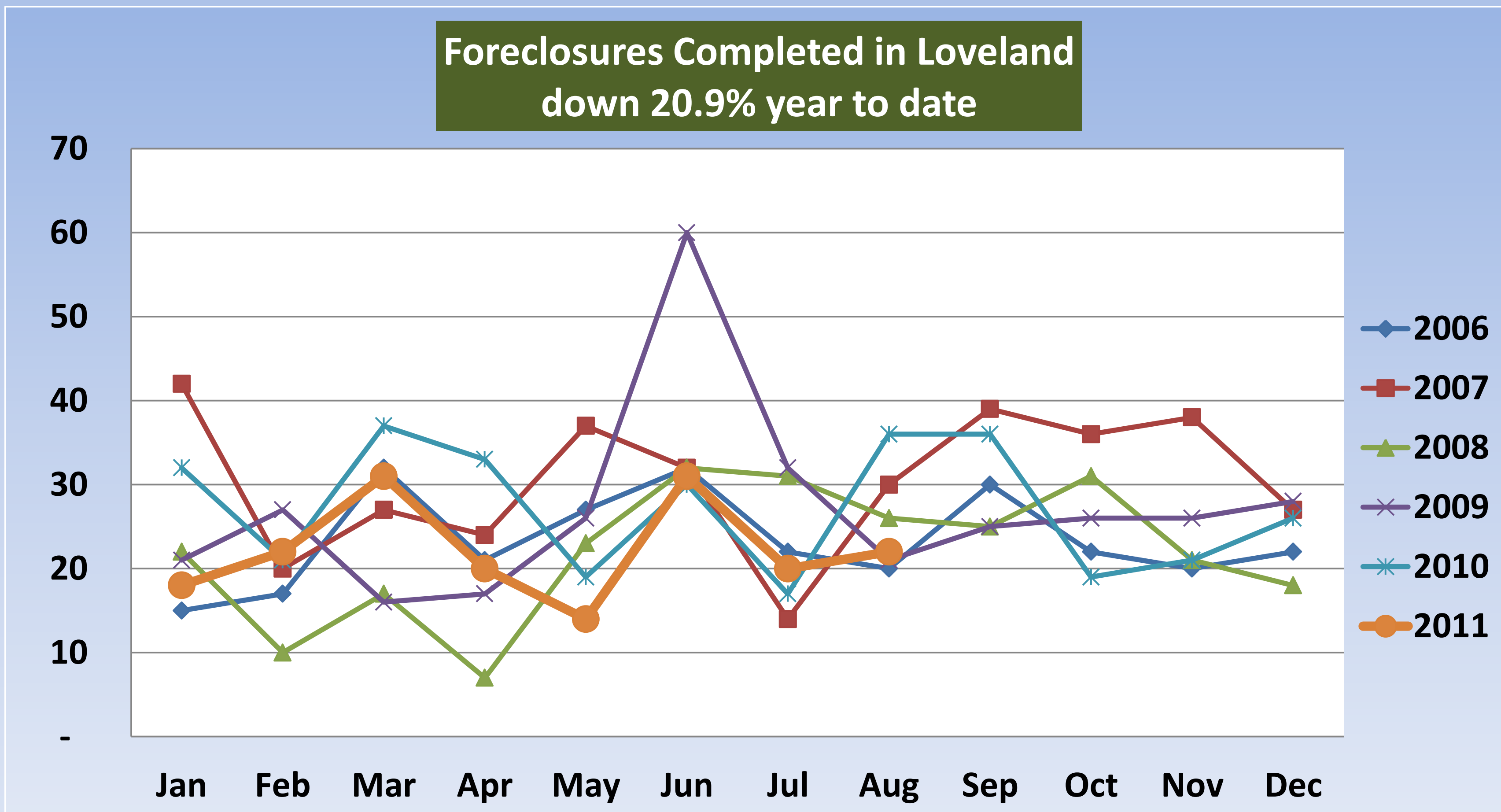
Sales Tax licenses holding up

Several closings at year end – now well ahead of 2010



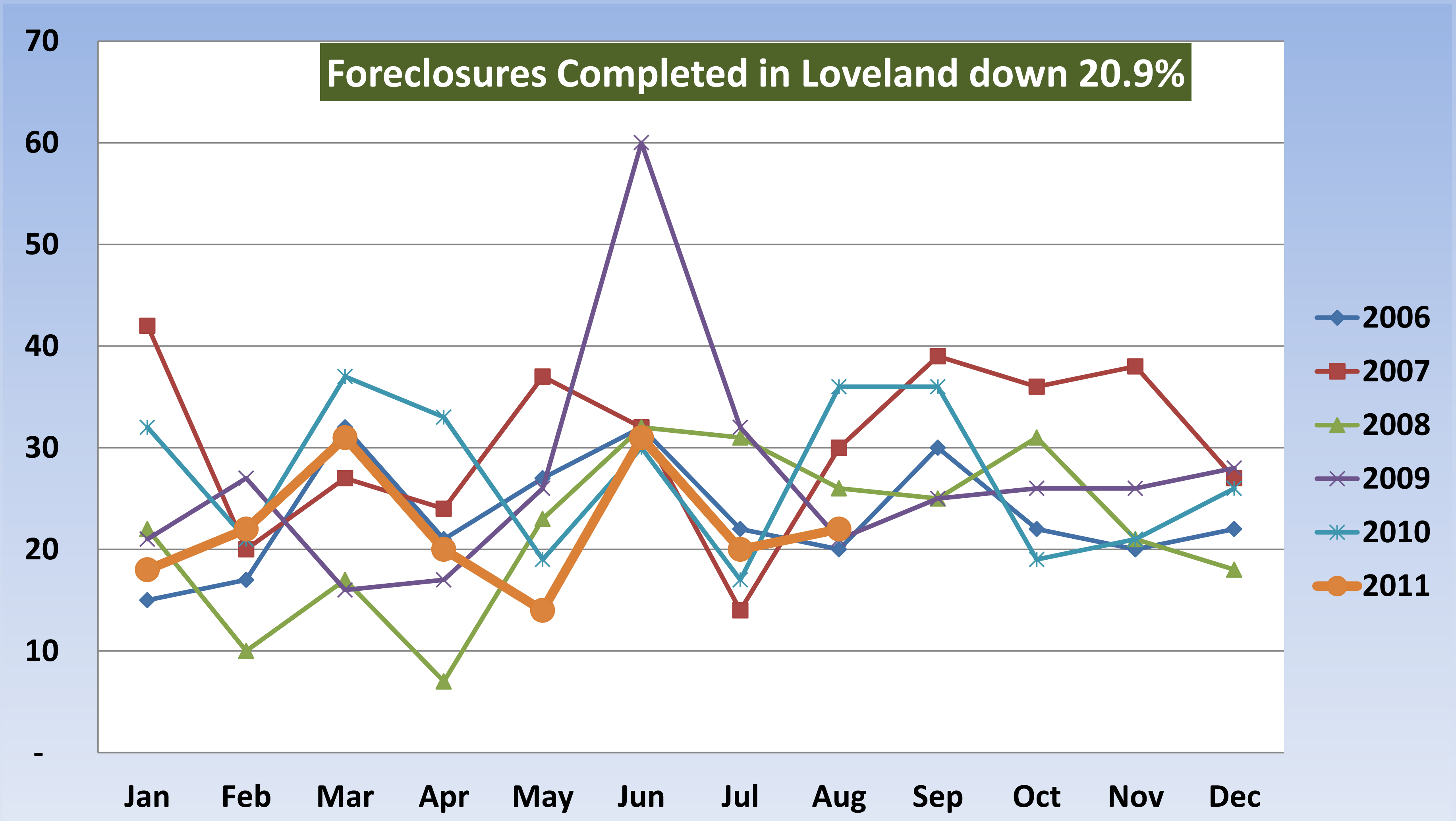
In Loveland foreclosures filed are lower

May be due to legal uncertainties, not economic strength

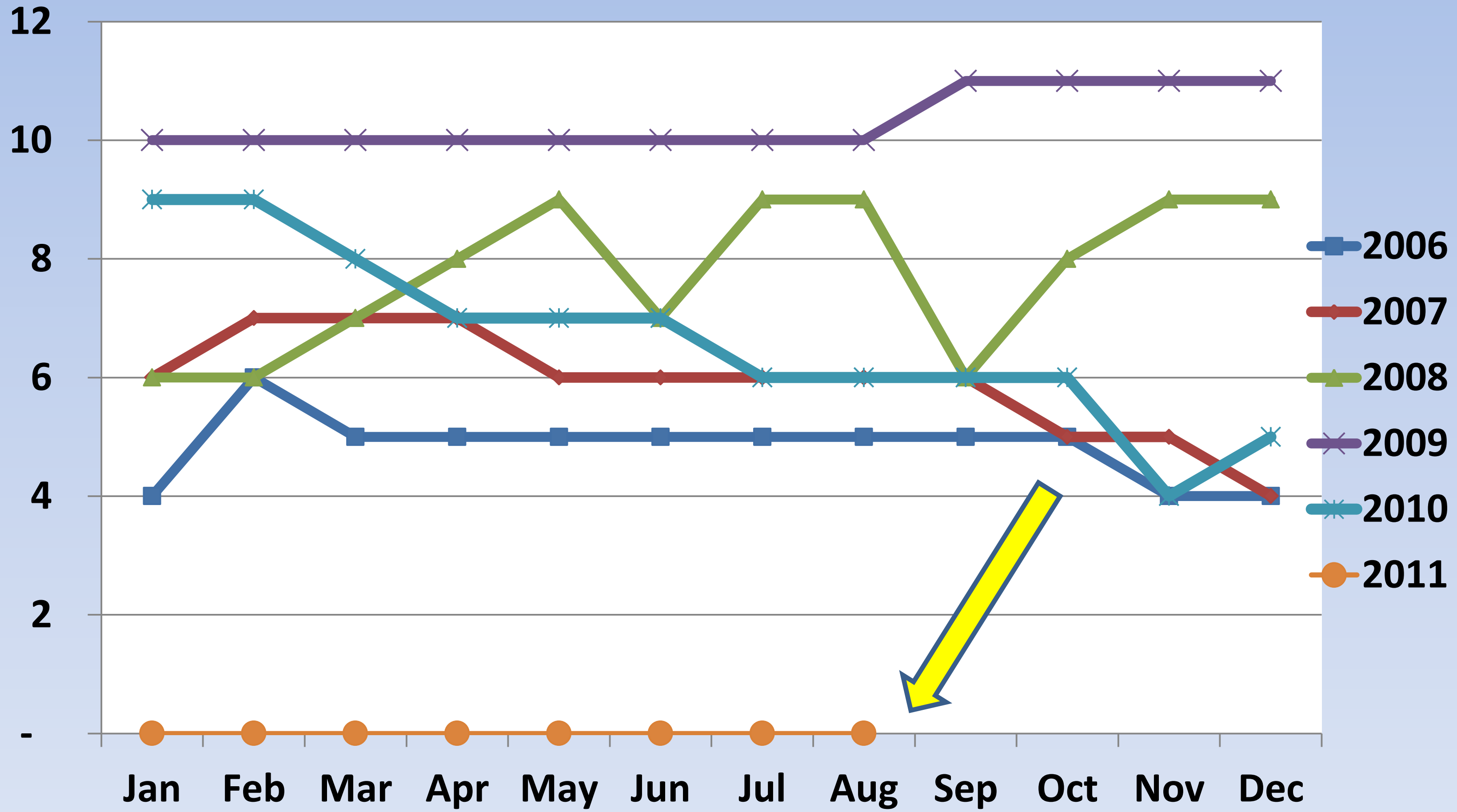


Local foreclosures completed lower than 2010

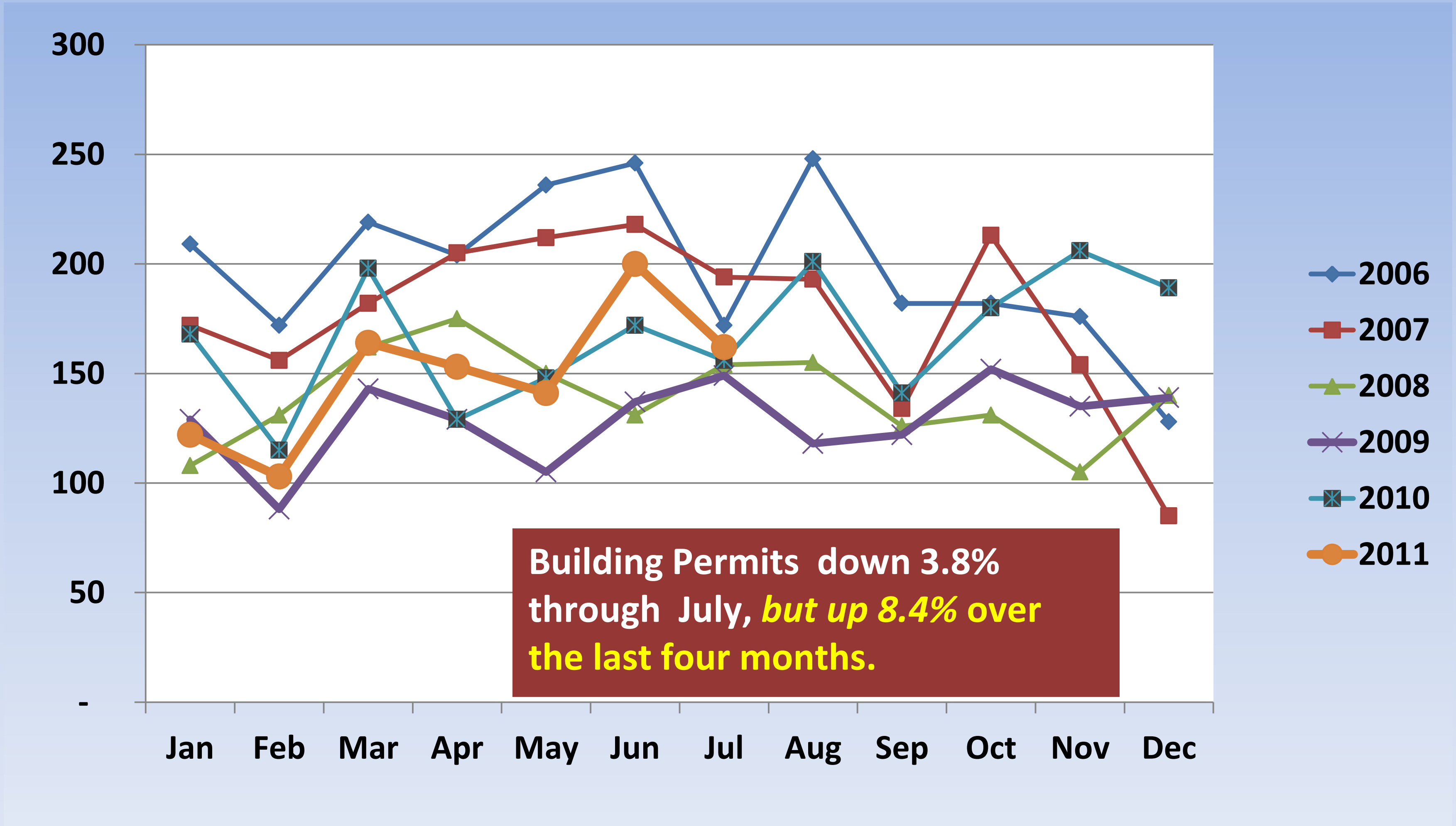
Many bank foreclosure processes have been delayed due to legal concerns



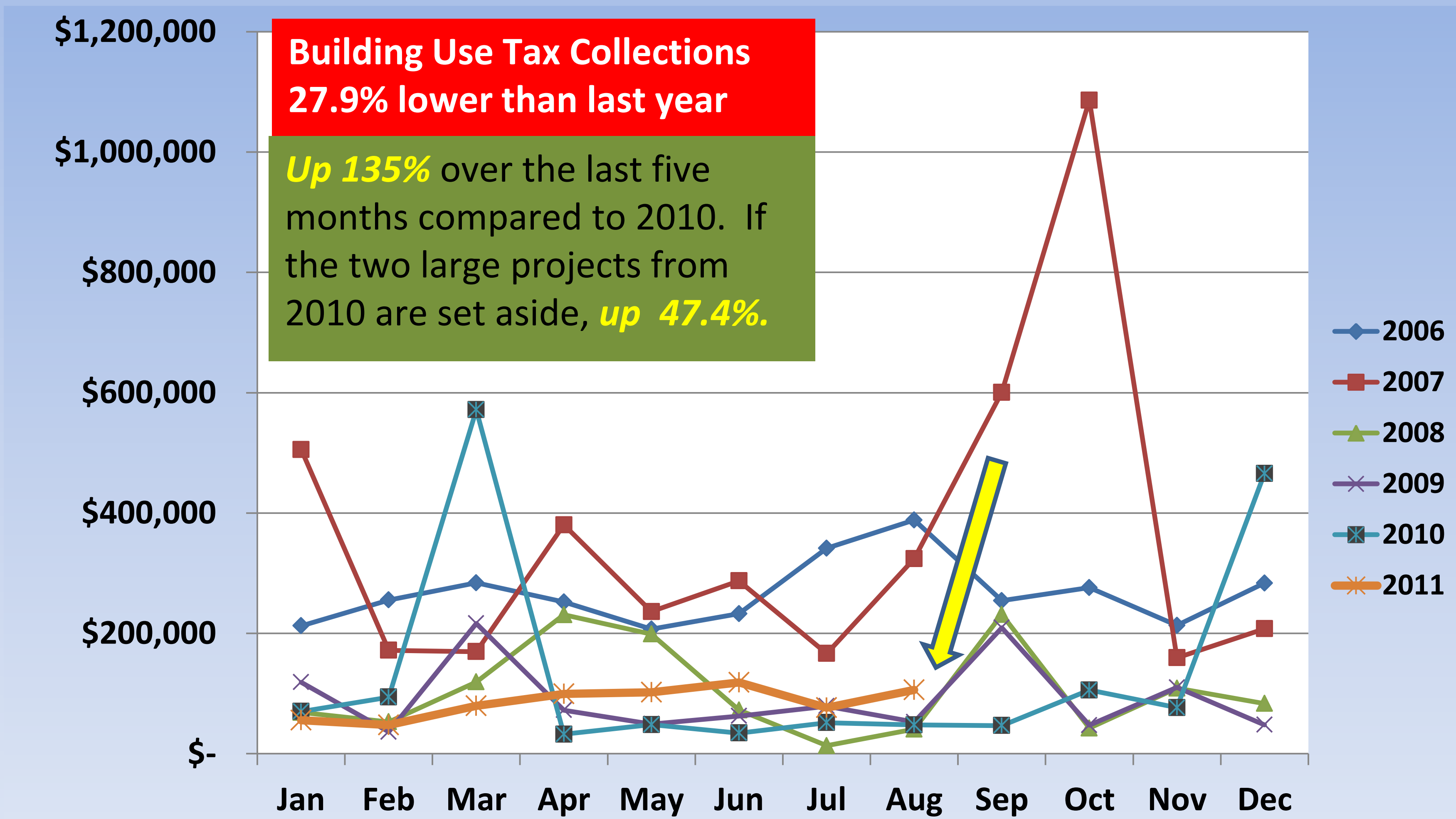
Retail activity has lifted all GEO areas to positive
No locales in the red for eight months in a row



Building Permits slow start in 2011
In 2010 were up due to the fee incentives
Showing some growth in the last four months



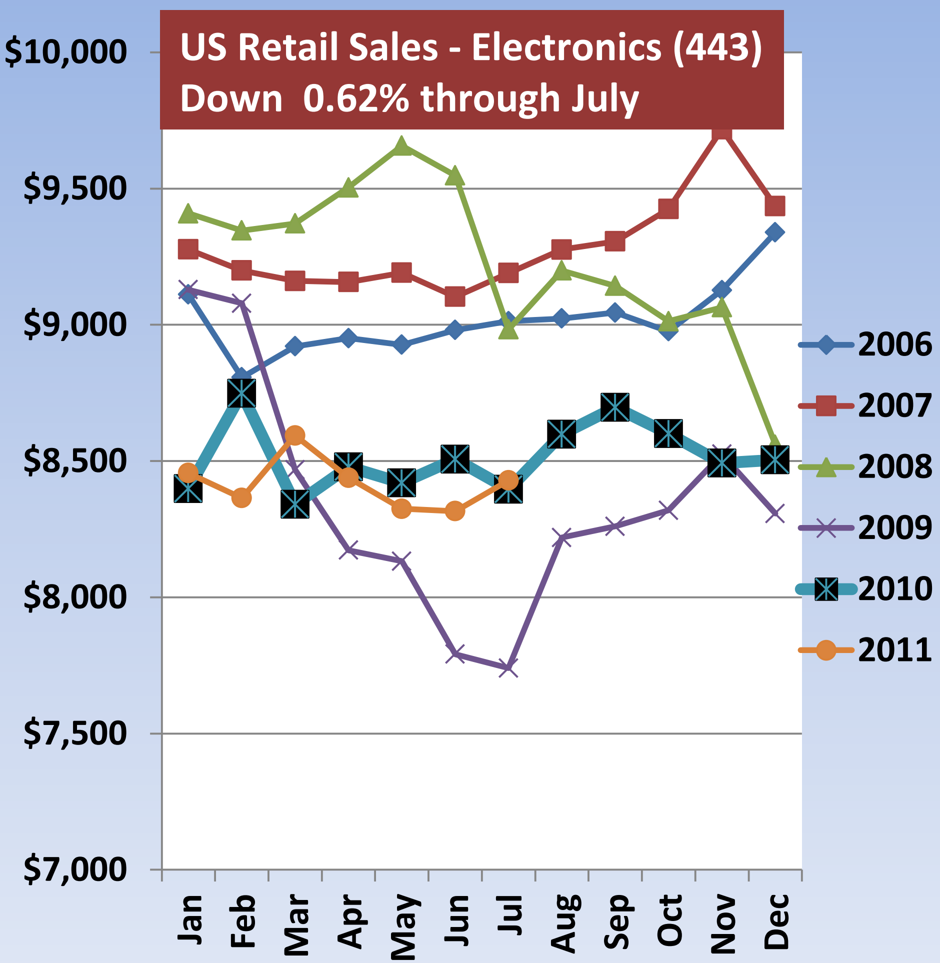
Building Use Tax Collections



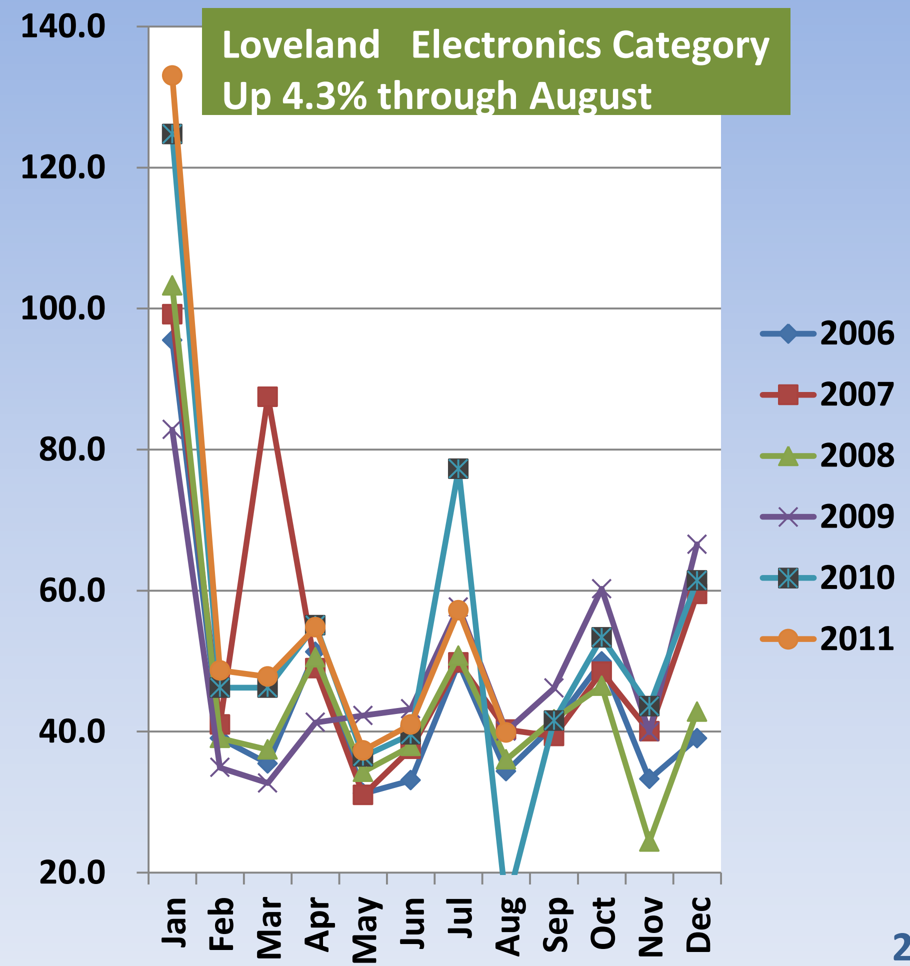
Turnaround in Electronics sales weak

Energy price increases may limit growth in future

July sales up, but year to date is still below 2010 levels

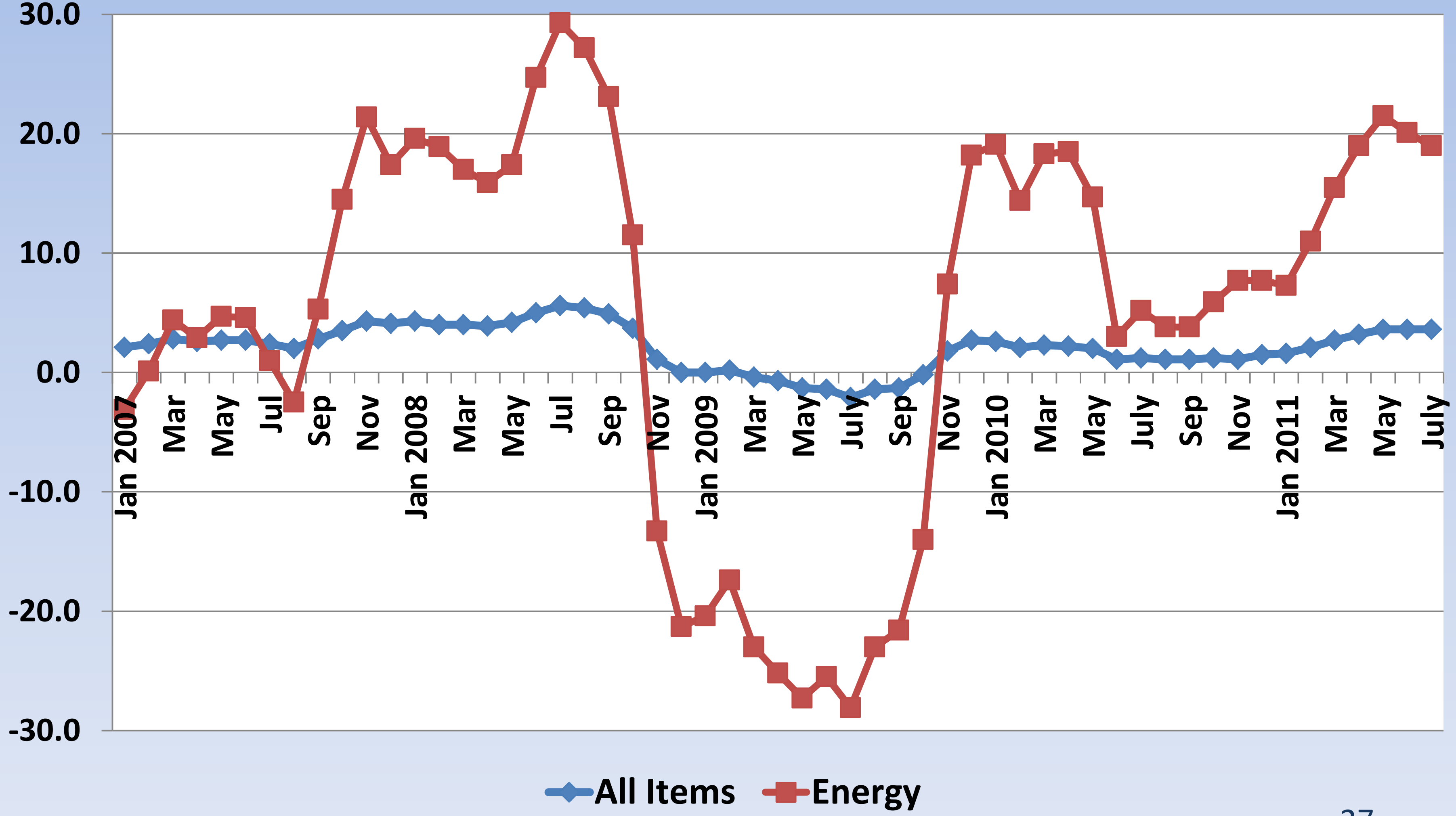


In this retail sales category, Loveland outperforming national trends

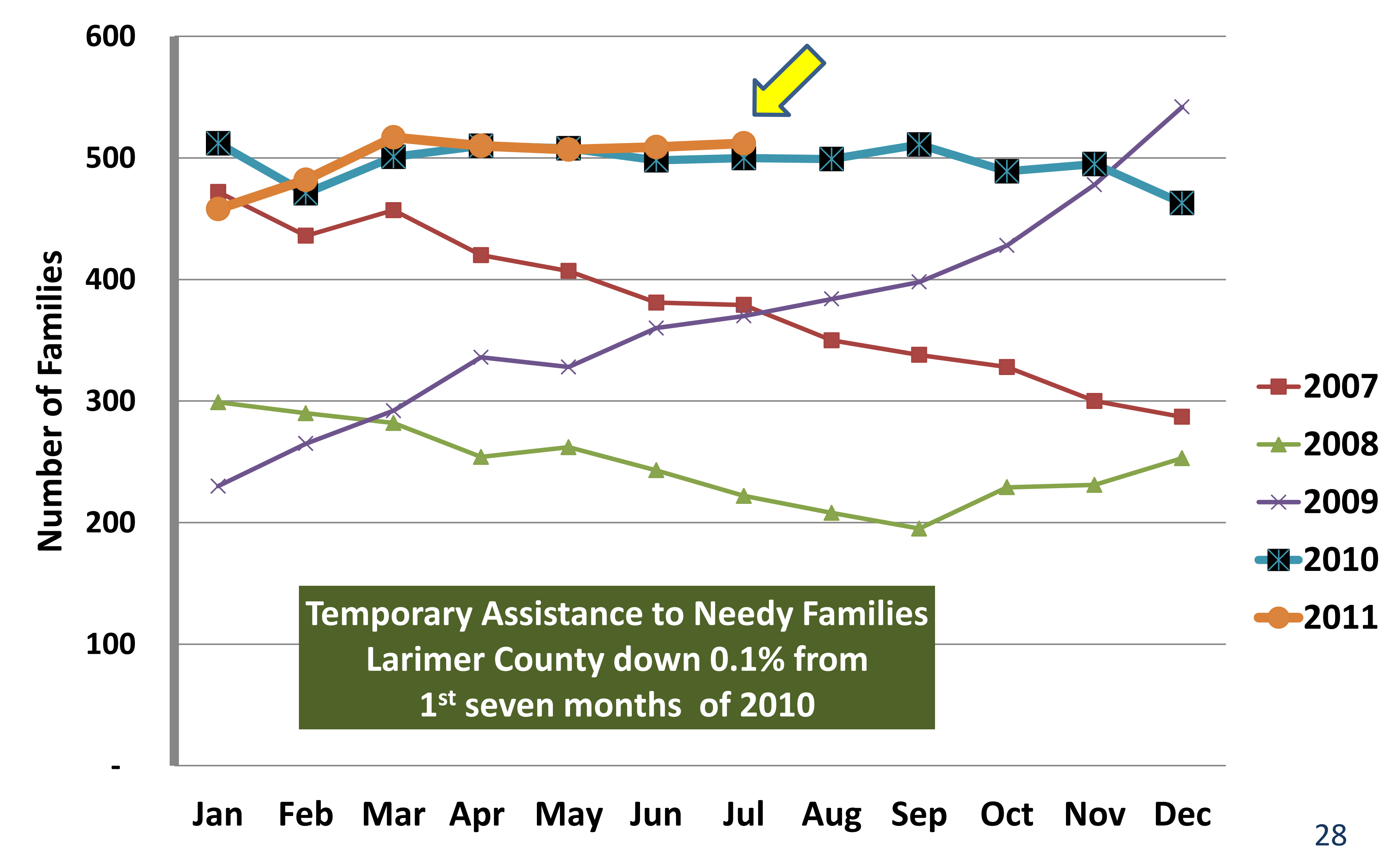


US Inflation trend now rising

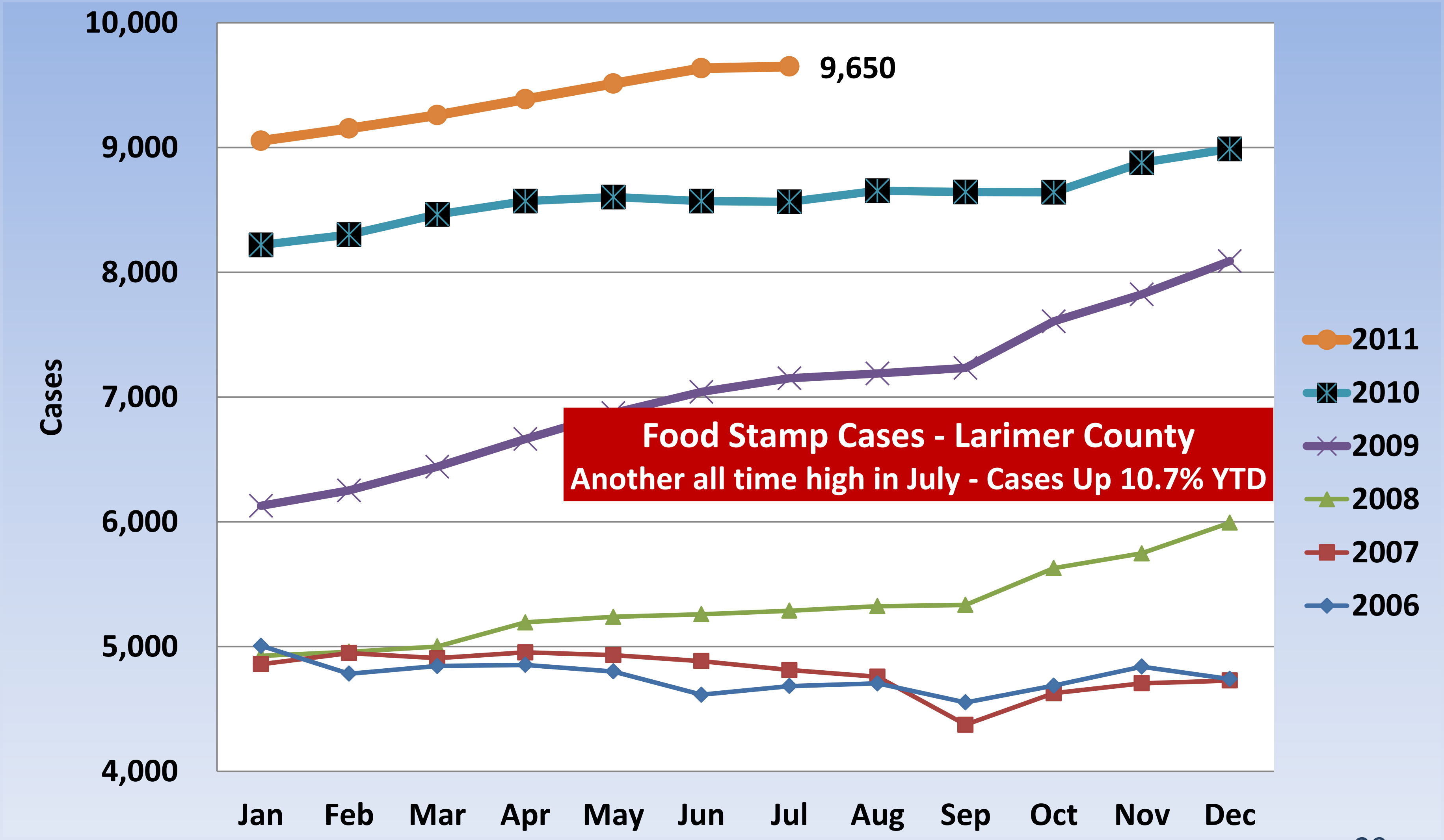
all items staying around 3.6%; energy costs up 19% yoy; Fed worrying more about weak recovery than inflation.



County caseload persistently high



Food Stamp cases reach all time high



Disconnects slightly lower than a year ago