



# **The Public Sector: In Transition or Saved?**

## **Thinking Beyond COVID-19 and Federal Relief Packages**

**March 2021**

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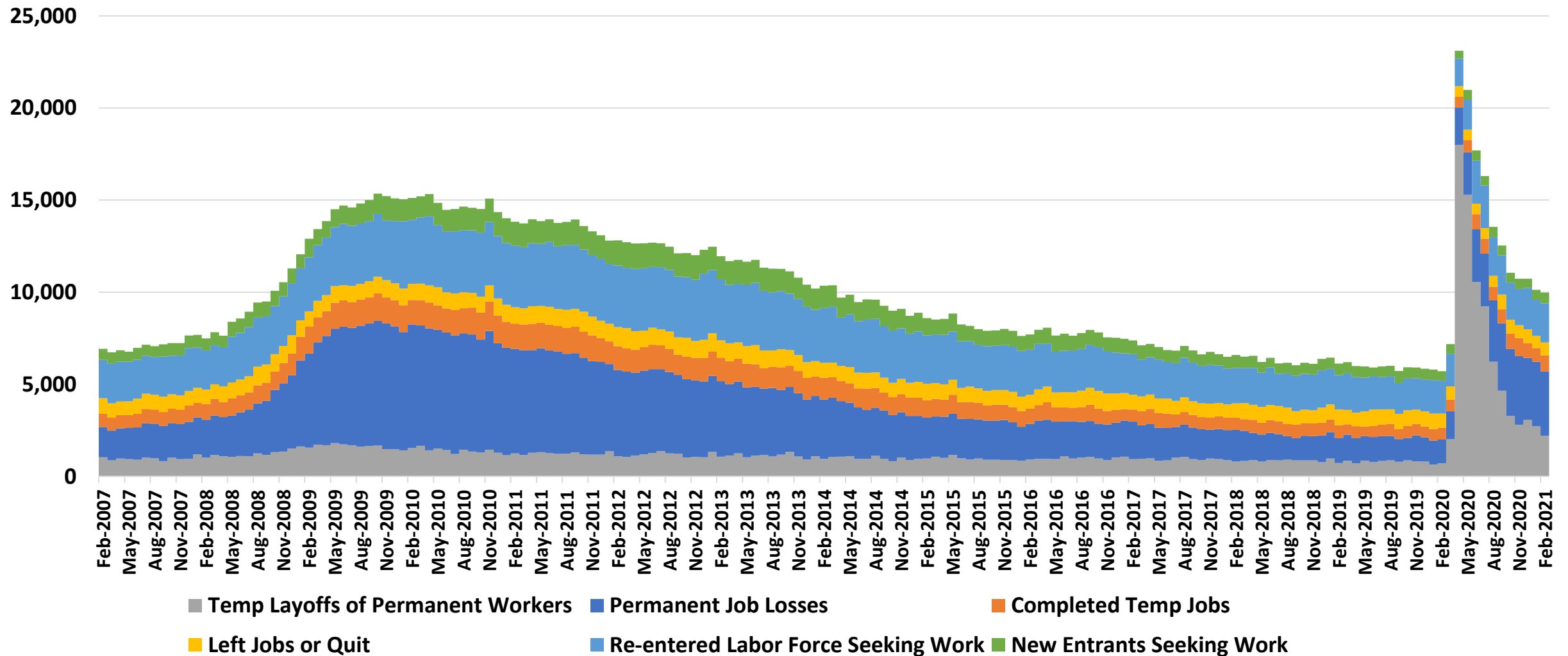
# What Economists are Watching in 2021



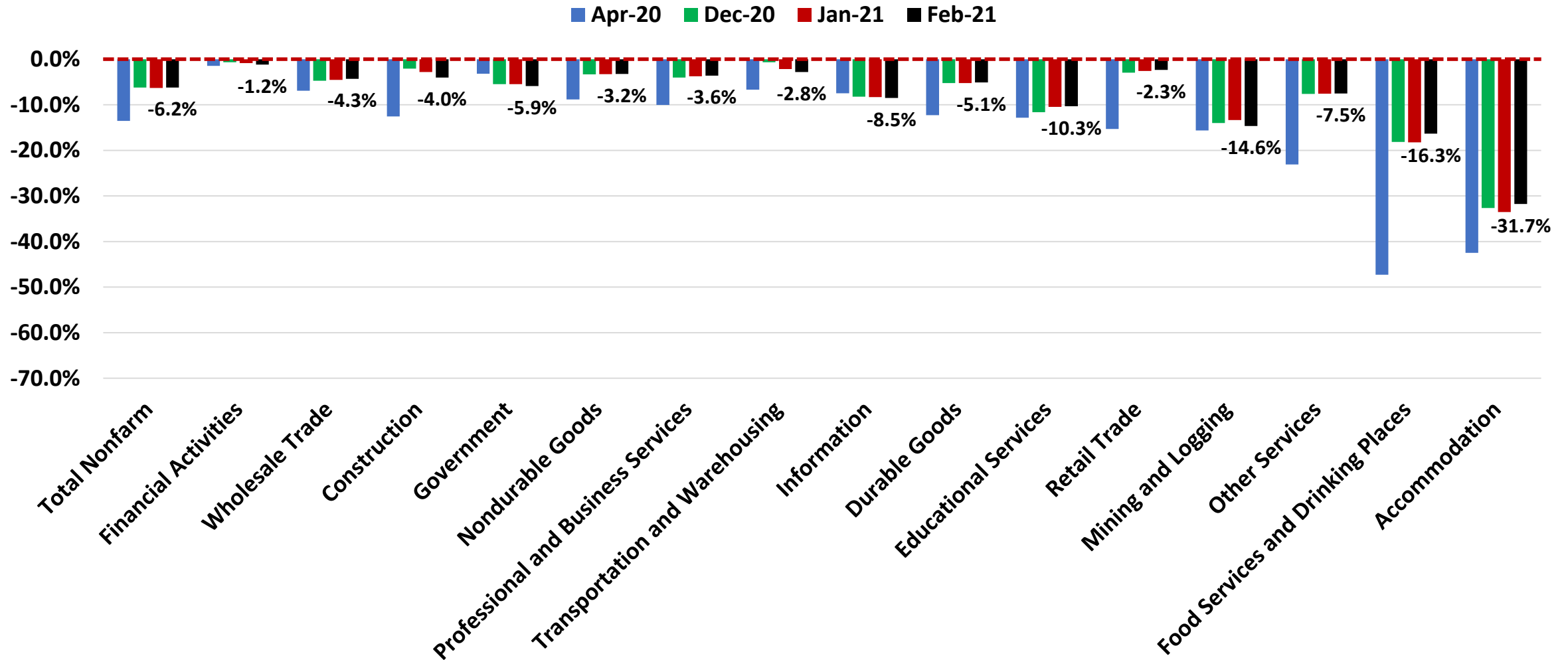
Sources: Getty  
Images and  
Google Images



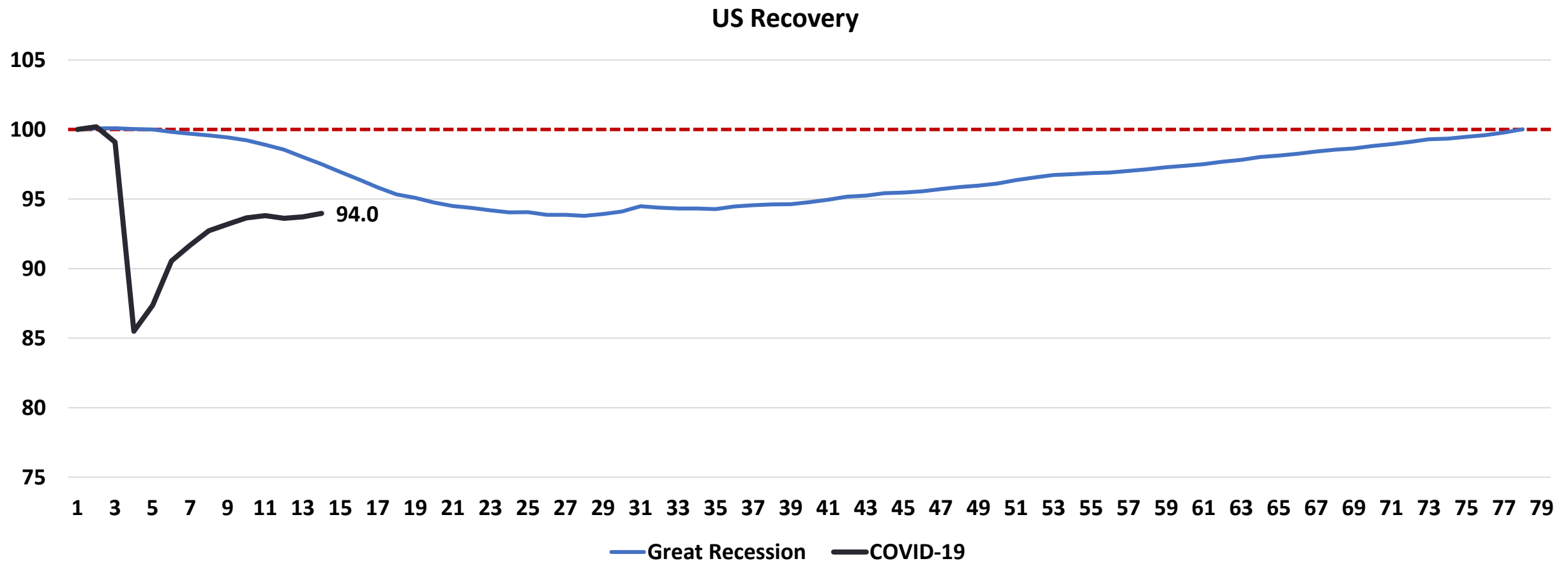
# US Labor Force Watch, Thousands of Workers Unemployed, January 2007 to February 2021



# Changes in Jobs, Selected Industries, % Change since previous year, April, December 2020 and Jan and Feb 2021, US



# Employment Recovery Comparison, United States, Great Recession and COVID-19 Recession, Months from Peak, Index Nov 2007 and Jan 2020 = 100 to Feb 2021



# Fiscal Stimulus Round #3

- \$1,400 stimulus checks:
  - Single people earning \$75,000 and \$150,000 for couples.
  - Includes checks for adult dependents, which are first-time recipients
- Unemployment insurance: additional \$300 in weekly unemployment benefits
- Tax credits: expands child tax credit to reduce child poverty
- Increases Affordable Care Act premium subsidies for two years to 400% of the federal poverty level.
- Money for schools: \$170 billion toward K-12 schools (\$130 billion) and higher education (\$40 Billion) support
- Vaccines, testing, and tracing: \$46 billion to the Department of Health and Human Services
- Rental assistance: Democrats are aiming to put \$25 billion toward emergency assistance to renters.
- **\$350 billion total toward state, local, tribal, and territorial funding.**
- Restaurant revitalization: \$25 billion toward Small Business Administration program, \$5 billion for businesses with under \$500,000 in revenue in 2019.
- Energy assistance: \$4.5 billion to HHS to help low-income people pay their energy and water bills.
- Internet connectivity: \$7.6 billion to expand internet connectivity to students and teachers
- **No workforce training dollars directly called out, very indirect through education funding**

## Federal Reserve Philadelphia Forecast, Survey of Professional Forecasters

Forecasted inflation between 2.1 and 2.5%  
per year to 2024: interest rates to remain low  
to 2023 minimum

These data are from Jan 2021

This is now +6.5% for 2021 as of March 17

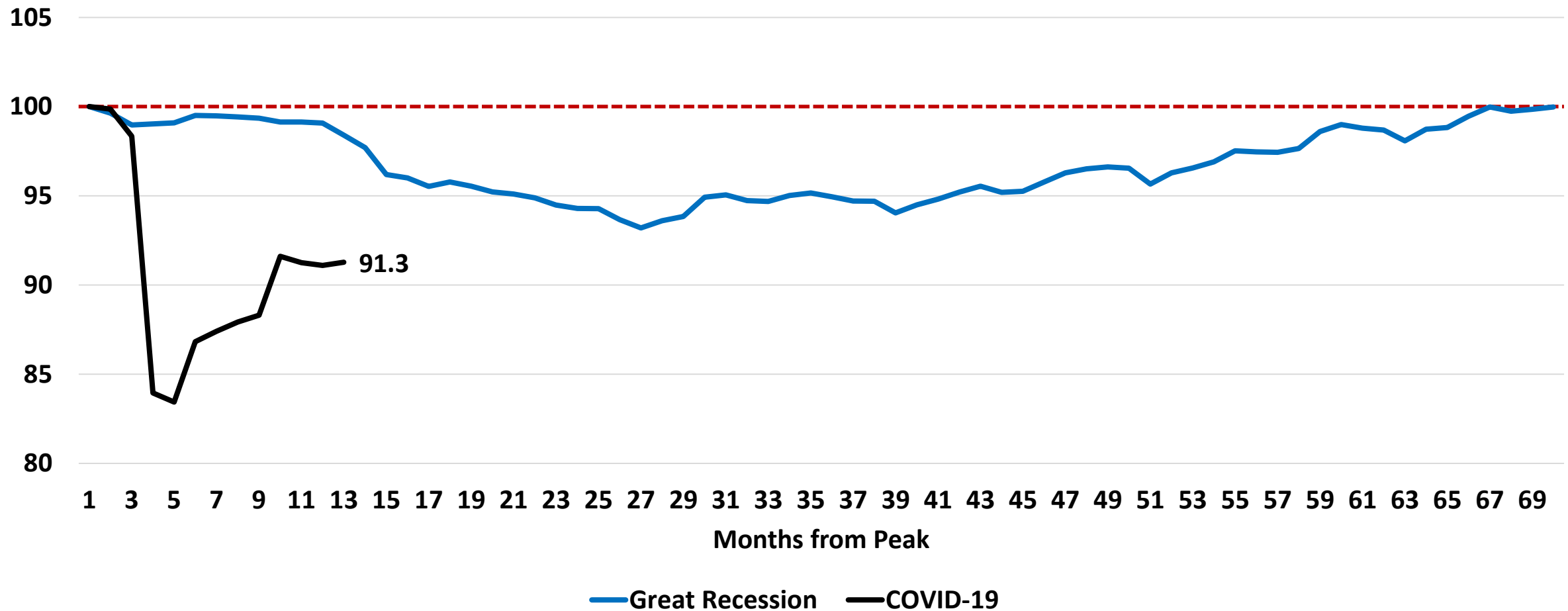
	Real GDP (%)		Unemployment Rate (%)	
	Previous	New	Previous	New
Quarterly				
2021:Q1	3.2	3.2	6.7	6.3
2021:Q2	3.5	5.0	6.5	6.1
2021:Q3	3.5	5.3	6.1	5.7
2021:Q4	3.3	4.0	5.8	5.4
2022:Q1	N.A.	3.7	N.A.	5.1
Annual data (projections based on annual-average levels):				
2021	4.0	4.5	6.3	5.9
2022	3.0	3.7	5.2	4.8
2023	2.1	3.1	4.6	4.2
2024	N.A.	2.5	N.A.	4.0

# California and IPPS Counties

# Employment Data, California and Selected Counties, Changes from Jan 2019 and Jan 2020 and Unemployment Rate, % Change and Number of Workers

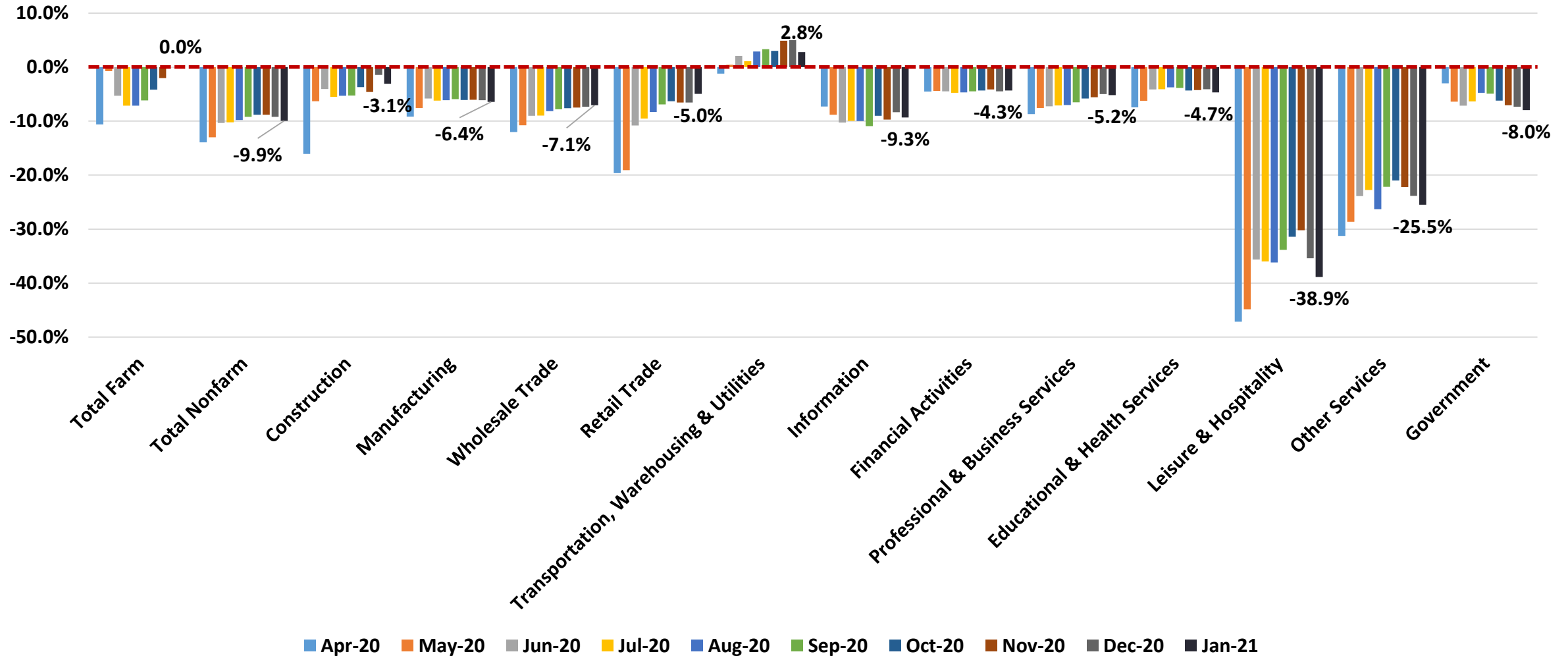
Category	Change California	% Change/ U Rate	Change Butte County	% Change/ U Rate	Change Shasta County	% Change/ U Rate	Change Sac MSA	% Change/ U Rate	Change Yuba/ Sutter	% Change/ U Rate
Civilian Labor Force	-553,700	-2.8%	-7,200	-7.5%	300	0.4%	-6,400	-0.6%	-2,900	-3.8%
Civilian Employment	-1,512,100	-8.1%	-9,100	-10.0%	-1,400	-2.0%	-45,400	-4.3%	-3,900	-5.6%
Unemployment Rate		<b>8.8%</b>		<b>8.3%</b>		<b>7.9%</b>		<b>7.6%</b>		<b>10.2%</b>

# Employment Recovery Comparison, California, Great Recession and COVID-19 Recession, Months from Peak, Index Nov 2007 and Jan 2020 = 100, as of Jan 2021 Seasonally Adjusted

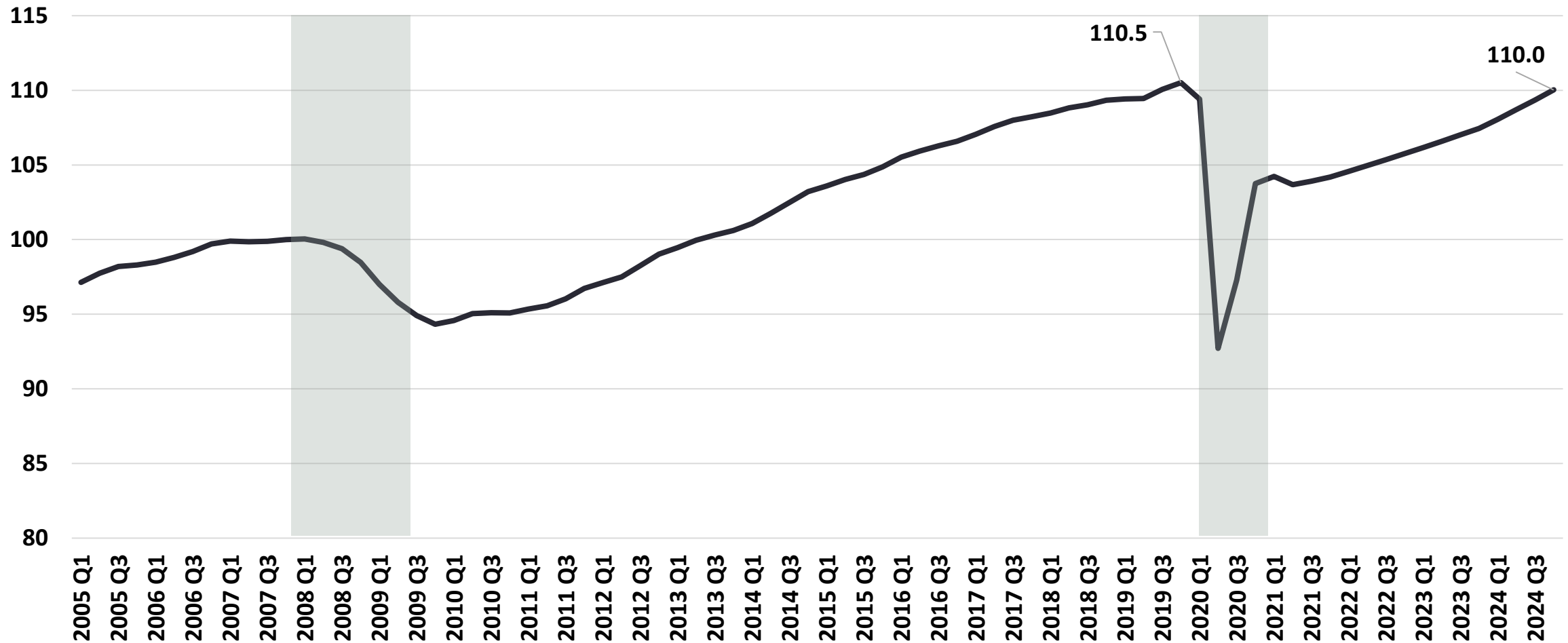


# Jobs Lost (% Change from Previous Year), California

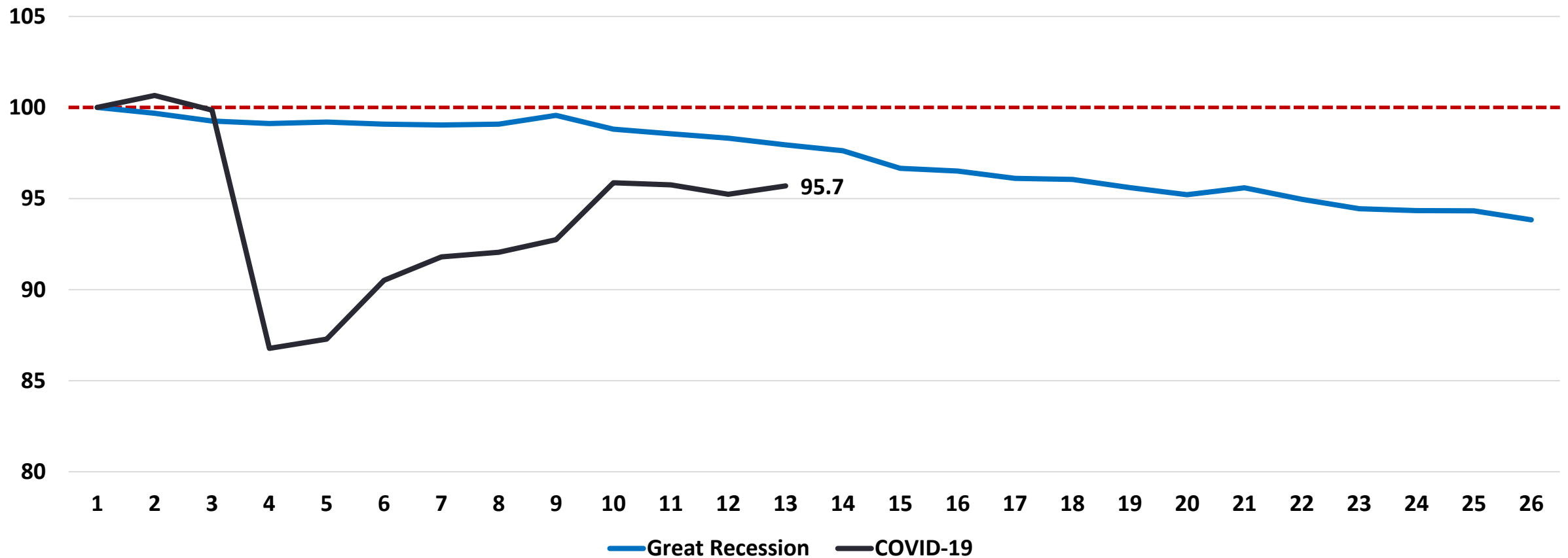
## April to Jan 2021



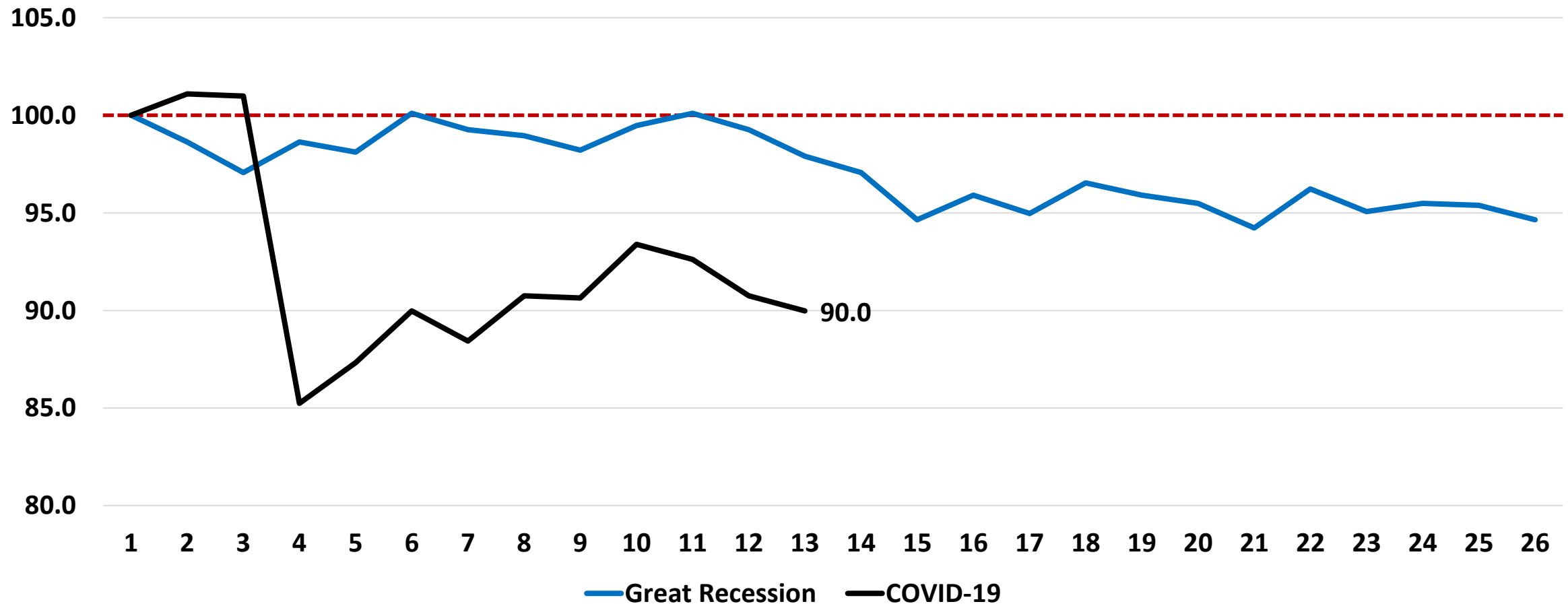
# Employment in California, Index November 2007 = 100, Q1 2005 to Q4 2024 (Forecast)



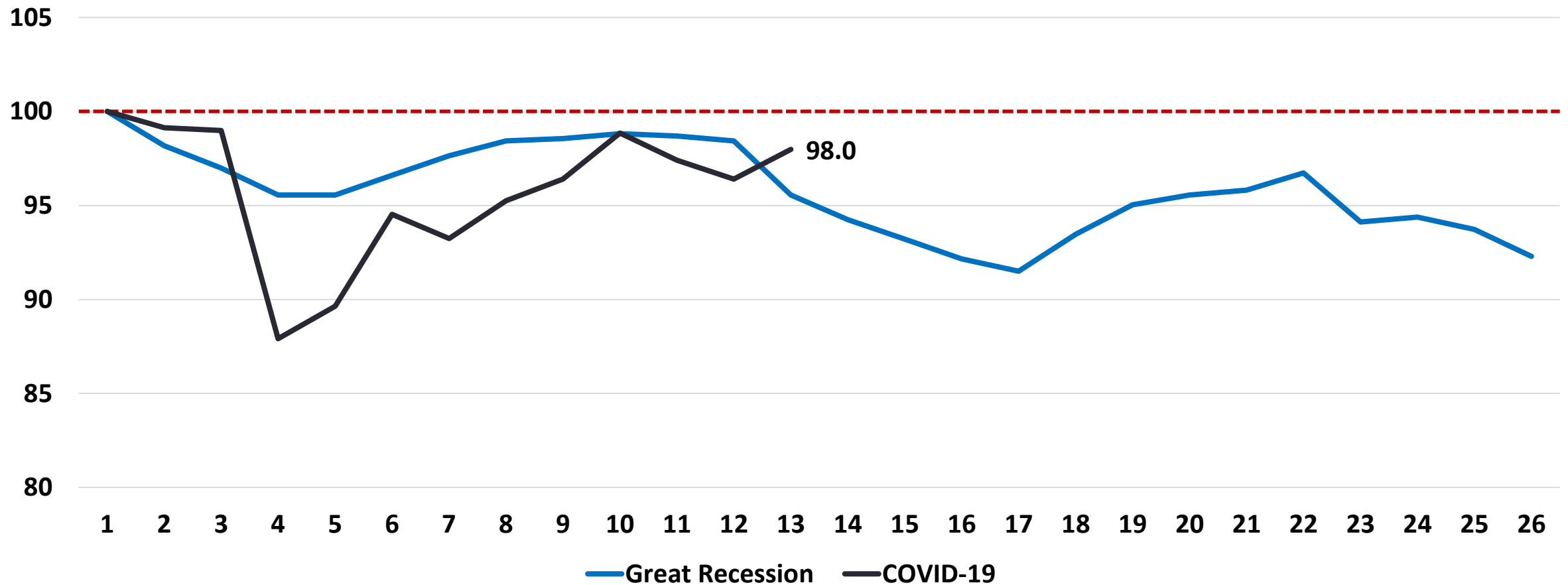
# Employment Recovery Comparison, Sacramento MSA, Great Recession and COVID-19 Recession, Months from Peak, Index Nov 2007 and Jan 2020 = 100



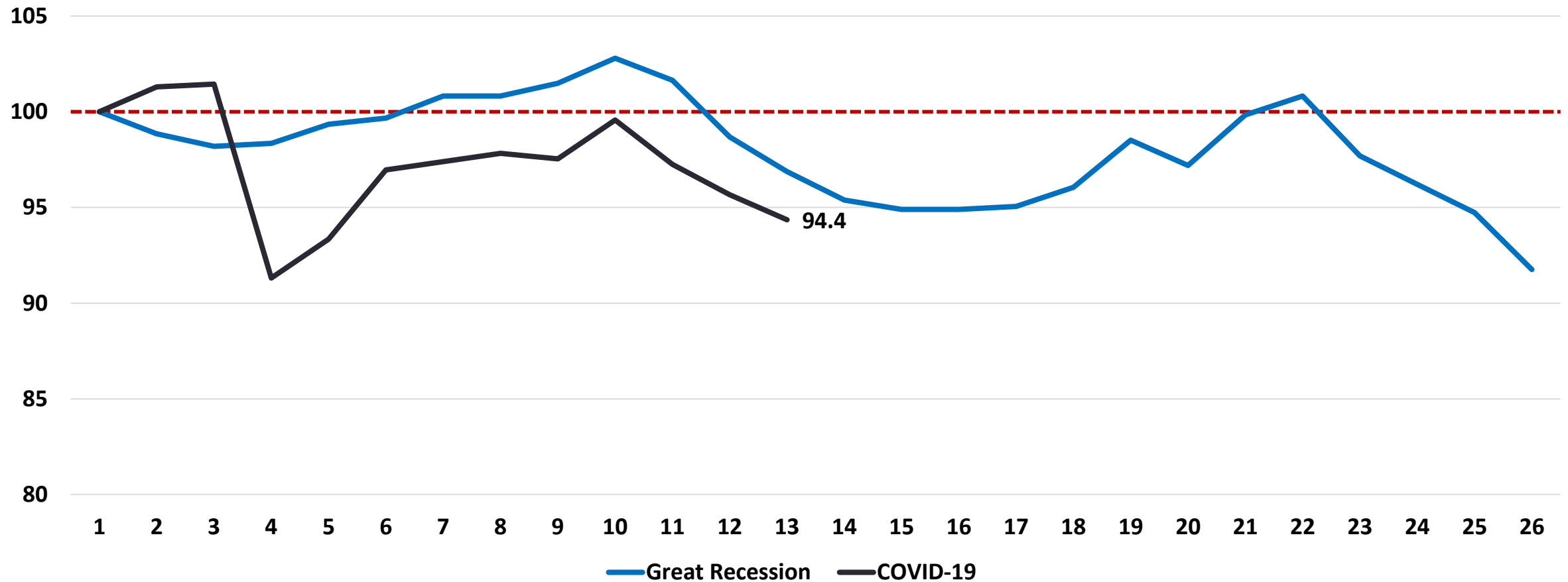
# Employment Recovery Comparison, Butte County, Great Recession and COVID-19 Recession, Months from Peak, Index Nov 2007 and Jan 2020 = 100



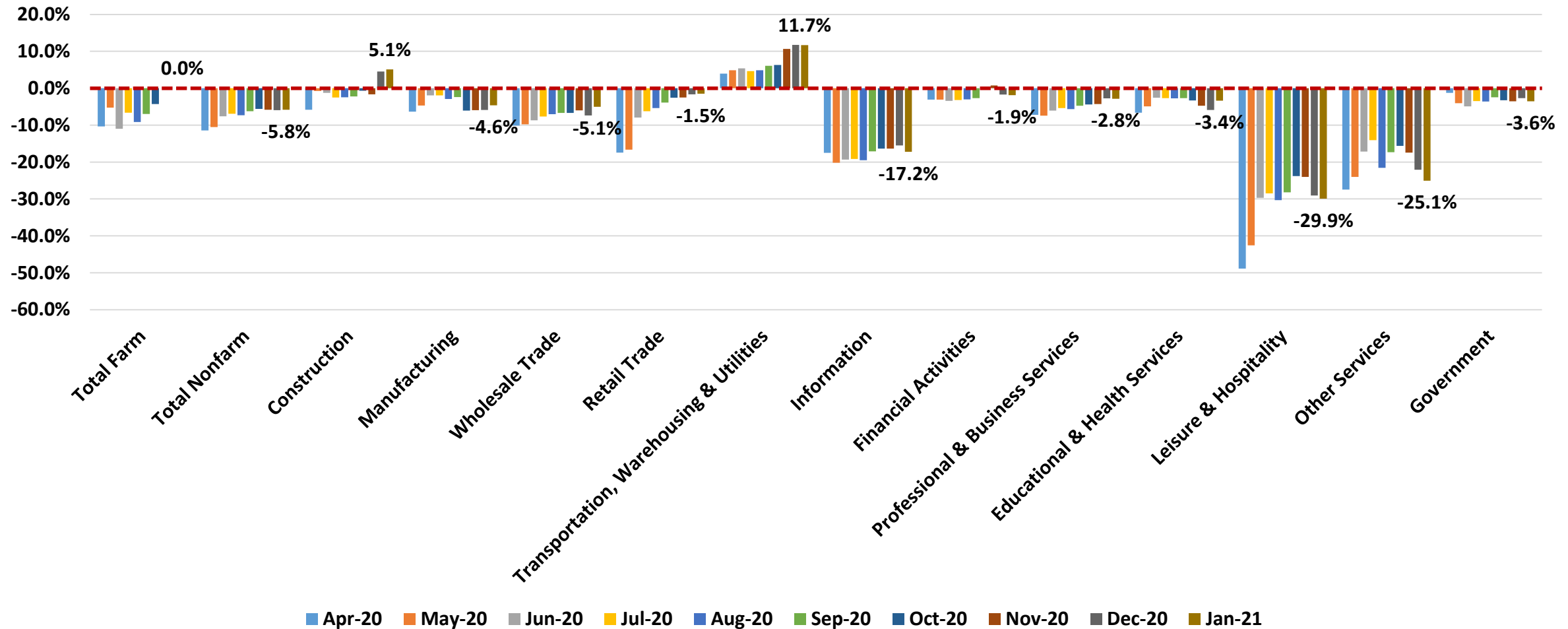
# Employment Recovery Comparison, Shasta County, Great Recession and COVID-19 Recession, Months from Peak, Index Nov 2007 and Jan 2020 = 100



# Employment Recovery Comparison, Yuba/Sutter Counties, Great Recession and COVID-19 Recession, Months from Peak, Index Nov 2007 and Jan 2020 = 100

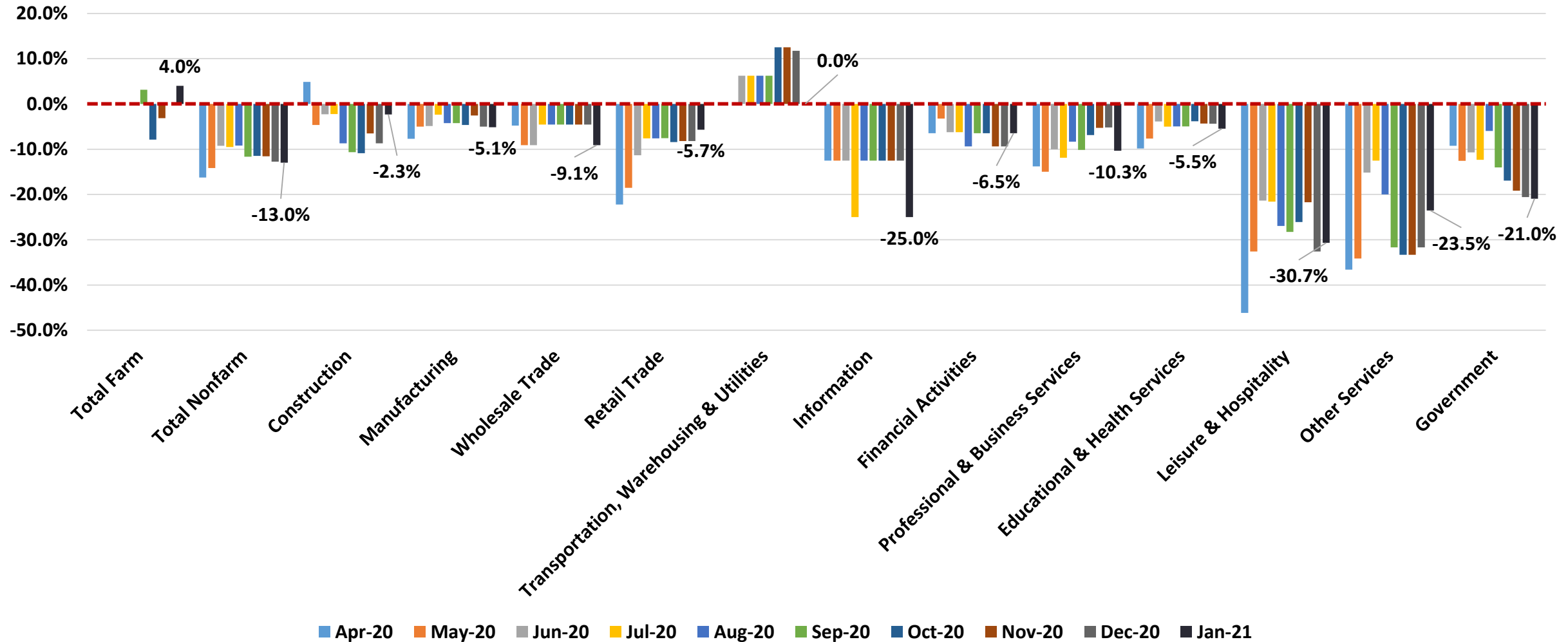


# Jobs by Industry (% Change from Previous Year), Sacramento MSA, April 2020 to Jan 2021

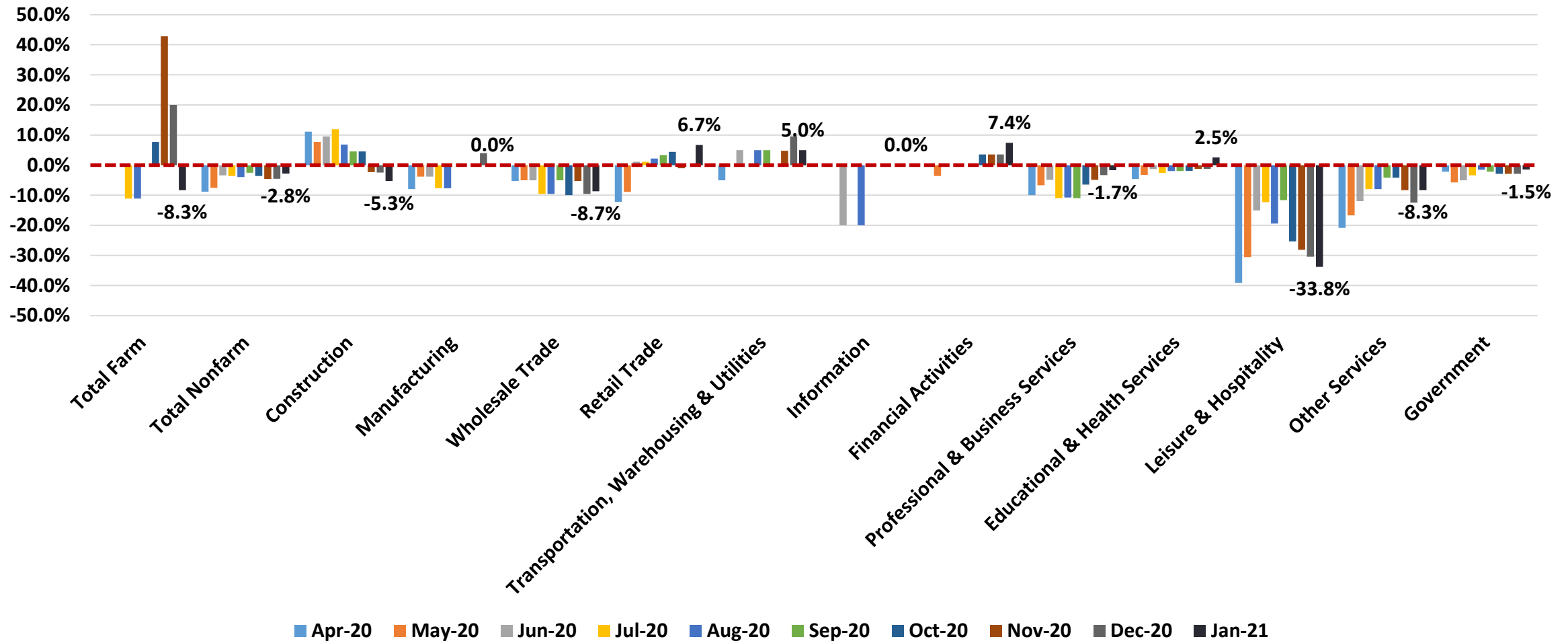


# Jobs by Industry (% Change from Previous Year)

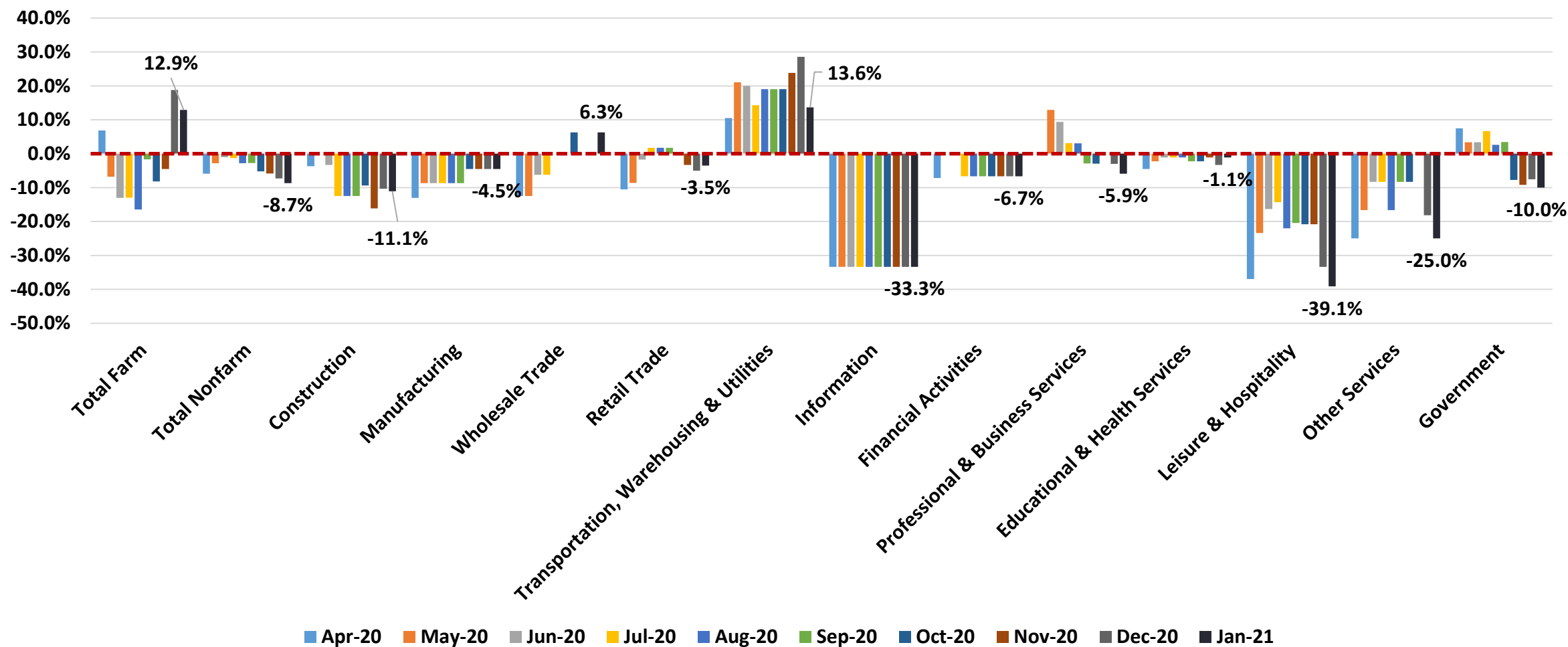
## Butte County, April 2020 to Jan 2021



# Jobs by Industry (% Change from Previous Year), Shasta County, April 2020 to Jan 2021

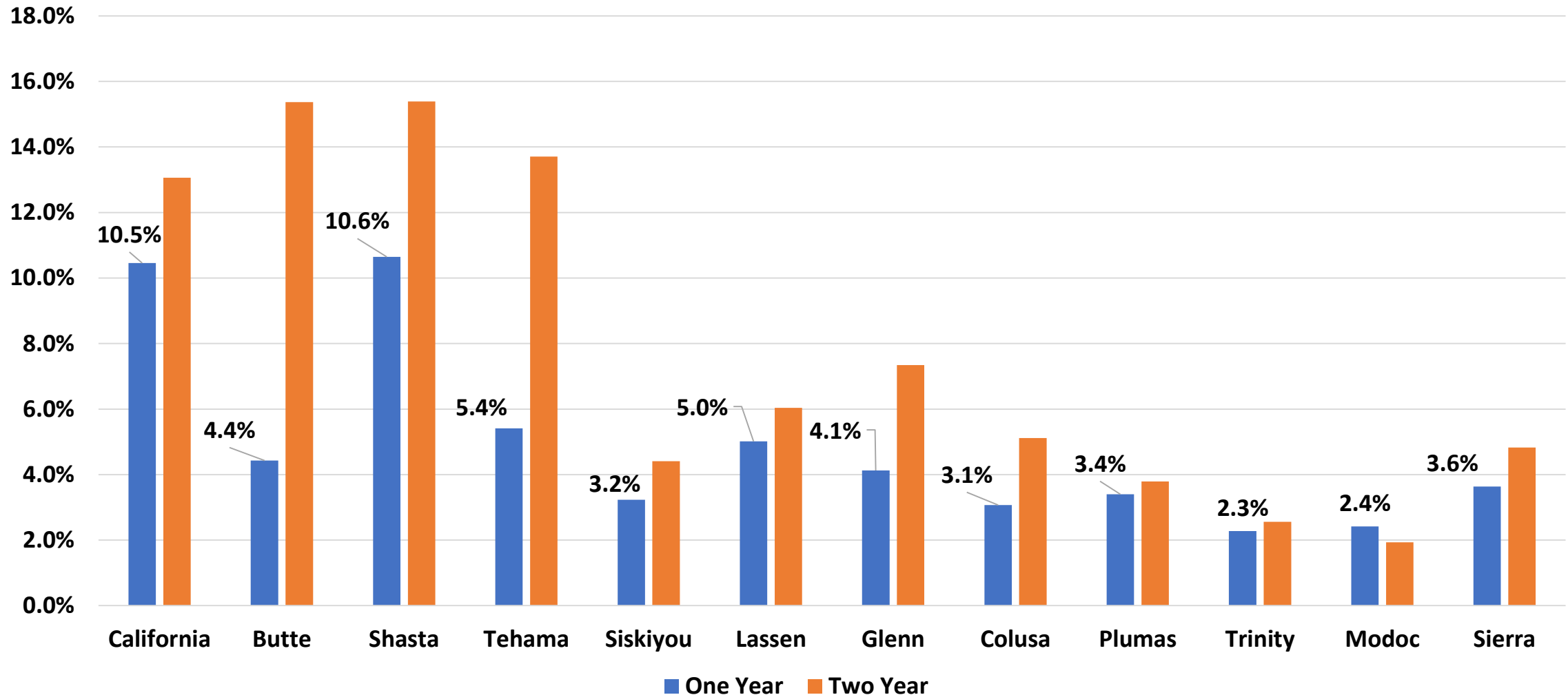


# Jobs by Industry (% Change from Previous Year), Yuba/Sutter Counties, April 2020 to Jan 2021

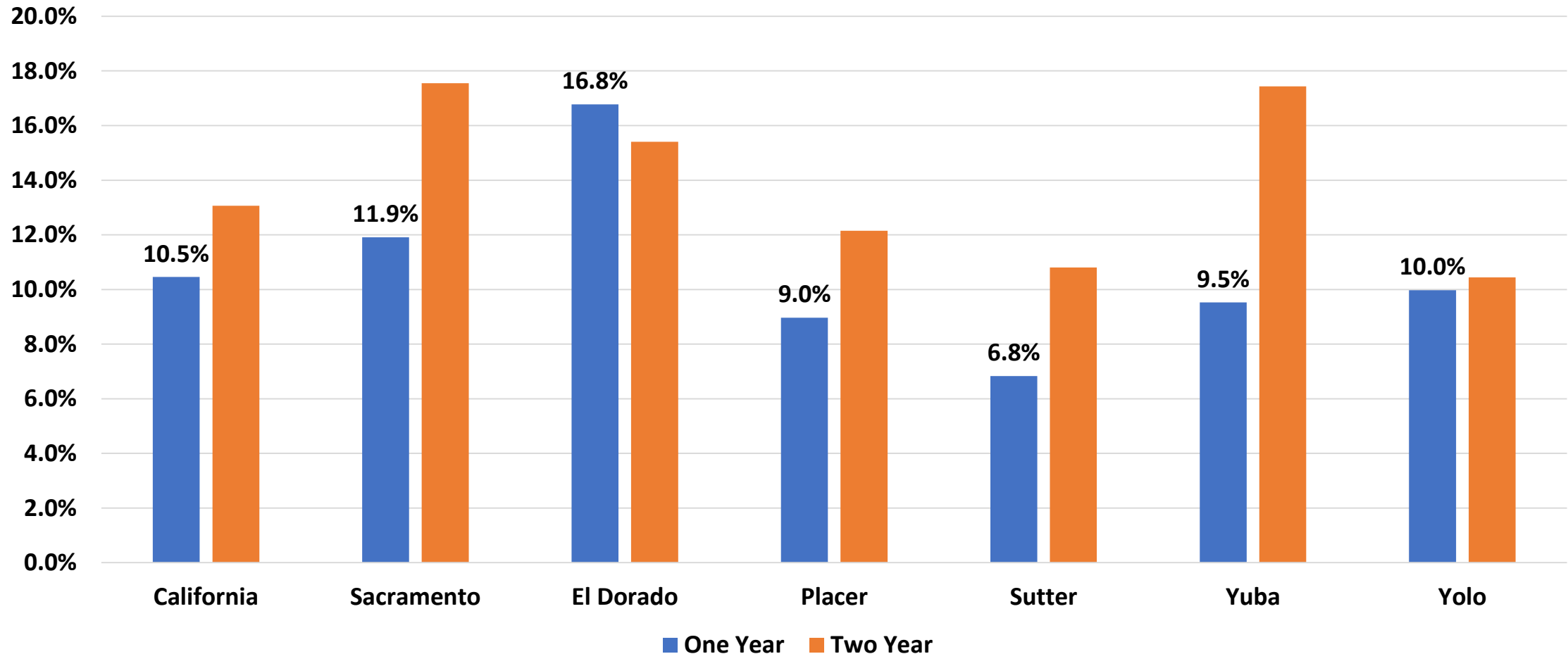


# California and IPPS Counties Public Sector: Rural vs Urban

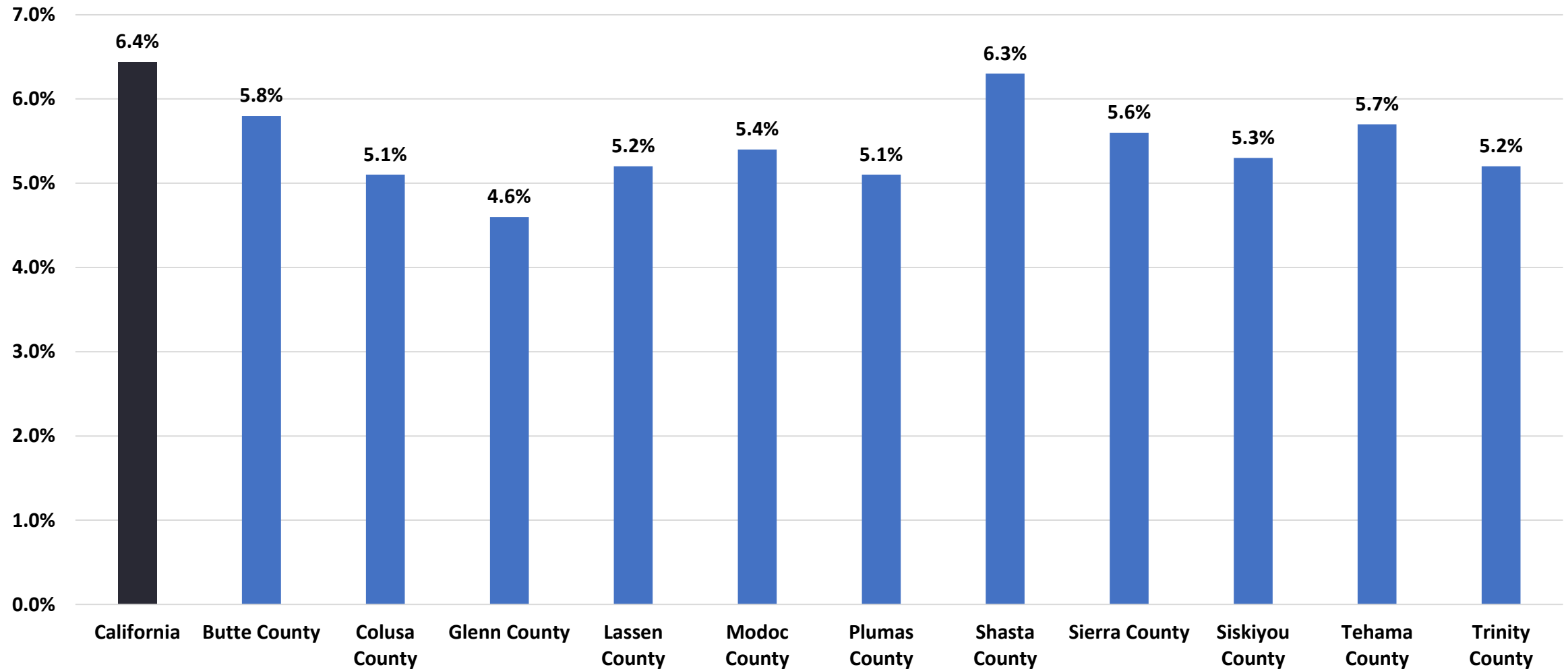
# Housing: Looking Back Two Years, Jan 2021, % Change in Median Home Prices, CA and NFN



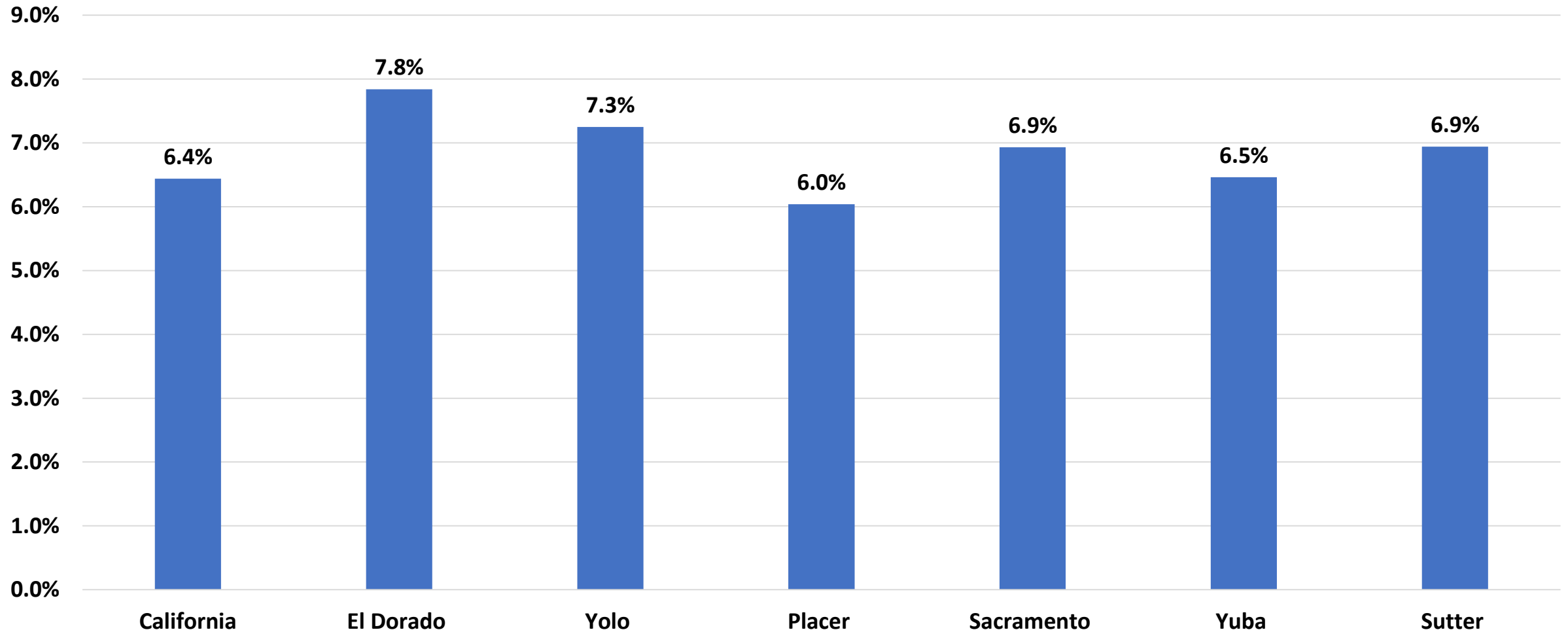
# Housing: Looking Back Two Years, Jan 2021, % Change in Median Home Prices, CA Sacramento and Yuba/Sutter MSAs



# Housing Market Forecast, California and NFN Counties, to Jan 2022, % Change from Jan 2021



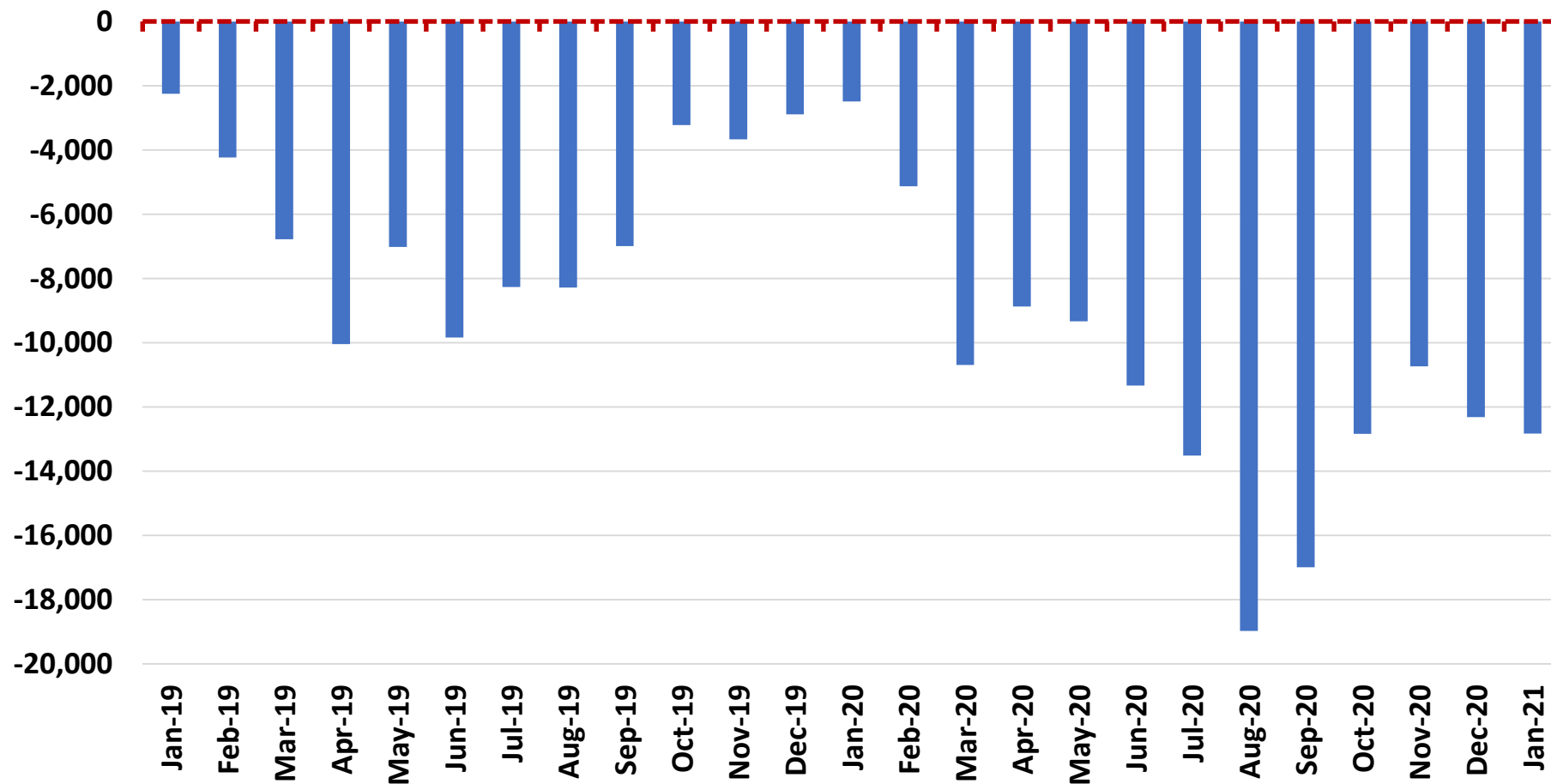
# Housing Market Forecast, California, Sacramento MSA and Yuba/Sutter MSA, to Jan 2022, % Change from Jan 2021



# Revenue Diversification and Risk Against Costs

- Public Sector Revenue
  - Taxable sales comeback a function of internet sales primarily
    - Local employment levels and tourism the drivers (TOT here also)
  - Property tax concerns receive more buffer from 2020 growth
  - School attendance a concern as population shifts take place
  - Construction needs to continue
- Public Sector Costs
  - Rising as unemployment remains relatively high
  - Public health costs assisted more completely with new fiscal stimulus

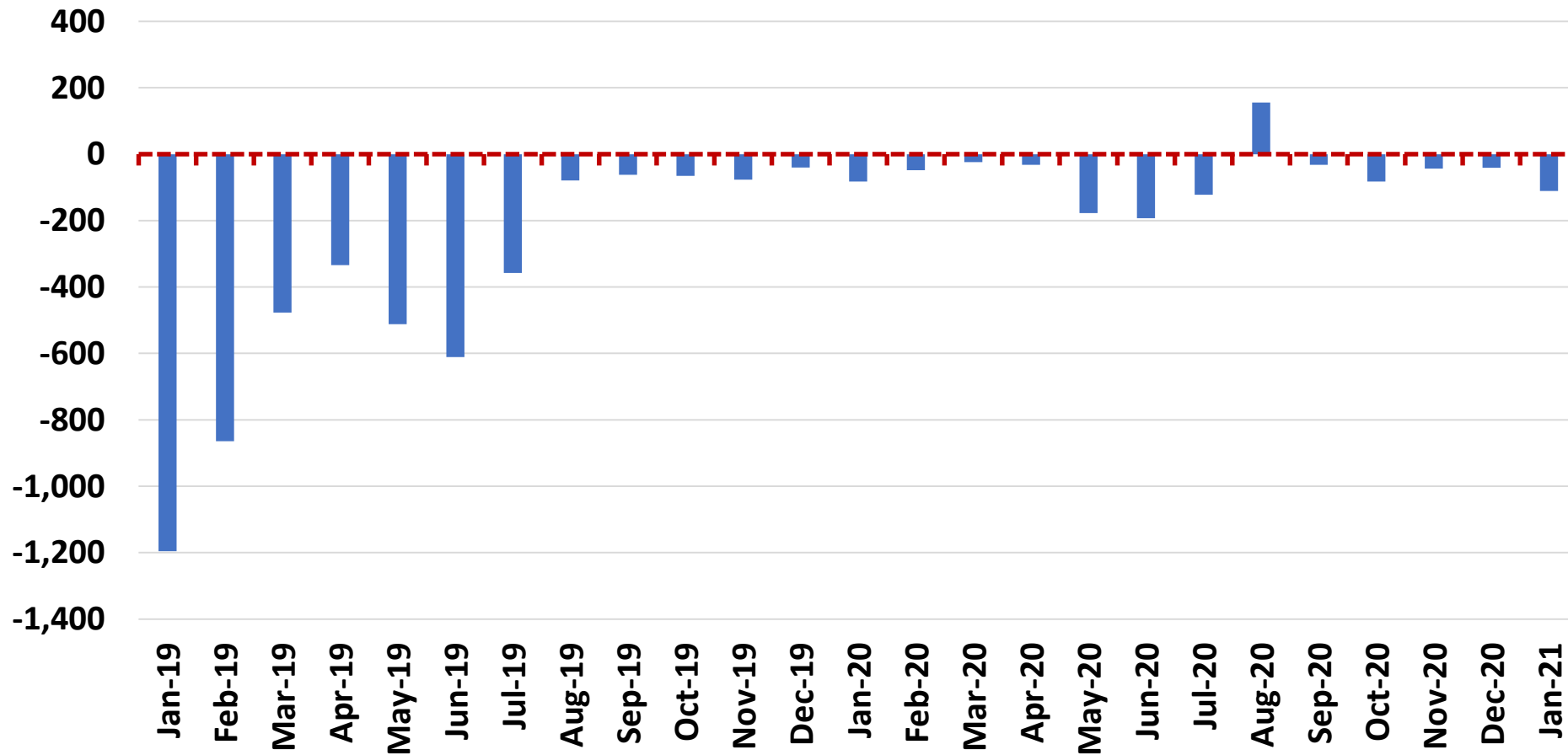
# California, Net Change in Address, Jan 2019 to Jan 2021, Number of Households



Going to:  
AZ, CO, FL, NV,  
NY, OR, TX,  
WA

Coming From:  
AZ, FL, IL, NV,  
NY, OR, TX,  
WA

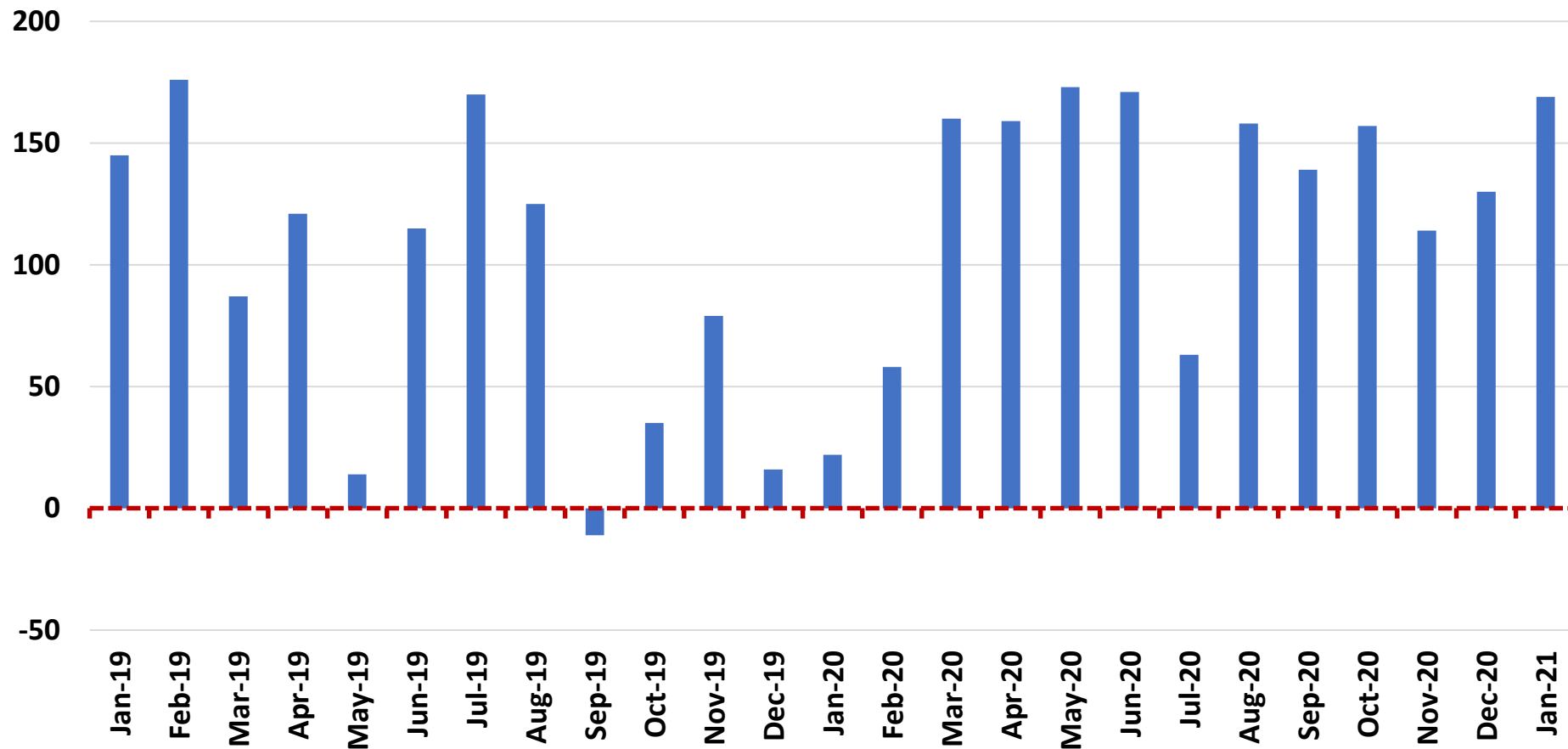
# Butte County, Net Change in Address, Jan 2019 to Jan 2021, Number of Households



Going to:  
AZ, ID, NV, OR,  
WA

Coming From:  
AZ and NV

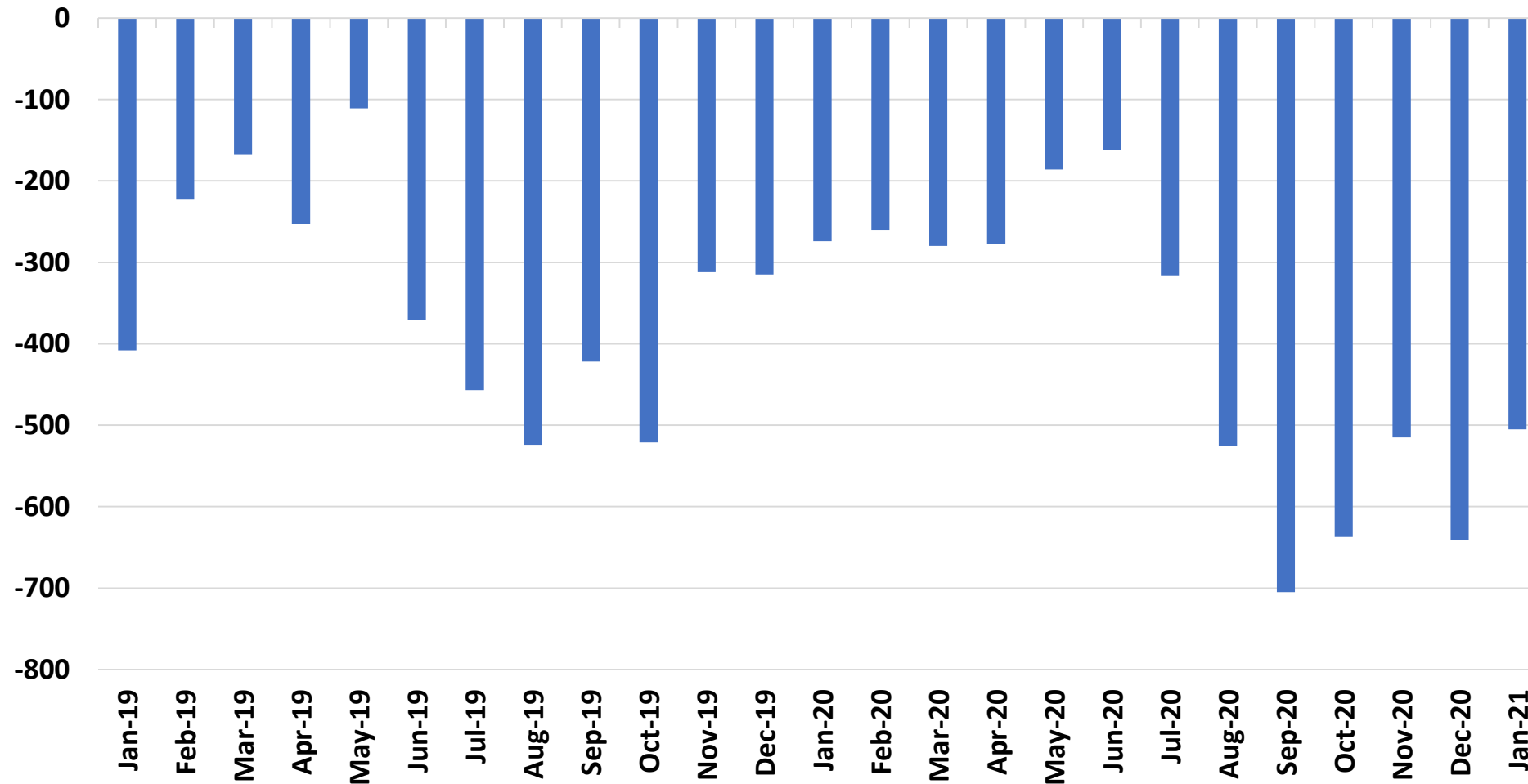
# Shasta County, Net Change in Address, Jan 2019 to Jan 2021, Number of Households



Going to:  
AZ, NV, OR, ID

Coming From:  
AZ, NV, OR, WA

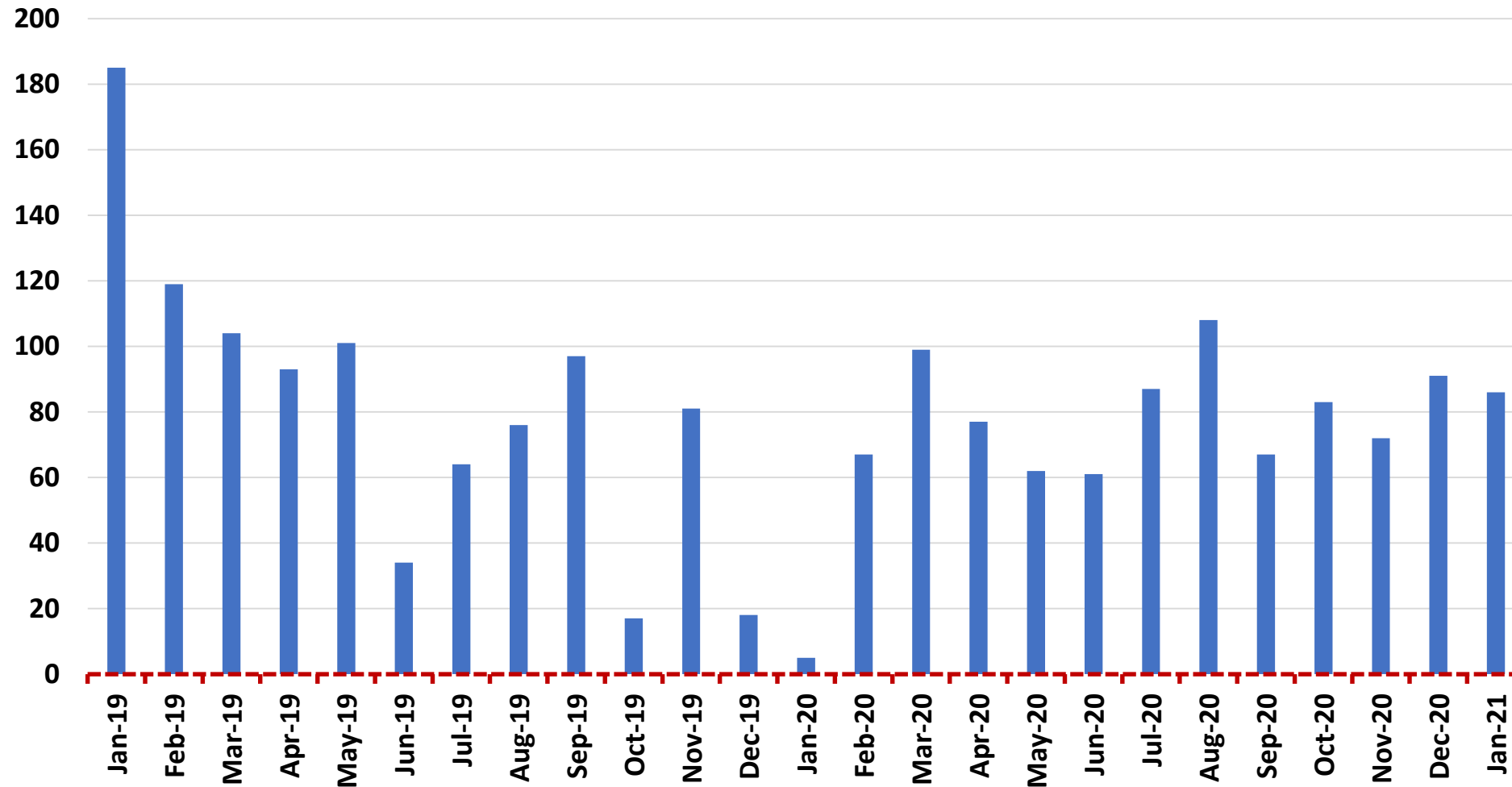
# Sacramento MSA, Net Change in Address, Jan 2019 to Jan 2021, Number of Households



Going to:  
NV, ID, OR, TX

Coming From:  
NV, WA, OR, TX

# Yuba/Sutter Counties, Net Change in Address, Jan 2019 to Jan 2021, Number of Households



Going to:  
CA

Coming From:  
CA, TX

# “Friction” between the public and private sectors

- Private

- Appealing due to dynamic work
- Equity market participation sometimes
- Travel and lifestyle
- High stress, paths unknown, pay generally better

- Public

- Appealing due to security/pensions
- Hard number of hours and vacation days
- Lifestyle, maybe travel
- Low stress, obvious path in career
- Pays less on average, more stable total cash comp



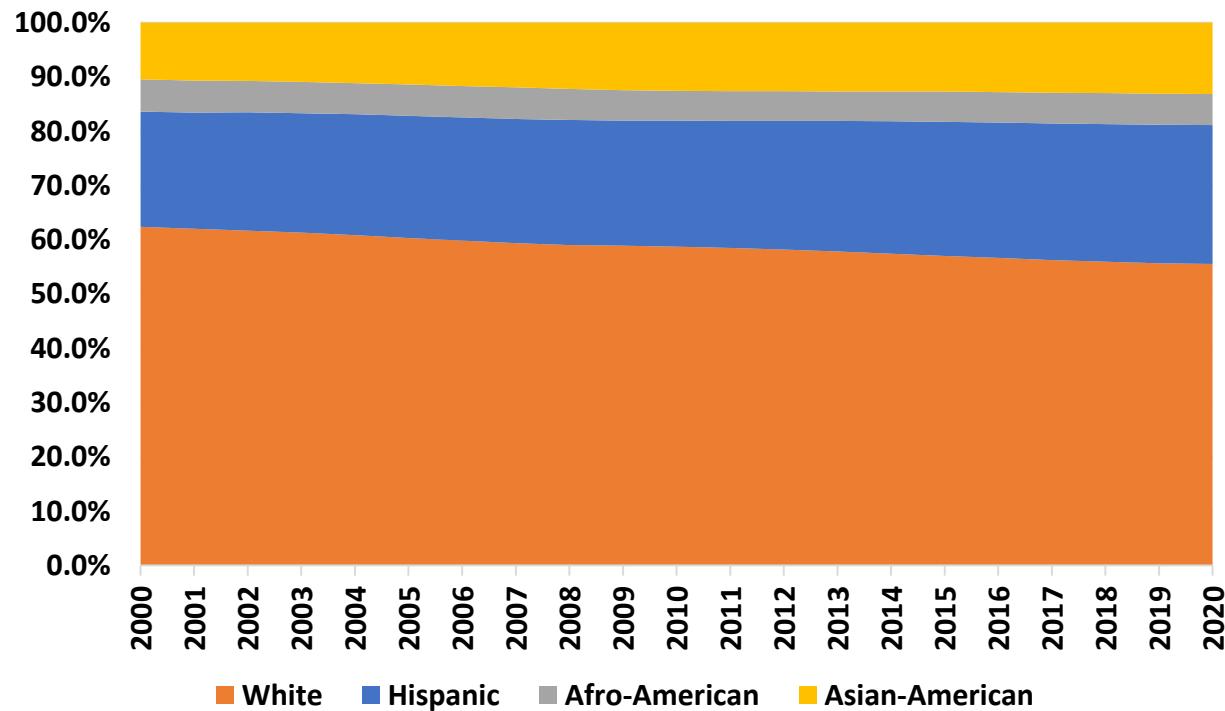
**Rural areas of CA less diverse, hence government workforce less diverse...for now**

# Public Education: A Case Study of the Public Sector

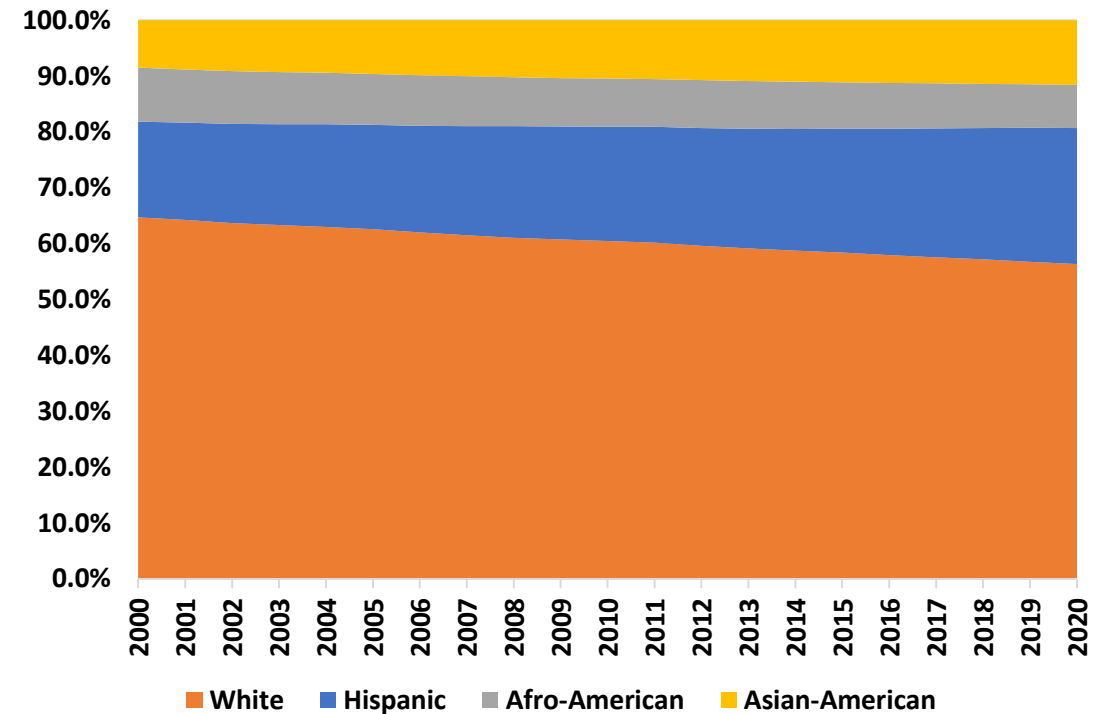
- Pre-K to Medical School
- K-12
  - Digital divide K-12: trading teachers for coders?
  - Recent PPIC report: fewer 9<sup>th</sup> graders pursuing college
  - English learners to expand: more bi-lingual needs
  - Learning loss and shadow cast by COVID-19
  - Physical vs. virtual: deferred maintenance and budgets
  - DEI: age profile leads to great opportunities and challenges
- Tenure: K-12 vs. CC, CSU/UC
  - Microcosm of civil service permanence or about to fade?
- Community Colleges
  - Perhaps best set of all public education: state and federal focus
  - What happens if made “free”?
  - Vocational uncertainty:
  - Similar to the above: DEI, buildings
- CSU and UC
  - Undergrad
    - More CC Transfers: more pipeline means more consistent funding?
    - Similar to above: DEI, buildings
  - Graduate
    - For UCs, continue to be world-class and draw in funding and science
    - Pipeline for CA tech advantage across science and education

# Racial and Ethnic Diversity, Workers, 1991-2020, % of Total, California

California Race/Ethnicity Profile, All Industries

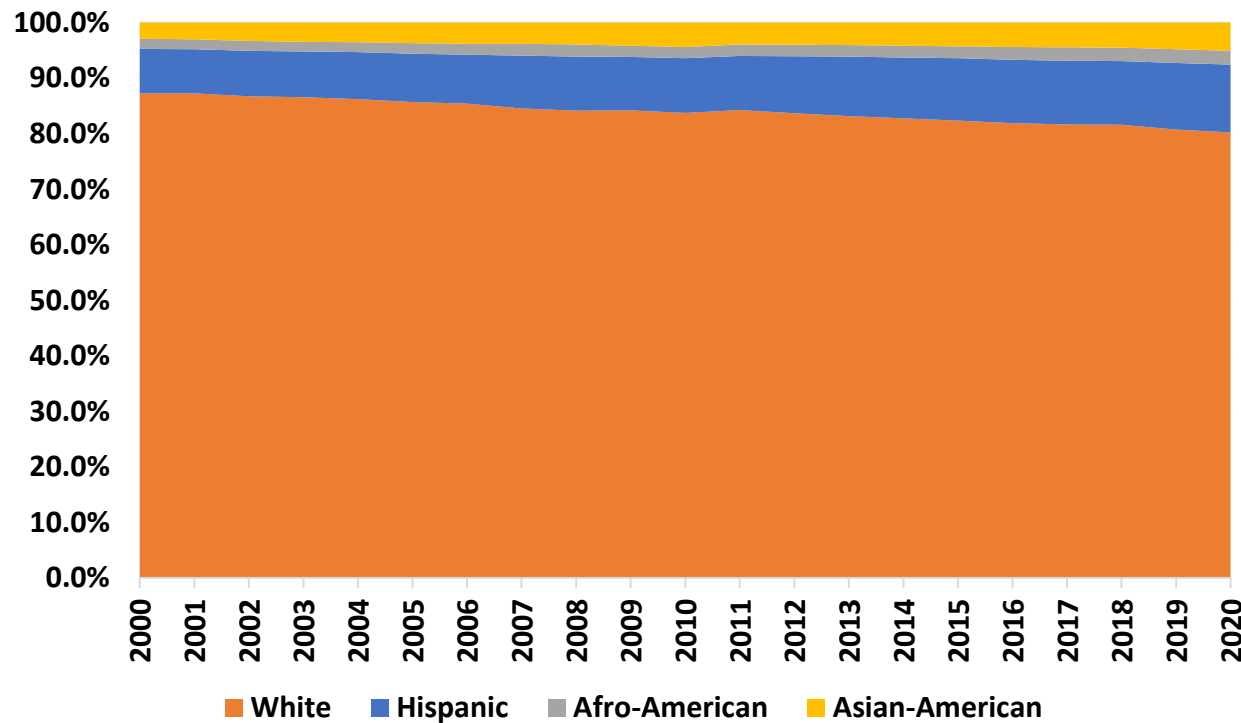


California Govt

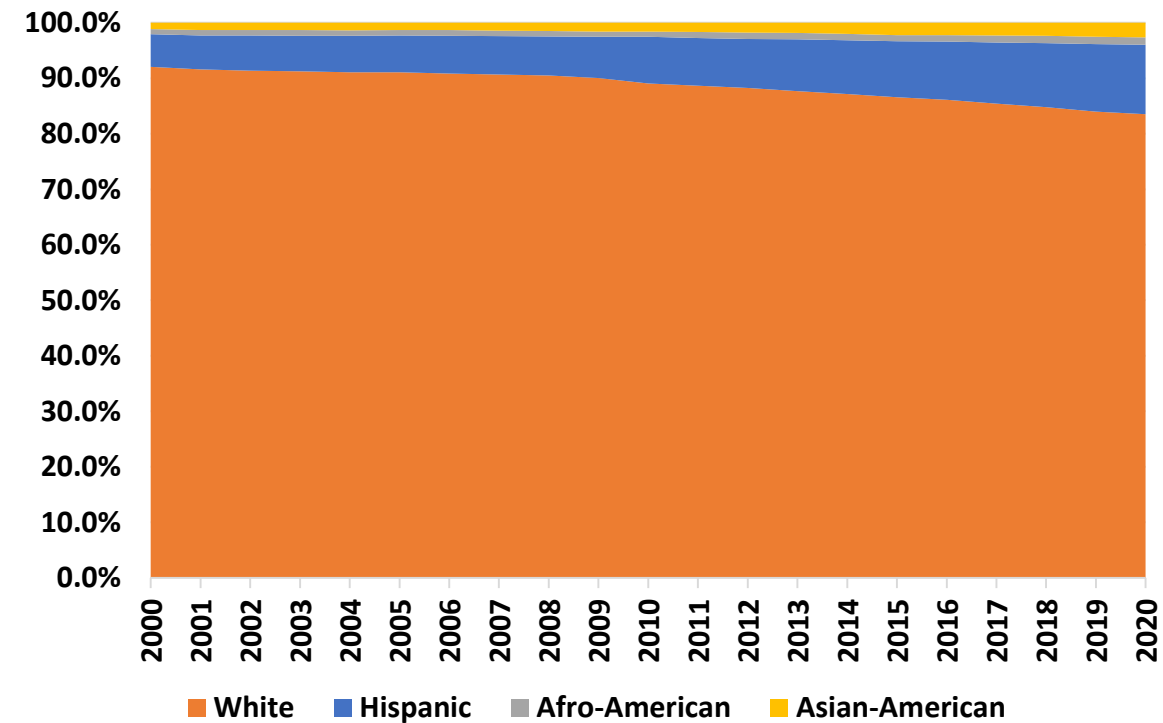


# Racial and Ethnic Diversity, Workers, 1991-2020, % of Total, NFN Counties

## NFN Race/Ethnicity, All Industries

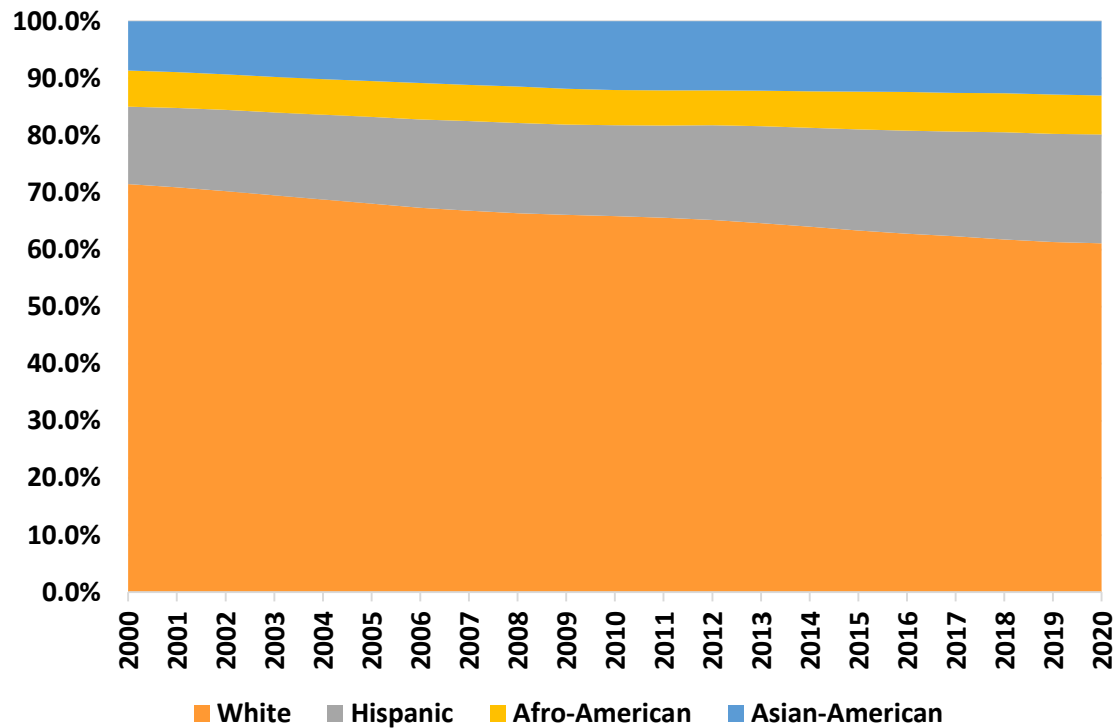


## NFN Govt

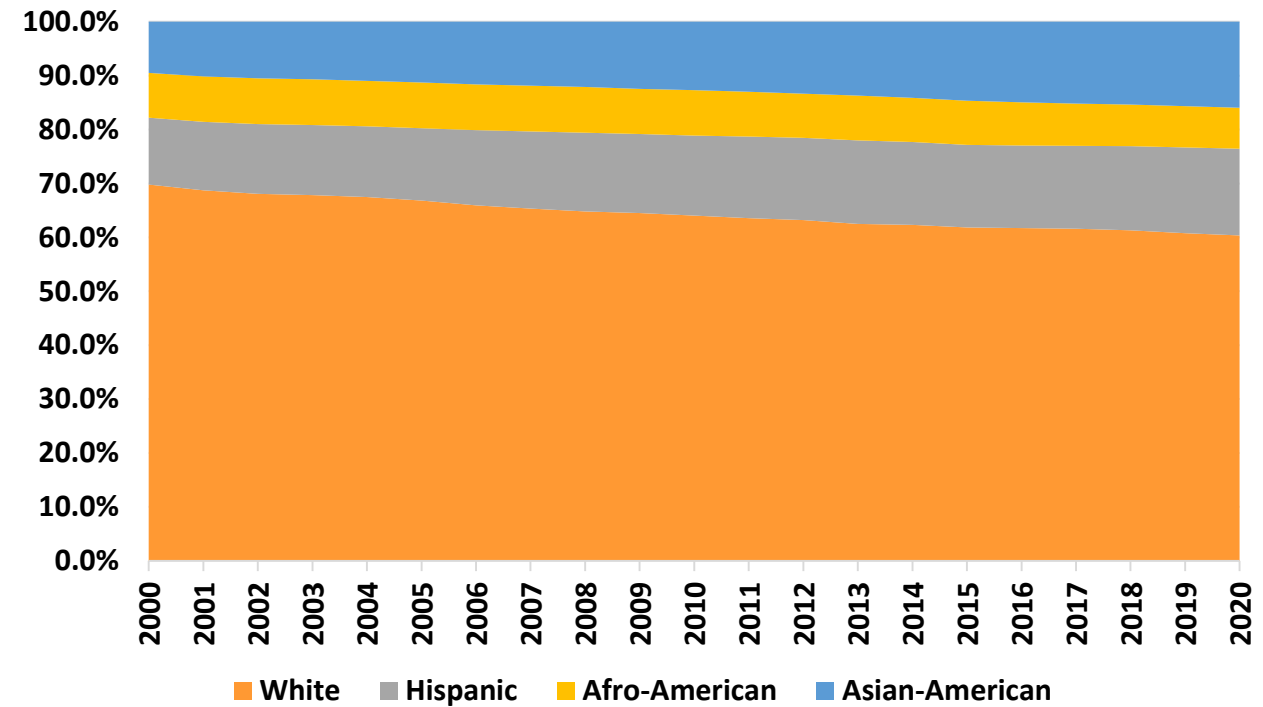


# Racial and Ethnic Diversity, Workers, 2000-2020, % of Total, Sacramento MSA

Sacramento MSA, All Industries

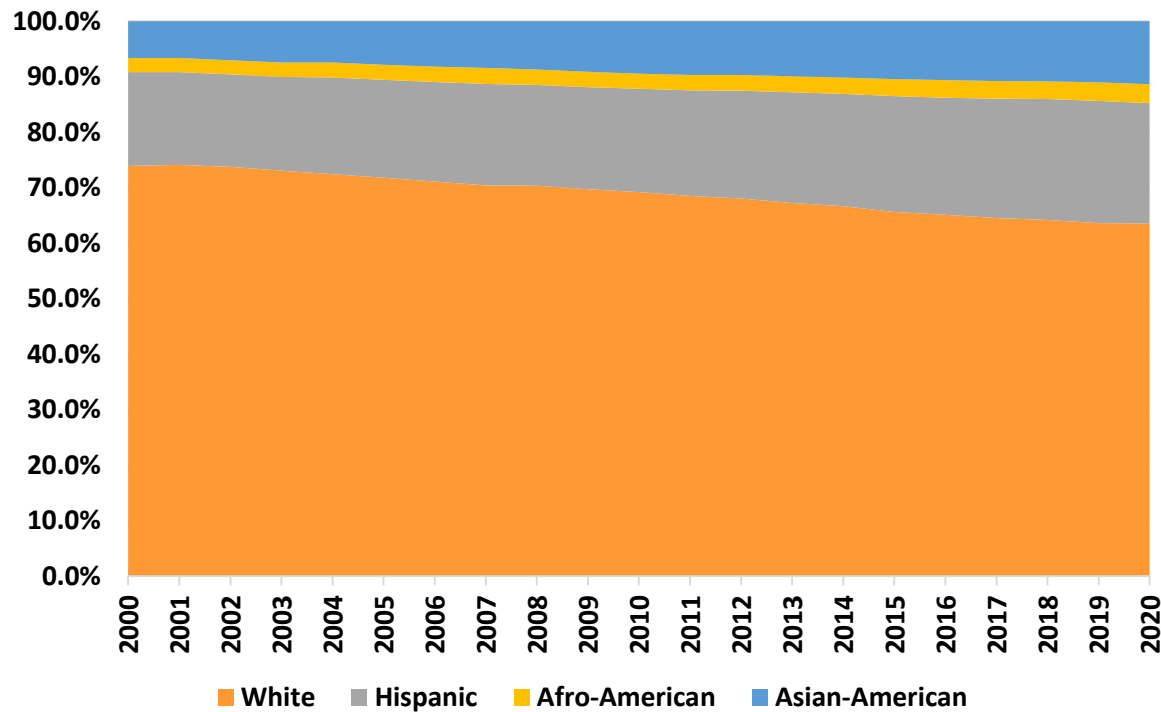


Sacramento MSA, Govt

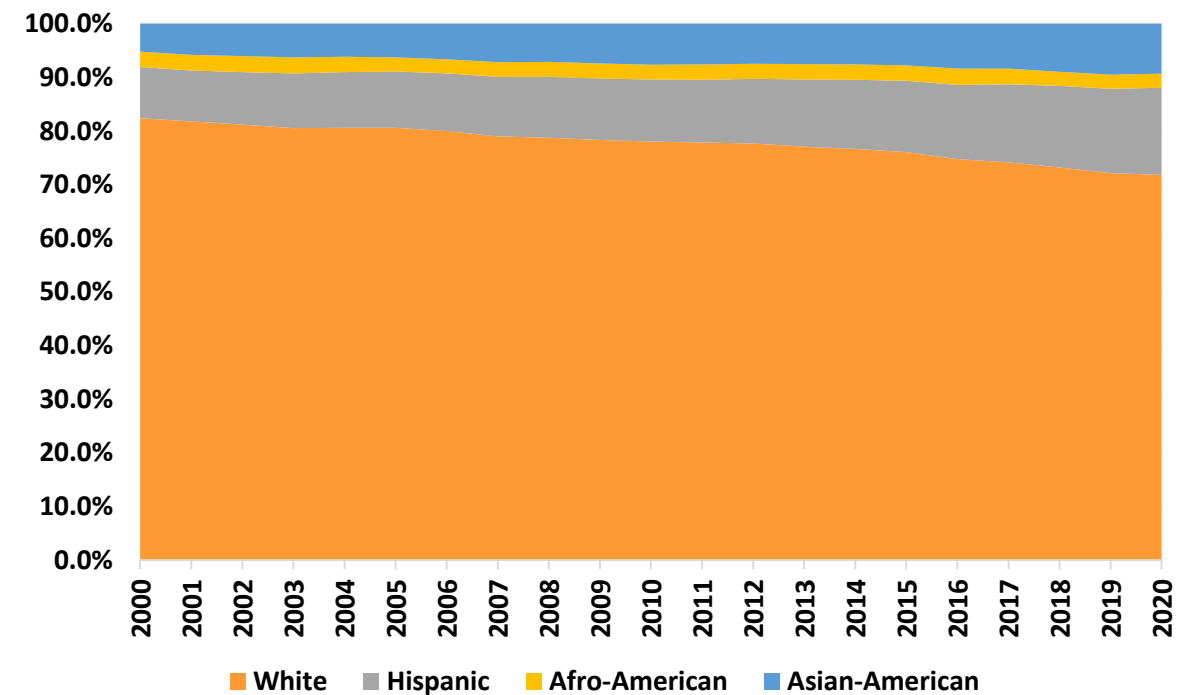


# Racial and Ethnic Diversity, Workers, 2000-2020, % of Total, Yuba/Sutter MSA

Yuba/Sutter MSA, All Industries

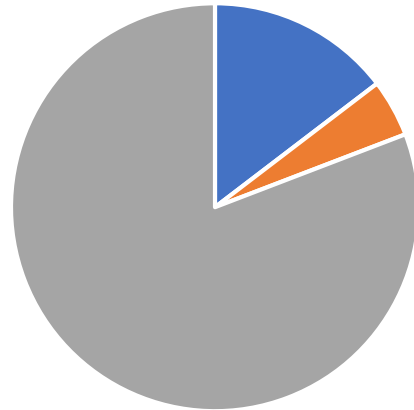


Yuba/Sutter MSA, Govt



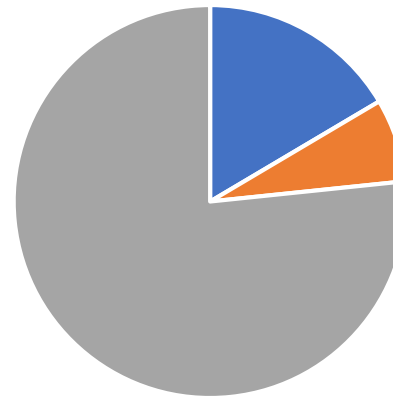
# Age Profiles, Workers in California, % of Total, 2010 and 2020

California 2010 Worker Age Profile, All Industries



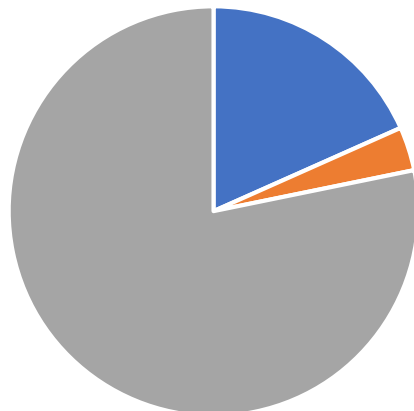
■ 55-64 ■ 65+ ■ Under 55

California 2020 Worker Age Profile, All Industries



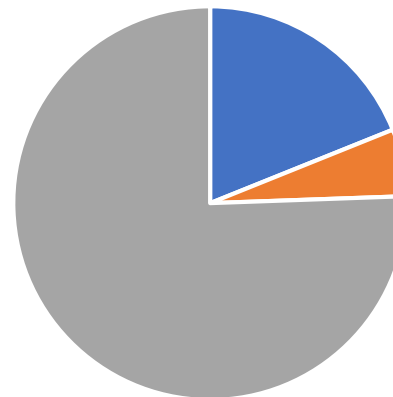
■ 55-64 ■ 65+ ■ Under 55

California 2010 Worker Age Profile, Govt



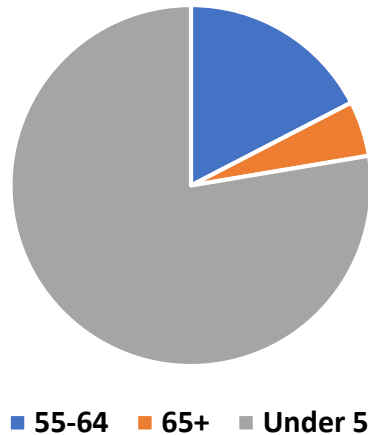
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California 2020 Worker Age Profile, Govt

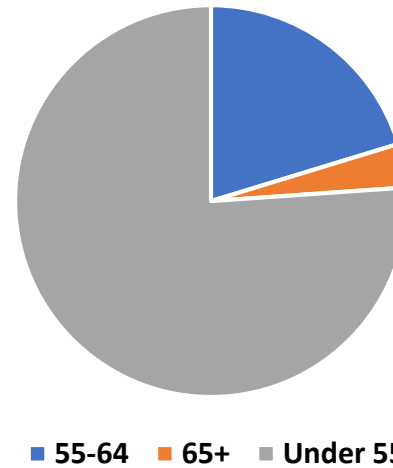


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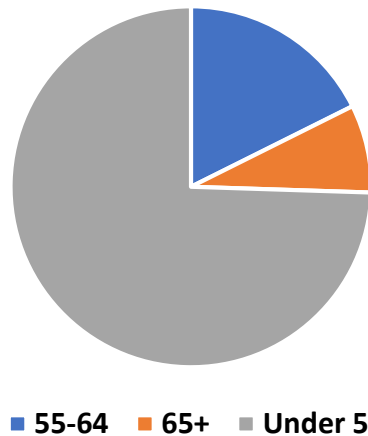
**NFN Counties 2010 Worker Age Profile, All Industries**



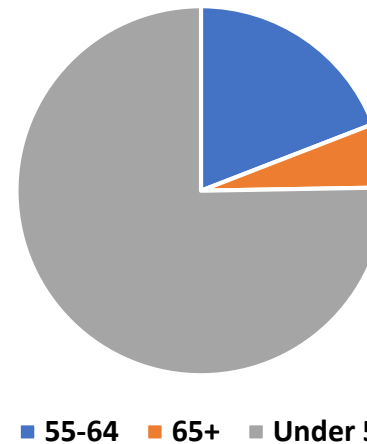
**NFN 2010 Worker Age Profile, Govt**



**NFN Counties 2020 Worker Age Profile, All Industries**

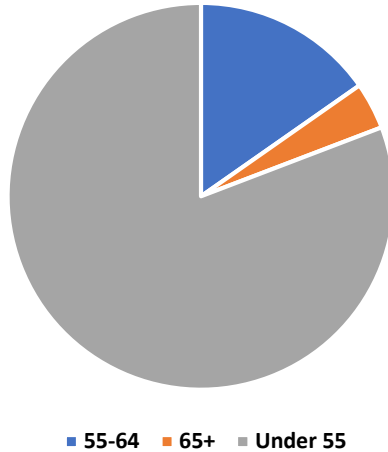


**NFN 2020 Worker Age Profile, Govt**

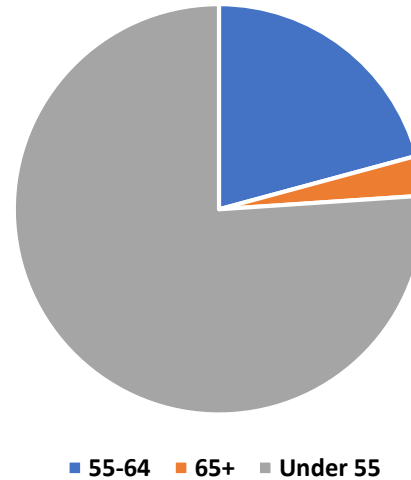


Age Profiles,  
Workers in NFN  
Counties, % of  
Total, 2010 and  
2020

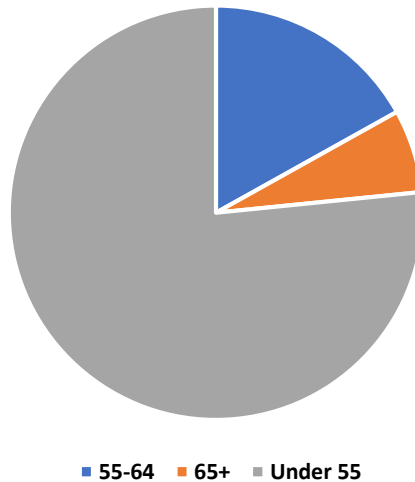
Sac MSA All Industries, 2010



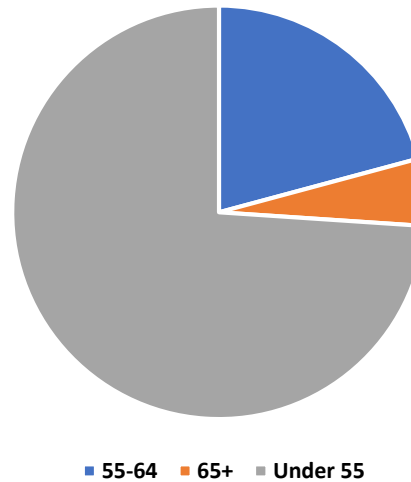
Sac MSA Govt, 2010



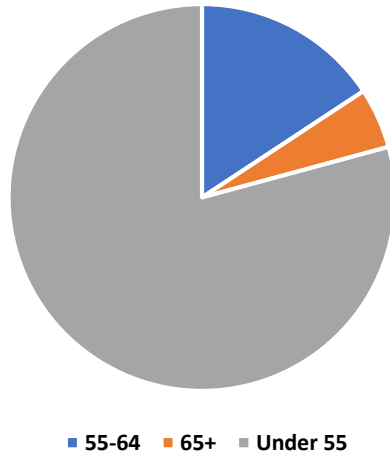
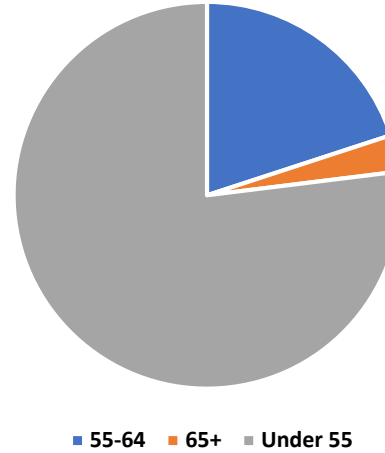
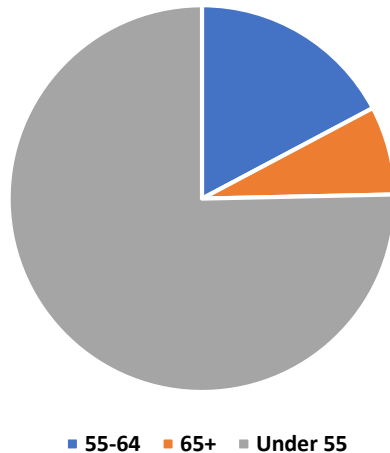
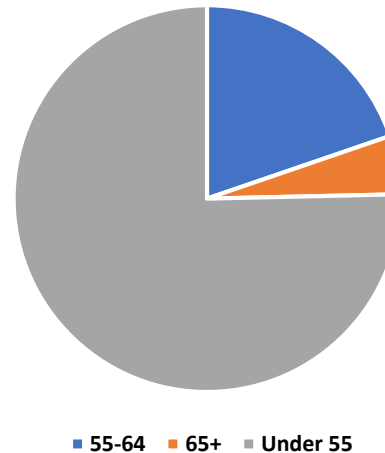
Sac MSA All Industries, 2020



Sac MSA Govt, 2020



Age Profiles,  
Workers in  
Sacramento  
MSA, % of Total,  
2010 and 2020

**Yuba/Sutter All Industries, 2010**

**Yuba/Sutter Govt, 2010**

**Yuba/Sutter All Industries, 2020**

**Yuba/Sutter Govt, 2020**


Age Profiles,  
Workers in  
Yuba/Sutter  
MSA, % of Total,  
2010 and 2020

# Trends to Career in Government:

## Recent Report from Deloitte

- “Digital Government”: more online; staff trained for online tools, connected to citizens
- Services personalized, “frictionless” and anticipatory
- Working from home: shifting workplaces
- More data inbound and outbound
- Policy using “big data”
- Government more agile and flexible
- Cybersecurity and regulatory/government help
- DEI in the public sector: rising, HR and Title IX
- Increasing trust in government

General themes:

Diversity across all classifications

Digital government, once and for all

# Career Caveats in Public Sector

- Age of the Chatbots
- Civil service reform and citizen-centric service
- Replacement of outdated legacy technology: dismantling siloes
- Watching for public-sector worker burnout: automation will be scaled up
- Watching for public-sector worker burnout: public safety and health tougher
- Mandatory transparency obligation on across public sector

Upshot: COVID-19 may lead to faster digital transformation of public sector

Myth or reality?: Public Sector will be the last sector that digitizes: people first

# Career Choices and Opportunities

- Data science: cybersecurity to apps coding and maintenance to systems
- Ombudspersons: navigating local and state government
- Public health: including public telehealth
- Systems management: dual workplaces
- Teachers and researchers (not necessarily professors)
- City and county planning staff
- Public Safety: pre and post disaster
- Maintenance workers



**Thanks IPPS!**  
**Questions?**  
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**@bobby7007**