

# Trends & Indicators Dashboard

A project of the  
Citizens' Finance Advisory Commission

**City of Loveland**

Updated by









Alan Krcmarik, Executive Fiscal Advisor

Draft for the **DECEMBER 2011**













CFAC Meeting













# Indicators Definitions

	<b>Status</b>		<b>Projections</b>
	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.		Expected trend will meet to exceed COL Budget requirements.
			Expected trend will meet COL Budget requirements. No changes expected.
	Amber – This indicator is performing below the fiscal range needed to meet its COL Budget expectations, but is not critical. Projection is important.		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.
	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.		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		

Changes this month:

Loveland Foreclosures trend to Meet City of Loveland projections

Use Tax – Building Materials and Building Permits from  to  as recent months have been weaker than prior months.

Property Tax projection lowered to  as values continue to shift lower.

# *Summary: Loveland's 2011 on the right track; Nation and state still have a tough road ahead*

## On one hand . . . .the positives

- Conditions in Loveland are much 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 soft
- Loveland sales tax collections ahead of last year and budget
- City revenues **ahead of expenditures and budget estimates**

## On the other . . risks to the outlook remain

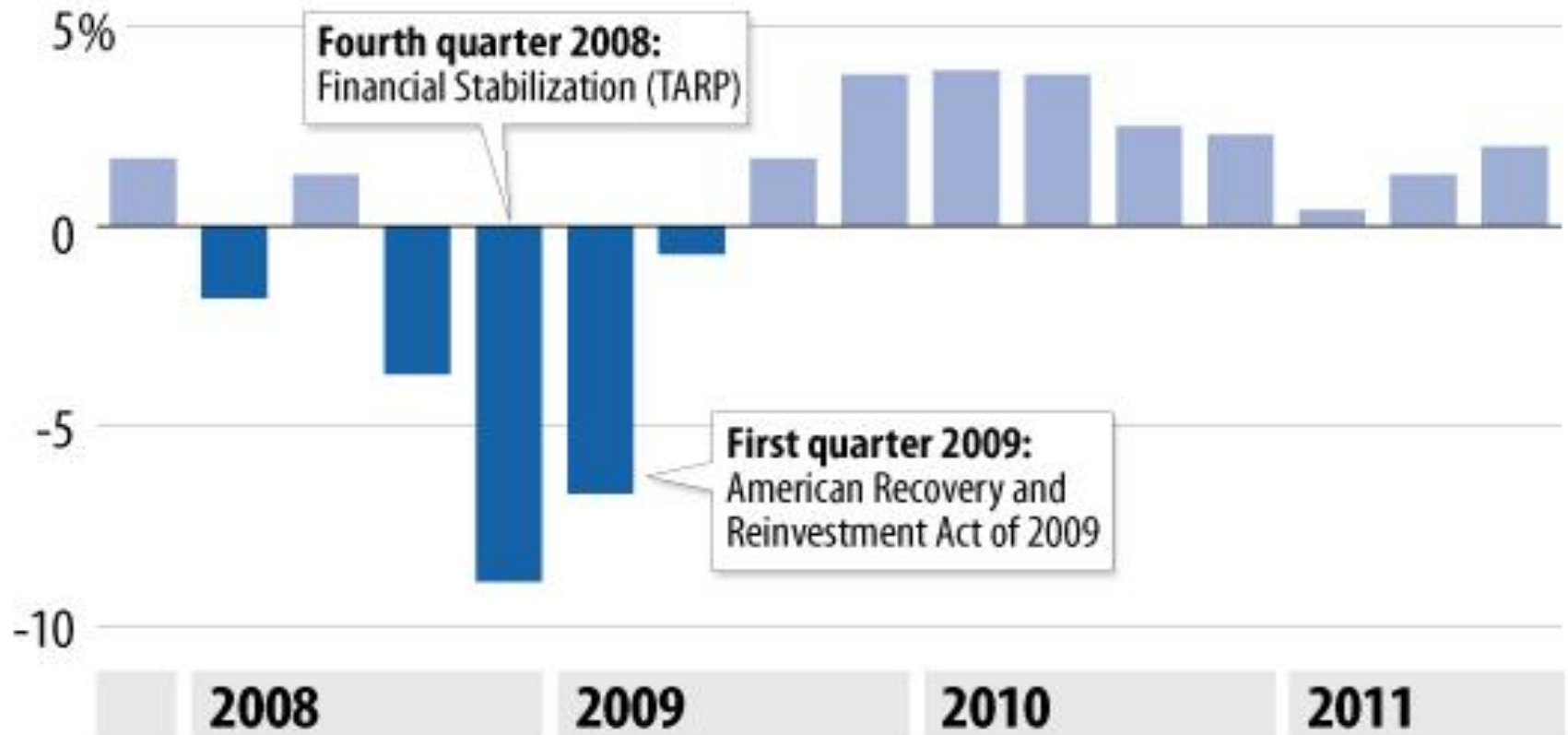
- National and state employment still show a jobs recession in place
- Gasoline prices down a little, but not enough to spur recovery
- Legal uncertainties may be masking a very weak housing situation
- True recovery in the housing sector probably years away
- Building permits and use tax below projections,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

# The Economy Has Been Growing, Since Mid-2009

Economic activity as measured by 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 nine straight quarters, but the pace of recovery has been modest.

## Change in real GDP

percent change at annual rate (seasonally adjusted)



Source: Bureau of Economic Analysis

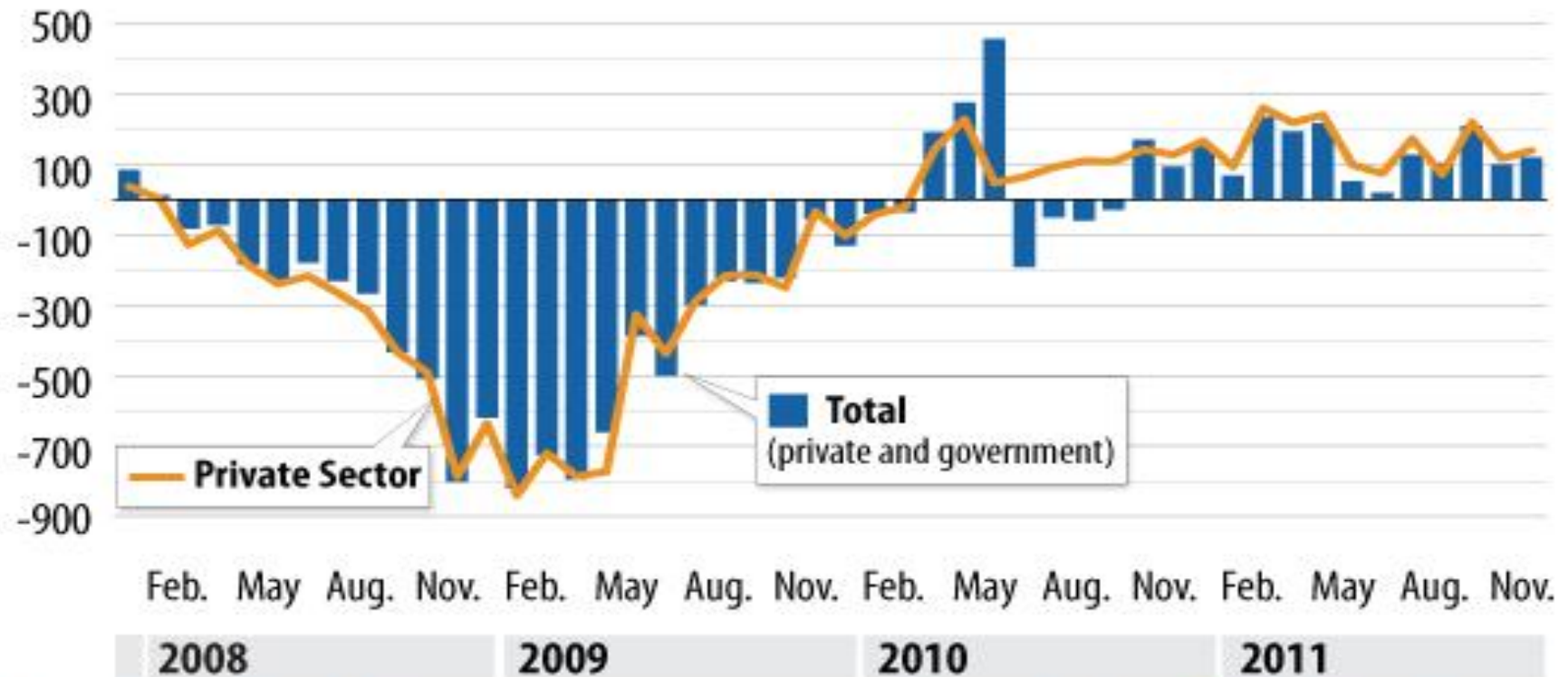
Center on Budget and Policy Priorities | [cbpp.org](http://cbpp.org)

- The pace of monthly job losses slowed dramatically soon after President Obama and Congress enacted the Recovery Act in February 2009.
- The trend in job growth in 2010 was obscured by the rapid ramp-up and subsequent decline in government hiring for the 2010 Census (which is now over), but private employers added about 2.9 million jobs to their payrolls in the last 21 months, an average of about 140,000 jobs a month.
- Private employers added 140,000 jobs to their payrolls in November, while continuing losses in government employment, especially at the local level, led to a total payroll employment gain of 120,000 jobs

## Private Payroll Employment Has Been Growing Since Early 2010

The pace of monthly job losses slowed dramatically soon after the Recovery Act in February 2009. Private employers added about 2.8 million jobs to in the last 20 months, an average of over 138,000 jobs a month. Private employers added 104,000 jobs to their payrolls in October, while continuing losses in government employment, especially at the local level, led to a total payroll employment gain of 80,000 jobs. *The pace of job growth is too weak to drive meaningful recovery.*

### Monthly change in nonfarm employment in thousands (seasonally adjusted)



Source: Bureau of Labor Statistics

Center on Budget and Policy Priorities | [cbpp.org](http://cbpp.org)

# More About the November Jobs Report

*Job growth was modest in November, and the labor market remains in a deep slump. Center for Budget and Policy Priorities, Chad Stone, December 2, 2011.*

- Combined private and government payrolls rose by 120,000 jobs in November.
  - Private employers added 140,000 jobs.
  - The decline of 20,000 government jobs reflected a loss of 4,000 federal jobs, 5,000 state government jobs, and 11,000 local government jobs.
- This is the 21st straight month of private-sector job creation, with payrolls growing by 2.9 million jobs (a pace of 140,000 jobs a month) since February 2010; total nonfarm employment (private plus government jobs) has grown by 2.5 million jobs over the same period, or 117,000 a month.
  - Growth of 200,000 to 300,000 jobs or more a month is typical in strong economic recoveries, so the modest pace of just 114,000 jobs per month over the last six months is deeply disappointing.
- In November, despite 21 months of private-sector job growth, there were still 6.3 million fewer jobs on nonfarm payrolls than when the recession began in December 2007 and 5.9 million fewer jobs on private payrolls.
- The unemployment rate dropped to 8.6 percent in November, and the number of unemployed Americans was 13.3 million.
  - The unemployment rate was 7.6 percent for whites (3.2 percentage points higher than at the start of the recession), 15.5 percent for African Americans (6.5 percentage points higher than at the start of the recession), and 11.4 percent for Hispanics or Latinos (5.1 percentage points higher than at the start of the recession).



## *November Employment Situation - December 2*

- The recession and lack of job opportunities drove many people out of the labor force, and we have yet to see a sustained return to labor force participation (people aged 16 and over working or actively looking for work) that would mark a strong jobs recovery.
  - Rather than being good news, the drop in the unemployment rate in November is symptomatic of this problem. The labor force shrank by 315,000 people in November, accounting for a substantial share of the decline in the number of unemployed.
  - The labor force participation rate fell to 64.0 percent in November, a half point lower than it was a year ago when the unemployment rate was 9.8 percent, and remains at levels last seen in 1984.
- 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 58.5 percent in November and has not been above that level for the last year and a half.

## *November Employment Situation – December 2*

- 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 15.6 percent in November, down only modestly from its all-time high of 17.4 percent in October 2009 in data that go back to 1994. By that measure, over 24 million people are unemployed or underemployed.
- As discussed above, long-term unemployment remains a significant concern. Over two-fifths (43.0 percent) of the 13.3 million people who are unemployed — 5.7 million people — have been looking for work for 27 weeks or longer. These long-term unemployed represent 3.7 percent of the labor force. Prior to this recession, the previous highs for these statistics over the past six decades were 26.0 percent and 2.6 percent, respectively, in June 1983.

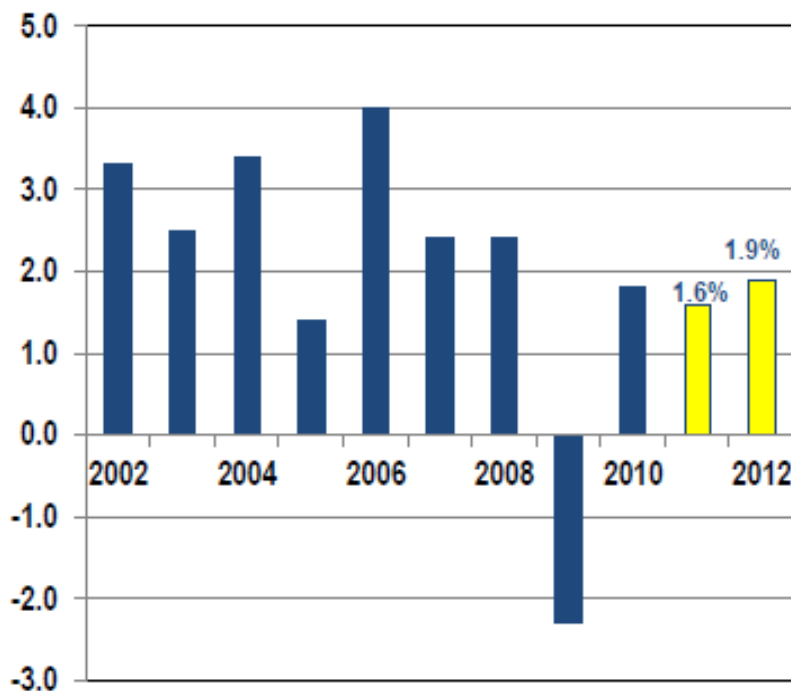
# *Colorado University Leeds School of Business Forecast for the Colorado Economy in 2012*

- **Overview — Growth at a slower pace**
- From 2001 to 2011, Colorado's population increased by almost 673,000 people – a 15.1% increase – while adding just 22,700 jobs, a 1 % total increase over 10 years
- Growth during the decade was wiped out with the crushing loss of 128,000 jobs from the end of 2008 to the end of 2010

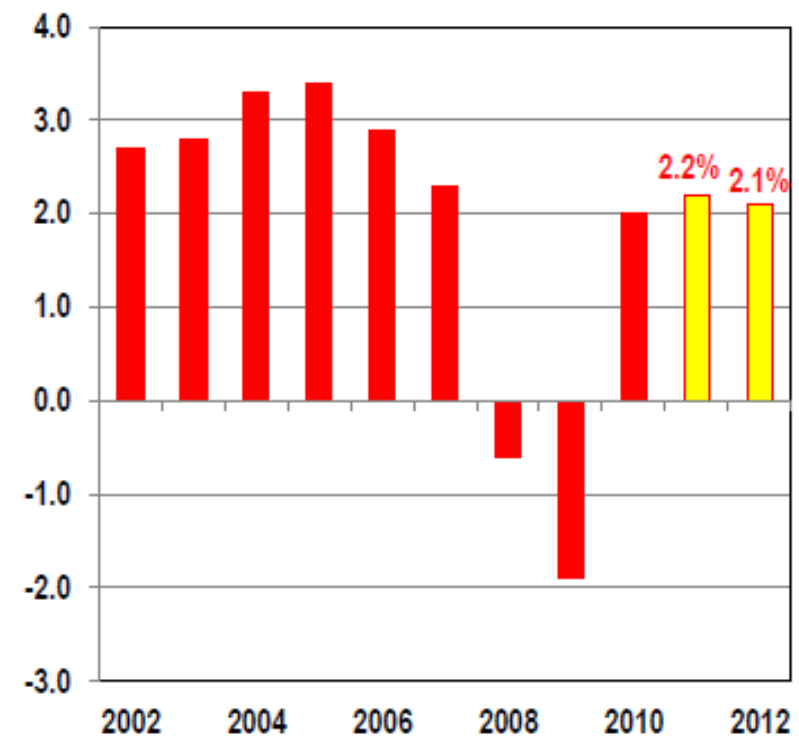
**Source:** CU LEEDS SCHOOL OF BUSINESS *“Colorado Business Economic Outlook 2012”* released December 5, 2011, Page 13.

# U.S. Income and Consumption

Percent Change  
**Disposable Income**



Percent Change  
**Personal Consumption**

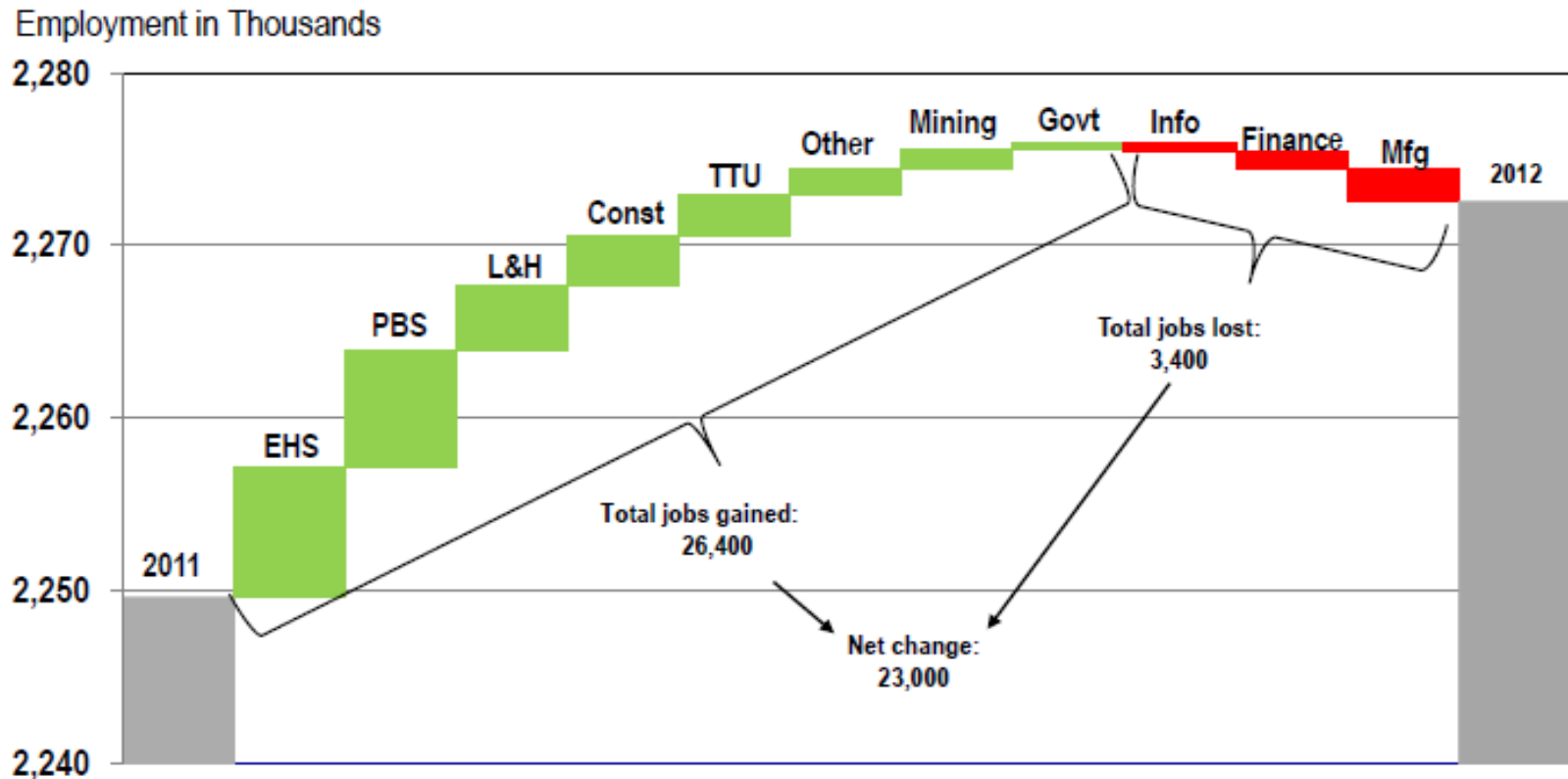


Sources: Bureau of Economic Analysis, Consensus Forecasts, and NABE Outlook September and November 2011.

Business Research Division • Leeds School of Business • University of Colorado

# Employment Change 2011-2012

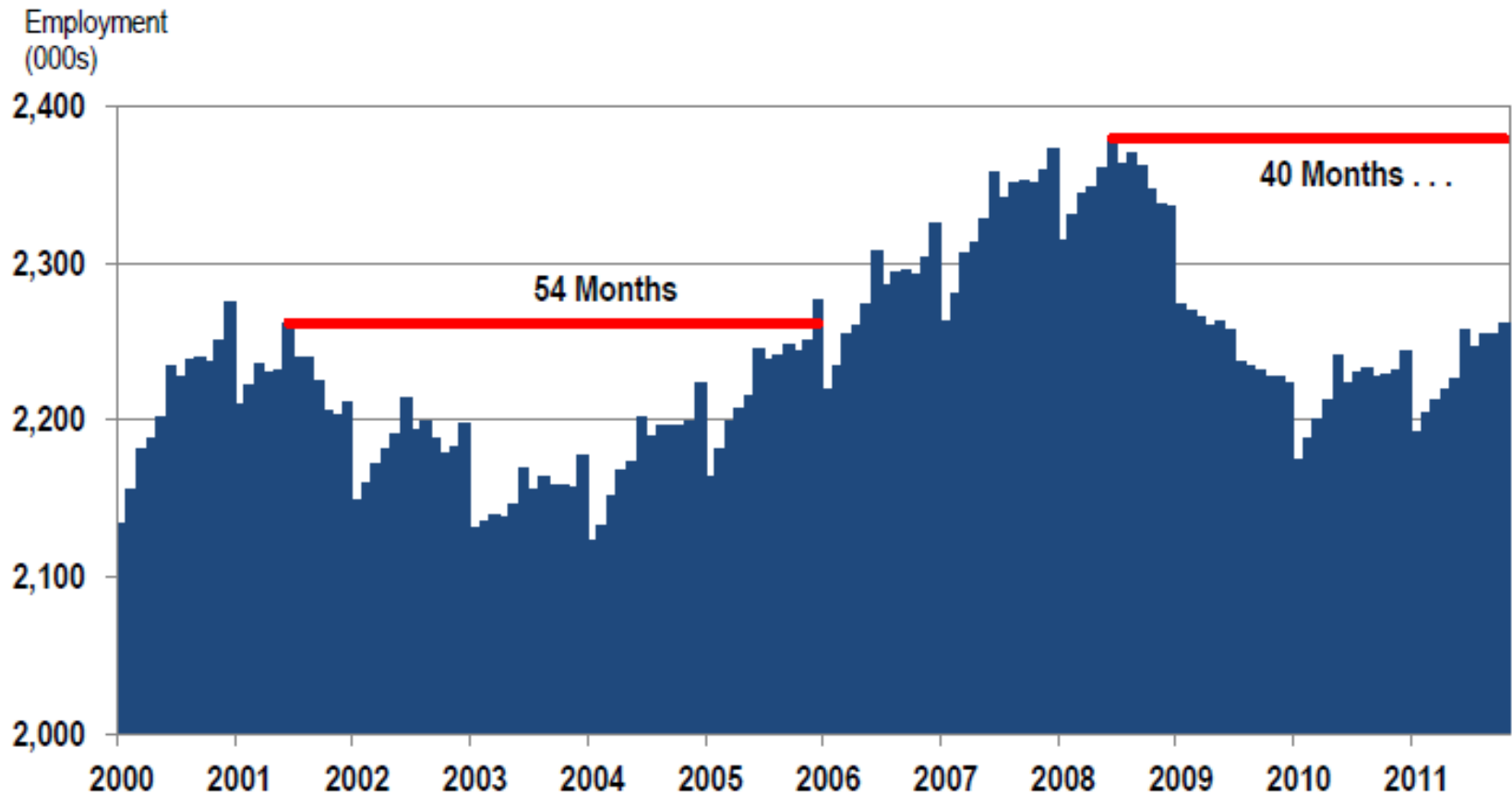
Colorado Forecast



Source: Bureau of Labor Statistics, Current Employment Statistics (NSA).

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# Total Nonfarm Employment Colorado

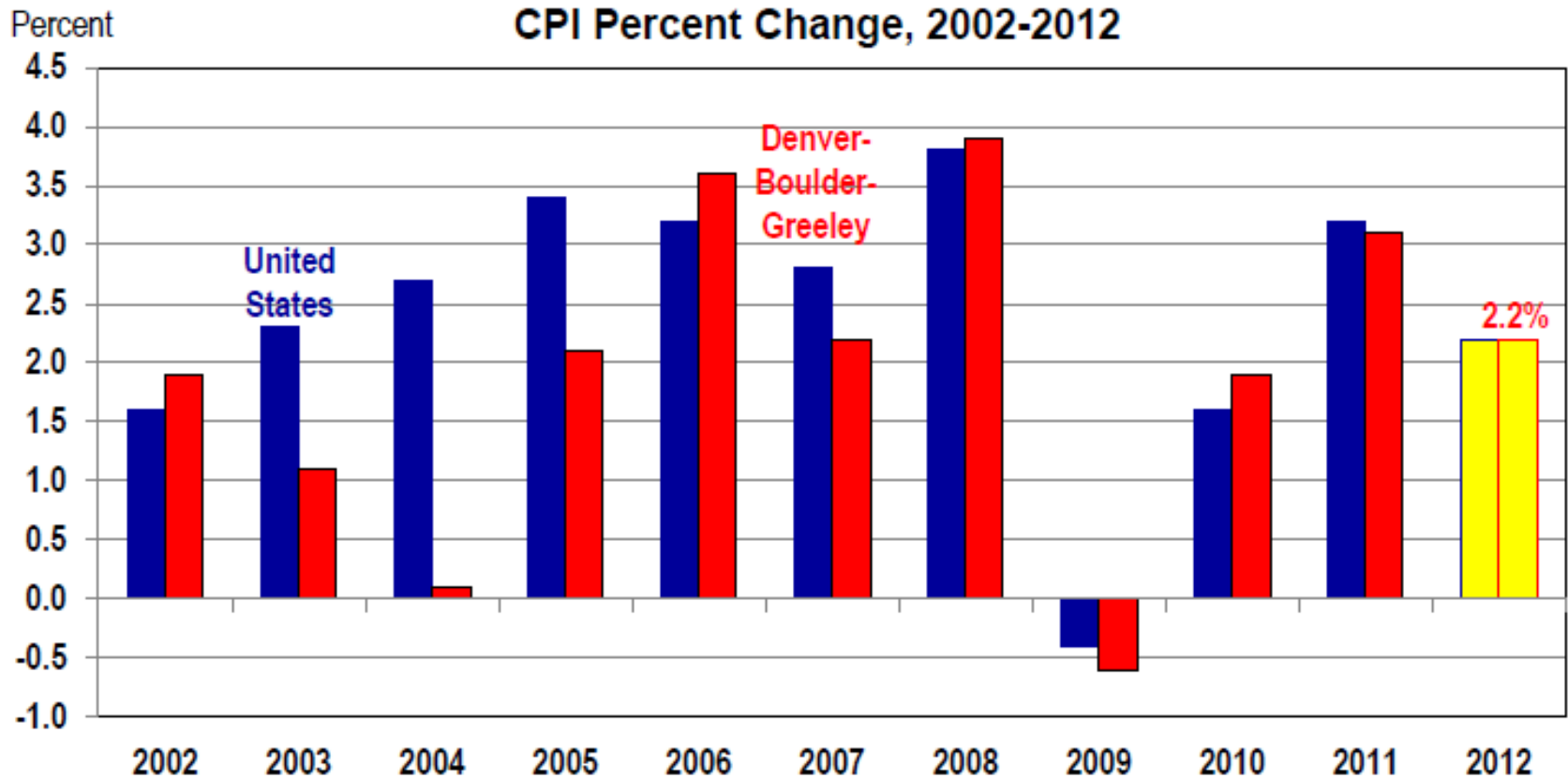


Source: Bureau of Labor Statistics, Current Employment Statistics (NSA).

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# Consumer Price Index

## All Items



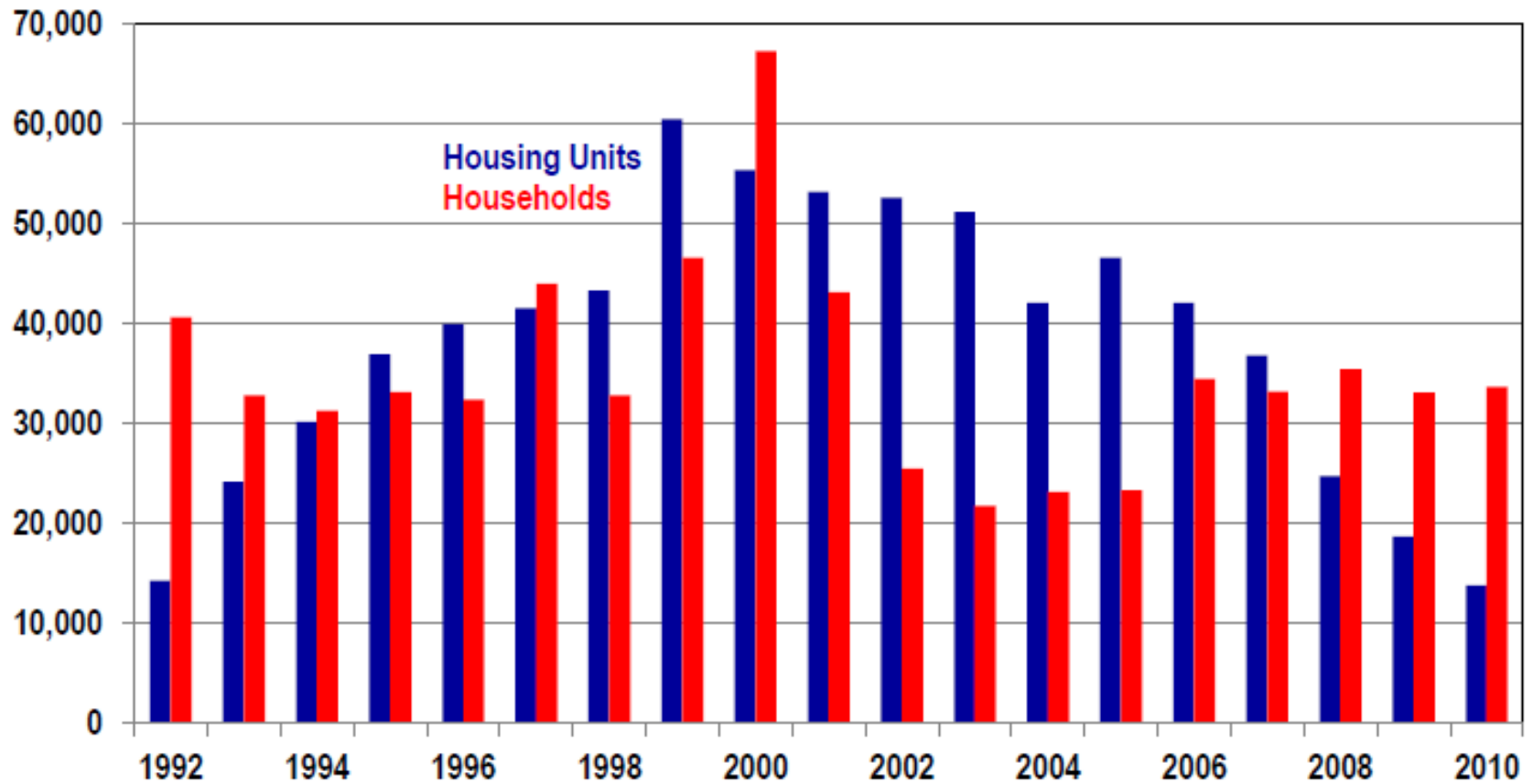
Sources: Bureau of Labor Statistics and Colorado Business Economic Outlook Committee.

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# Housing Units vs. Households

## Annual Change

Colorado Statewide data



Source: Colorado Demography Office.

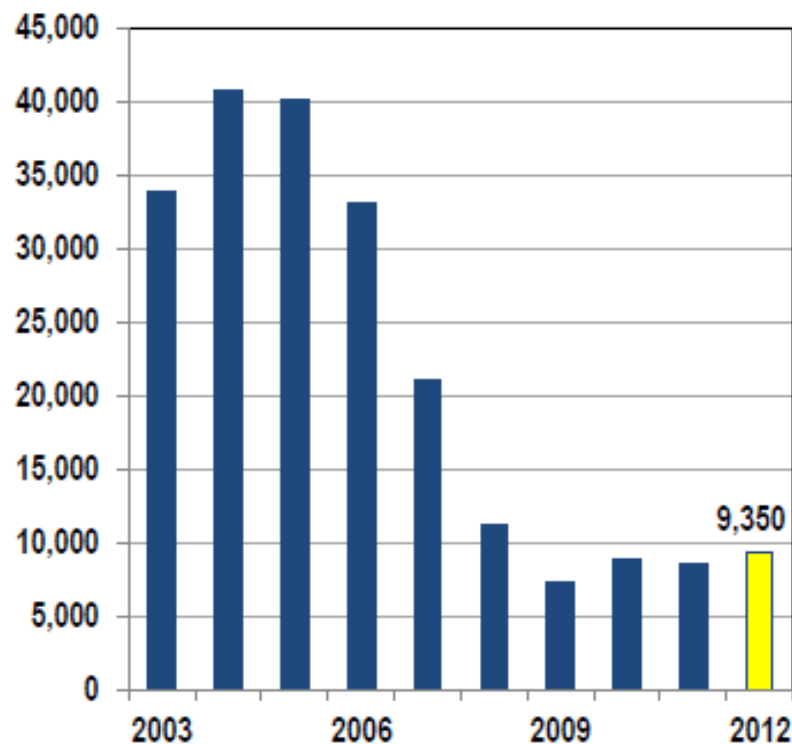
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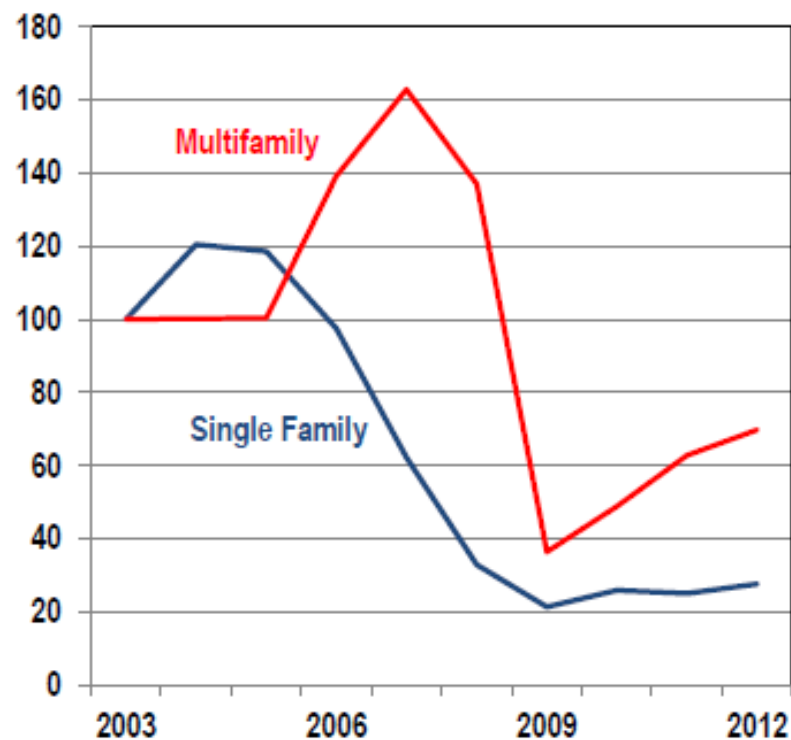
# Colorado Building Permits

## Single Family

Single-Family Permits  
2003-2012



Index of Single and Multifamily  
Permits 2003-2012



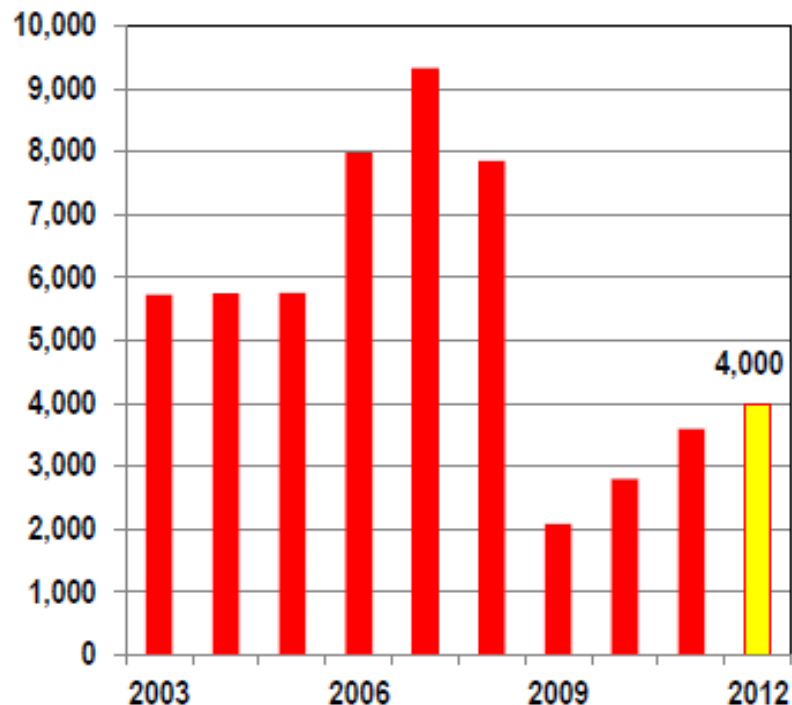
Sources: U.S. Census Bureau and Colorado Business Economic Outlook Committee.

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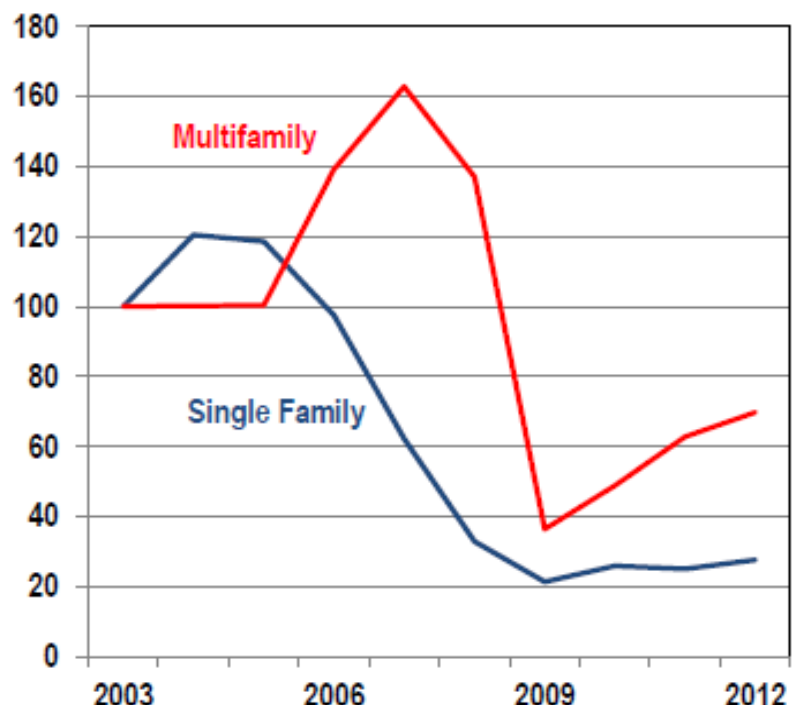
# Colorado Building Permits

## Multifamily

Multifamily Permits  
2003-2012



Index of Single and Multifamily  
Permits 2003-2012

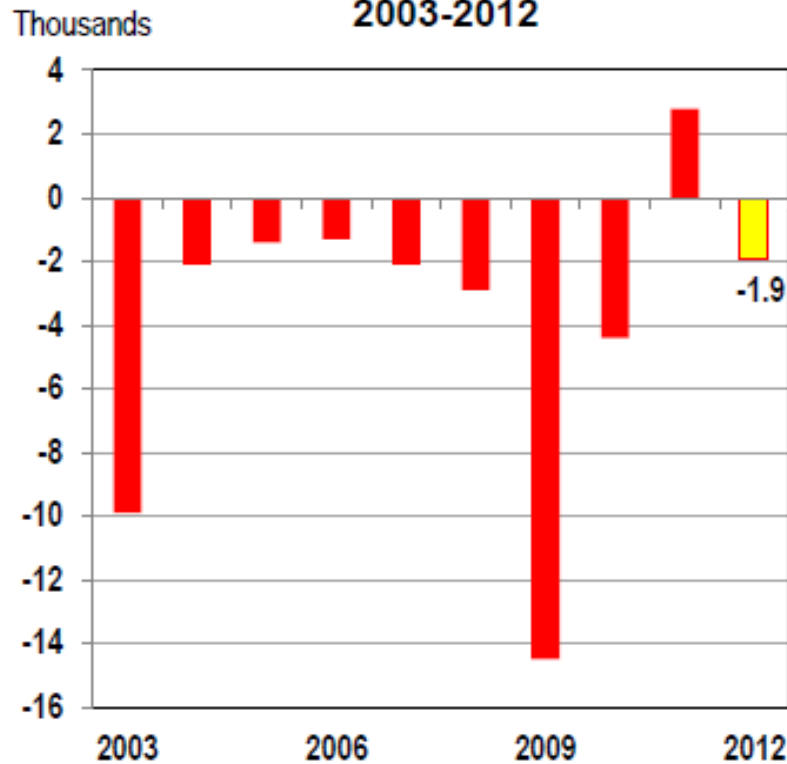


Sources: U.S. Census Bureau and Colorado Business Economic Outlook Committee.

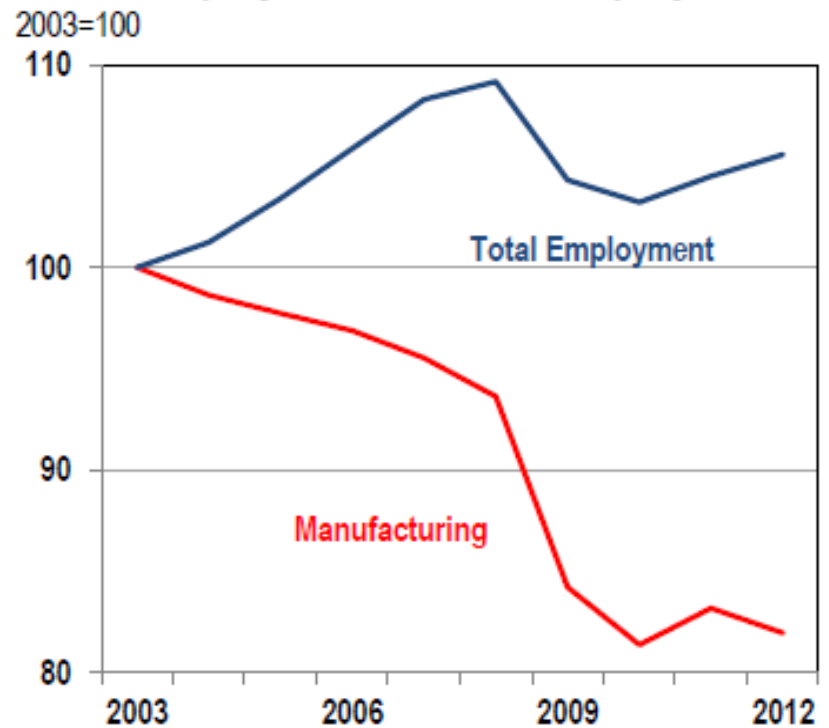
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# Manufacturing Employment

**Manufacturing Workers Added  
2003-2012**



**Index of Manufacturing  
Employment vs. Total Employment**



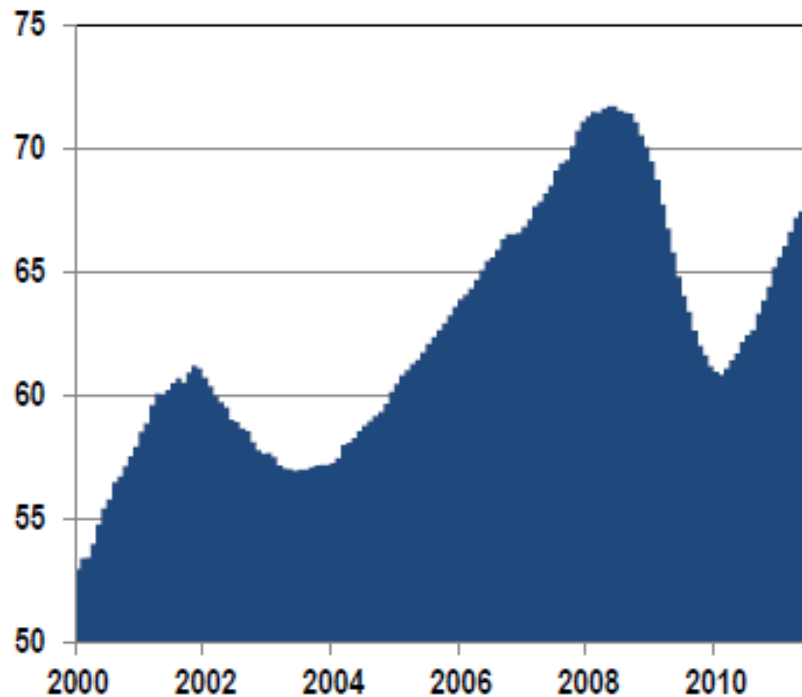
Sources: Colorado Department of Labor and Employment and Colorado Business Economic Outlook Committee.

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# Retail Trade Sales

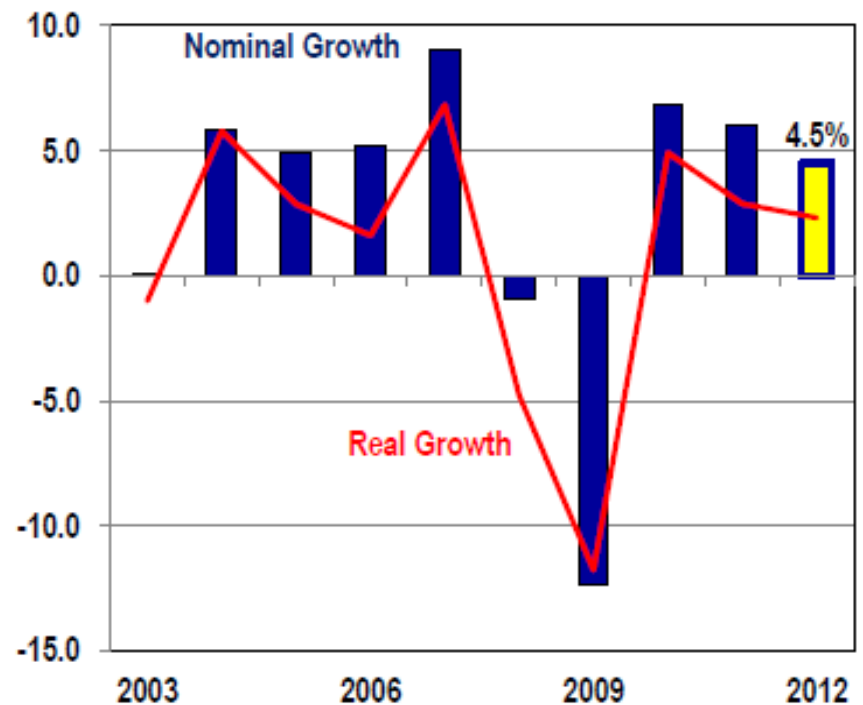
Colorado Taxable Retail Sales  
12-Month Rolling Sum

12-Month Rolling Sum,  
\$ Millions



Colorado Retail Trade Sales  
2003-2012

Percent  
Change

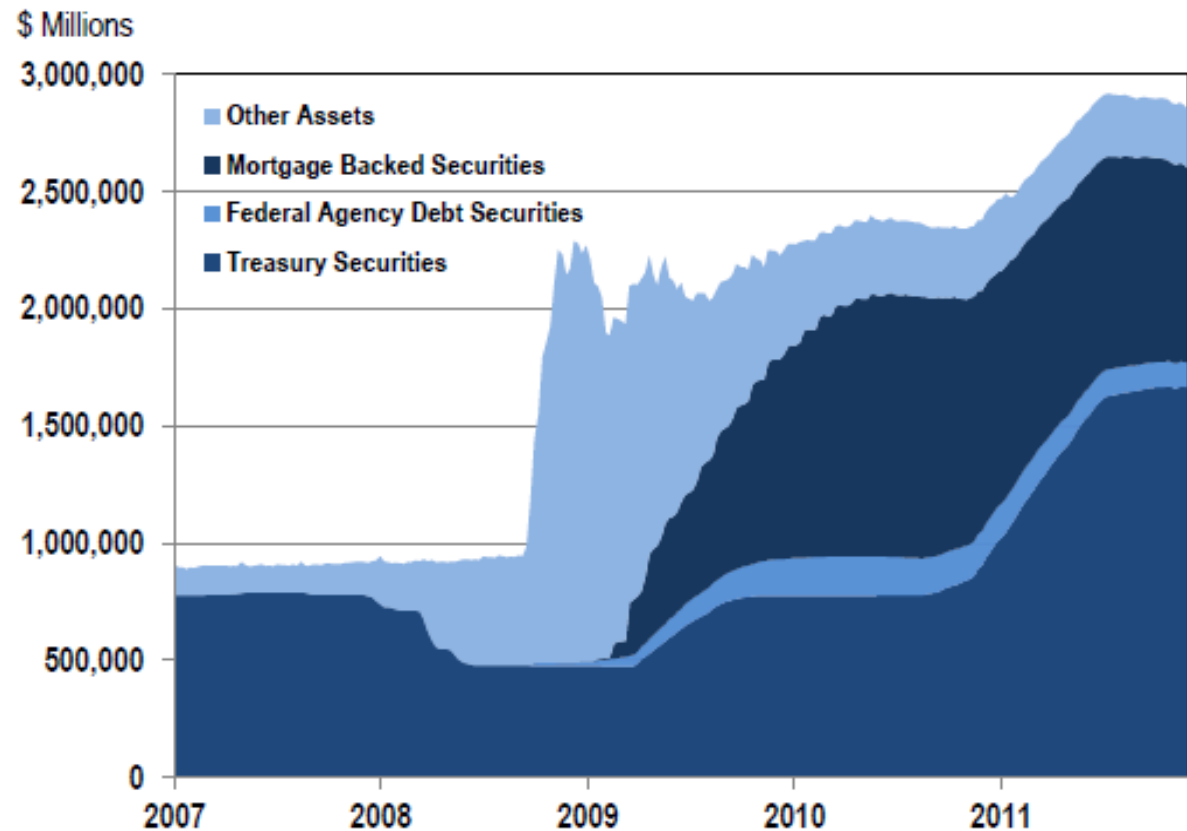


Sources: Colorado Department of Revenue and Colorado Business Economic Outlook Committee.  
Business Research Division • Leeds School of Business • University of Colorado

# The FED

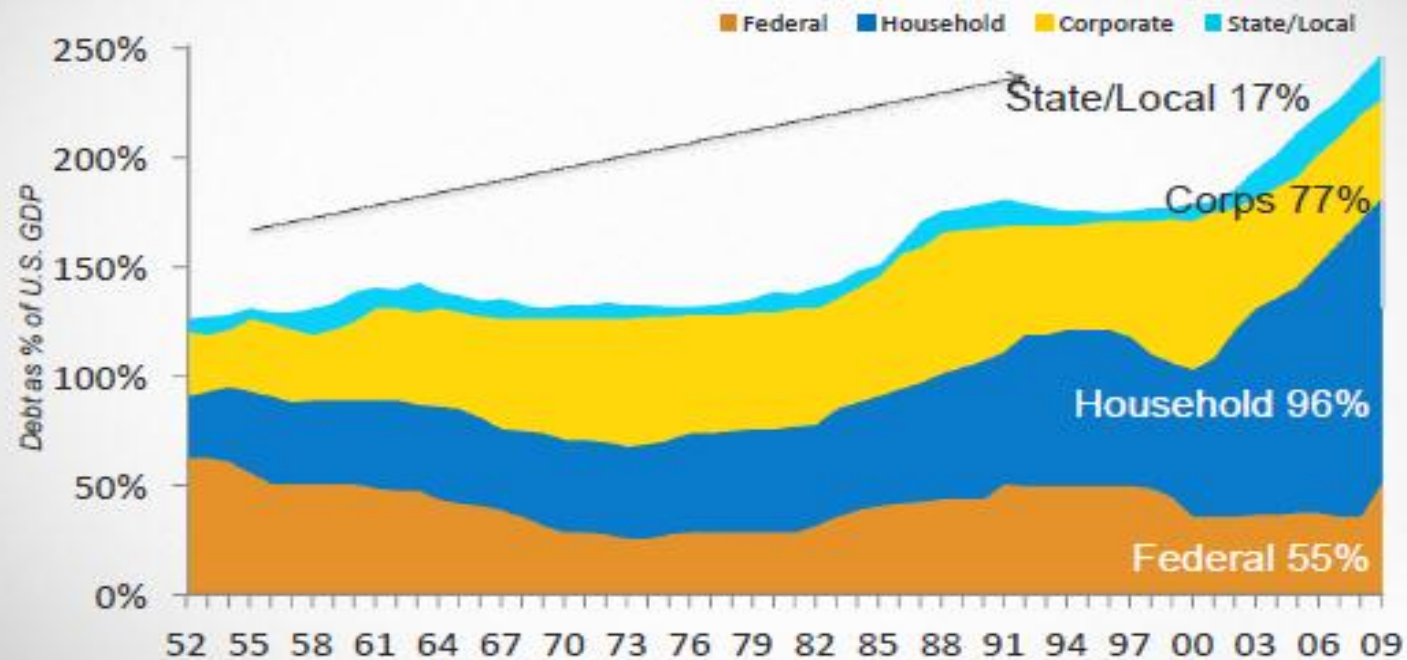
## Summary of Efforts to Support the Economic Recovery

- QE 1
- QE 2
- Fed promises near zero interest rates until mid-2013
- Operation Twist
- Swaps



# We Used Debt to Consume and Create Bubbles

- Total debt increased from 128% to 245% of GDP

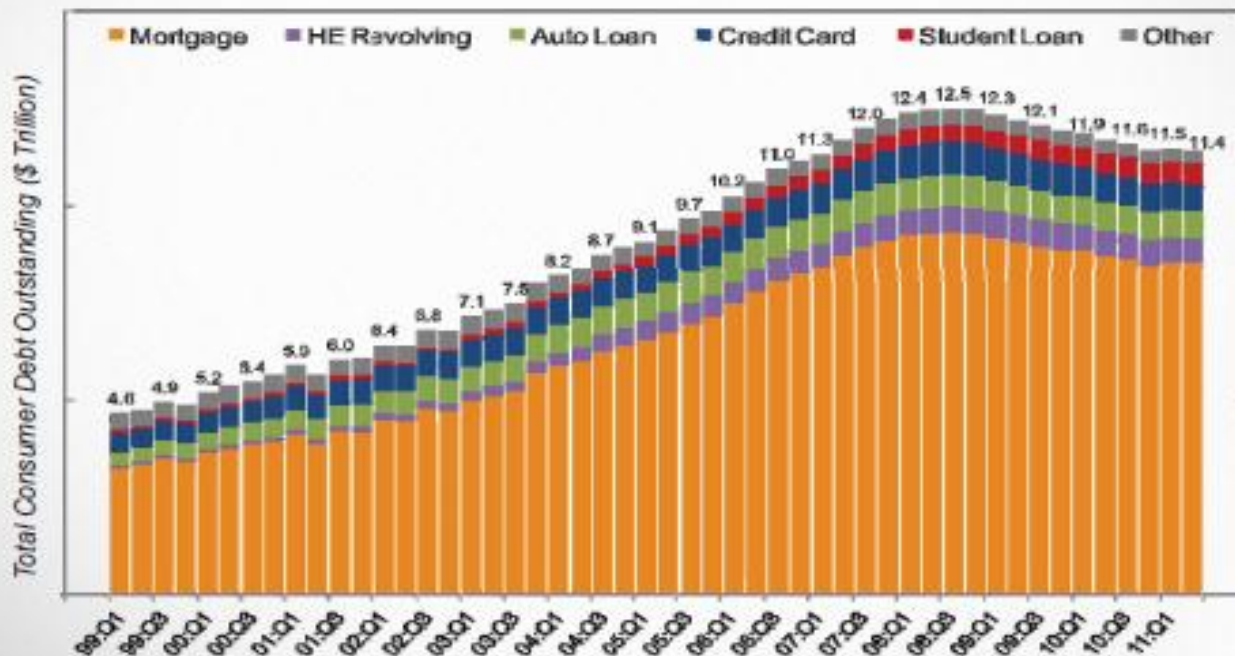


Source: Haver Analytics  
As of 31 December 2009



# Positive Signs – But A Long Way To Go

- Consumer debt has fallen 8% since 2008 after increase of 172% in past 10 years.



As of 30 August 2011

Source: Federal Reserve Bank of New York Consumer Credit Panel

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# *Overall – Not much to look forward to*

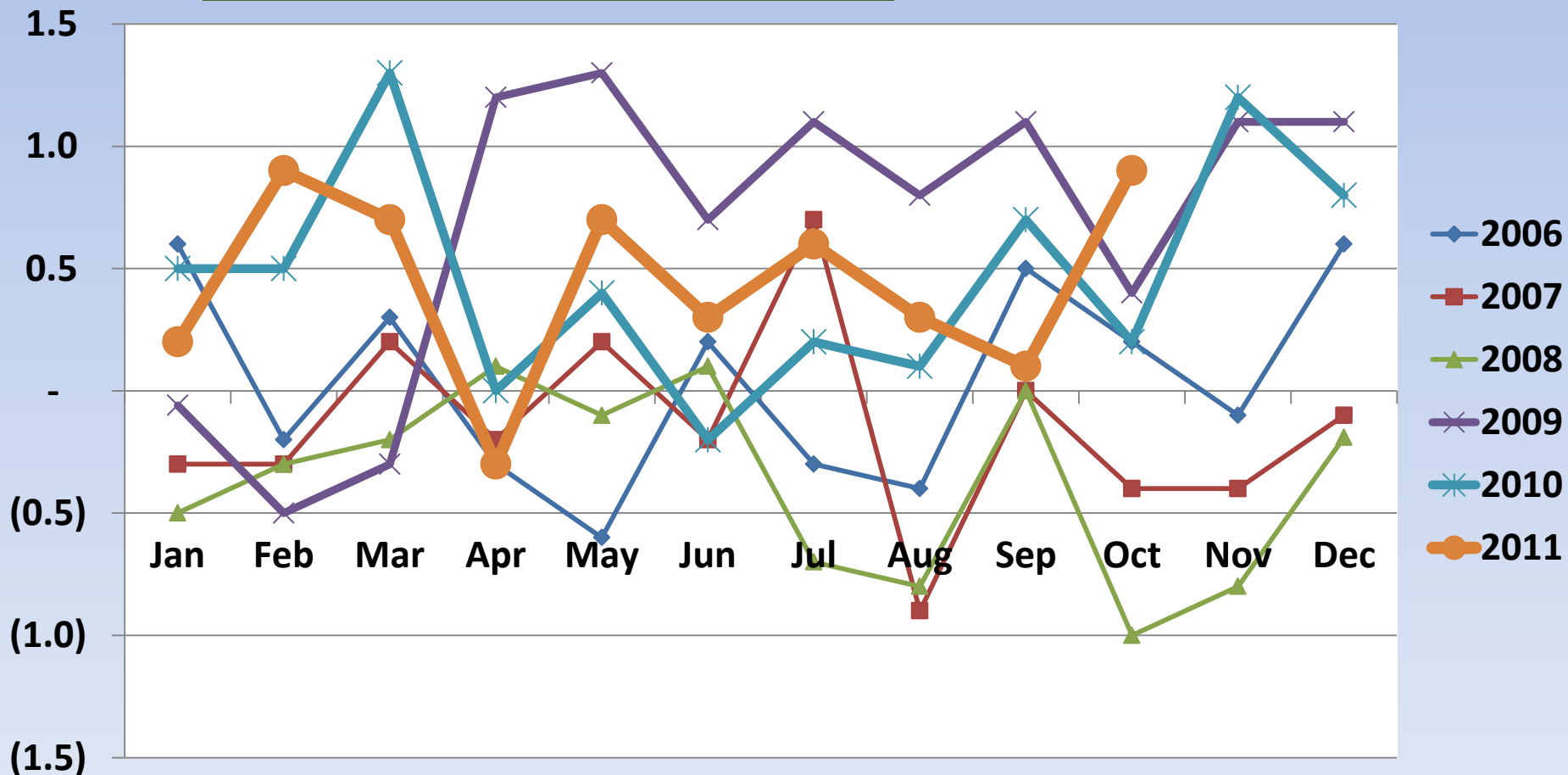
- National and State Economies – Retrenching
  - GDP growth revised downward
  - Colorado reporting loss of jobs
  - Housing still weak
  - Consumers still spending, but less and inflation beginning to rise
- Sales and Profits – Neutral
- Capital Expenditures and Hiring Plans – Declining Expectations

Source: LEEDS BUSINESS CONFIDENCE INDEX, October 3,2011.



*The U.S. Leading Economic Indicators have rebounded from a negative reading in April. Weak job creation and a dismal construction industry remain to be limiting factors.*

### Leading Economic Indicators Index



*Case Shiller Index for September shows housing markets improving month to month, but year over year still weak  
Nationally, prices are back to their 1<sup>st</sup> quarter 2003 level.*



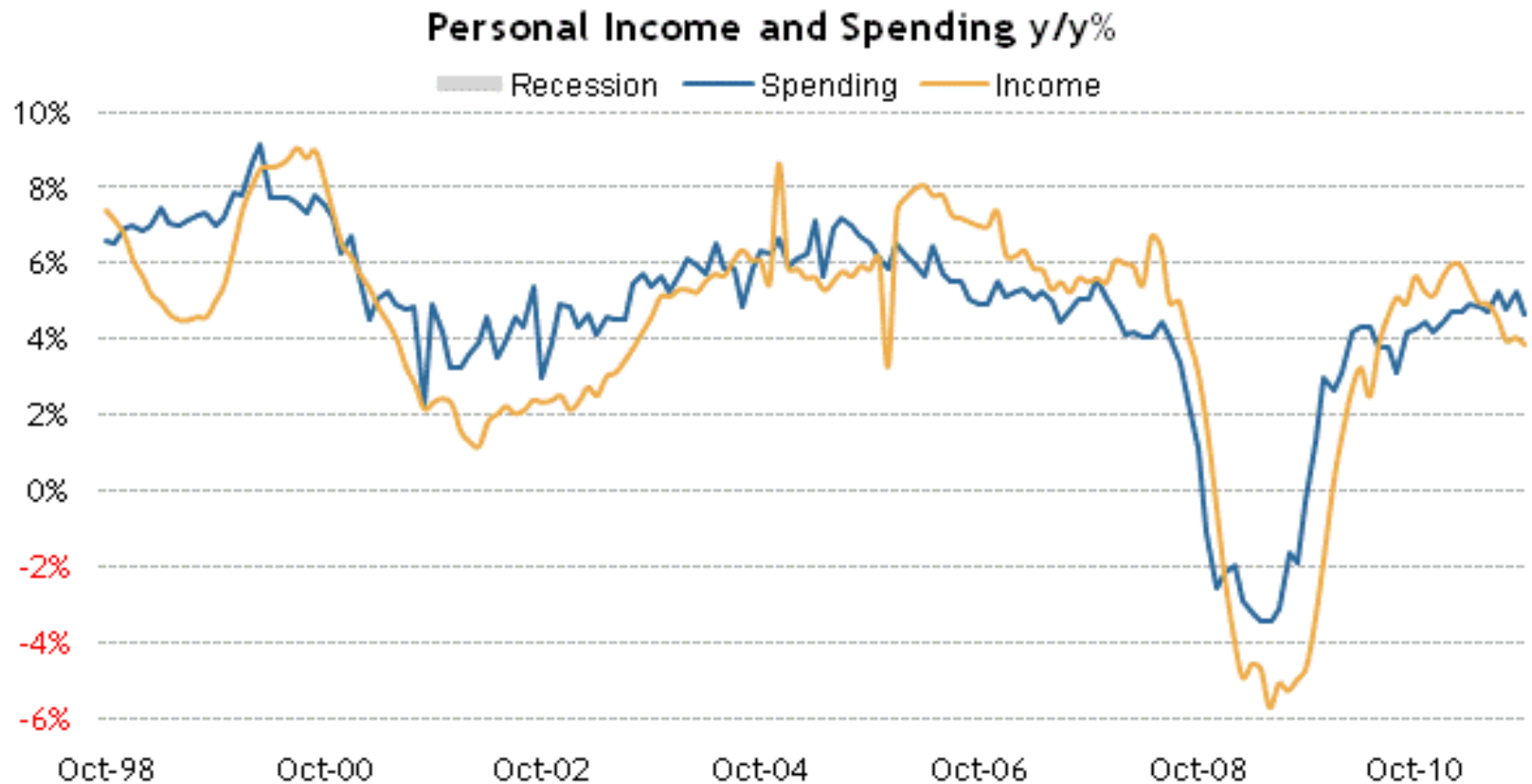
	<b>Denver Home Prices</b>	<b>National Composite</b>
<b>Monthly Change:</b>	-0.8 percent	- 0.6 percent
<b>Yearly Change:</b>	-1.5 percent	- 3.6 percent

# *S&P/Case-Shiller Index for September 2011*

Data released November 29, 2011

- A double dip in the housing market is still in play as home prices nation-wide fell 3.6 percent from September of 2010, according to the S&P/Case-Shiller Home Prices Index. Eighteen of 20 MSAs were negative.
- The 10-City Composite was down 3.3% and the 20-City Composite was down 3.6% in September 2011 versus September 2010.
- Denver reported 0.8% decrease from August to September, and was down 1.5% from last September.
- Atlanta posted a 9.8% percent decline in annual. The best showing in the annual growth rates was Detroit, up 3.7%..
- We have now seen six consecutive months of marginally improving prices on a month to month basis; however, we might have a long way to go before we see a real recovery.
- Sustained increases in home prices over several months and much better annual results need to be seen before we can confirm real estate market recovery.

**Personal Income** increased 0.4% in September, slightly higher than the consensus forecast of 0.3% growth. This rate of growth was consistent with the October employment report, not strong enough to spur the recovery. **Personal Spending** increased just 0.1% in October, down from 0.7% in September, markedly lower than the consensus level expected.



Source: Bureau of Economic Analysis; updated 11/23/11

Briefing.com

# *Personal Income and Spending*

## **Key Factors**

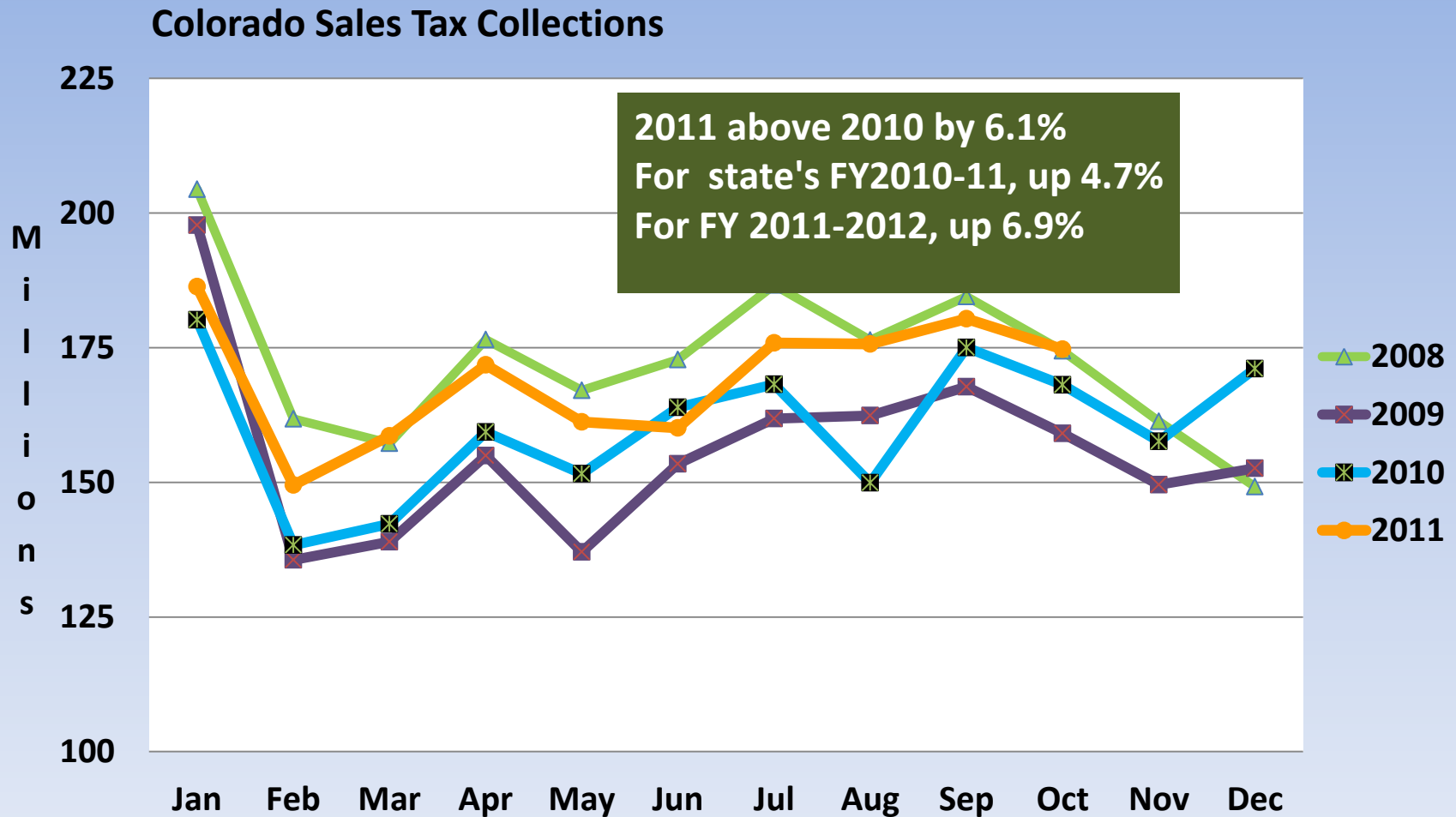
- Goods spending increased 0.1%, down from 1.6% growth in October.
- Services spending increased 0.1%.
- Real spending also increased 0.1% in October.
- The personal savings rate increased from 3.3% in September to 3.5% in October. That was the first increase in savings since June.

## **Big Picture**

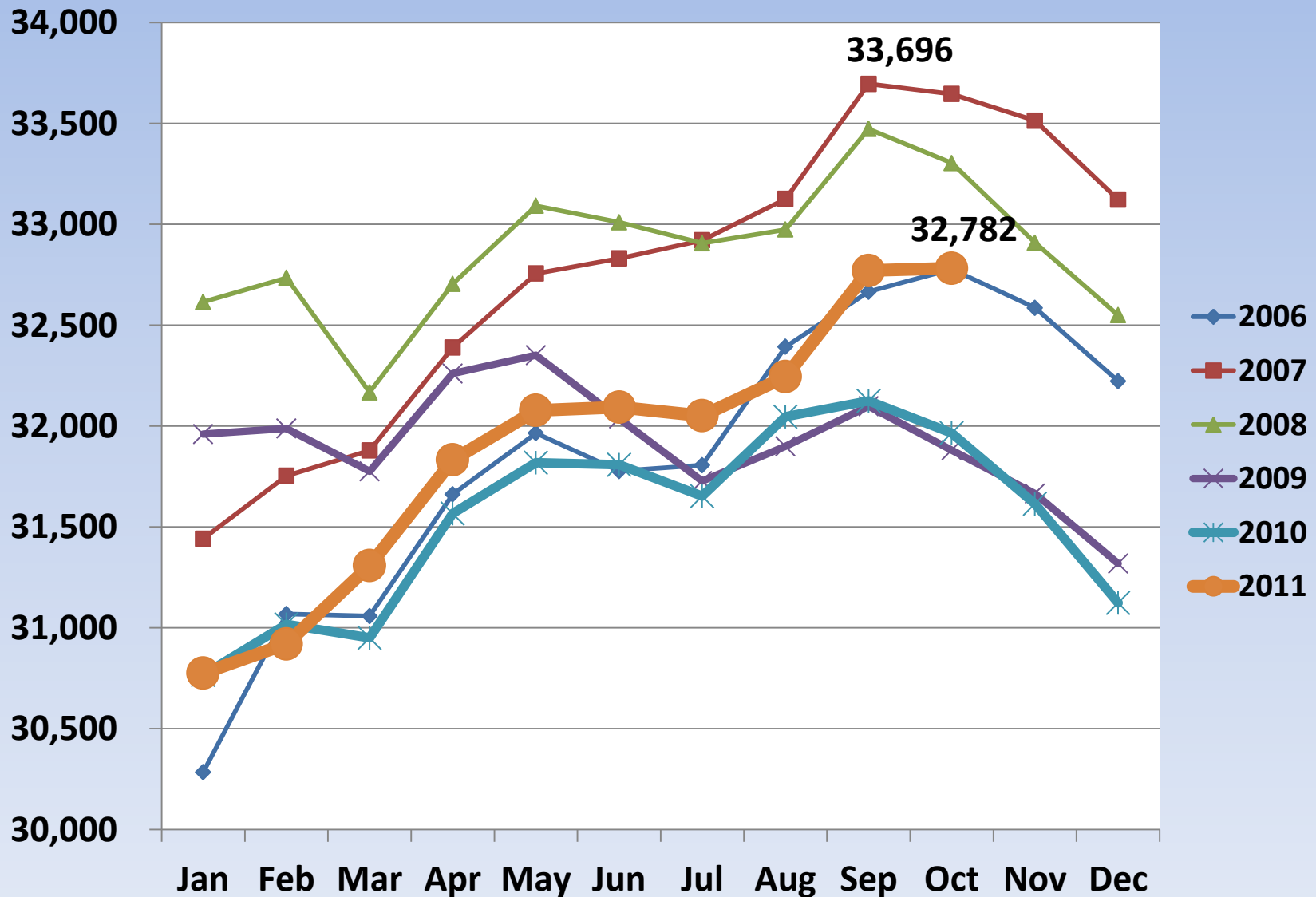
- If the employment sector does not strengthen in the near future, the rebound in consumption spending in the 3<sup>rd</sup> quarter will only be temporary.

# State Collections exceed FY 2009-2010 collections

## 2011 Calendar year collections even better



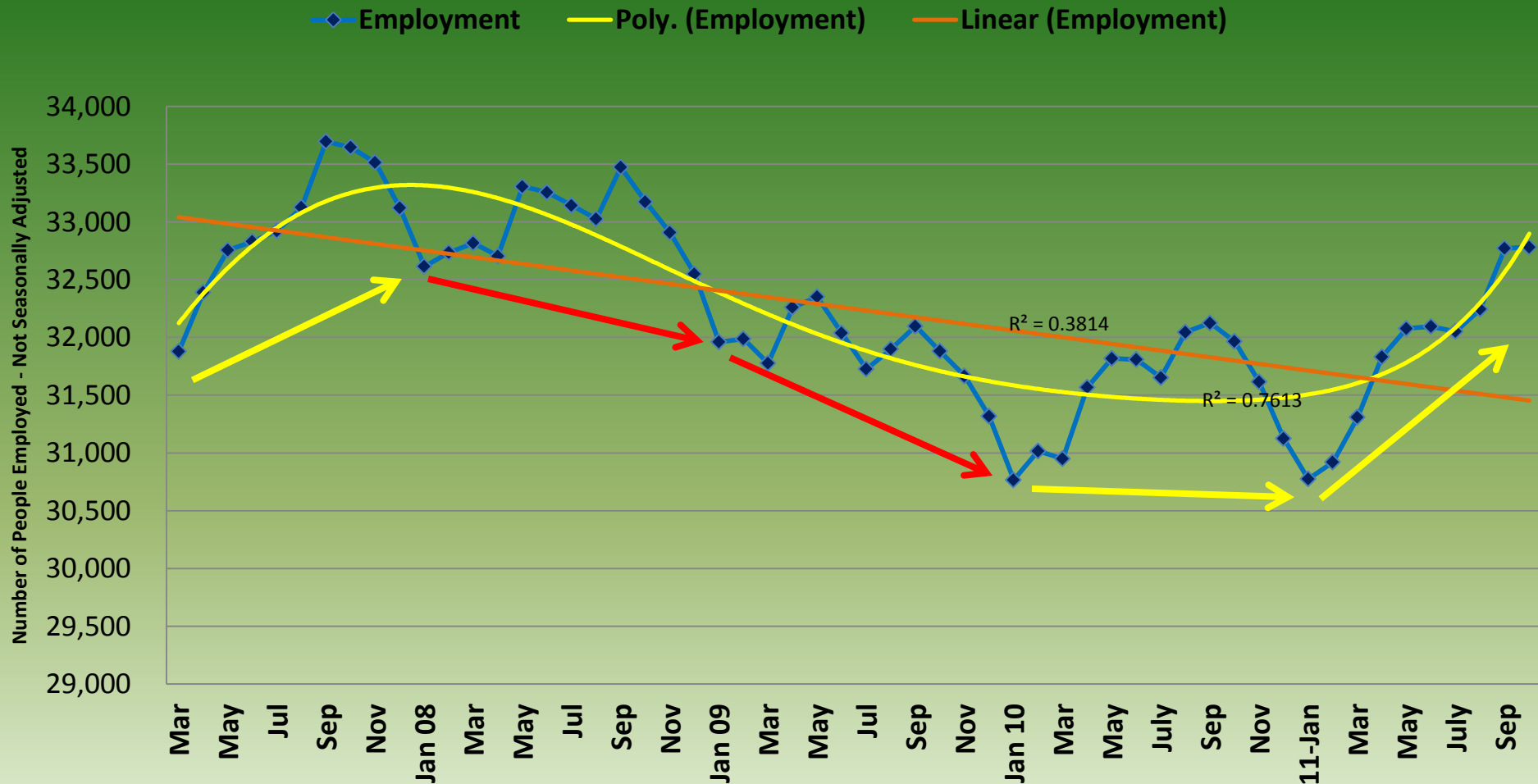
*Loveland added jobs from September to October, & added from October of 2010 – within 697 of peak level*



# Loveland's 4+ year Employment Trend Downward

Since 2008, Job Loss trend is in still in place but change is occurring

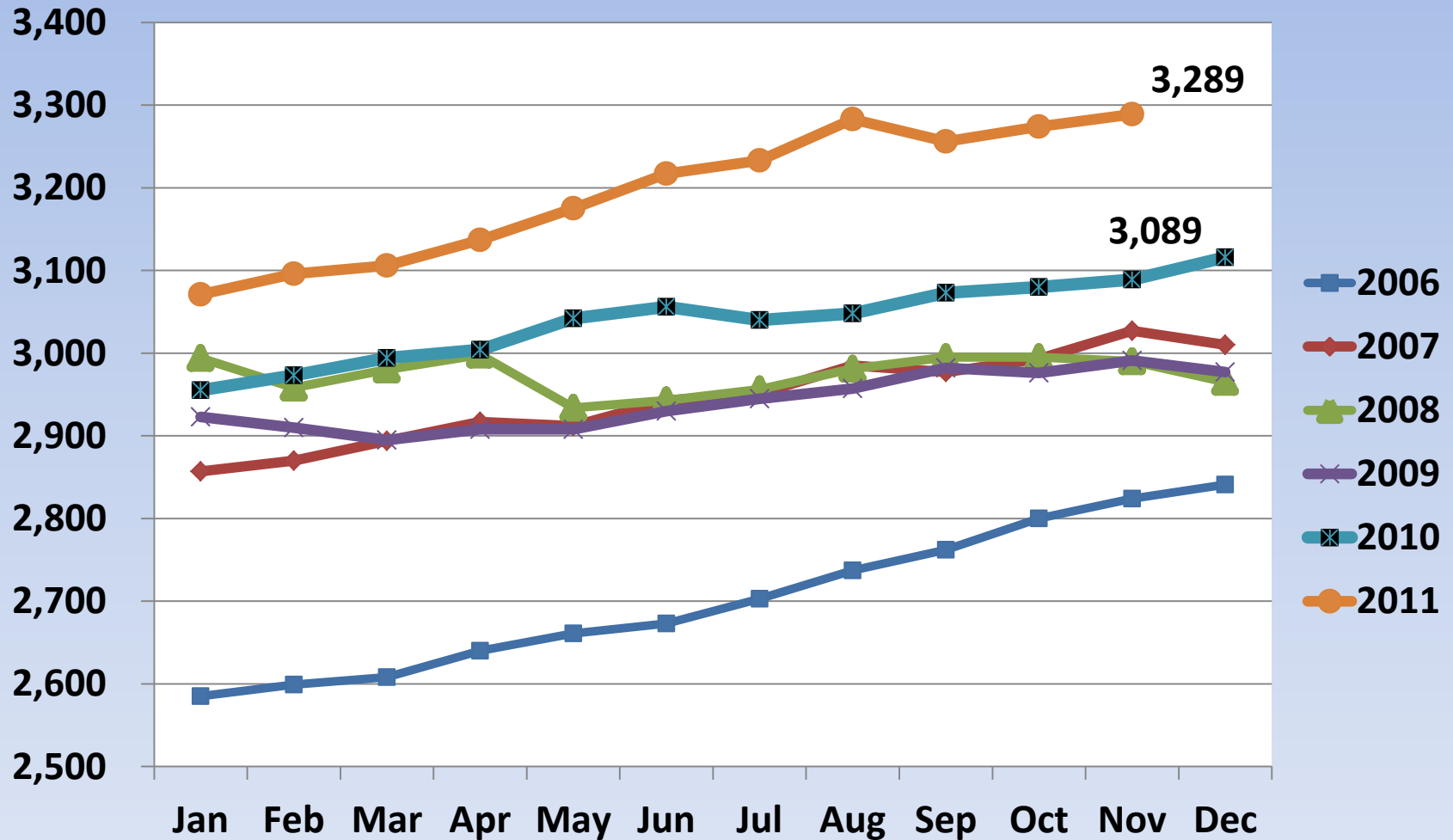
**Loveland Employment - Residential Series**  
January 2007 to October 2011





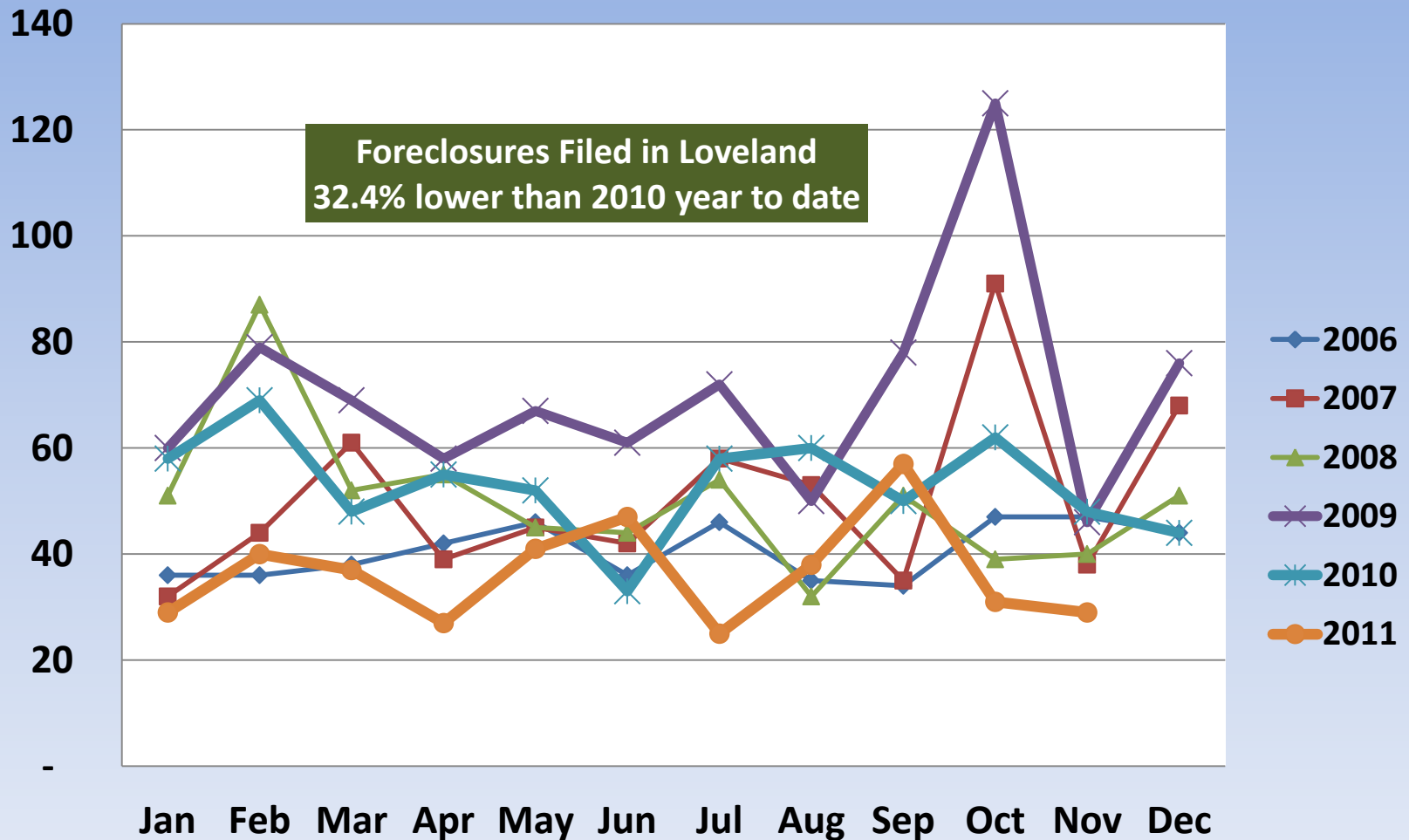
# Sales Tax licenses holding up

Several inactive accounts closed in September



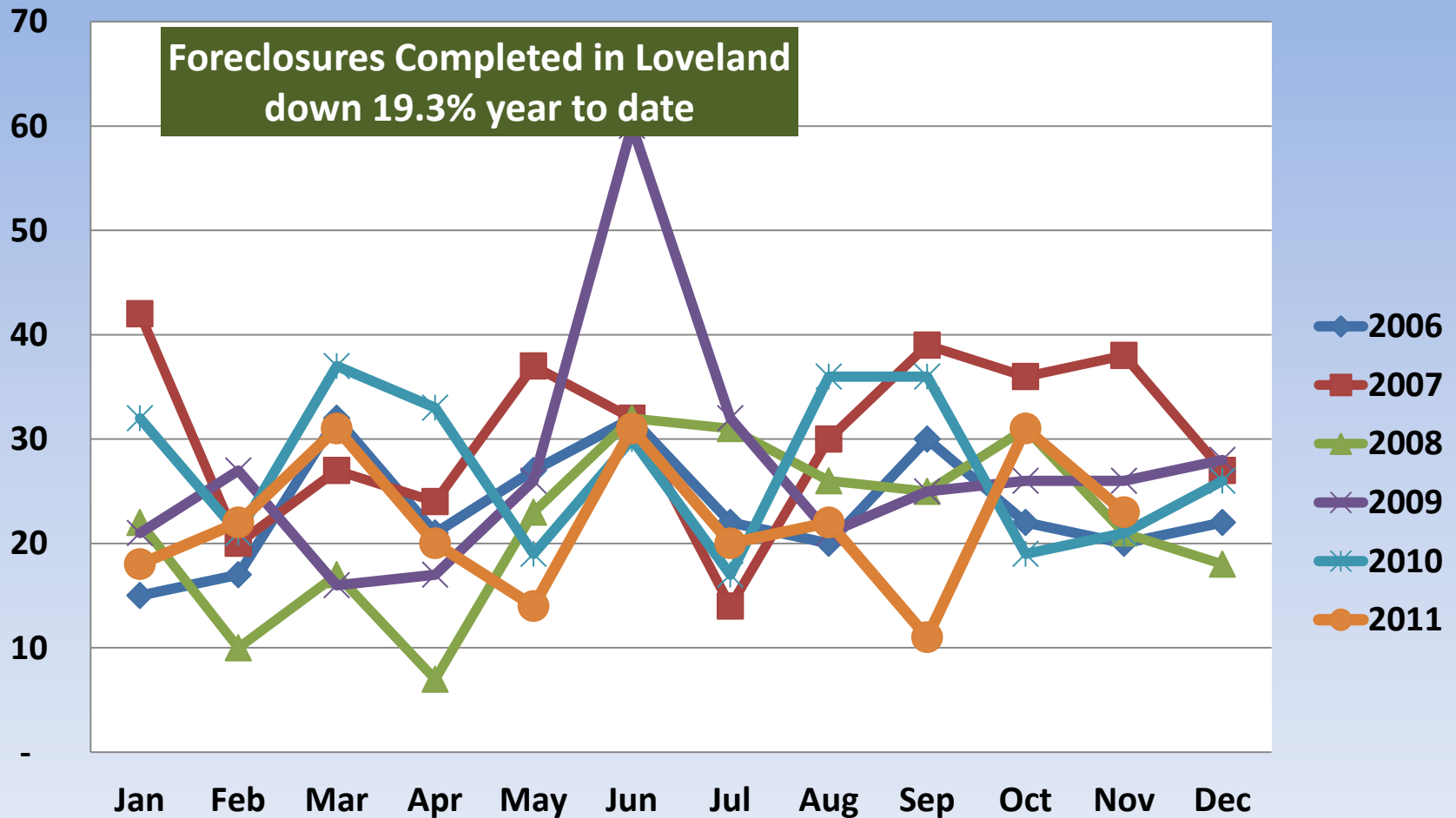
# *In Loveland foreclosures filed are lower*

## Legal uncertainties still in play



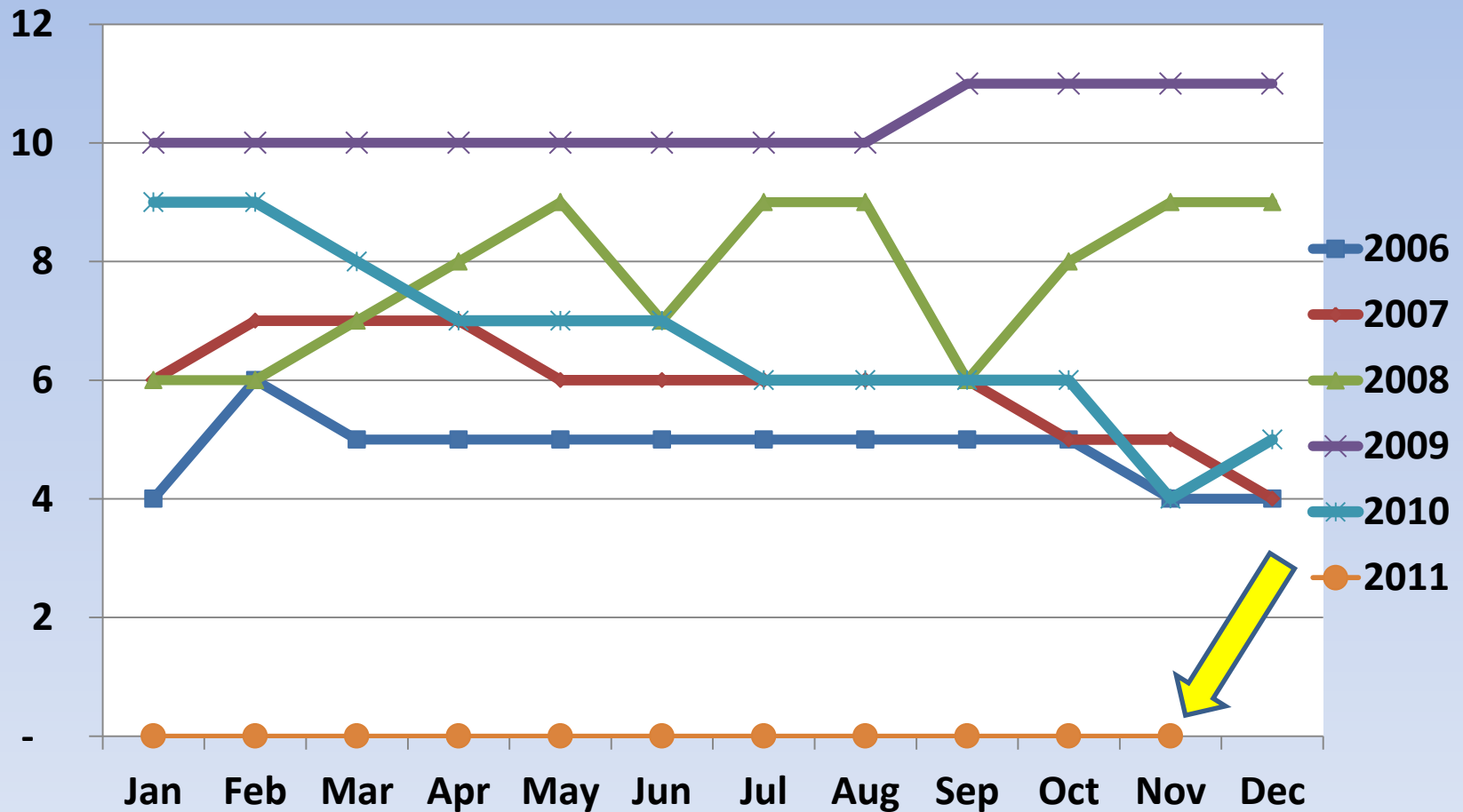
# Local foreclosures completed lower than 2010

Many bank foreclosure processes have been delayed due to legal concerns



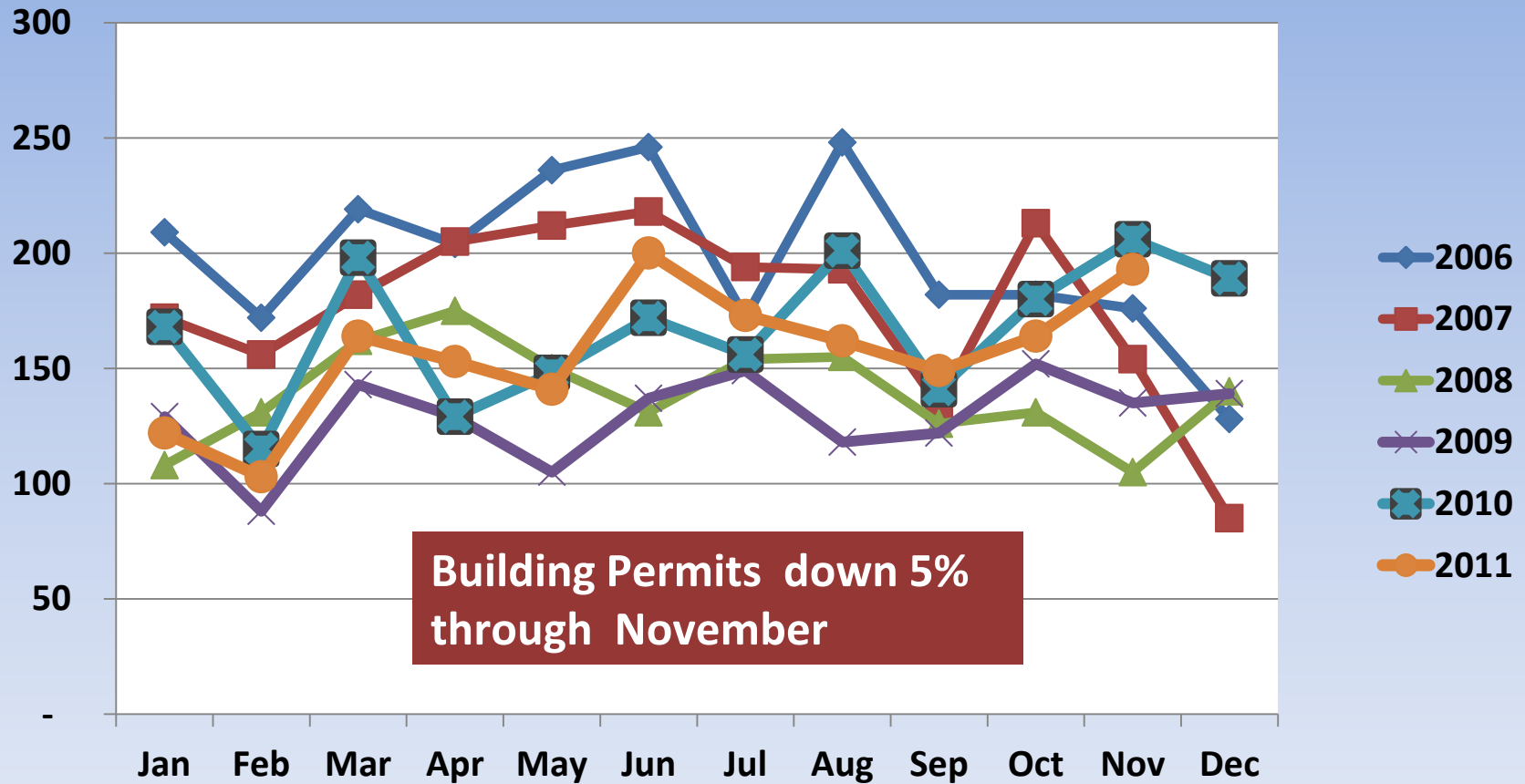
# Retail activity in all GEO areas positive

No locales in the **red** for eleven months in a row

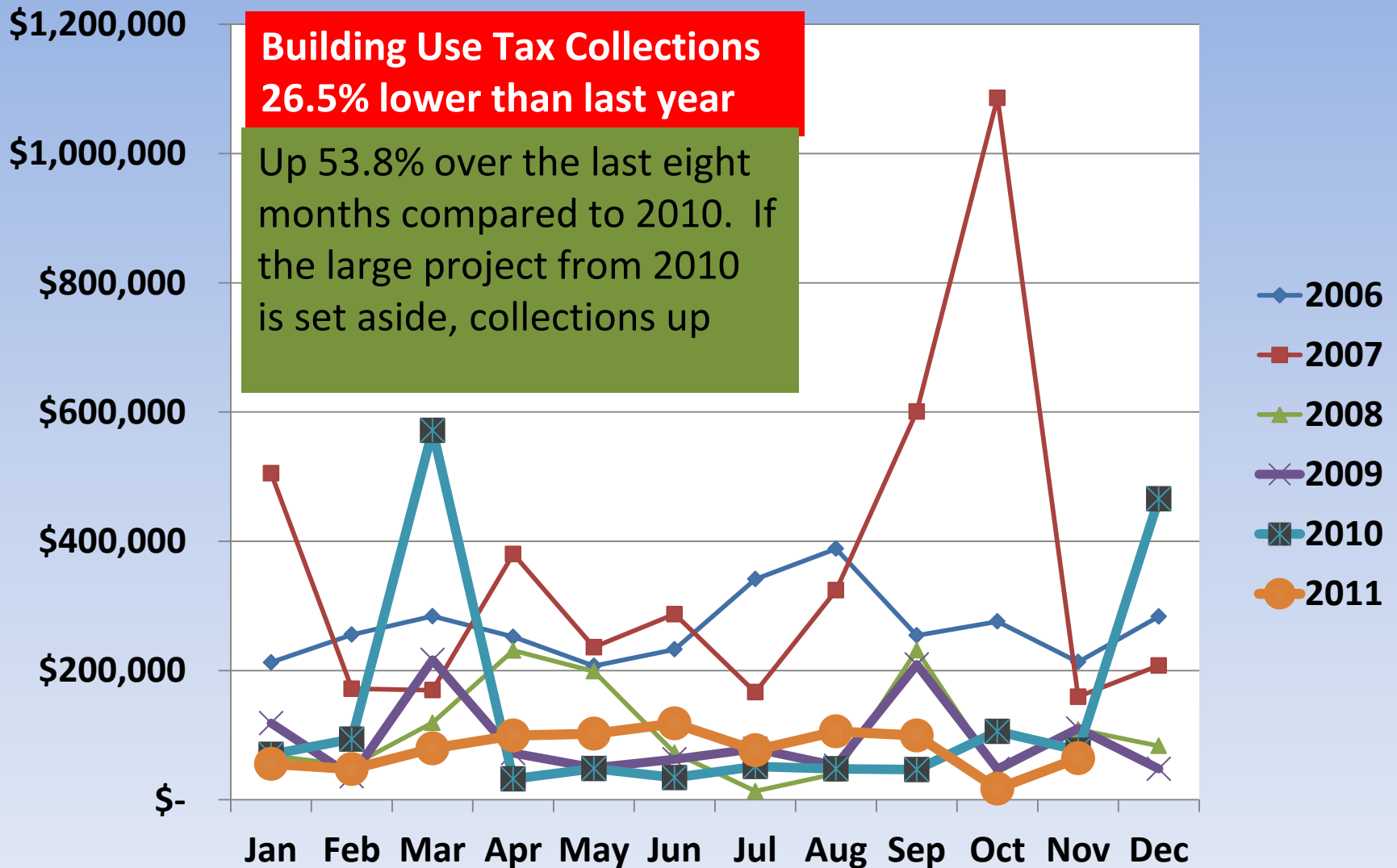


# *Building Permits slow start in 2011 now rising*

## *Strength in 2010 were up due to fee incentives*



# Building Use Tax Collections

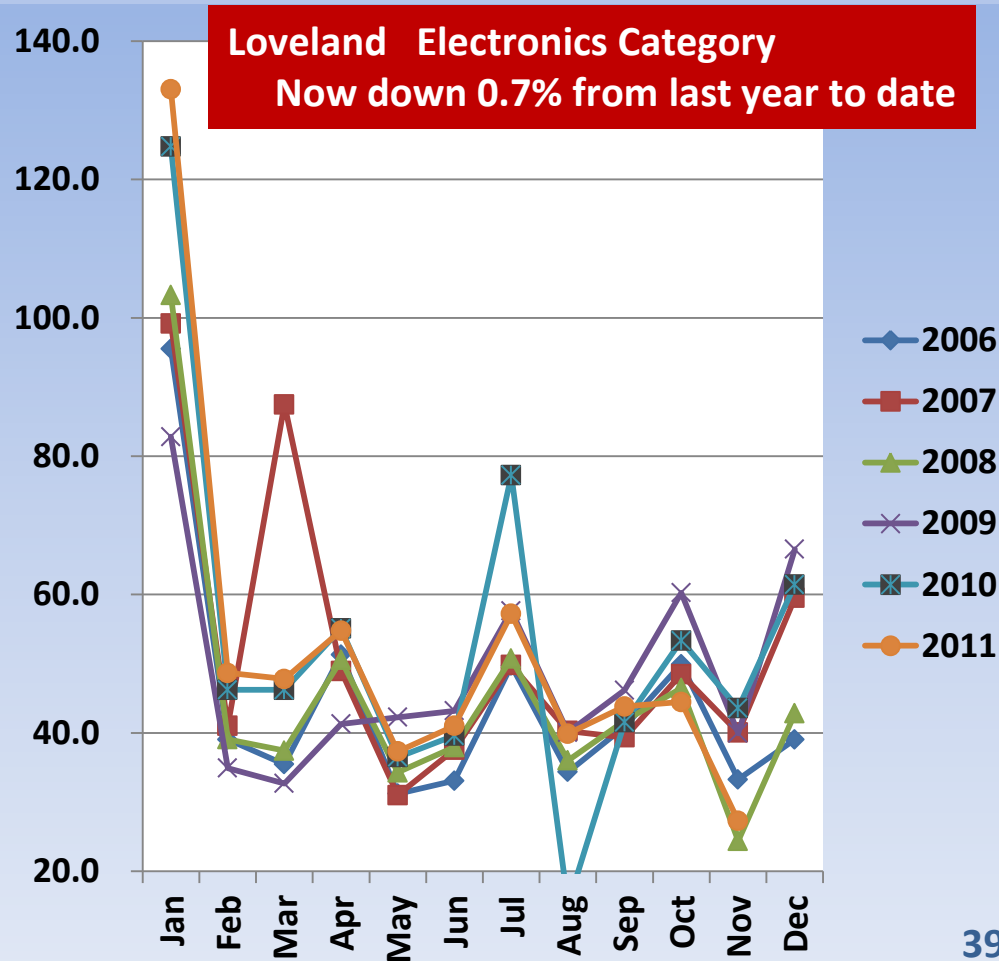
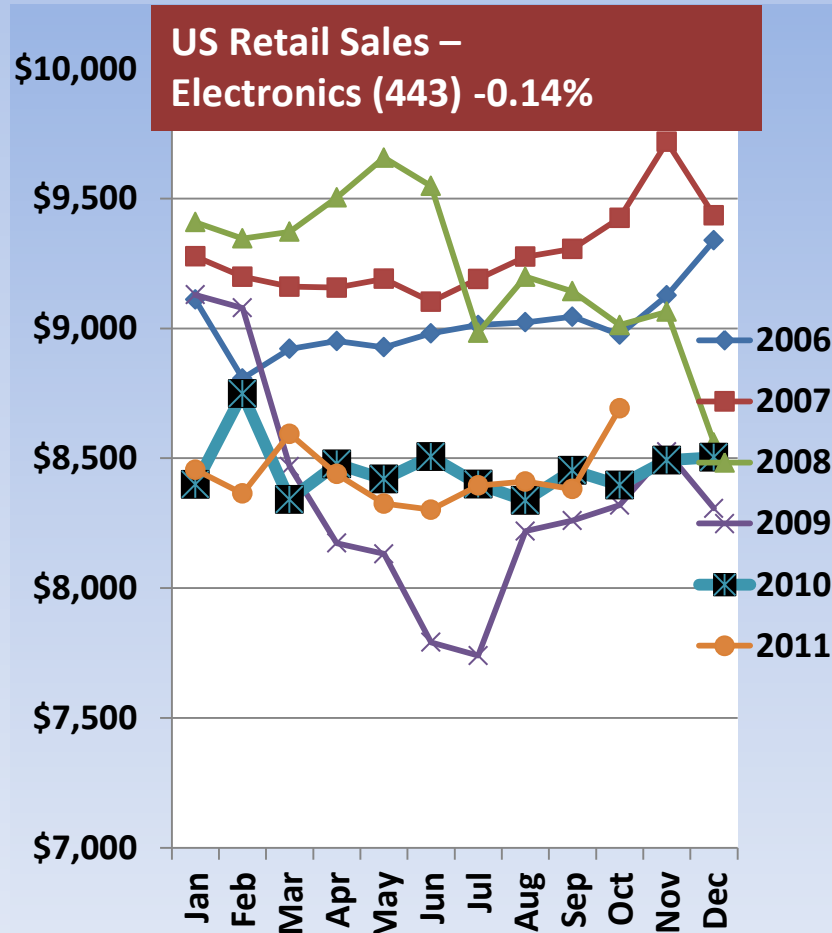


# Turnaround in Electronics sales weak

Energy price increases may limit growth in future

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

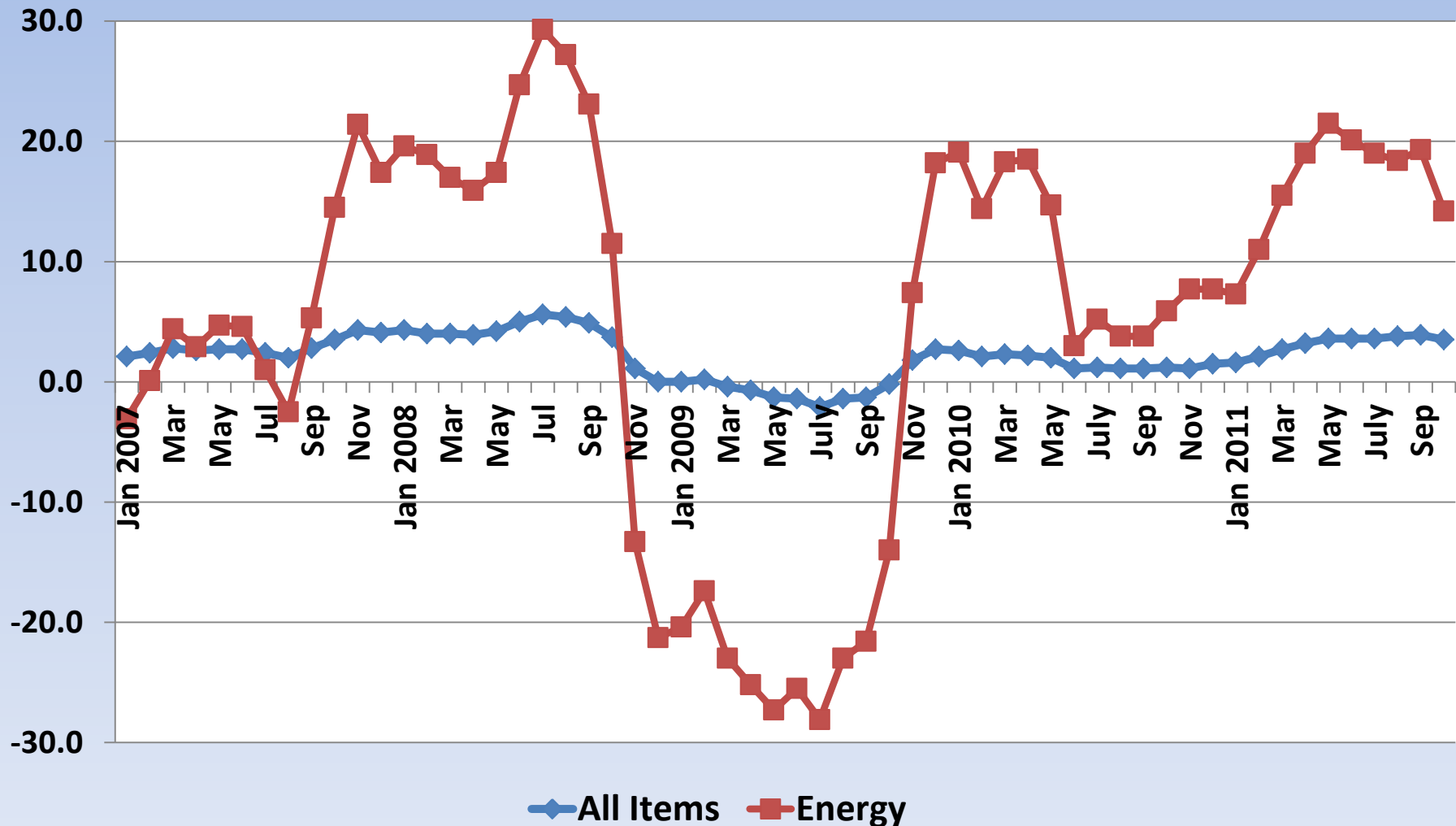
In this retail sales category, Loveland not outperforming national trends



# US Inflation trend now rising

*all items at 3.5% up yoy; energy costs up 14.2% yoy;*

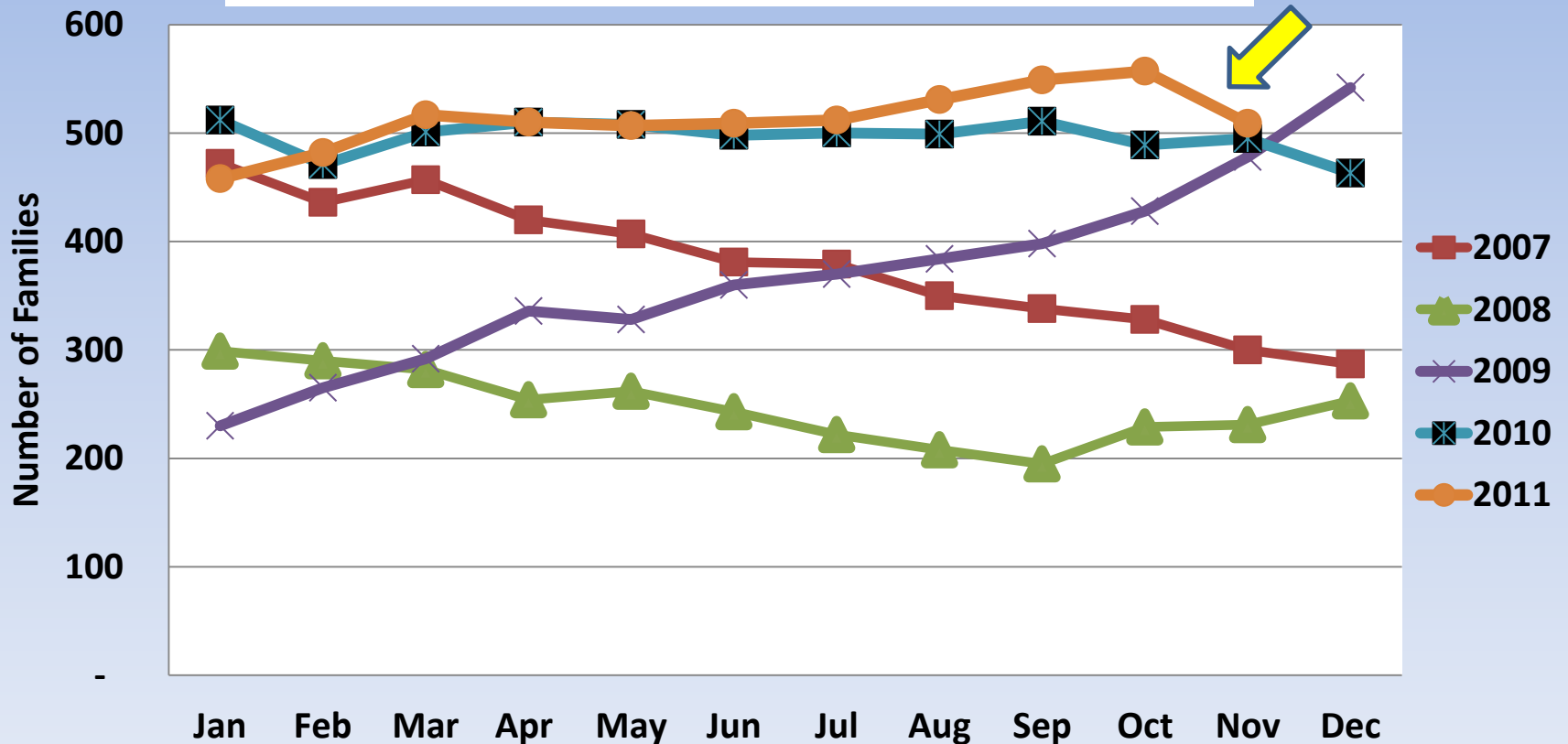
*Fed worrying more about weak recovery than inflation.*





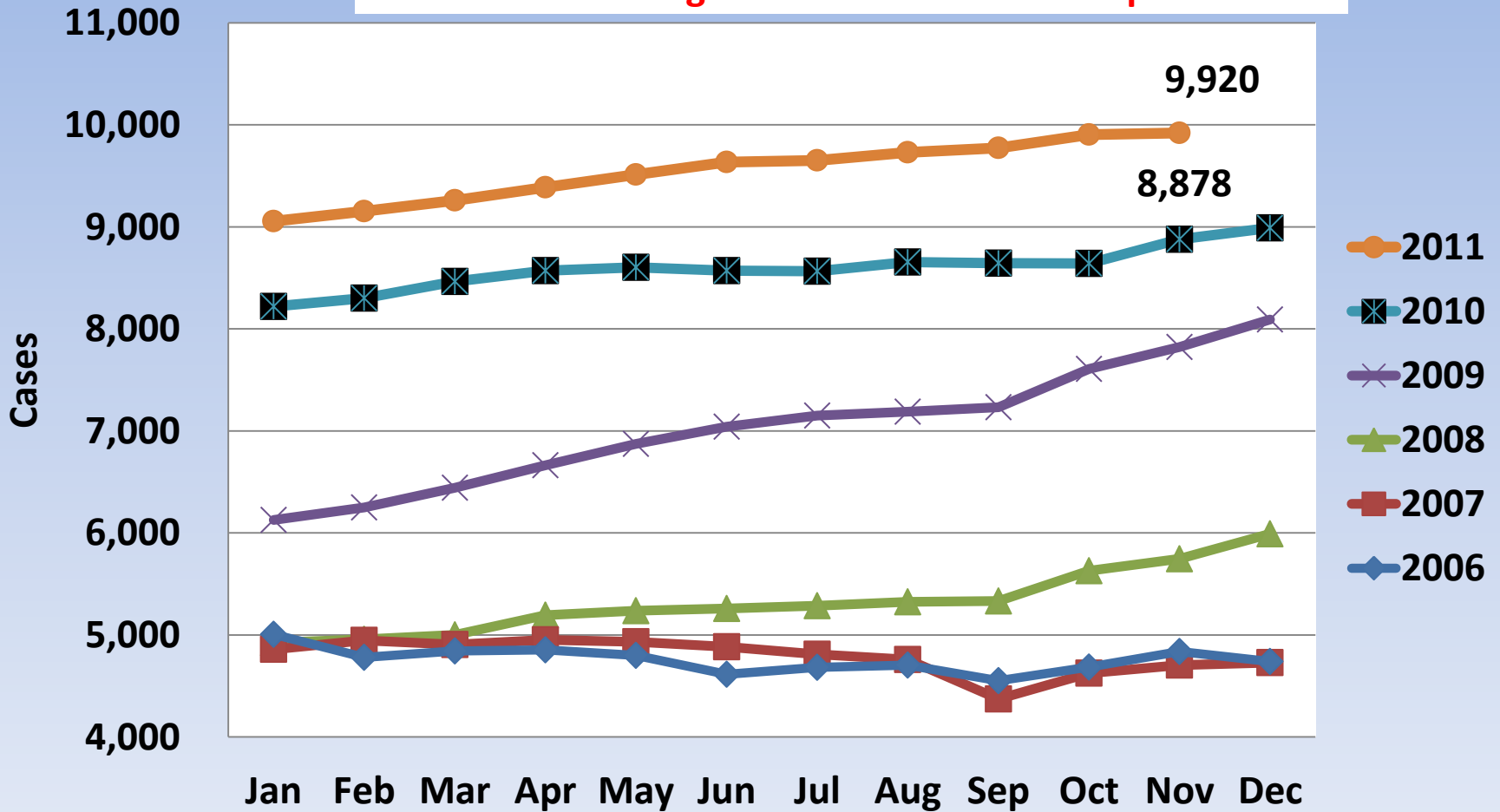
# County caseload persistently high

Temporary Assistance to Needy Families  
Larimer County set new monthly record high in October  
up 2.7% from 1st eleven months of 2010



# Food Stamp cases reach all time high

**Food Stamp Cases - Larimer County**  
**Another all time high in November - Cases Up 11.5% YTD**



# Disconnects slightly lower than a year ago

### Utility Customer Disconnects

