

Trends & Indicators Dashboard

A project of the
Citizens' Finance Advisory Commission

City of Loveland

Updated by









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Draft for the **JANUARY 2012**

CFAC Meeting



Indicators Definitions

	Status		Projections
	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	Proje- ction	Lagging Indicators	Status	Proje- ction
US Unemployment	●	▼	Loveland GEO Area Sales Taxes	●	↔
US Personal Income	●	↔	Use Tax on Building Materials	●	▼
Colorado Sales Tax	●	↗	Building Permits	●	▼
Colorado Unemployment	●	▼	Property Tax Projections	●	↔
Loveland Foreclosures	●	↔	Loveland Employment Outlook	●	↔
Loveland Sales Tax Licenses	●	↔			

Only one change this update: Colorado sales tax projection from yellow to green.

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

On one handthe 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 otherRisks remain ahead

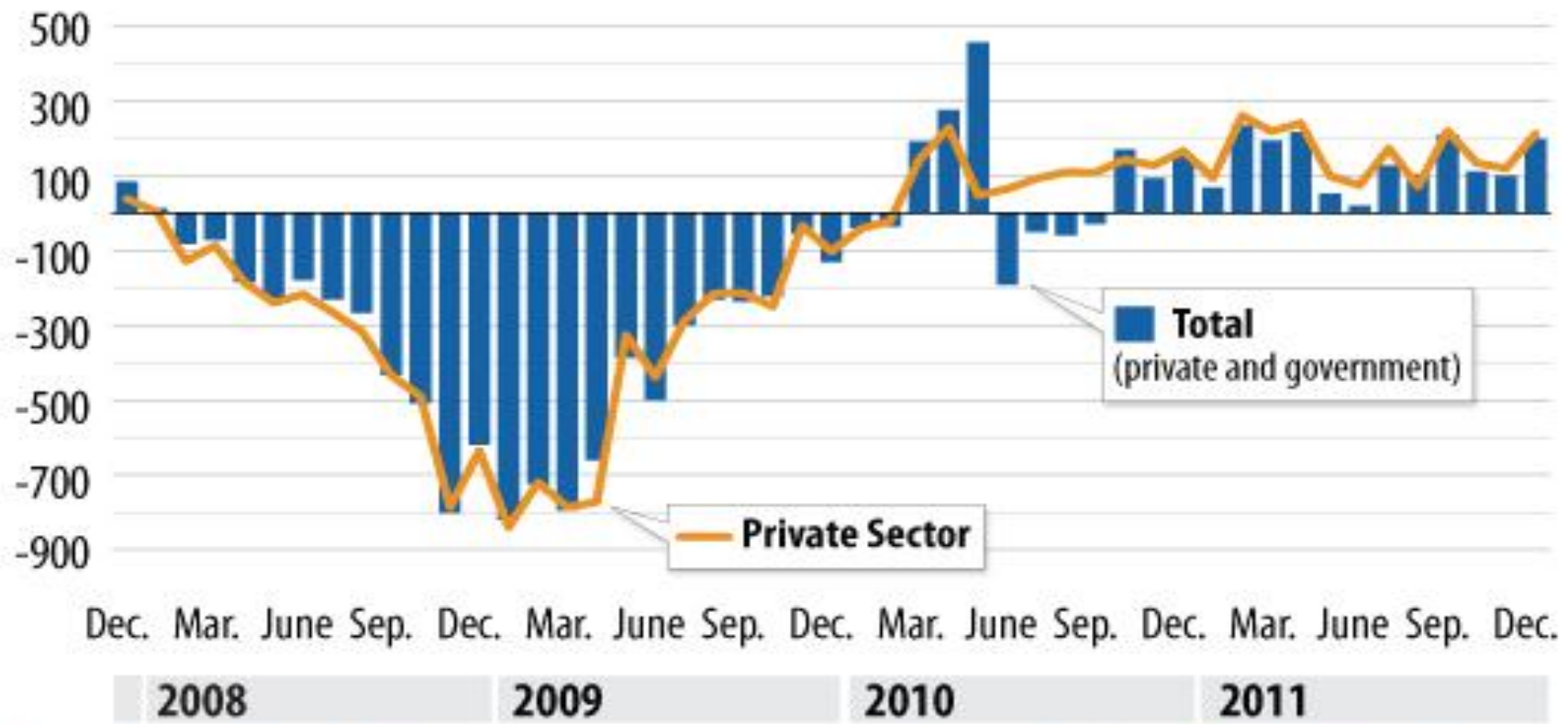
- National and state employment still show a jobs recession in place
- Gasoline prices down, but not enough to spur recovery
- Legal uncertainties may be masking a very weak housing situation
- True recovery in the housing sector probably years away
- Building permits and use tax below projections, very slow end of year
- **The next few years will test the sustainability strategy**

Employment Data Chart: January 6, 2012

Private employers added about 3.2 million jobs to their payrolls in the last 22 months, an average of over 140,000 jobs a month.

Private employers added 212,000 jobs to their payrolls in December, while continuing losses in local government employment, led to a total payroll employment gain of 200,000 jobs.

Monthly change in nonfarm employment in thousands (seasonally adjusted)



Source: Bureau of Labor Statistics

Center on Budget and Policy Priorities | cbpp.org

Commentary: “A solid step in the right direction for the labor market” from Heidi Shierholz at the Economic Policy Institute | January 6, 2012

- The January 6th release of the December 2011 employment situation report (marking four years since the official start of the recession in December 2007) capped off 2011 on a positive note.
 - Both the establishment survey and the household survey showed improvement — the labor market added 200,000 jobs,
 - hours and wages were up,
 - unemployment ticked down,
 - underemployment dropped, and
 - the duration of unemployment spells declined.
- **However, it is important to note the context:** the jobs deficit left from losses in 2008/2009 remains well over 10 million jobs;
 - even at December’s growth rate, ***it would still take about seven more years*** — until around 2019 — to fill the gap and get back to the pre-recession unemployment rate.
- The economy need reports this strong ***and stronger*** for many years to come to bring our labor market back to health.

Commentary: Some Glimmers of Hope

from Chad Stone, Economist, Center for Budget and Policy Priorities, January 6, 2012.

- Today's employment report shows glimmers of hope for the job market,
 - most notably the addition of 200,000 payroll jobs in December.
- **Yet, a strong jobs recovery remains elusive.**
 - The overall jobs deficit remains large,
 - the labor force shrank for the second straight month, and
 - the proportion of people aged 16 and over who have a job remains depressed.
- Jobs are still hard to find, especially for the long-term unemployed.



More About the December Jobs Report - Details

Job growth was solid in December, but the job market has a long way to go to regain full strength. Center for Budget and Policy Priorities, Chad Stone, January 6, 2012.

- Private and government payrolls combined rose by 200,000 jobs in December. Private employers added 212,000 jobs. The decline of 12,000 government jobs reflected a gain of 2,000 federal jobs, offset by a loss of 14,000 local government jobs (state government jobs were unchanged).
- This is the 22nd straight month of private-sector job creation, with payrolls growing by 3.2 million jobs (a pace of 143,000 jobs a month) since February 2010; total nonfarm employment (private plus government jobs) has grown by 2.7 million jobs over the same period, or 121,000 a month. The loss of 502,000 government jobs over this period was dominated by a loss of 381,000 local government jobs.
- In December, despite 22 months of private-sector job growth, there were still 6.1 million fewer jobs on nonfarm payrolls than when the recession began in December 2007 and 5.7 million fewer jobs on private payrolls.
 - Growth of 200,000 to 300,000 nonfarm payroll jobs or more a month is typical in strong economic recoveries and will be necessary to close the jobs gap and restore full employment in any reasonable period of time.
 - Even with December's gain of 200,000 jobs, average monthly growth in nonfarm payrolls has been just 142,000 jobs over the past six months.

December Jobs Report - More Details

Center for Budget and Policy Priorities, Chad Stone, January 6, 2012.

- The unemployment rate dropped to 8.5 percent in December, and the number of unemployed Americans was 13.1 million. The unemployment rate was 7.5 percent for whites (3.1 percentage points higher than at the start of the recession), 15.8 percent for African Americans (6.8 percentage points higher than at the start of the recession), and 11.0 percent for Hispanics or Latinos (4.7 percentage points higher than at the start of the recession).
- 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. That situation did not improve in December. The labor force shrank by 50,000 people in December after falling by 120,000 in November. The labor force participation rate remained 64.0 percent in December, which is lower than it was a year ago when the unemployment rate was nearly a full percentage point higher, and it 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 December and has not been above that level for the last year and a half.

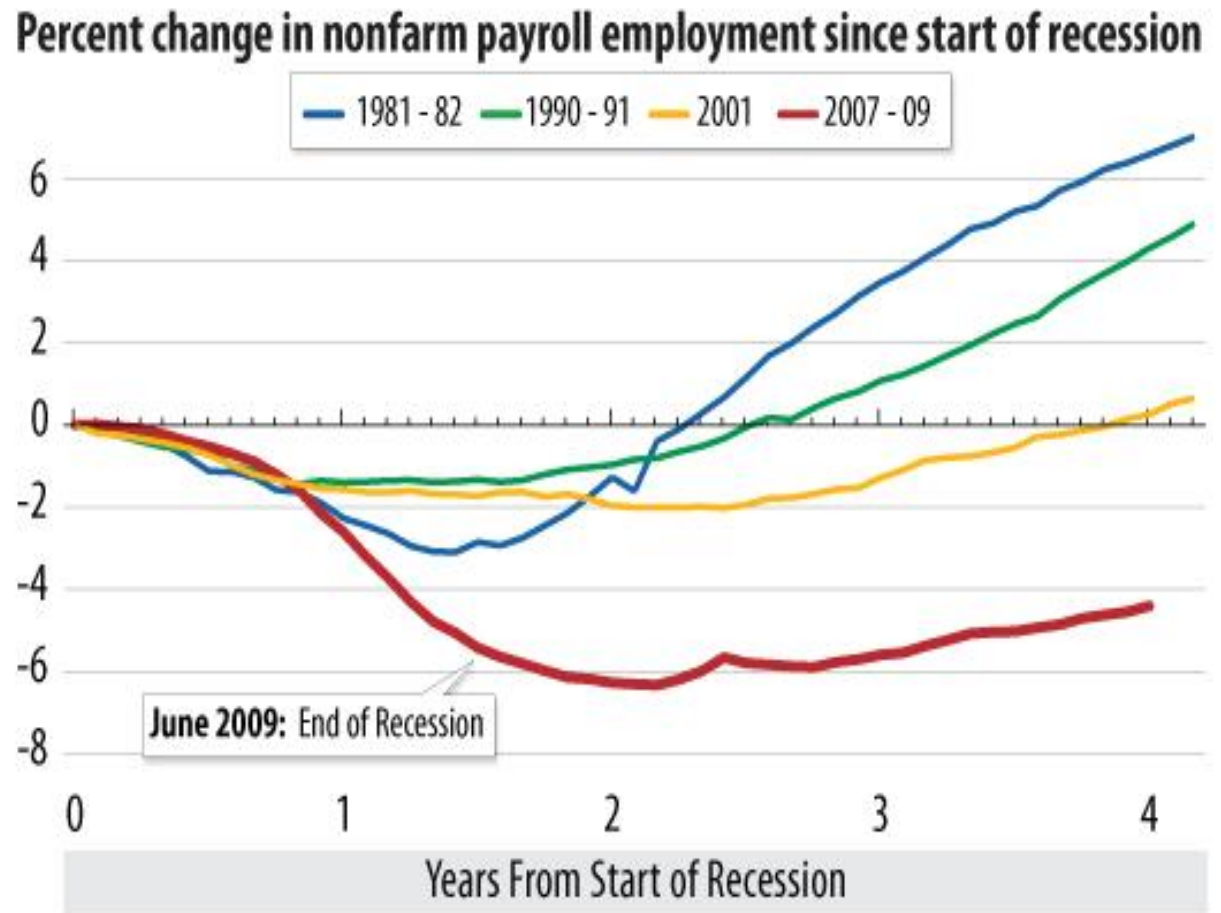
December Jobs Report - More Details

Center for Budget and Policy Priorities, Chad Stone, January 6, 2012

- Finding a job remains very difficult. 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 15.2 percent in December, down from its all-time high of 17.4 percent in October 2009 in data that go back to 1994, but still 6.4 percentage points higher than at the start of the recession. **By that measure, almost 24 million people are unemployed or underemployed.** (emphasis added.)
- Long-term unemployment remains a significant concern. Over two-fifths (42.5 percent) of the 13.1 million people who are unemployed — 5.6 million people — have been looking for work for 27 weeks or longer. These long-term unemployed represent 3.6 percent of the labor force. Before 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.

Job Losses were unprecedented during the Great Recession

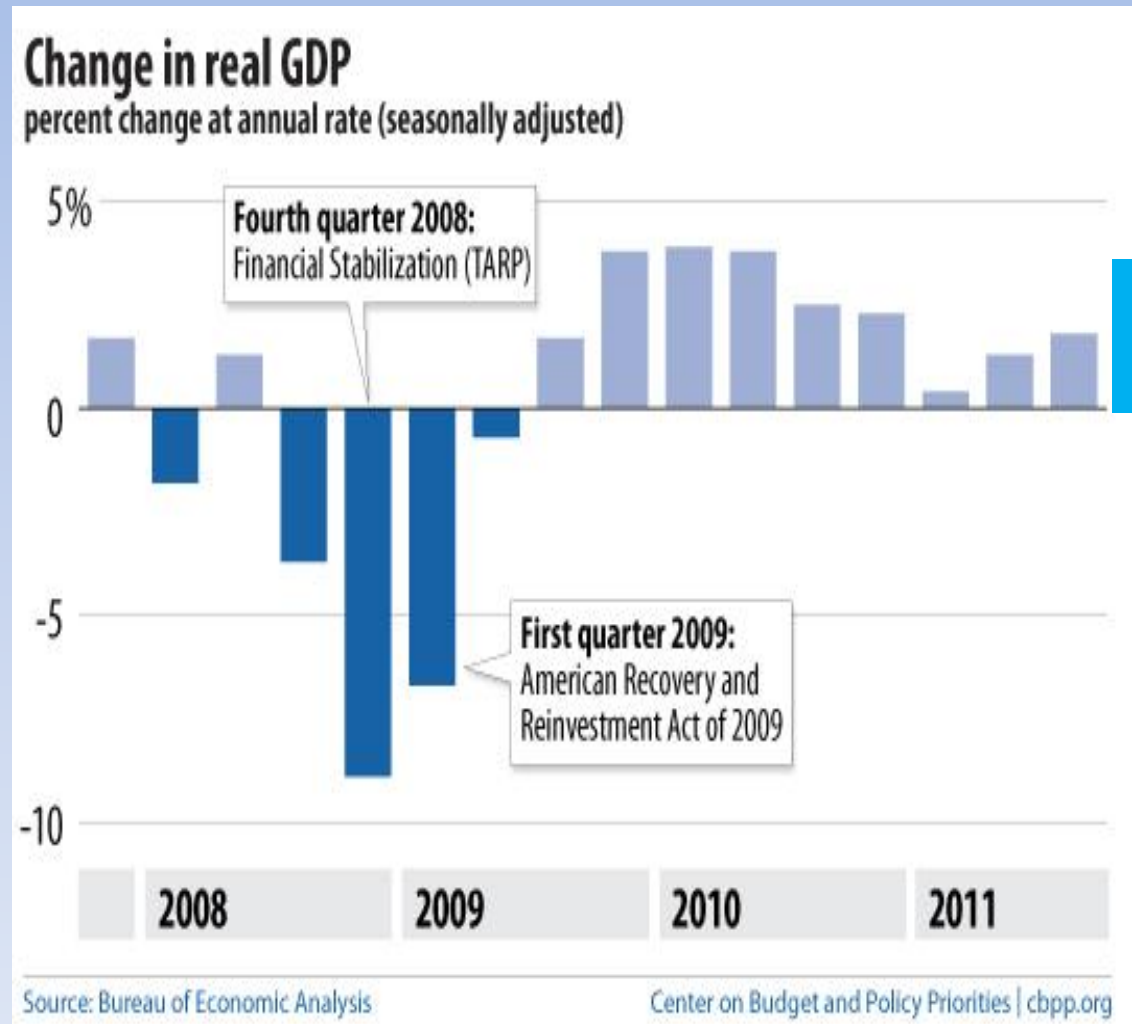
- Although employers began to add jobs in 2010, the economy has recovered only 2.6 million of the 8.7 million jobs lost between the start of the recession in December 2007 and early 2010. As a result nonfarm payroll employment was 4.4 percent (6.1 million jobs) lower in December 2011 than it was at the start of the recession.
- The economy still faces a long and difficult climb out of the jobs hole created by the recent recession. The private sector created, on average, 143,000 jobs a month in the past 22 months — barely enough to keep up with population growth and not nearly enough to reduce the unemployment rate with a normal recovery in labor force participation.
- The jobs deficit from this recession is much larger than those in previous recessions. The economy would have to create an average of over 250,000 jobs a month for the next two years just to return to the December 2007 level of employment — and even more to restore full employment, since the population and potential labor force are now larger. Economic growth will have to pick up substantially in the latter half of the year to see a strong jobs recovery begin.



Source: CBPP calculations from Bureau of Labor Statistics data. Center on Budget and Policy Priorities | cbpp.org

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.

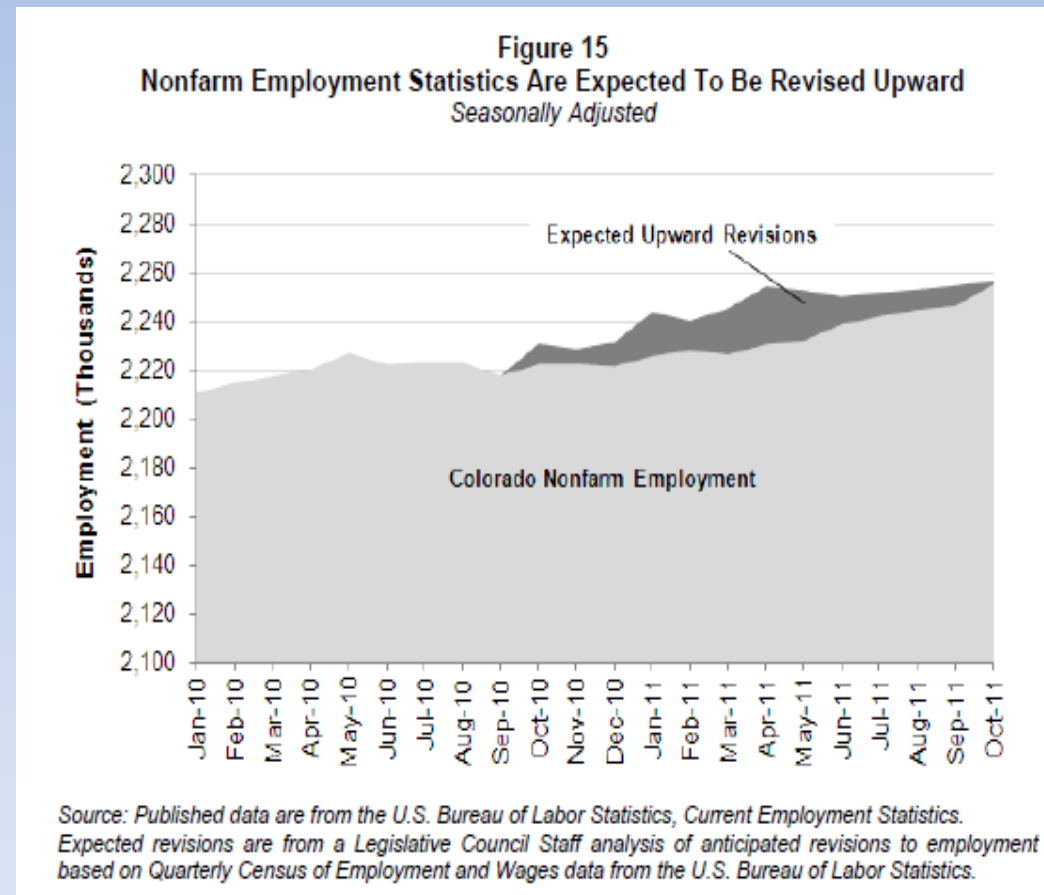


Forecast Colorado: Economic and Revenue Forecast

Legislative Council Staff Economics Section December 20, 2011

- Colorado recovery has stabilized
- On the brink of recession in the early fall
- Recovered some momentum
- 2012 to be slower than 2011
 - Below long run potential
 - Weighed down by real estate and credit markets
 - High consumer debt
 - Rising inflation and prices
 - European debt crises

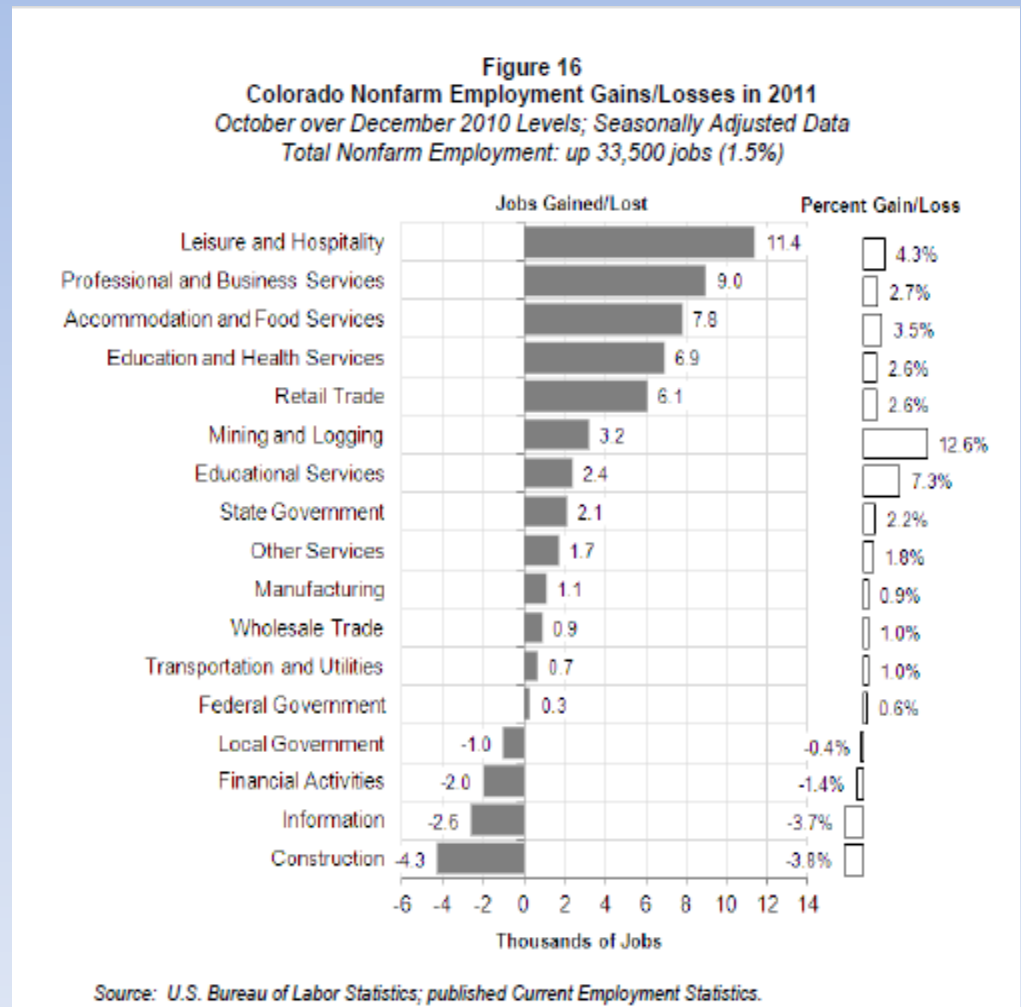
Some good news about Colorado Jobs



Colorado Nonfarm Employment Steadily Gaining

Legislative Council Forecast

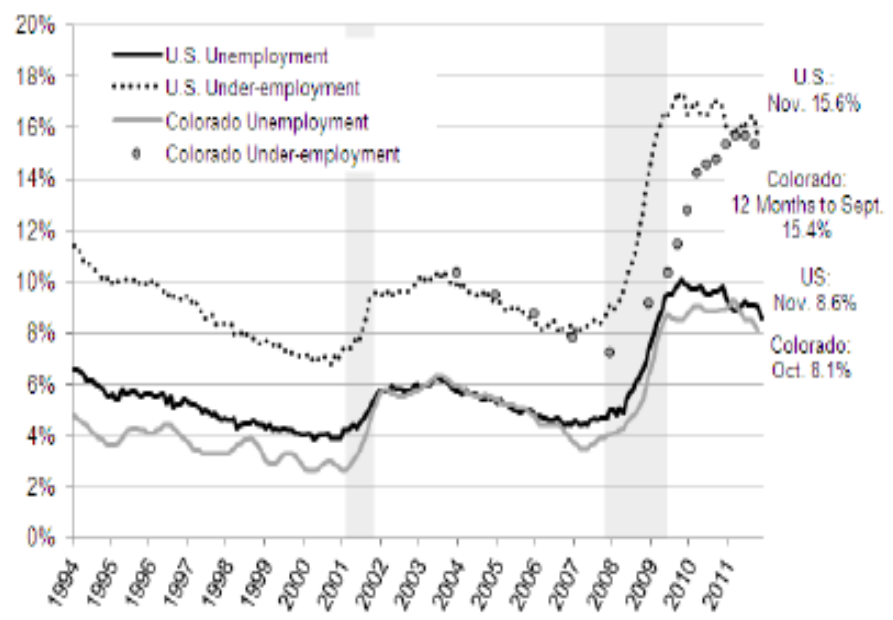
- Job gains have occurred in the manufacturing and broad-based service industries
- Information and local government sectors have lost jobs
- Construction and financial services continue to shed jobs.
 - Still working out imbalances that led to the recession
- Upward revisions will help construction, professional and business services and financial activities sectors.



Unemployment / Underemployment Colorado compared to the Nation

- Usually, Colorado unemployment rate has been below the nation
- Underemployment is a broader measure
- Colorado lower than the nation, but may become higher as the state's may recover more slowly
- Hiring likely to remain relatively slow in 2012

Figure 18
Unemployment and Underutilization Rate
Seasonally Adjusted

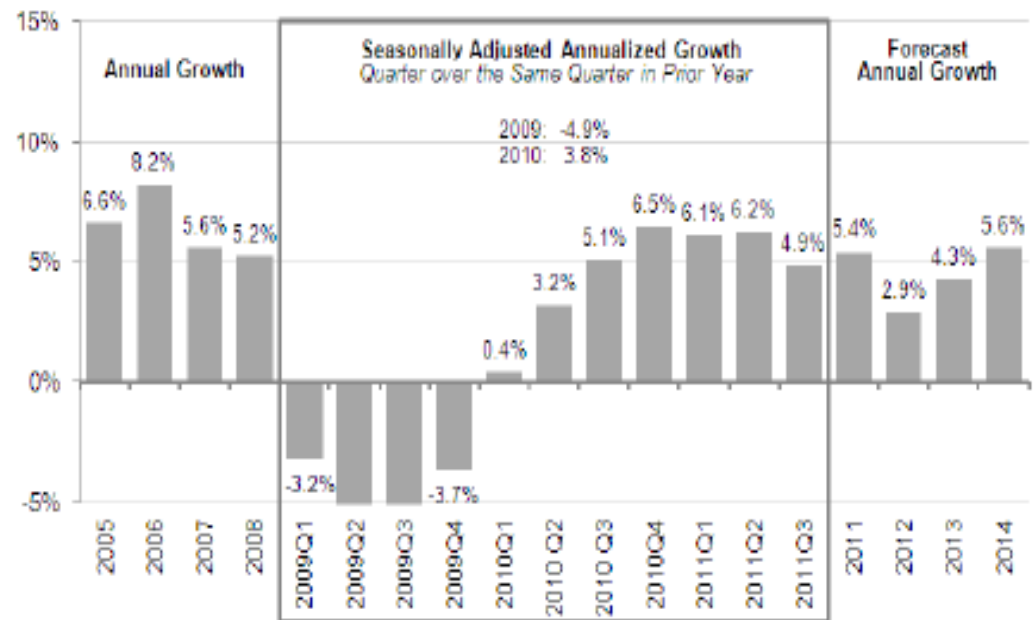


Source: U.S. Bureau of Labor Statistics.
*The Colorado underutilization rate is published each quarter as an average for the previous twelve-month period.

Colorado Personal Income Growth to Slow in 2012

- Estimate of 5.4% growth in 2011
- Slows to 2.9% in 2012
- More recovery in 2012 and 2014
- Wages will not grow very quickly in a slow recovery

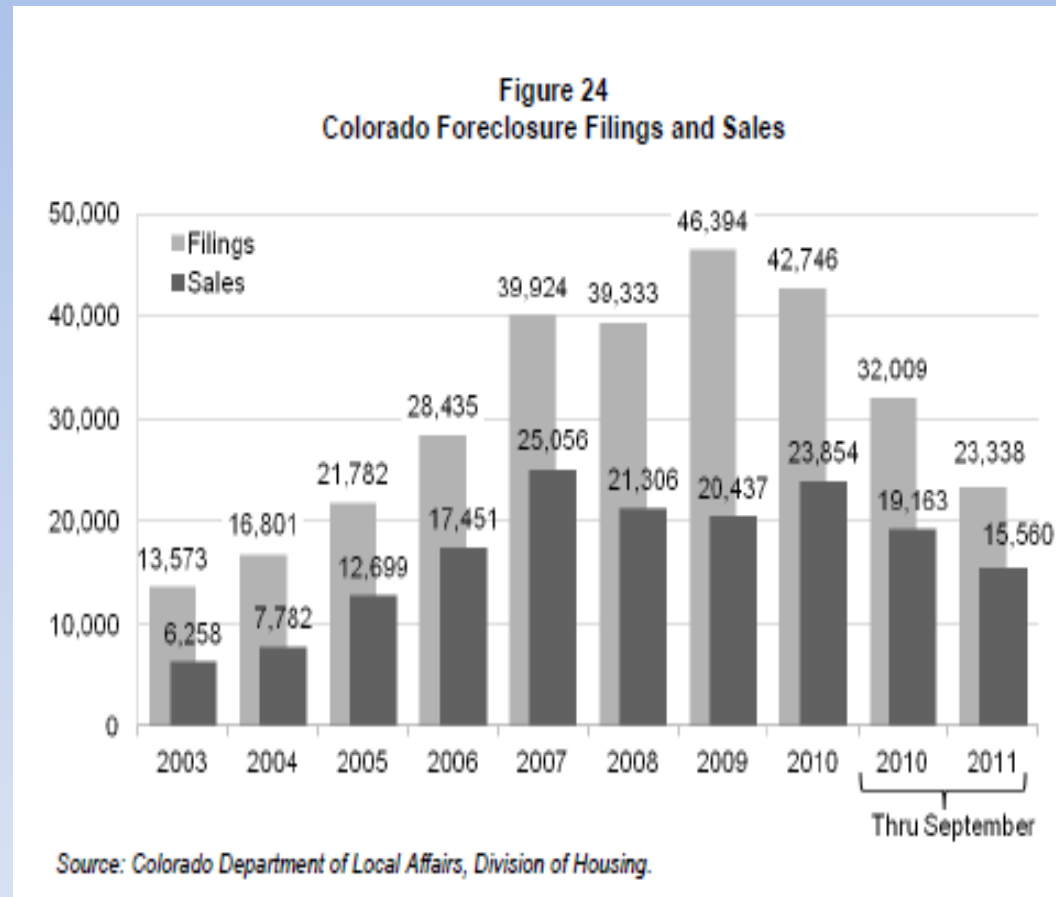
Figure 19
Continued Modest Growth in Colorado Personal Income Expected



Source: Bureau of Economic Analysis (history) and Legislative Council Staff (forecast).

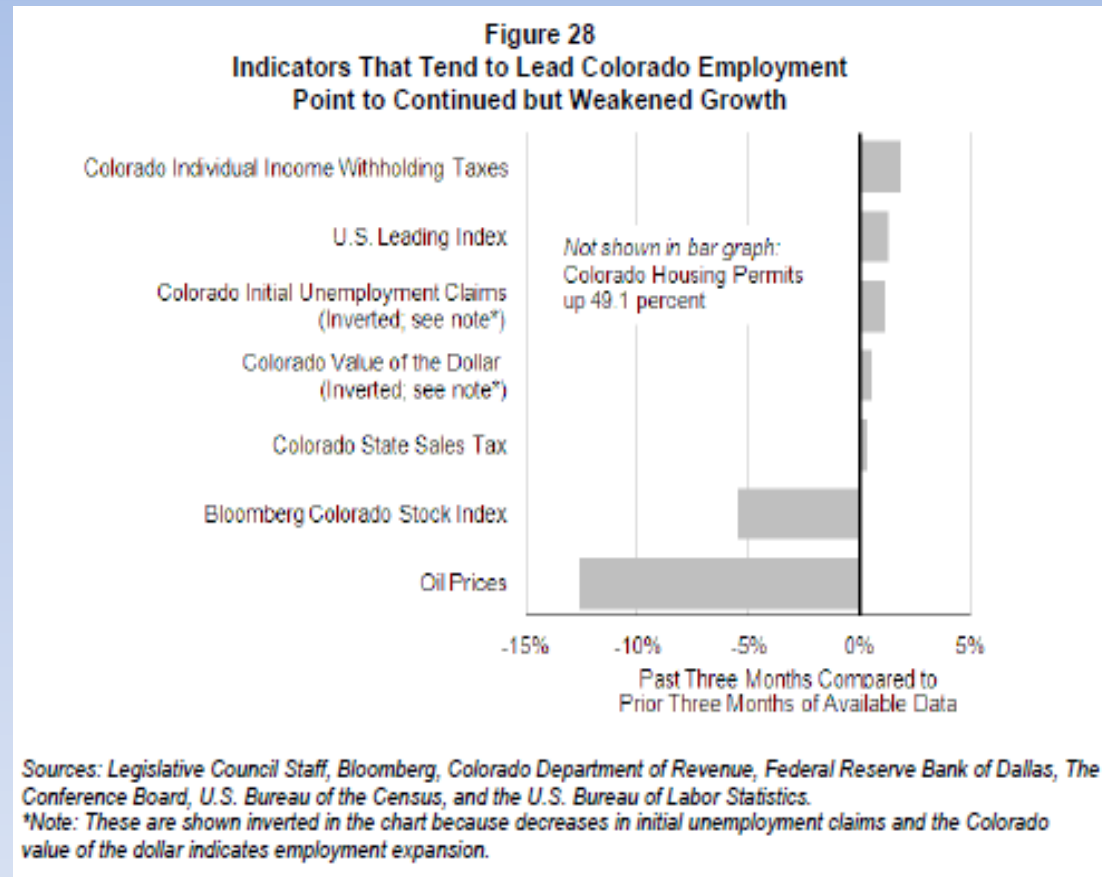
Worst of Colorado Foreclosures Behind Us

- Both filings and sales at auction were down through the first 3/4ths of the year
- Falling since the peak in 2009
- Continued decline affected by banks pace of processing
- Future job gains will help to lower the number of foreclosures



Colorado Leading Indicators

- Slow and steady job growth ahead
- Housing permits and income tax withholding signal growth
- Oil prices and the Bloomberg Colorado Index suggest recession
 - Oil prices have moderated some since the Legislative Council forecast was published.

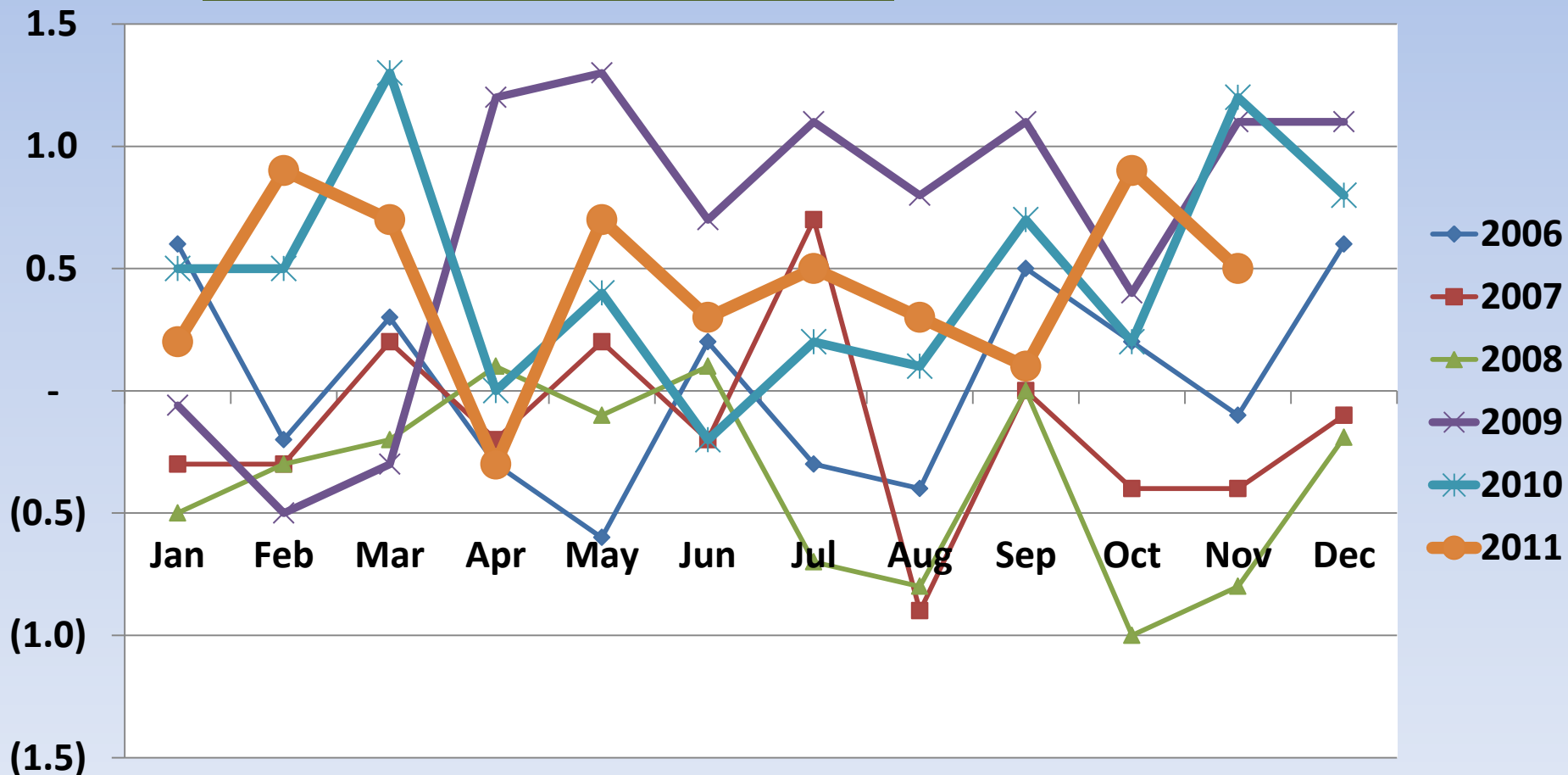


Colorado Forecast Summary Bullets

- The recovery in Colorado's Economy has stabilized.
- Job growth and consumer spending (sales tax) have gained momentum.
- Growth will continue but at a rate below long run potential.
- Some areas have seen construction levels revive.
- Unemployment will remain high due to
 - Tight lending standards,
 - High levels of consumer debt,
 - Rising prices, and
 - Concerns about global financial markets. European financial weakness is the primary threat.

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 October shows housing markets declining month to month and year over year still weak
Nationally, prices are back to their mid-2003 level.*



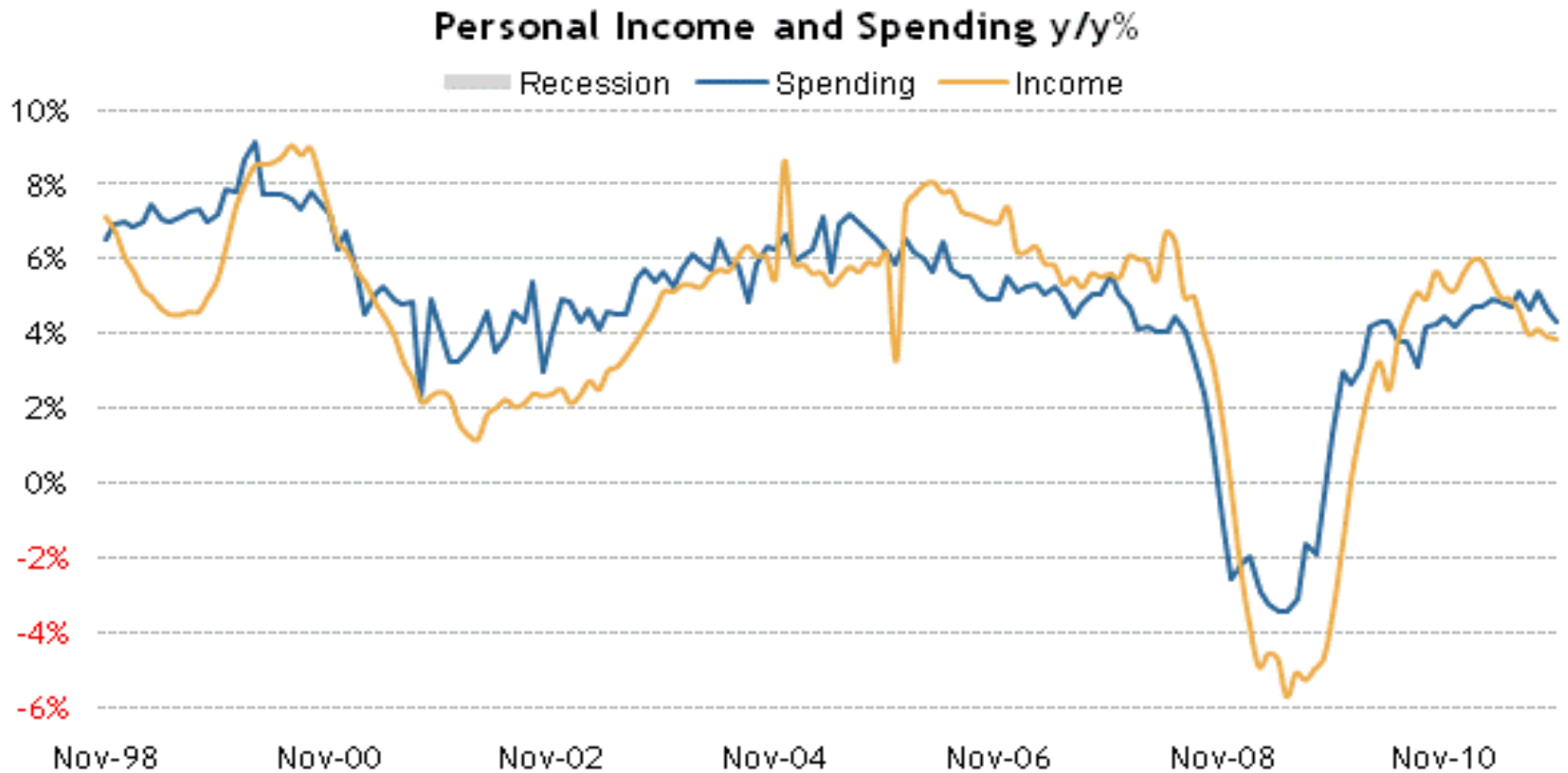
	Denver Home Prices	National Composite
Monthly Change:	-0.2 percent	- 1.2 percent
Yearly Change:	-0.9 percent	- 3.4 percent

S&P/Case-Shiller Index for October 2011

Data released December 27, 2011

- A double dip in the housing market is still in play as home prices nation-wide fell 3.4 percent from October of 2010, according to the S&P/Case-Shiller Home Prices Index. Eighteen of 20 MSAs were negative.
- The 10-City Composite was down 3.0% and the 20-City Composite was down 3.4% in October 2011 versus September 2010.
- Denver reported 0.2% decrease from September to October, and was down 0.9% from last October.
- Atlanta posted a 11.7% percent decline in annual. The best showing in the annual growth rates was Detroit, up 2.5%.
- 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 0.1% in November, slightly lower than the consensus forecast of 0.2% growth. This rate of growth was consistent with the November employment report, not strong enough to spur the recovery. **Personal Spending increased** 0.1% in November, the same growth rate as October, and slightly lower than the consensus level expected.



Source: Bureau of Economic Analysis; updated 12/23/11

Briefing.com

Personal Income and Spending

Key Factors

- As expected, a drop in hourly earnings completely offset the November payroll gain and led to no earnings growth. That showed up in the income data as employee compensation and proprietors' income fell 0.1% in November.
- Durable goods orders increased 0.8% in November as motor vehicle sales rose 0.8%.
- Nondurable goods orders fell 0.3% on a 2.9% drop in gasoline and energy goods sales.
- Services spending increased 0.1%.

Big Picture

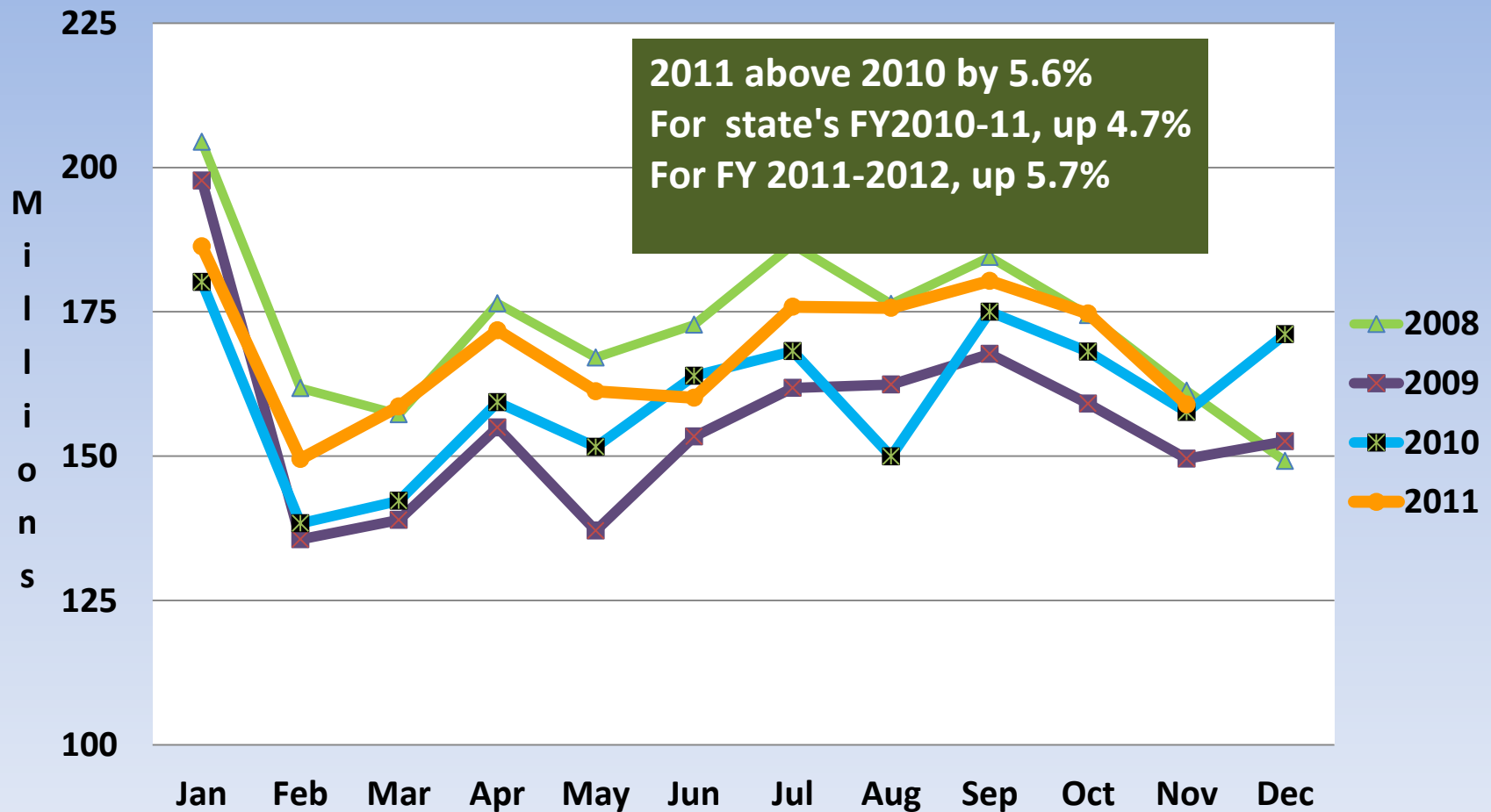
- The income and spending indicators continue to signal problems ahead. If the employment sector does not strengthen in the near future, the rebound in consumption spending will only be temporary.

Source: www.briefing.com

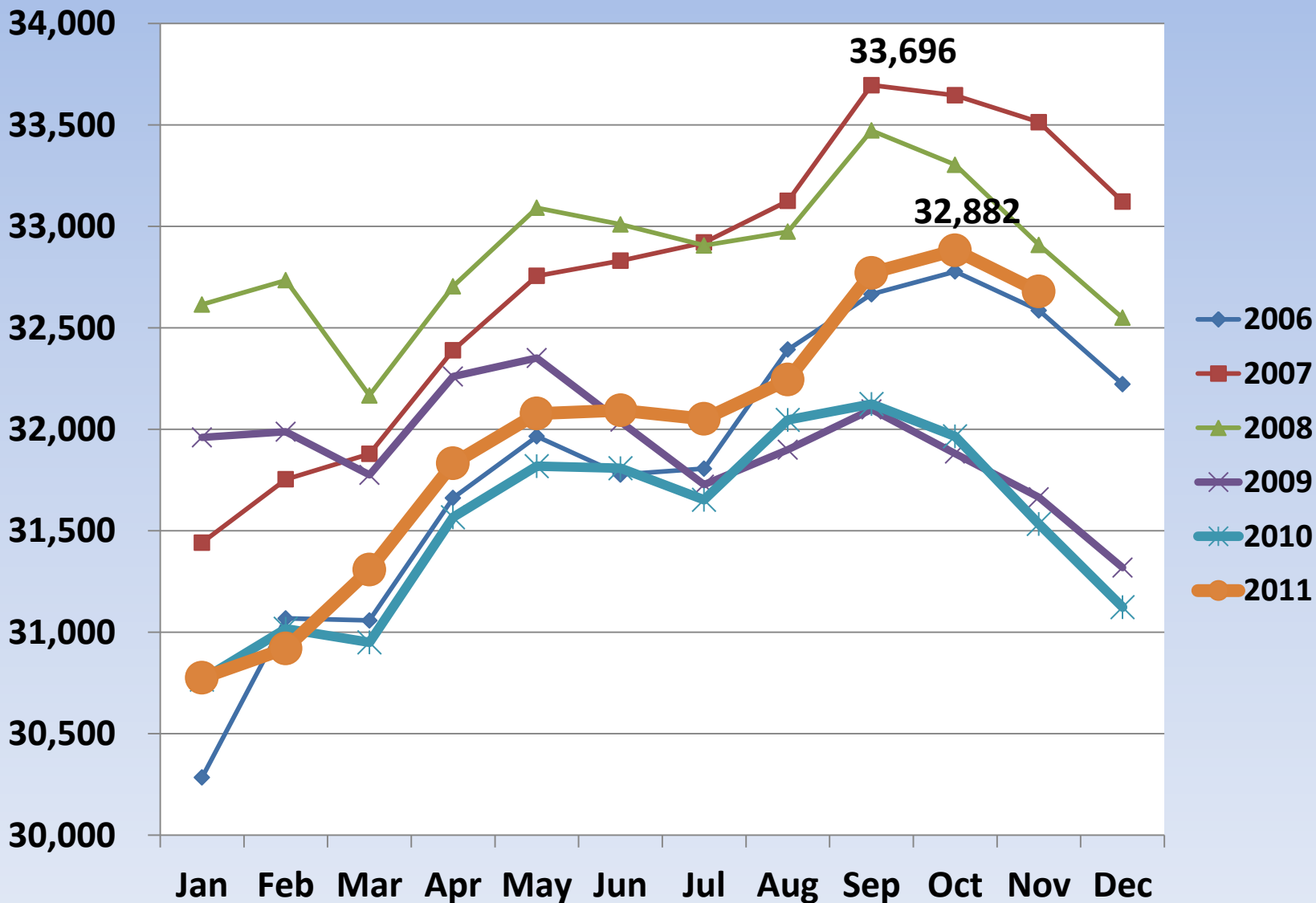
State Collections exceed FY 2009-2010 collections

2011 Calendar year collections even better

Colorado Sales Tax Collections



The Employment survey of Loveland residents showed fewer jobs in October compared to November & more jobs since October of 2010

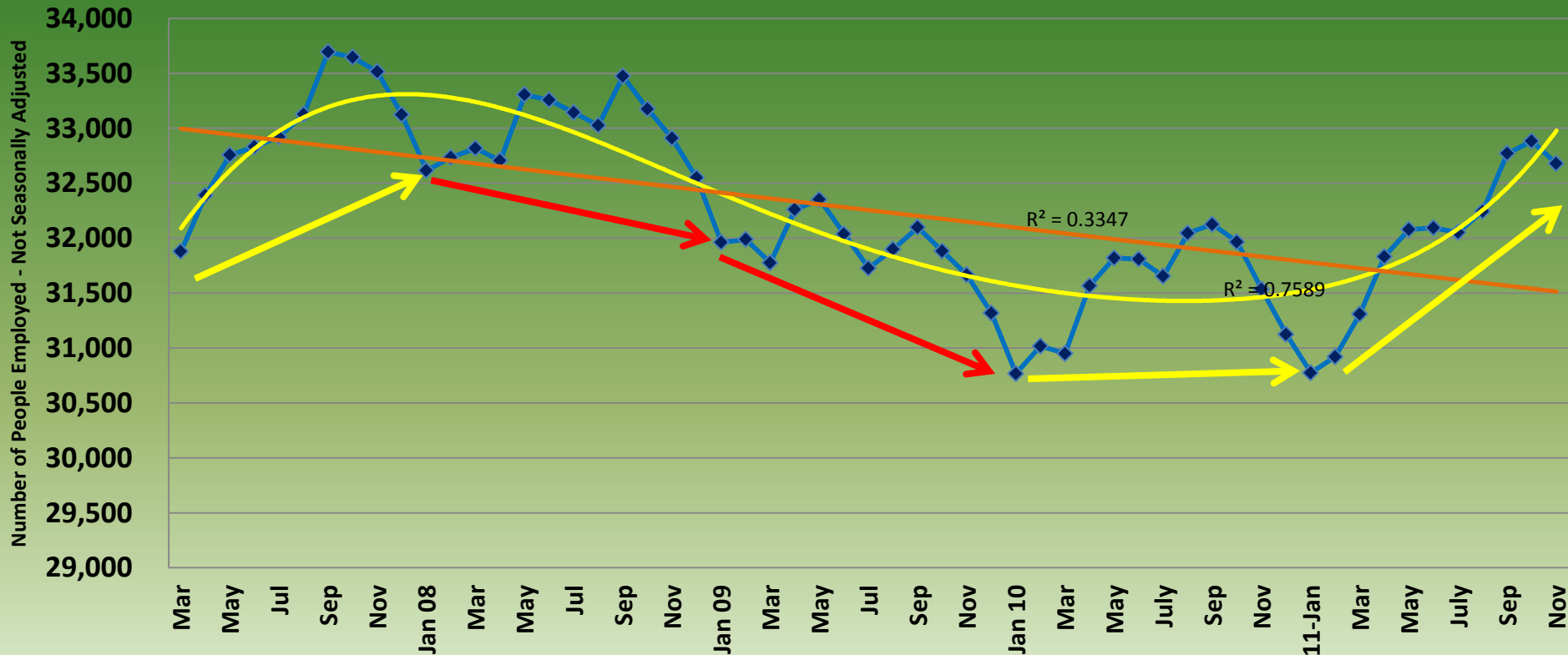


Loveland's 4+ year Employment Trend Downward

Since 2008, Job Loss trend is in still in place; last 1 ½ year is up.

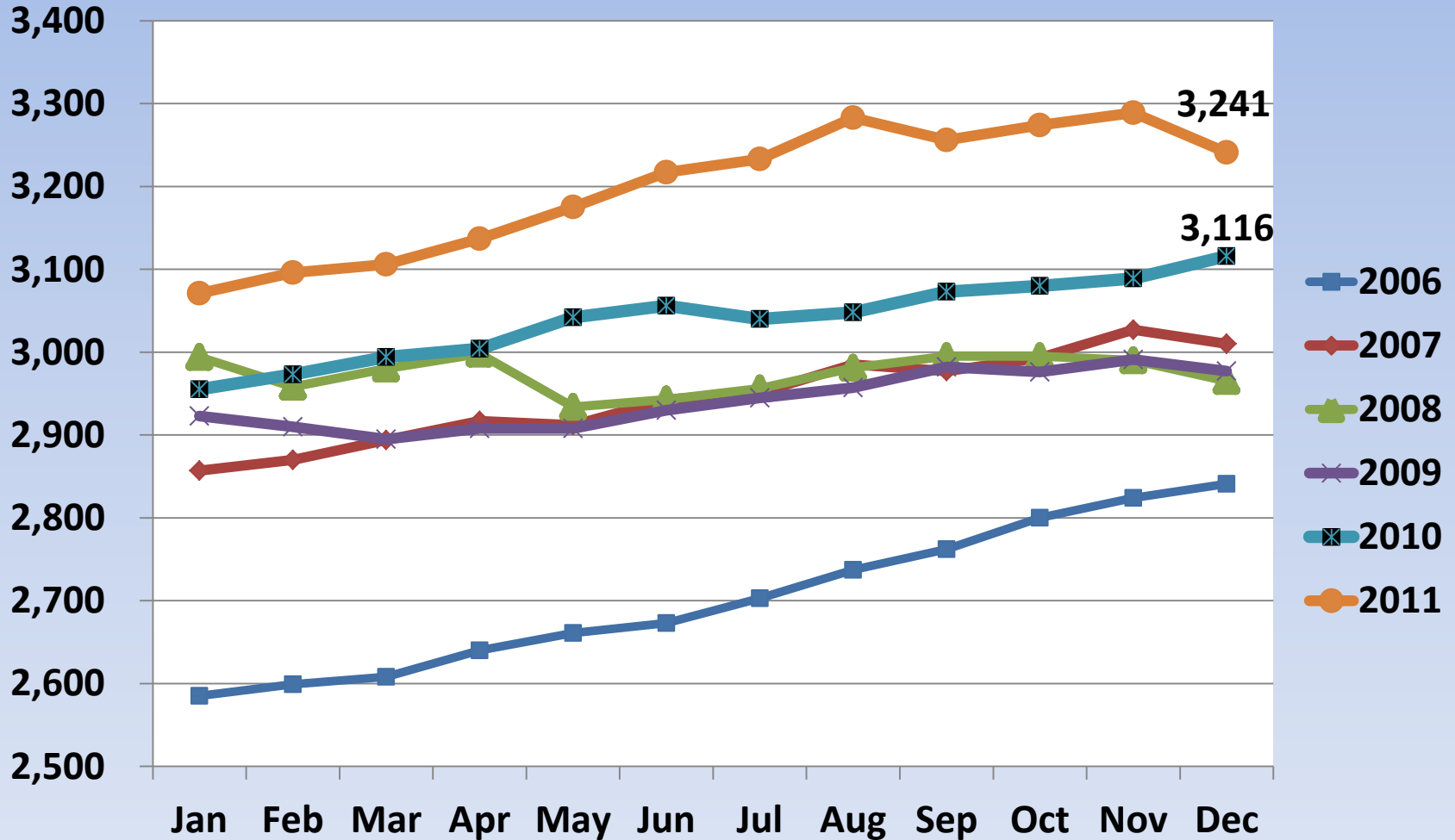
Loveland Employment - Residential Series
January 2007 to November 2011

◆ Employment — Poly. (Employment) — Linear (Employment)



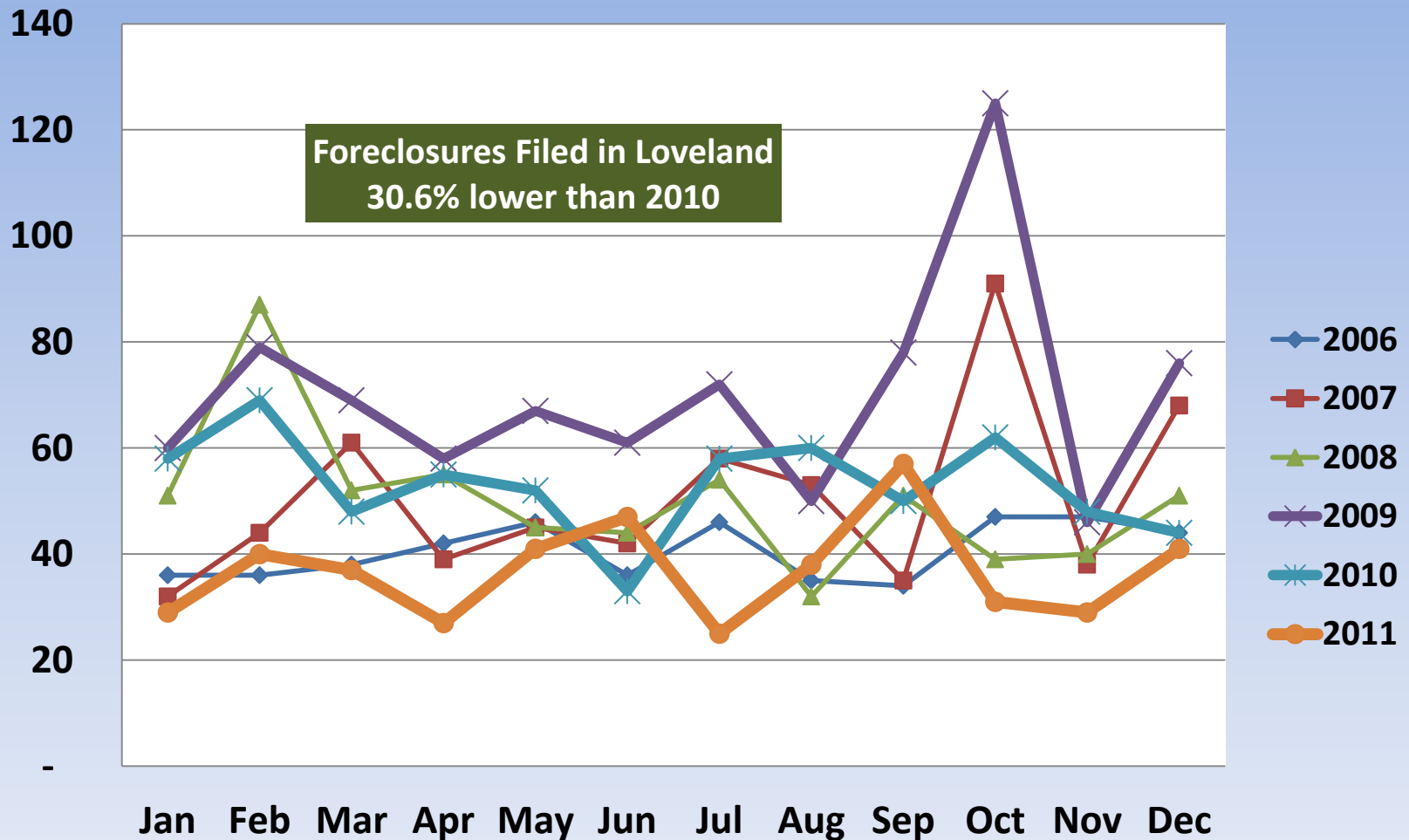
Sales Tax licenses rising steadily

Only blips in September & December when several inactive accounts closed



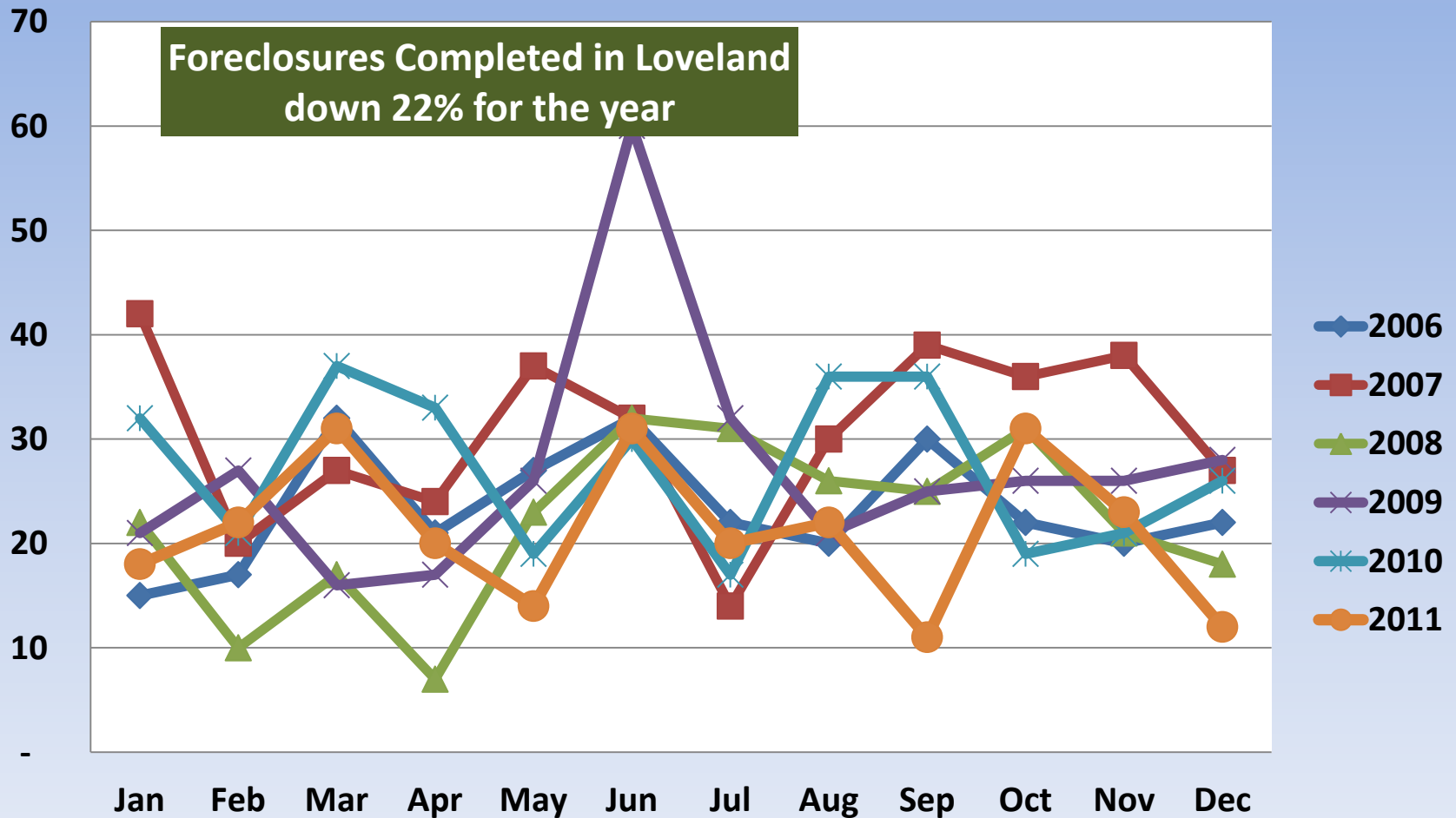
In Loveland foreclosures filed are lower

Legal uncertainties still in play



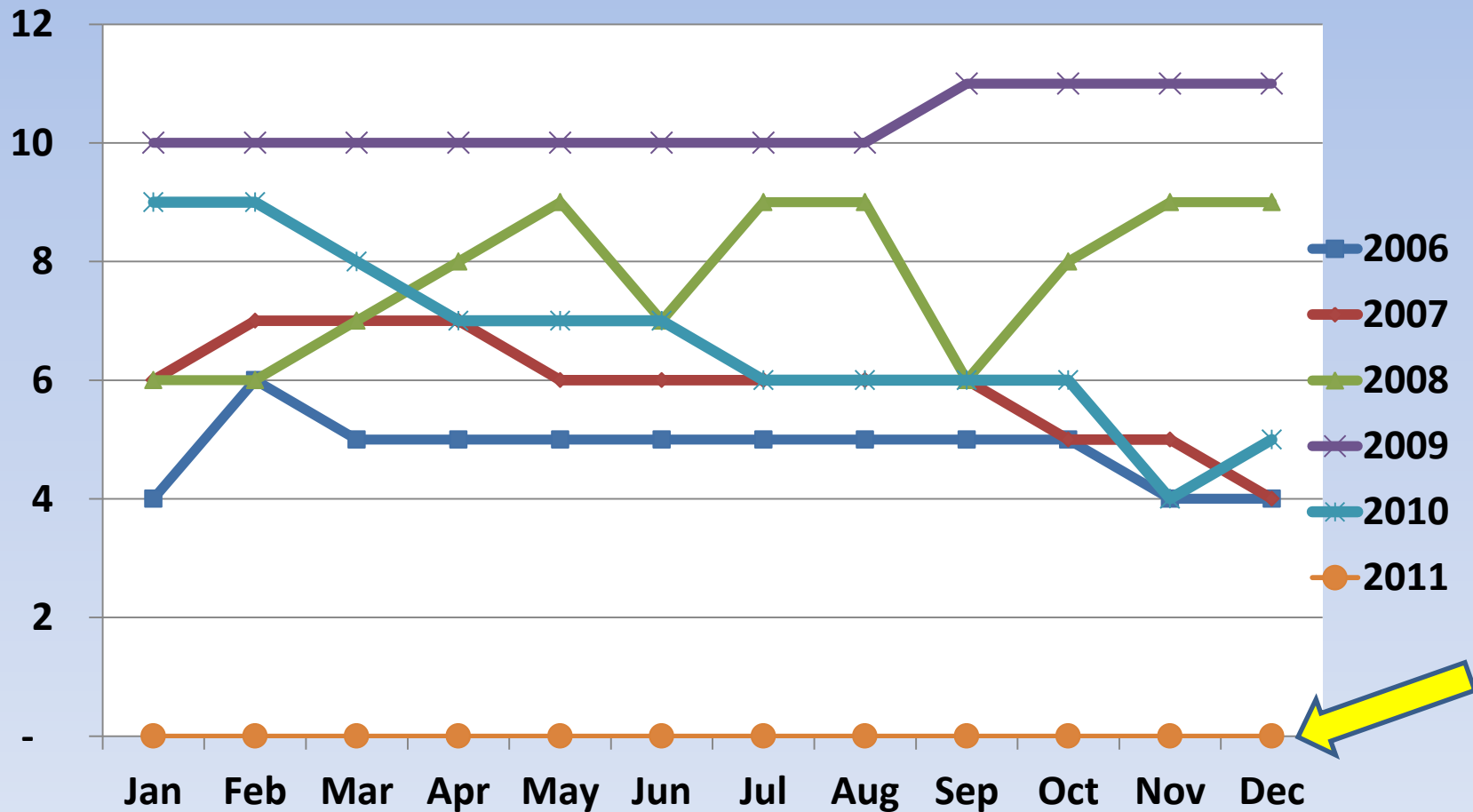
Local foreclosures completed lower than 2010

Many bank foreclosure processes have been delayed due to legal concerns



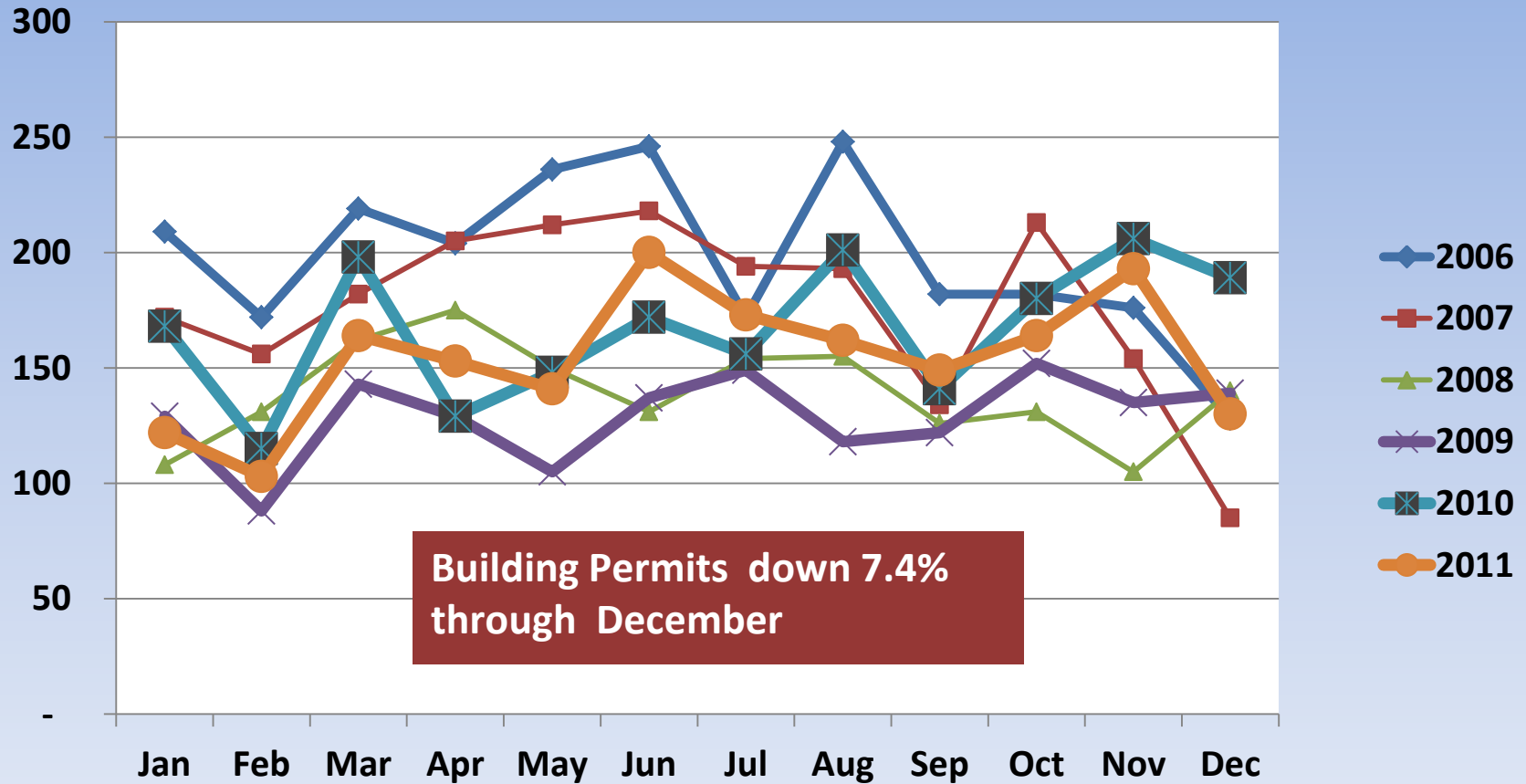
Retail activity in all GEO areas positive

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

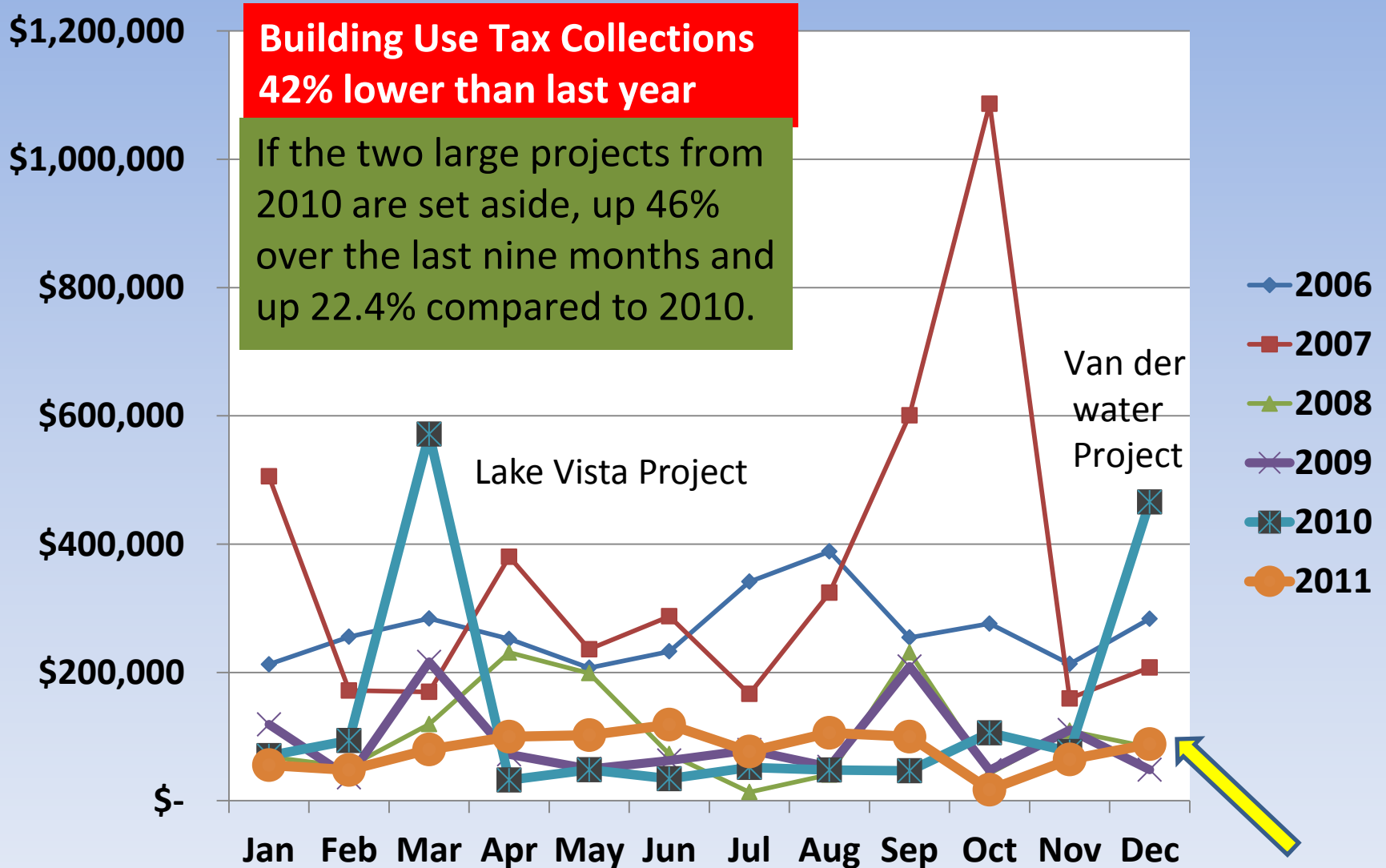


Building Permits slow start in 2011 now rising

Strength in 2010 were up due to fee incentives



Building Use Tax Collections

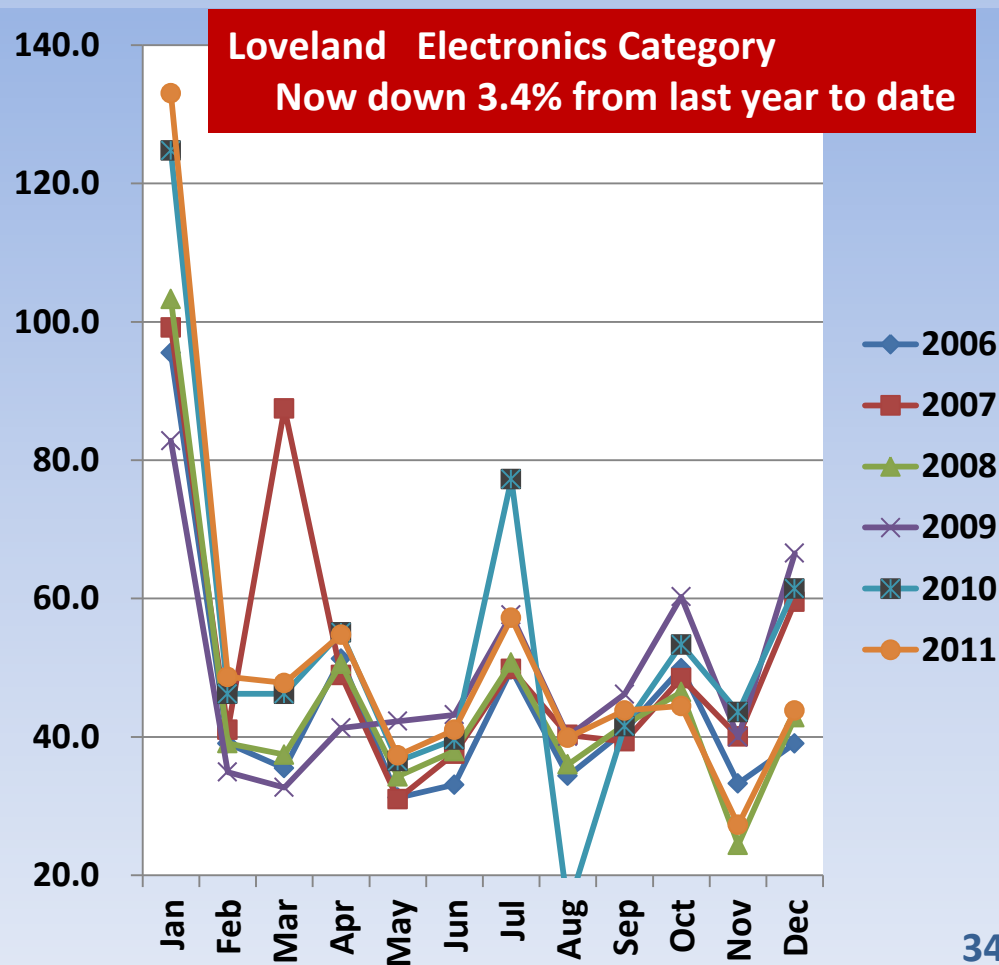
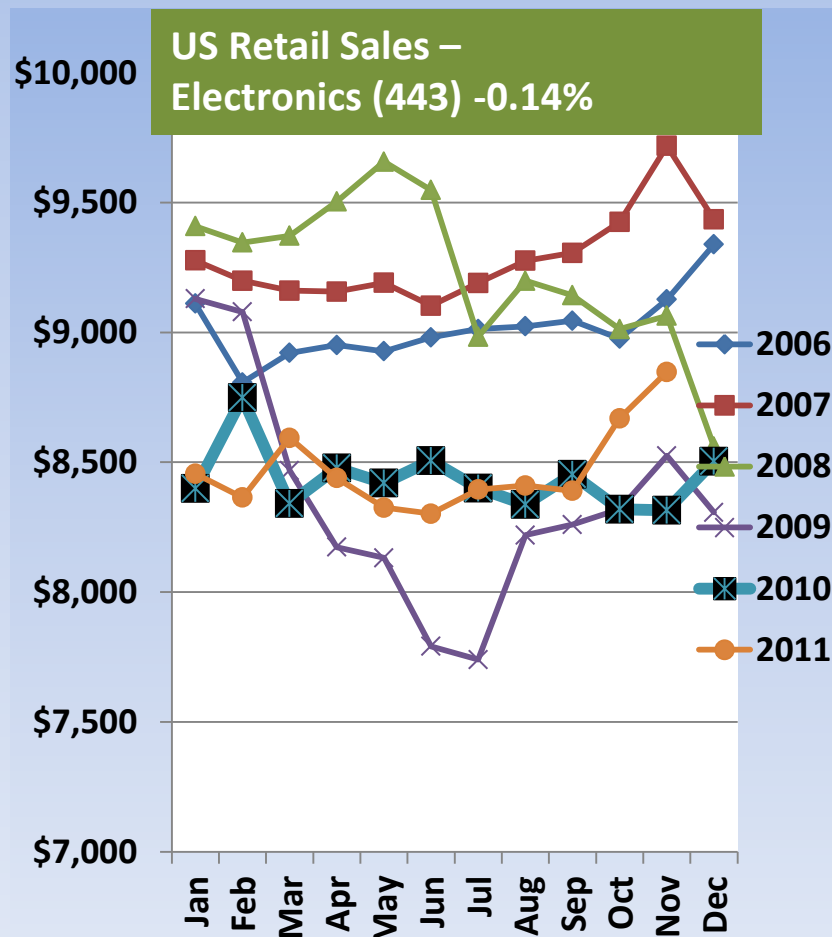


Turnaround in Electronics sales weak

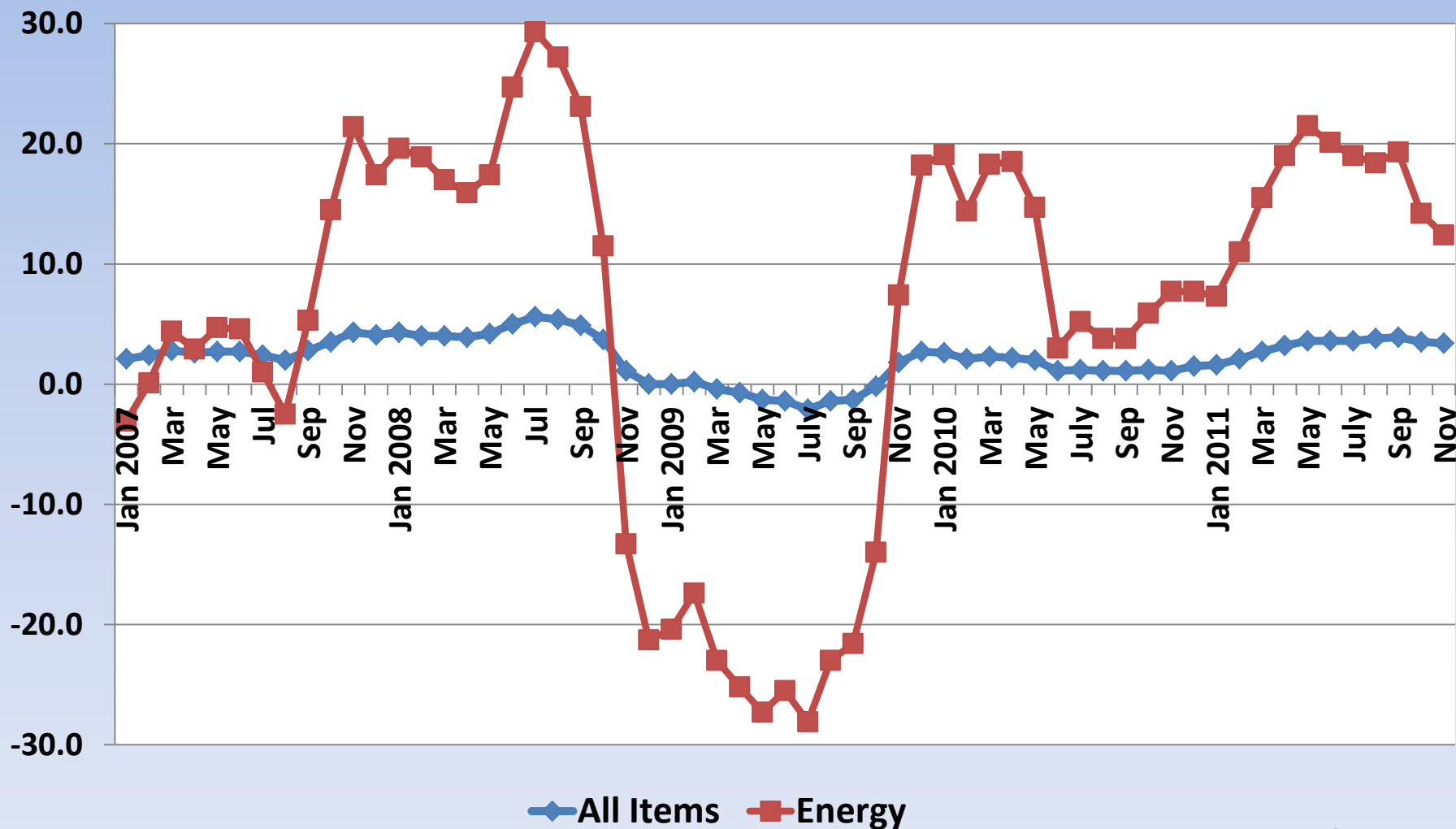
Energy price increases may limit growth in future

November sales up; year to date has caught up to 2010 levels

In this retail sales category, Loveland not outperforming national trends

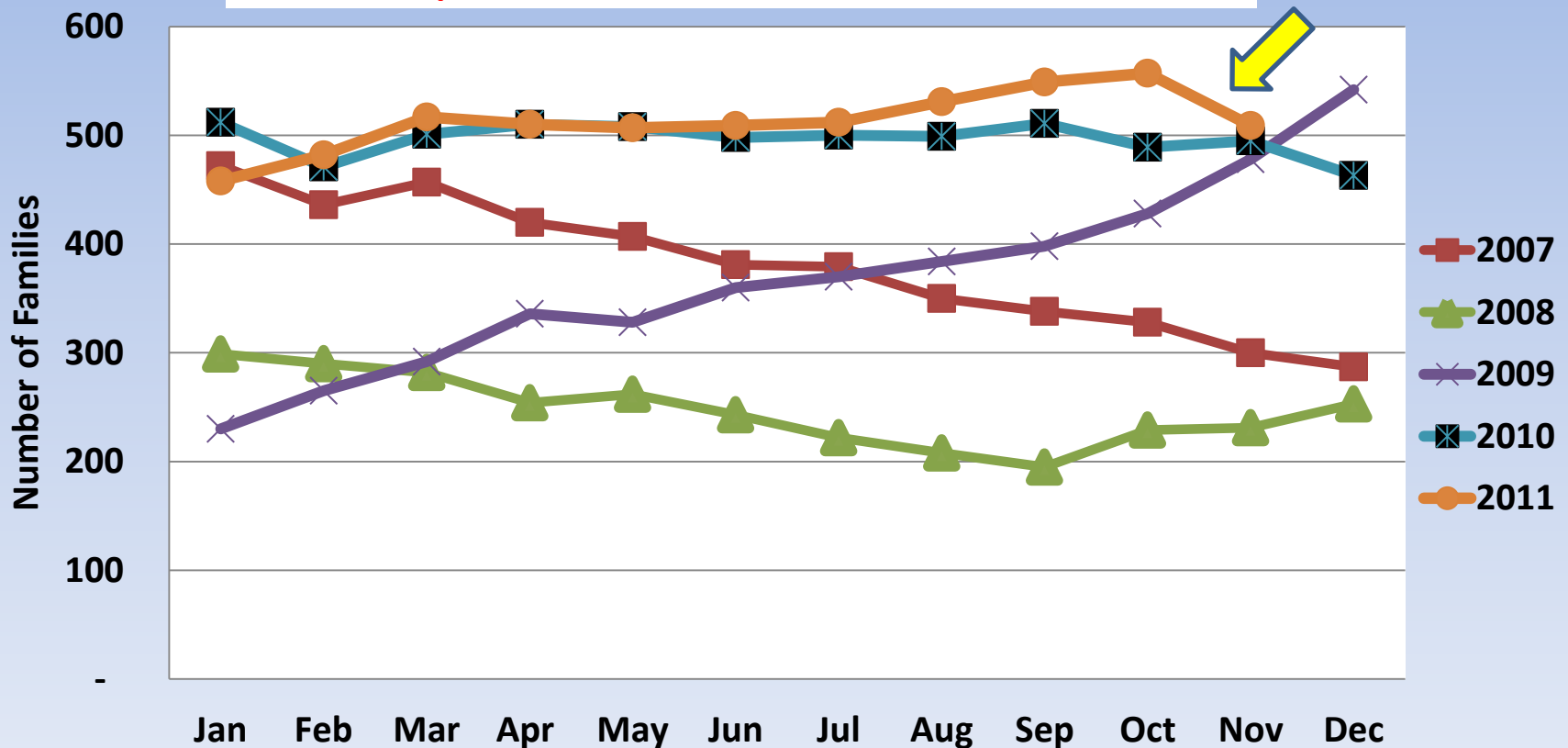


***US Inflation trend now weakening after rise
all items at 3.4% up yoy; energy costs up 12.4% yoy;
Fed worrying more about weak recovery than inflation.***



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

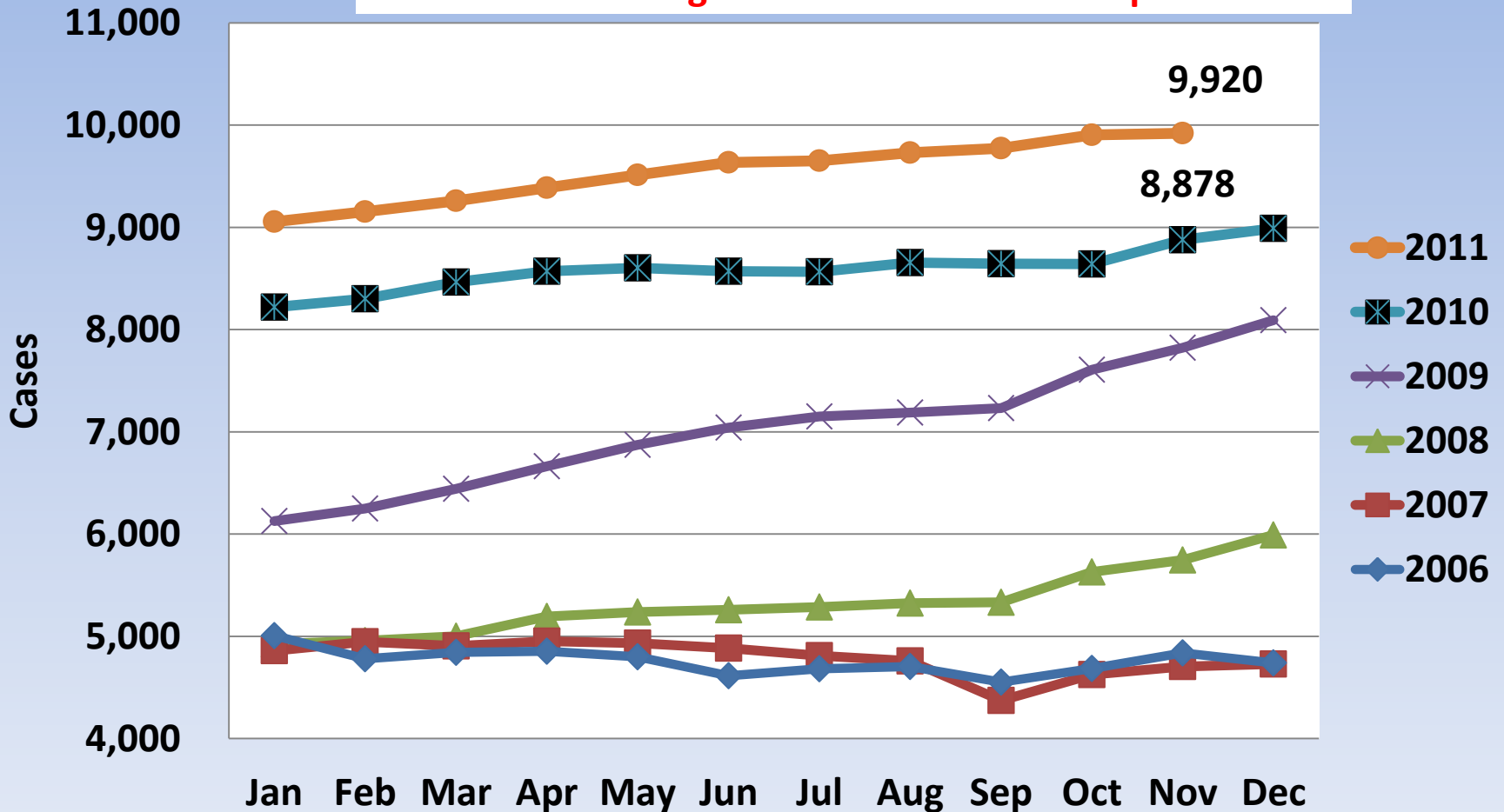


December data not available at posting time for January meeting.

Food Stamp cases reach all time high

Food Stamp Cases - Larimer County

Another all time high in November - Cases Up 11.5% YTD



December data not available at posting time for January meeting.

Disconnects slightly lower than a year ago

Utility Customer Disconnects

