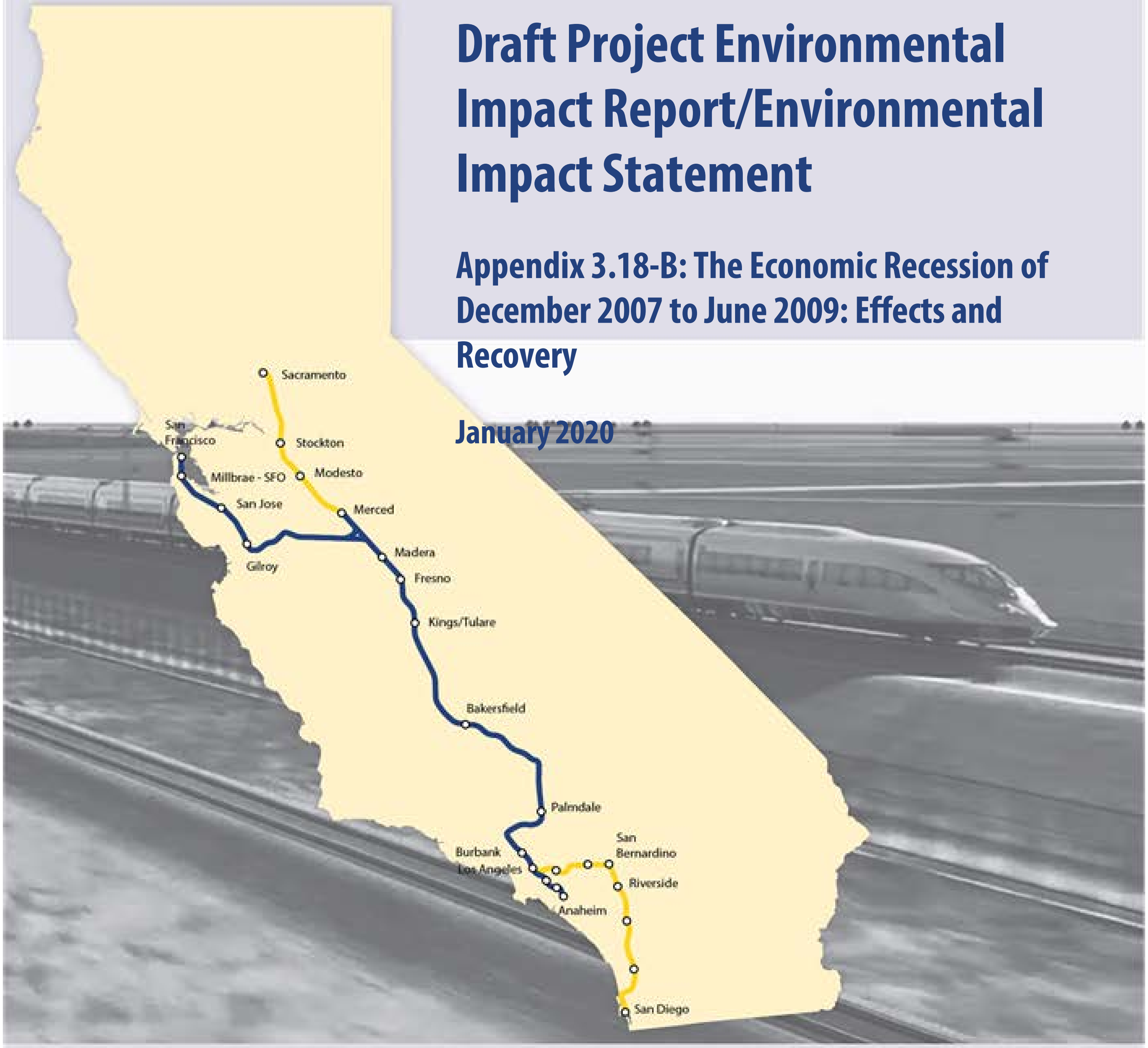
California High-Speed Rail Authority

Bakersfield to Palmdale Project Section

Draft Project Environmental Impact Report/Environmental Impact Statement

Appendix 3.18-B: The Economic Recession of December 2007 to June 2009: Effects and Recovery

January 2020



CALIFORNIA High-Speed Rail Authority

The environmental review, consultation, and other actions required by applicable Federal environmental laws for this project are being or have been carried out by the State of California pursuant to 23 U.S.C. 327 and a Memorandum of Understanding dated July 23, 2019, and executed by the Federal Railroad Administration and the State of California.

APPENDIX 3.18-B: THE ECONOMIC RECESSION OF DECEMBER 2007 TO JUNE 2009: EFFECTS AND RECOVERY

The economic recession from December 2007 to June 2009 was the deepest recession in the United States since the Great Depression of the 1930s, and it had substantial effects on the economy in the two-county region, or resource study area (RSA) comprising Kern and Los Angeles counties. This appendix evaluates the effects of this economic slowdown in terms of income and employment in the RSA because these factors directly impact residents and have the potential to affect regional growth. The analysis considers general income effects by evaluating average and median incomes; distributional income effects by evaluating poverty rates; and employment effects by evaluating unemployment rates. Despite positive national GDP starting in the third quarter of 2009, the effects of the recession in the RSA persisted for years after the end of recession. The analysis considers these effects from 2005, before the economic recession, to 2016, the most recently available data at the time this analysis was performed, to determine the level of economic recovery in the RSA. Average and median incomes recovered to pre-recession levels by 2014 in both counties. Poverty and employment rates were trending downward, but had not recovered to pre-recession levels by 2016.

An update to this analysis was performed in February 2019 to assess whether or not poverty and employment rates had reached pre-recession levels in 2017, the most recently available data at the time of the update. The analysis indicates that the economies in both counties have been improving since the recession, and have largely recovered from the impact to average and median incomes and unemployment rates. Poverty rates are also improving, but have not yet returned to pre-recession levels.

Average and Median Incomes

Average and median incomes in Kern and Los Angeles counties peaked in 2007 and 2008, respectively, and then experienced declines in the following years (Figure 3.18-B-1). The average income in Kern County returned to 2007 pre-recession levels in 2012, and the median income returned to 2007 pre-recession levels in 2014. In Los Angeles County, the average income returned to 2008 levels in 2014, and the median income returned to 2008 levels in 2013 (U.S Census Bureau 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, and 2016).

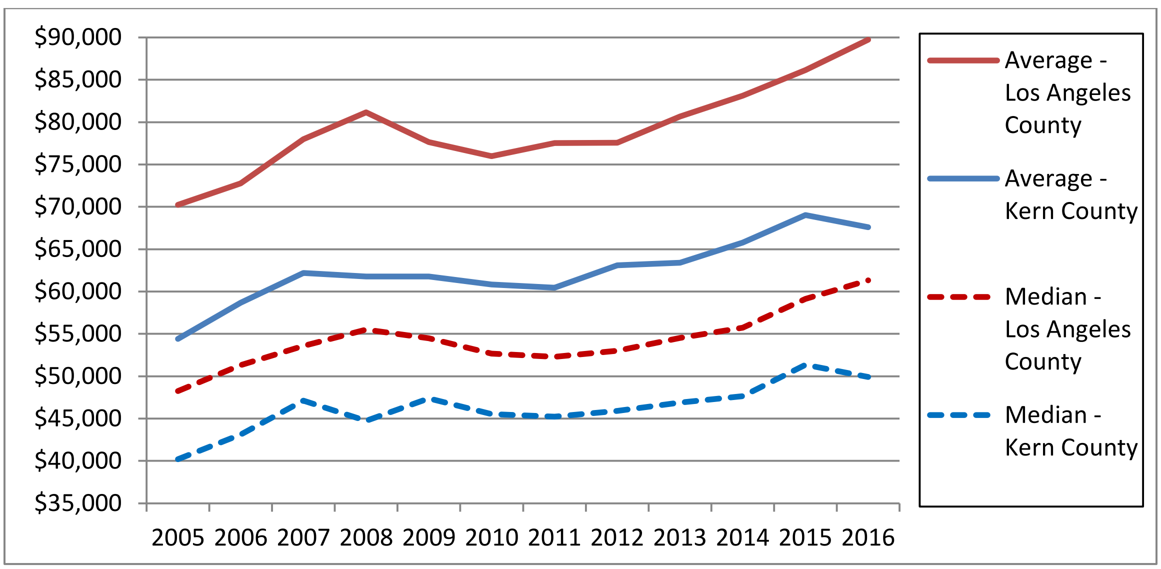


Figure 3.18-B-1 Average and Median Incomes in Kern and Los Angeles Counties

Poverty Rates

Poverty rates increased in both Kern and Los Angeles counties following the recession (Figure 3.18-B-2). In Kern County poverty rates rose from 18.1 percent in 2007 to 24.8 percent in 2014, and declined to 22.7 percent in 2016. In Los Angeles County poverty rates rose from 14.7 percent in 2007 to 19.1 percent in 2012, and then started to trend downward, with a poverty rate of 16.3 percent by 2016 (U.S Census Bureau 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, and 2016). Based on the February 2019 update to this analysis, poverty rates continued to decline in 2017, with a poverty rate of 21.4 percent in Kern County and 14.9 percent in Los Angeles County (U.S. Census Bureau 2017). Although poverty rates are continuing to improve since the recession, they have not yet returned to pre-recession levels in Kern County. The poverty rate in Los Angeles County, however, as returned to a level similar to the 2007 pre-recession rate.

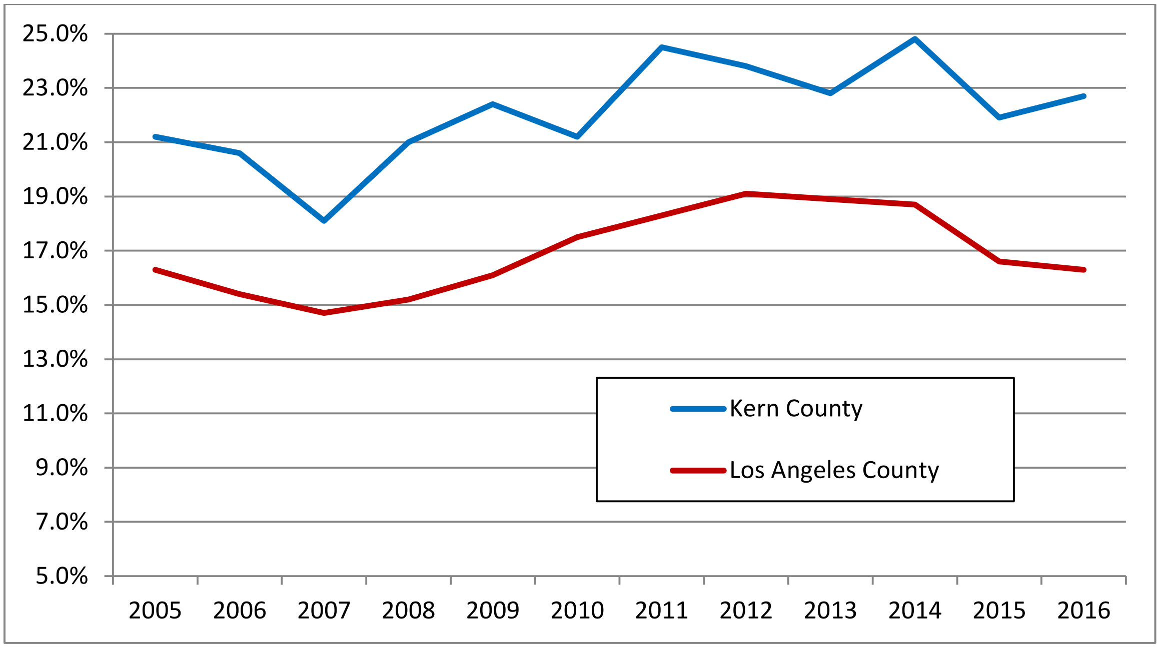


Figure 3.18-B-2 Poverty Rates in Kern and Los Angeles Counties

Unemployment Rates

Unemployment rates in Kern and Los Angeles counties show a trend of recovery from the recession. Unemployment rates in Kern County peaked at 15.0 percent in 2011, dropped to 11.0 percent in 2014 and 2015, and rose to 11.4 in 2016 (Figure 3.18-B-3). These rates, however, are still above the pre-recession rate of 10.0 percent in 2007. Similarly, unemployment rates in Los Angeles County peaked in 2010 and dropped to 6.6 percent by 2016, but remain above the pre-recession rate of 6.3 percent in 2007 (U.S. Census Bureau 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, and 2016). Based on the February 2019 update to this analysis, unemployment rates continued to decline in 2017, with an unemployment rate of 9.4 percent in Kern County and 6.0 percent in Los Angeles County (U.S. Census Bureau 2017). This indicates that the economies in both counties have continued to improve since the recession, and have fully recovered from the impact to unemployment rates.

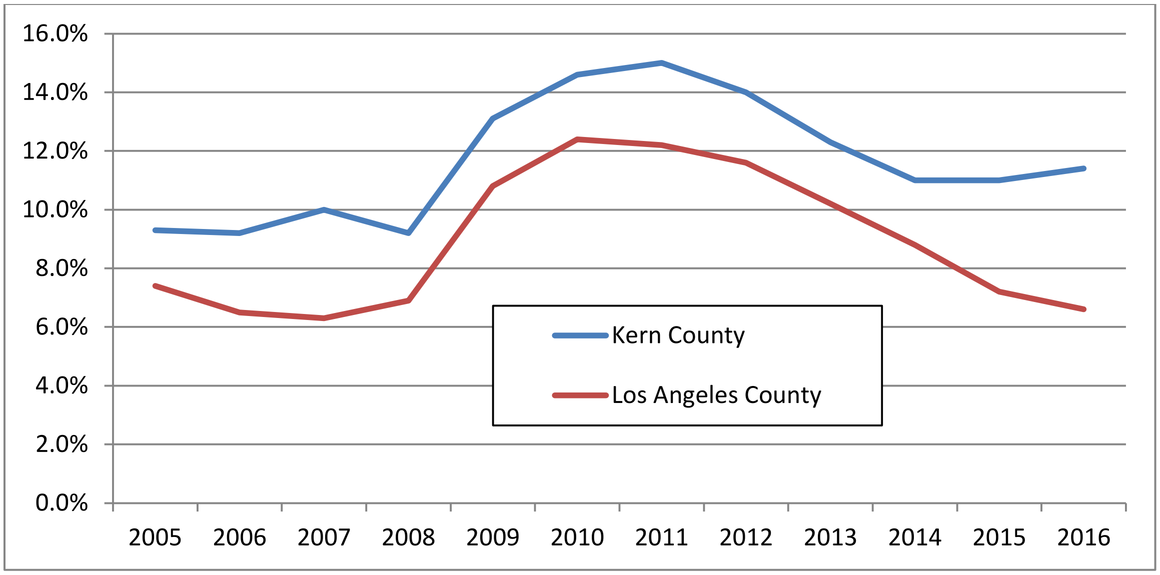


Figure 3.18-B-3 Unemployment Rates in Kern and Los Angeles Counties

Summary

This data on average and median incomes and unemployment rates indicates that the economies of Kern and Los Angeles counties have been recovering from the recession of 2007 to 2009, with incomes and unemployment rates returning to pre-recession levels. Poverty rates are also improving, but have not yet returned to pre-recession levels.

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