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THIS WEEK IN THE INLAND EMPIRE; Saving Southern California's Middle Class

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In recent years, numerous reports have noted the rising split between Southern California's rich and poor. Thus, in 2004, the 269,000 families (3.5%) earning \$200,000 or more had \$94.3 billion of the region's income (17.6%). That was just short of the \$100.1 billion (18.7%) earned by the 3.9 million families in the bottom 50% earning \$49,435 or less.

Lamenting this situation is one thing, discussing what to do is another. That is the purpose of the 2007 Southern California Association of Governments Economic Conference at Ontario Convention Center, from 11 a.m. to 2 p.m. this Friday, March 9.

Attendees will hear from an extraordinary group of speakers focused on how to deal with this issue and make our economy stronger. I will host the gathering and question each of the speakers after I have heard their remarks. Those wishing to attend can sign up online at: www.scag.ca.gov/cgi/registration/regecon10/index.cfm

At the conference, titled "The Middle Class on Life Support ... Strategies for Revitalizing Southern California's Economy," a featured luncheon speaker will be California State Sen. Tom Torlakson, D-Antioch. He is now chairman of the State Senate Democratic Caucus and was a key leader in gaining legislative approval to bring Gov. Schwarzenegger's infrastructure bond package to the voters. He will review ideas from other speakers and look at whether, politically, they appear feasible.

An historical perspective will come from New York Times columnist James Flanigan. For years, Flanigan was the Los Angeles Times's business page columnist; he brings the knowledge gained there to the conference. His remarks will take a long view of Southern California's economic development, including the energy that he expects will be brought to the economy by the hard work and entrepreneurship of our current influx of immigrants.

Prominent among the speakers will be the Inland Empire's Bob Wolf, co-chairman of the Southern California Leadership Council, and former California Secretary of Business, Transportation & Housing. Bob has put considerable effort into seeking a solution to the growing goods movement infrastructure crisis caused by Southern California's success in handling more than 41% of U.S. imported containers. He will discuss his thinking on how to finance expanding our freeways and rail corridors and the jobs that this can create.

SCAG itself has been a key group focused on the appropriate policies for expanding Southern California's middle class. Mark Pisano is an economist and has been the group's executive director for 27 years. He will discuss his thinking on the policies that can both help our middle class expand and simultaneously spur Southern California's economy.

A key change in our economy has been the rise of our service sectors and the decline of our production sectors. While many see this as a difficulty, former Assembly member Wally Knox, director of the Institute for the Middle Class, sees it as offering a route for many to reach the middle class. He will discuss this facet of the economy and its implications for the kinds of jobs that will be added and the types of facilities and training the workers will need.

Another Inland Empire presenter with a statewide reputation is Don Averill, chancellor of the San Bernardino Community College District. Averill has been one of the statewide leaders in trying to make the community colleges more responsive to the fact that 44% of Southern California's adults 25 years and older have not had one college class. This is a

difficulty given the increasing demand for educated workers. Don will examine the question of what is working and what is not working in our efforts to provide training to these adult workers.

Repeatedly, we hear that one of the difficulties facing job creation in Southern California is the cost environment created by our state and local governments. Larry Kosmont, who conducts the annual Kosmont-Rose Institute Cost of Doing Business Survey, looks at this issue, showing which communities have created the most and least competitive environments. He will discuss the policies needed to strengthen our ability to encourage firms to stay and grow in Southern California.

In terms of income, education and other such measures of economic success, Orange County is Southern California's leader. However, the high price of housing and the exodus of young workers is raising difficulties for that county's long term future. Lucy Dunn, president and CEO of the Orange County Business Council and former director of California's Department of Housing and Community Development, will discuss what her organization is doing to deal with these trends.

Clearly, the housing industry plays a vital role in Southern California's economic health. KB Home has historically been a leader in providing homes to our middle class. However, a variety of factors are making that task increasingly difficult. Michelle Johnson, executive vice president for the firm's inland valley division, will discuss why this is the case and what the industry believes needs to be done about it.

Finally, two California State University economists will round out the conference. Anil Puri, Cal State Fullerton's dean of the College of Business and Economics, will open the discussion with an explanation of what income range constitute the middle class and why. Lisa Grobar, professor of economics at Cal State Long Beach, will provide a multi-county economic forecast.

Hope to see you there.

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