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# Drought Update

May 22, 2014

## It's Time to Fix CA's Broken Water System

### Drastic Conditions Harming Valley Businesses and Families

"According to the U.S. Drought Monitor, the entire state is considered 'abnormally dry,' and two-thirds of California is in 'extreme' to 'exceptional' drought conditions." The region's farmers are receiving very low allocations of water. "With less water, farmers are making fewer big purchases, fallowing hundreds of thousands of acres and hiring fewer farm laborers. All of this means they're putting less money into the local economy."<sup>1</sup> Current impact estimates from the UC Davis Center for Watershed Sciences project a \$1.7 billion loss to the agricultural industry at least 14,500 lost jobs but these numbers could go higher as we reach the peak of the agricultural employment season.<sup>2</sup>



### Unemployment Rises in Valley while State Levels Decline

6.8%

National average

8.4%

CA unemployment

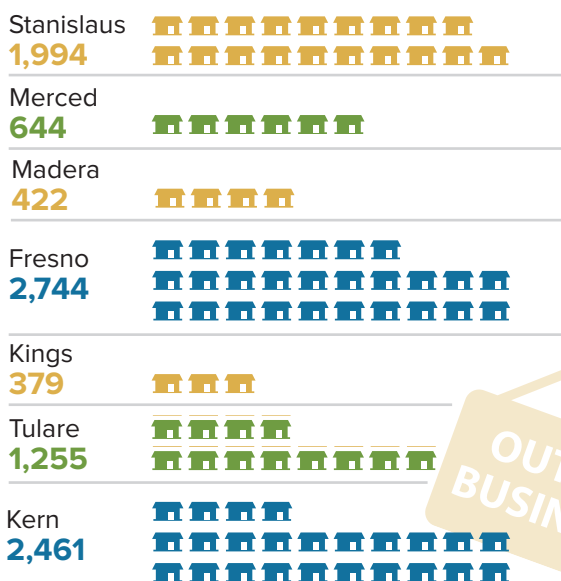
13.8%

Fresno County<sup>3</sup>

Farm employment declined by 1,600 jobs between February and March<sup>4</sup>

### Businesses Struggling to Survive:

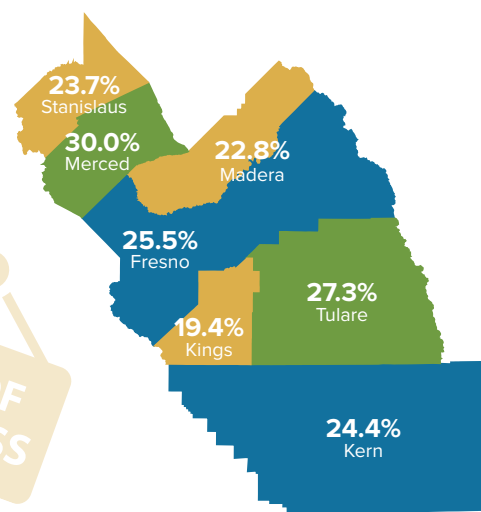
Bankruptcy Filings for Mar 2013 - Mar 2014<sup>5</sup>



OUT OF BUSINESS

### Poverty Rates for Valley Cities Highest in the Nation<sup>6</sup>

"Three of the five most impoverished metropolitan areas in the nation are in the Central Valley."<sup>7</sup>



### Human Costs of the Water Shortage

The View from Mendota: "Nearly half of the people here live below the poverty line, and unemployment often hovers around 30 percent," so Mayor Robert Silva fears impacts similar to the brutal 2009 drought that hit at the same time as nation's recession and foreclosure crisis. "We know exactly, more or less, what's going to happen because we saw what happened. We experienced these bad problems: the crime went up, there was a lot of spousal abuse and expulsions from the school system as a result of those people not working."<sup>8</sup>

1. California's Drought Ripples Through Businesses, Then to Schools, NPR, 4/20/14
2. Preliminary 2014 Drought Economic Impact Estimates in Central Valley Agriculture, Prepared for CDFA, 5/19/14
3. State of CA, Employment Development Department, 4/18/14
4. State of CA, Employment Development Department, 4/18/14
5. U.S. Bankruptcy Court, CA Eastern District [http://www.uscourts.gov/uscourts/Statistics/BankruptcyStatistics/BankruptcyFilings/2014/0314\\_f5a.pdf](http://www.uscourts.gov/uscourts/Statistics/BankruptcyStatistics/BankruptcyFilings/2014/0314_f5a.pdf)
6. Just the Facts: Poverty in California, PPIC, 2013
7. "California is Richest, Poorest State," Fox & Hounds, 5/28/13
8. California's Drought Ripples Through Businesses, Then to Schools, NPR, 4/20/14
9. California Foreclosure Starts Hover Near 8-Year Low, DQNews.com, 4/22/14

### More Families Unable to Pay Their Mortgage



DataQuick reported that the number of notices of default increased by 7.9% from 3,951 to 4,263 from 2013 Q1 to 2014 Q1.<sup>9</sup>