

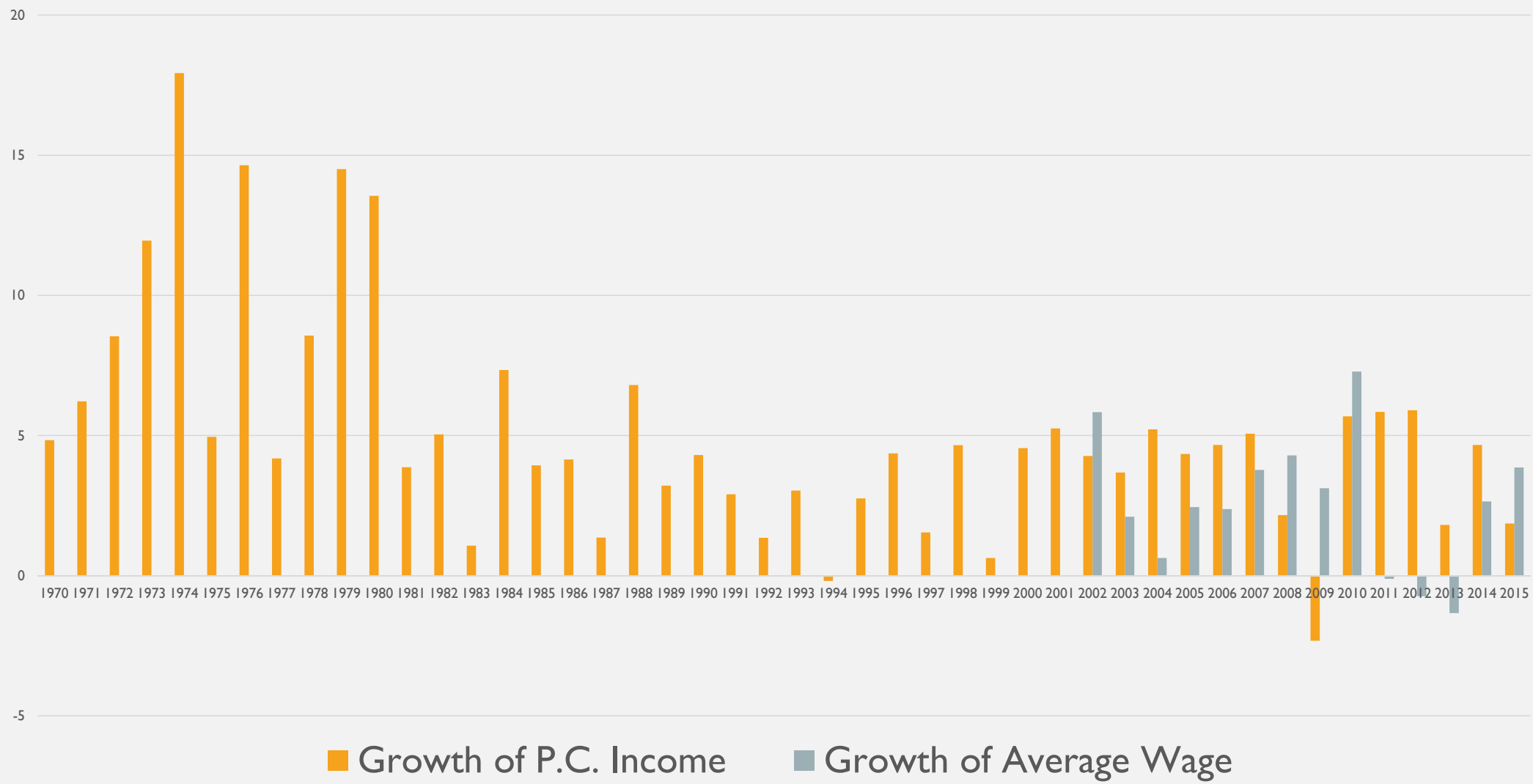
# KERN ECONOMIC SUMMIT

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# INCOME AND WAGE GROWTH

- Per capita income represents total income in Kern County, divided by the total population.
  - Measures how much each person (working, non-working, child, retired) would have, in their pocket, in Kern County.
  - A measure of general welfare.
- Average wages represents the average wage payment to only those who are employed in Kern County.
  - A measure of education, employment, and other job market opportunities.

# Wage and Income Growth in Kern County

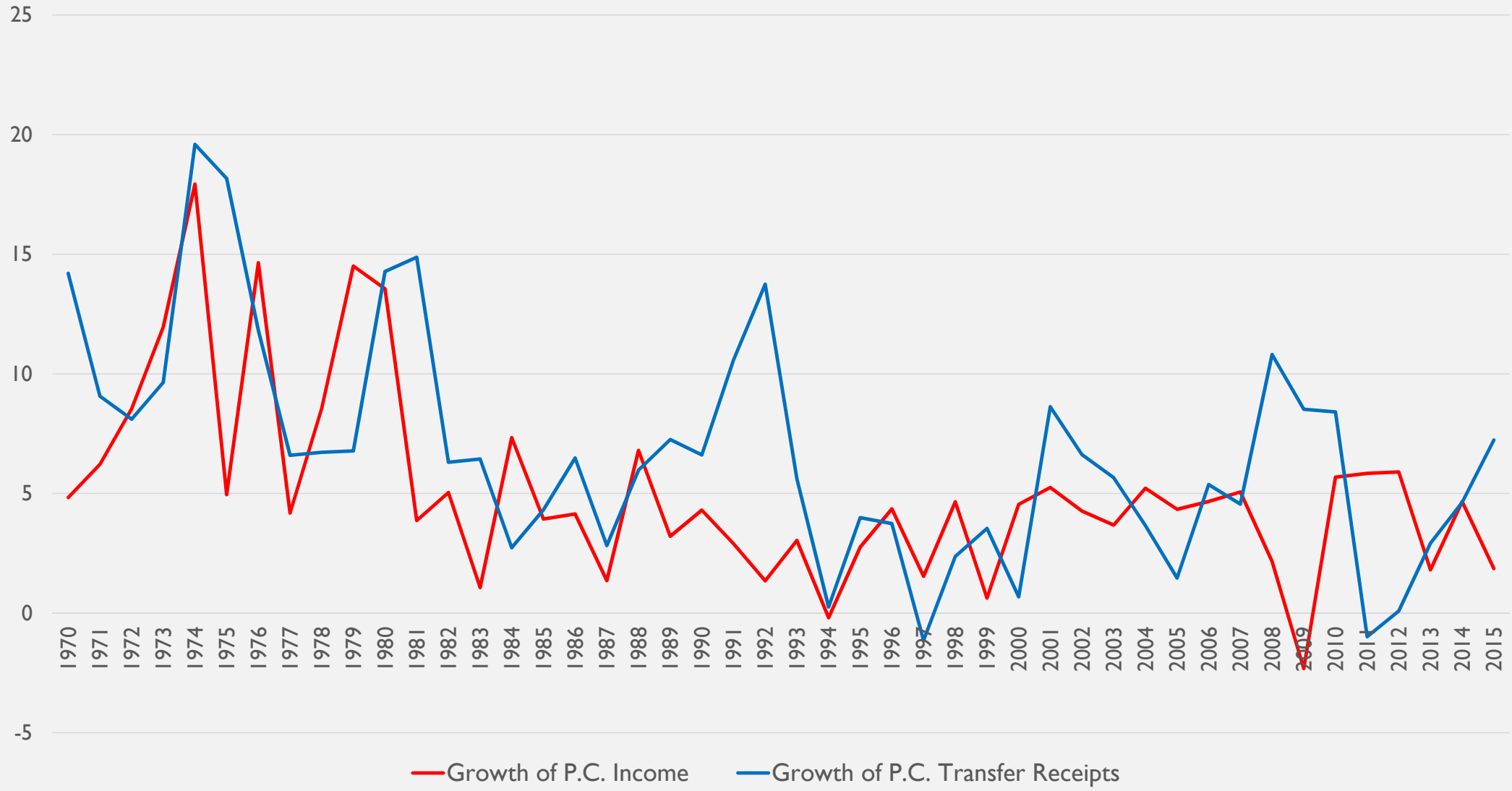


## SOME FACTS

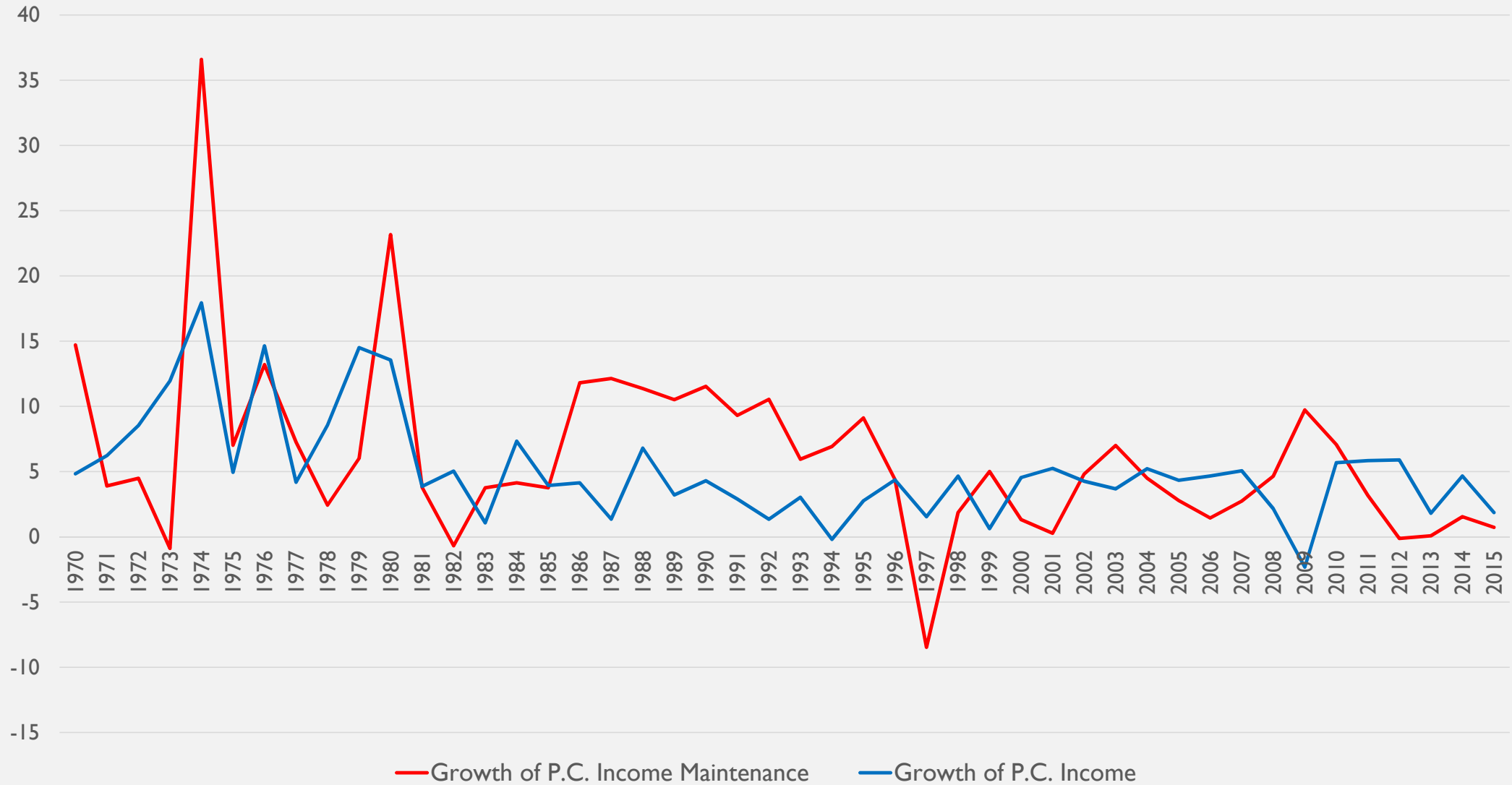
VARIABLE	AVERAGE GROWTH RATE (1969 – 2001)	AVERAGE GROWTH RATE (2001 – 2015)
PER CAPITA TOTAL TRANSFER PAYMENTS	7.53%	4.93%
PER CAPITA INCOME MAINTENANCE PAYMENTS	7.38%	3.58%
PER CAPITA INCOME	5.68%	3.77%

- About one-quarter of per capita income growth is explained by wage growth in Kern County SINCE 2001.
- The rest of per capita income growth is explained by two things:
  - Medical benefits (Medicare, Medi-Cal, Military medical insurance, Supplemental Children’s Health Insurance Program)
  - Income Maintenance benefits (Supplemental Security Income, Earned Income Tax Credit, Additional Child Tax Credit, CalFresh).

# Growth of Total Government Transfer Payments and Per Capita Income, Kern County

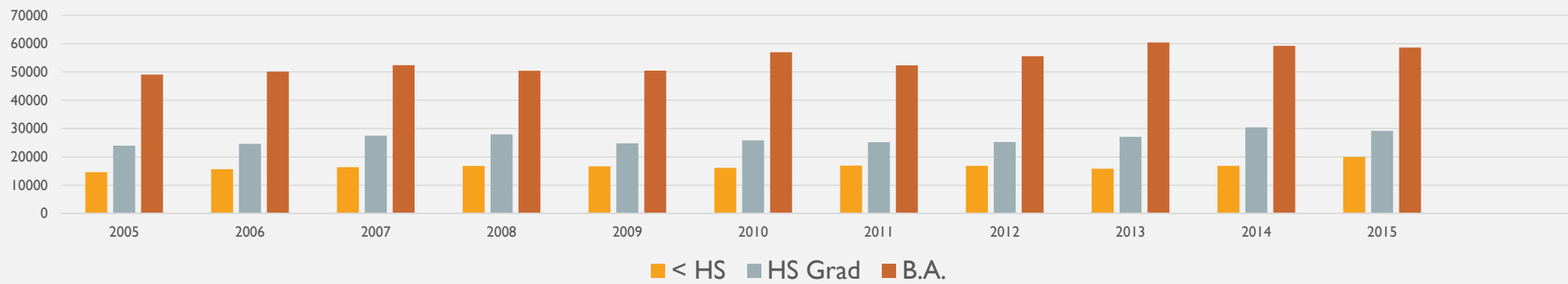


# Growth of Income Maintenance "Welfare" and Per Capita Income, Kern County

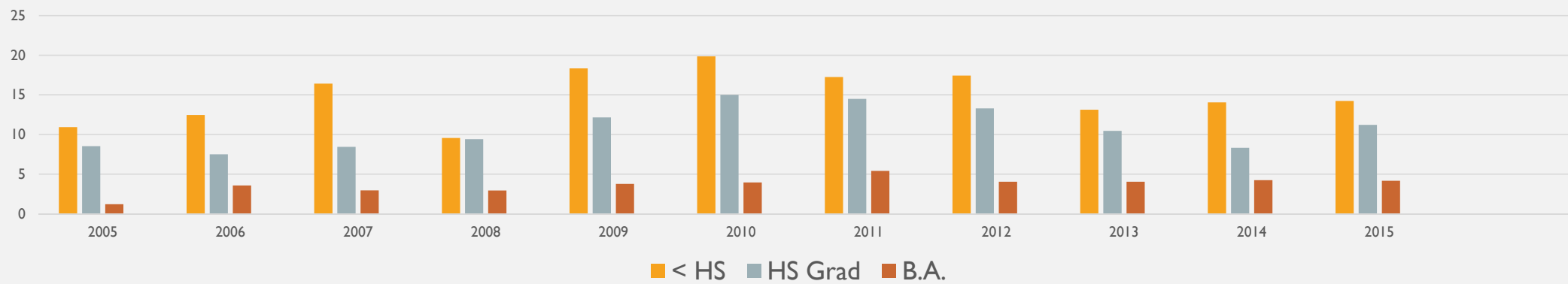


# WAGES AND EDUCATION

## Wages by Educational Attainment in Kern County



## Unemployment by Educational Attainment in Kern County



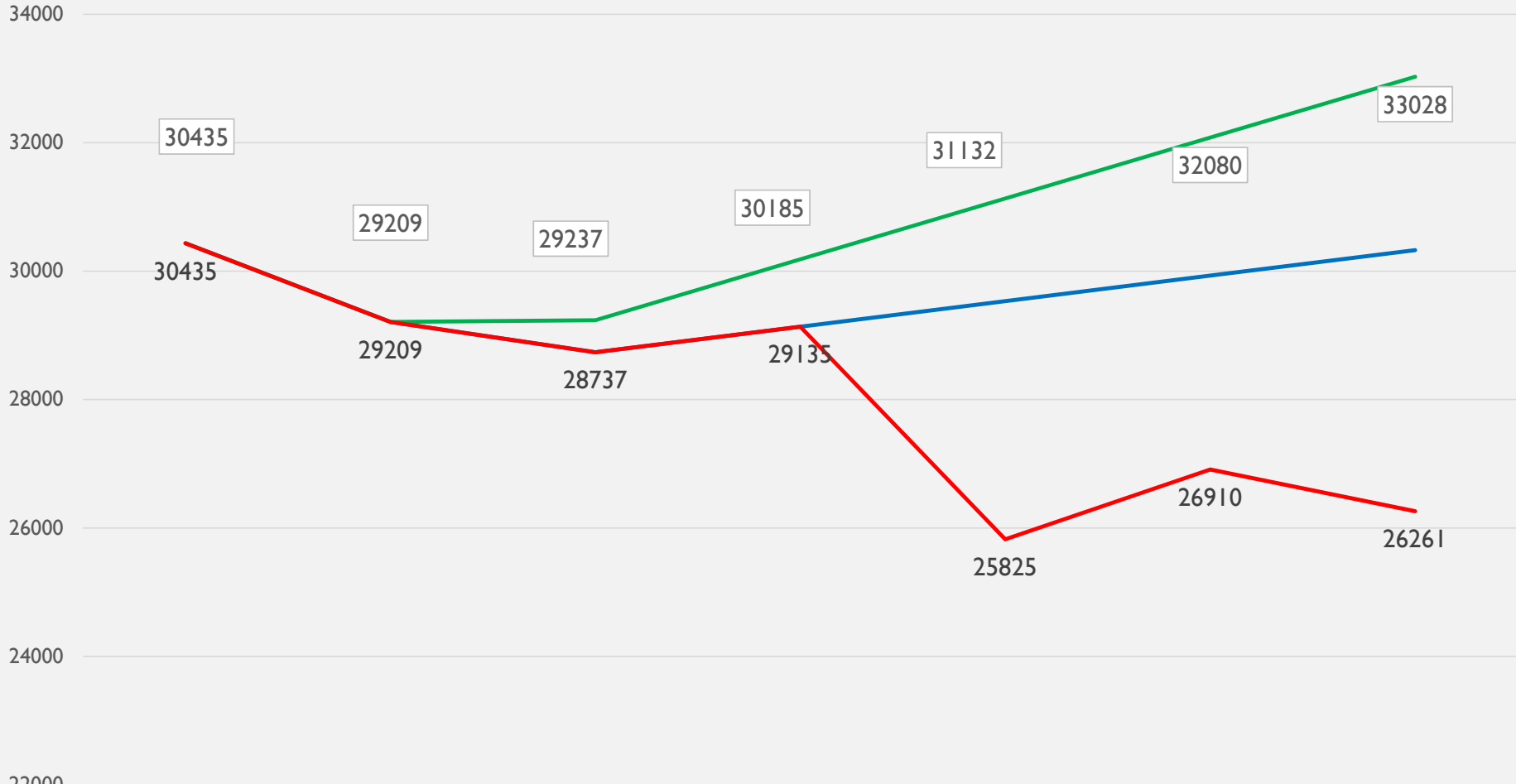
## REGRESSIONS AND WAGE FORECASTS

- Decreasing the number of high school dropouts in Kern County by 146 students per year will INCREASE average wages in Kern County by \$298 PER YEAR.
  - This amounts to \$9,800 PER YEAR in higher wages for a high school degree, compared to not having one.
- Increasing the number of college enrollees (not graduates) in Kern County by 923 students per year will INCREASE average wages in Kern County by \$130 PER YEAR.
  - This is largely a “demand-side” response.
  - This \$130 per year raises average wages (from 923 more students of 300,000 workers; HUGE!).
  - THIS AMOUNTS TO \$31,000 PER YEAR IN HIGHER WAGES FROM A COLLEGE DEGREE, COMPARED TO A HIGH SCHOOL DEGREE.



- Increasing the area's local economic GDP has ONLY 40-PERCENT the impact than increasing educational attainment of 1,100 individuals in Kern County per year.
- Education is THE key driver in an area.
  - Increases worker productivity.
  - Allows them to pair with highly productive capital.
  - Creates incentive for high-tech, high innovation firms to locate facilities in that area.

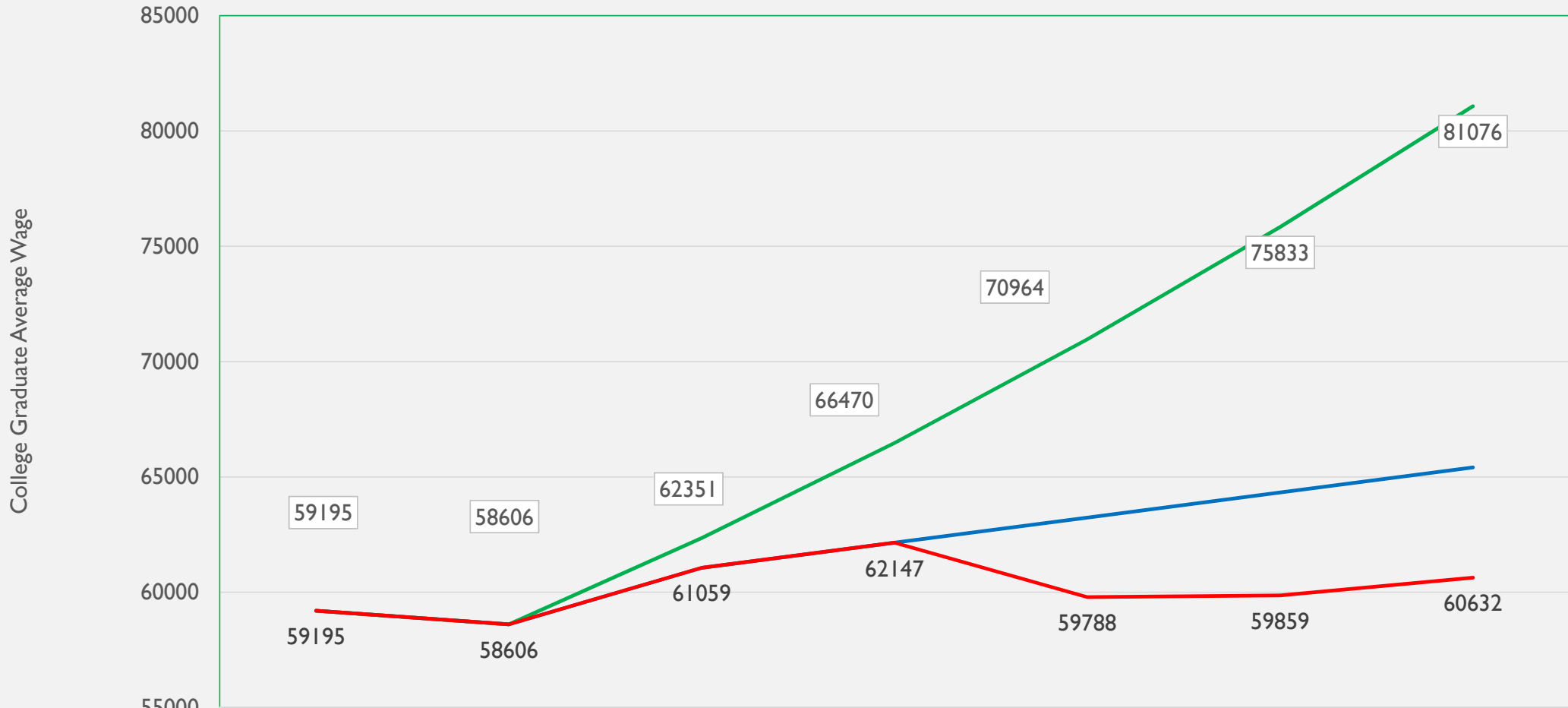
Average High School Graduate Wage Forecast in Kern County



High School Graduate Average Wage

	2014	2015	2016	2017	2018	2019	2020
HS Grad (Normal)	30435	29209	28737	29135	29532	29930	30328
HS Grad (Optimistic)	30435	29209	29237	30185	31132	32080	33028
HS Grad (Pessimistic)	30435	29209	28737	29135	25825	26910	26261

Average B.A. Graduate Wage Forecast in Kern County



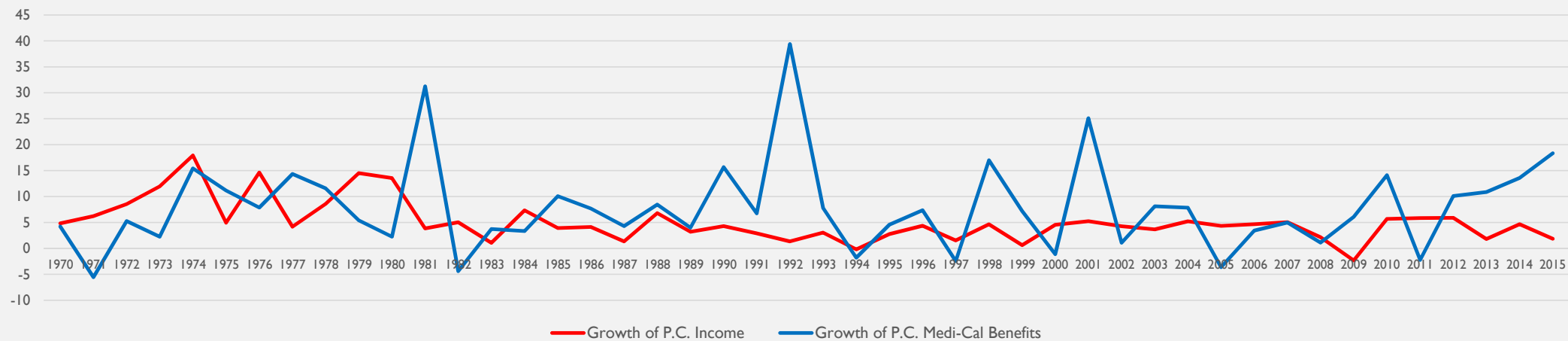
	2014	2015	2016	2017	2018	2019	2020
B.A. (Normal)	59195	58606	61059	62147	63235	64323	65411
B.A. (Optimistic)	59195	58606	62351	66470	70964	75833	81076
B.A. (Pessimistic)	59195	58606	61059	62147	59788	59859	60632

# HEALTHCARE

- Cost containment is a long-term goal.
- People's behaviors and other confounding factors (demographics, religion, food scarcity, air quality) can offset ANY of the benefits that healthcare can provide.
- Hard to judge any health-related reforms without taking a “multi-generational” approach.
- Why are Millennials skinnier? Learning about the costs of obesity from their parents.

# HEALTHCARE AND KERN COUNTY

Growth of Medi-Cal Benefits and Per Capita Income in Kern County



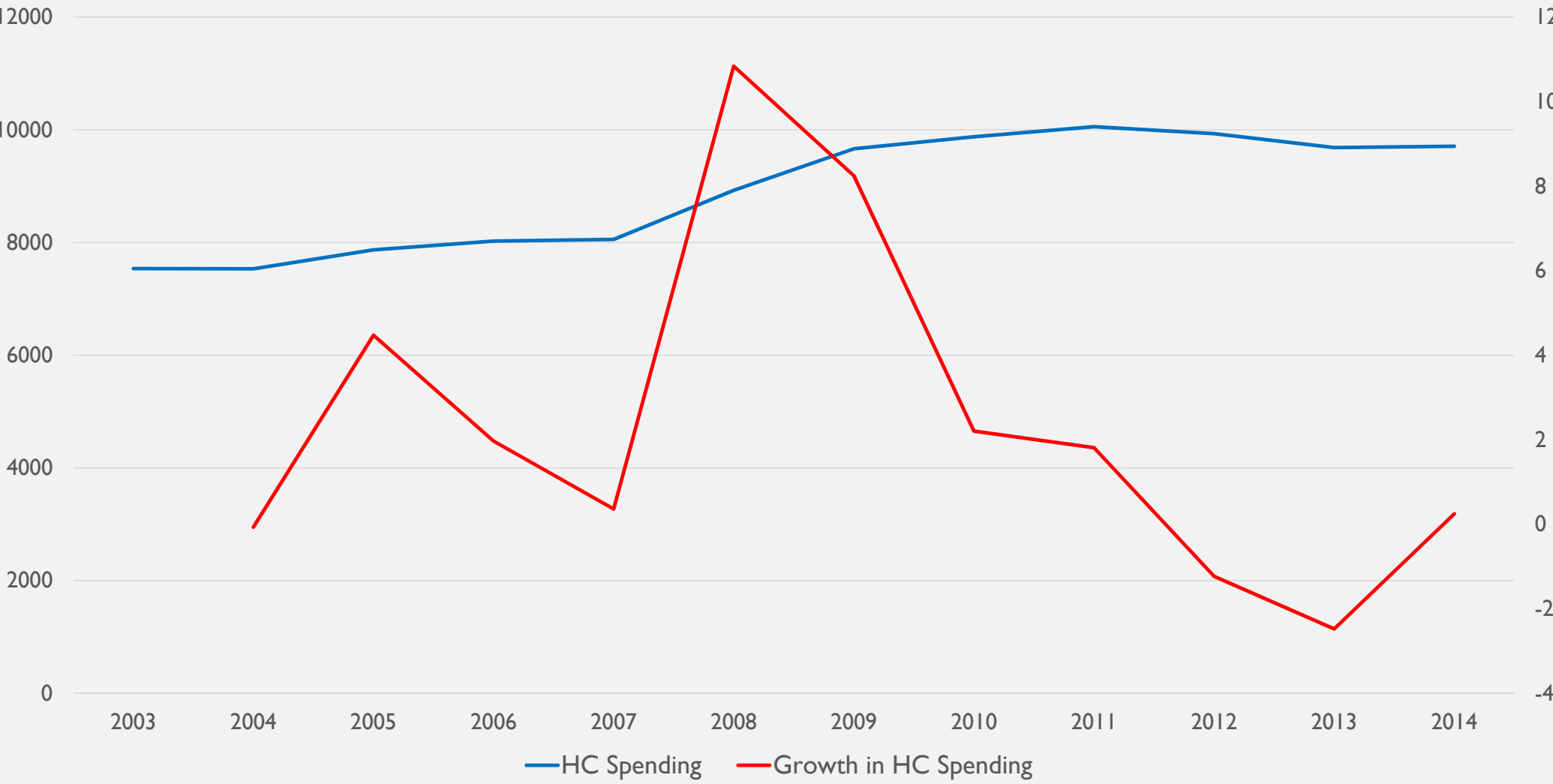
- Since 2010, per capita income growing much faster than total “welfare” and “income” welfare.
- Since 2010, in Kern County, most “welfare” taking form of healthcare benefits (Medicare, Medi-Cal, SCHIP).
- Substituting “income” based welfare that can be used for any goods for item-specific welfare (can only be used for one type of good).

## SOME FACTS

VARIABLE	5 YEAR PRE-ACA GROWTH RATE	5 YEAR POST-ACA GROWTH RATE
MEDI-CAL BENEFIT PAYMENTS	3.31%	10.81%
PER CAPITA HEALTHCARE SPENDING	4.30%	0.11%
	5 YEAR PRE-ACA AVERAGE	5 YEAR POST-ACA AVERAGE
MEDI-CAL READMISSION RATE	21.63%	20.62%
ER VISIT (PER 1,000 BENEFICIARIES)	601.33	654.6
PER CAPITA HEALTHCARE SPENDING	\$8,230	\$9,851

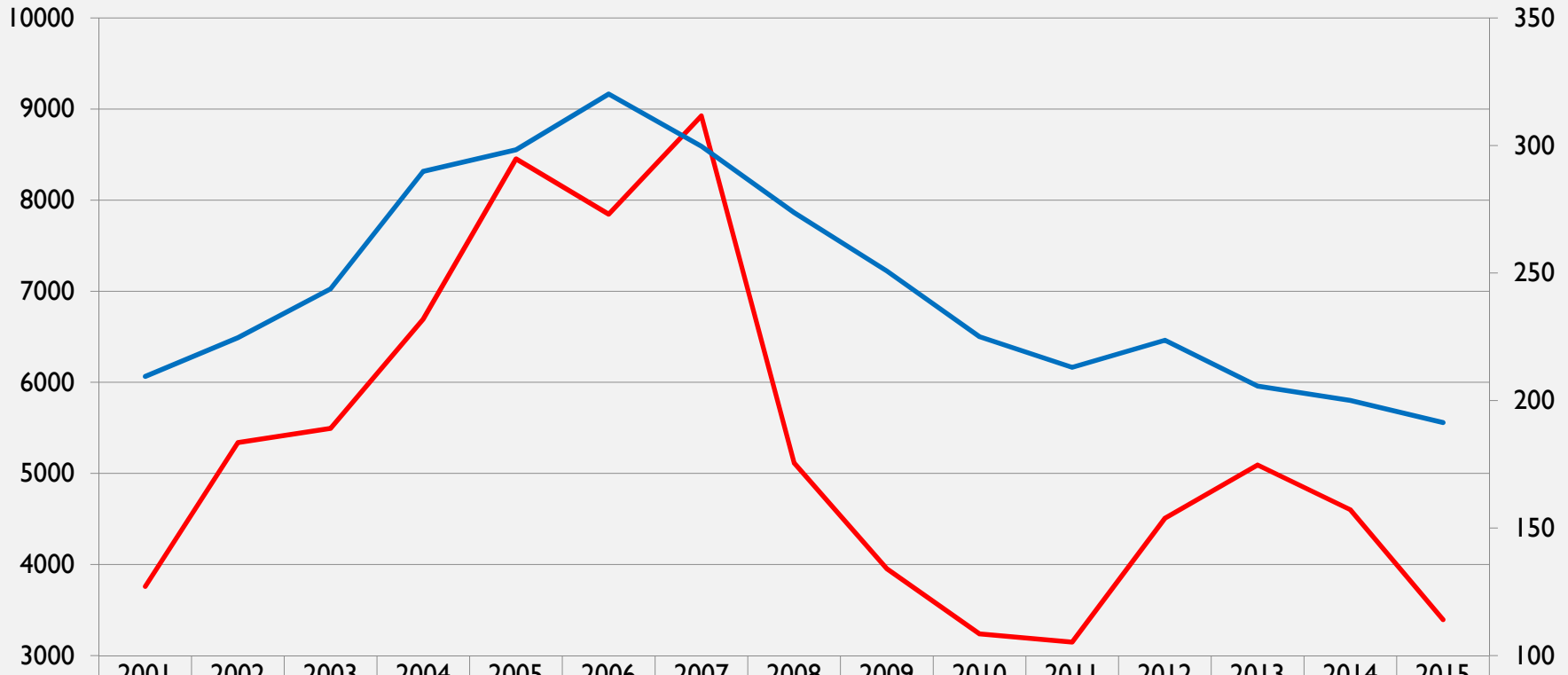
- Total medical benefit payments have increased since the introduction of the PPACA.
- Medi-Cal is taking a larger fraction of total payments. Slow down in Medicare benefit payments GROWTH.
- Still not enough doctors to service the Medi-Cal population (they utilize the ER as their PCP).

Total Per Capita Healthcare Expenditures, Growth in Per Capita Healthcare Expenditures, Kern County



### Number of Citizens per PCP and RN, Kern County

- Population per PCP
- Population per RN



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Population per PCP	3759	5339	5494	6694	8453	7845	8925	5115	3953	3237	3148	4508	5093	4601	3393
Population per RN	209	225	244	290	298	320	300	274	251	225	213	224	206	200	191



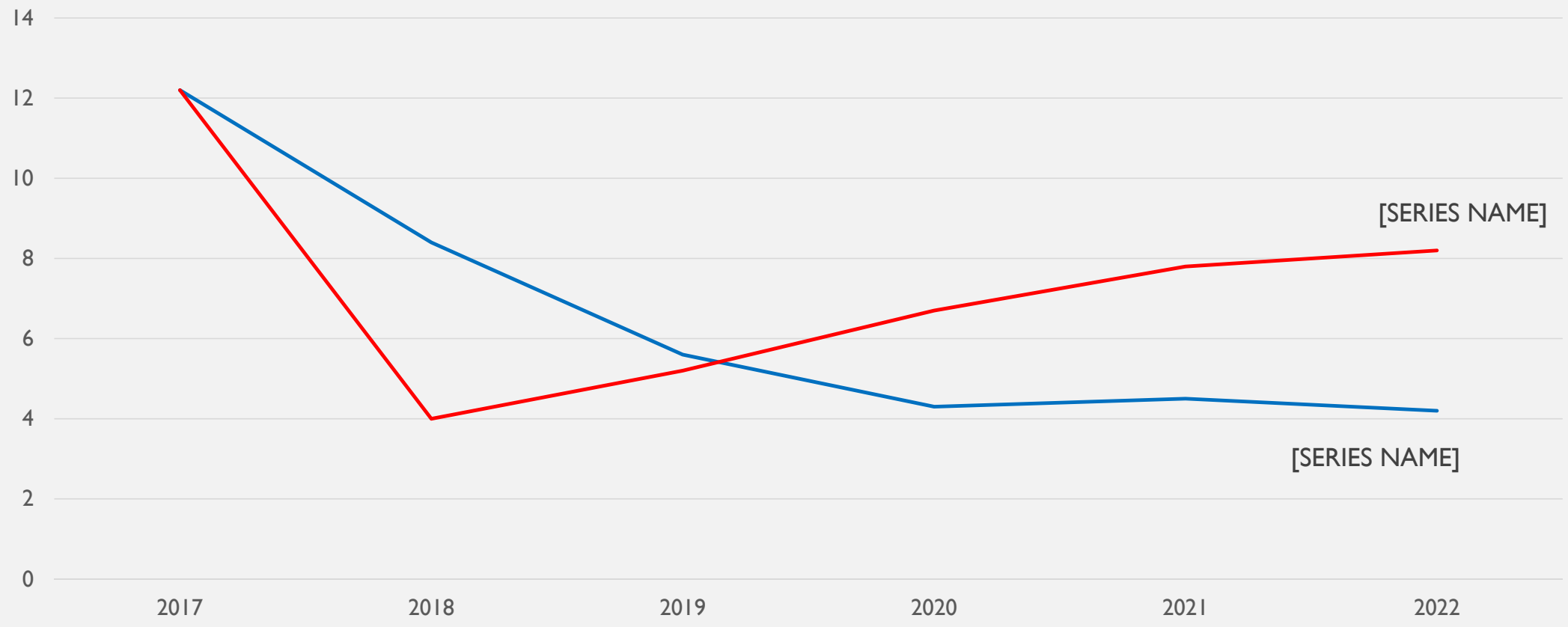
## REGRESSIONS AND COST FORECASTS

- Public spending on healthcare is influenced by spending on Medicare and spending on Medi-Cal.
- Per Capita Medi-Cal Spending Findings:
  - Since many Medi-Cal patients go to the ER for primary care, increasing the salary of a PCP by \$10,000 (to attract and retain talent) will increase per capita Medi-Cal spending by \$38 (a very small amount!).
  - Decreasing the poverty rate by 10% (from 22-percent of Kern County to about 20-percent) will decrease per capita Medi-Cal spending by \$333 (to \$1,300 per person).

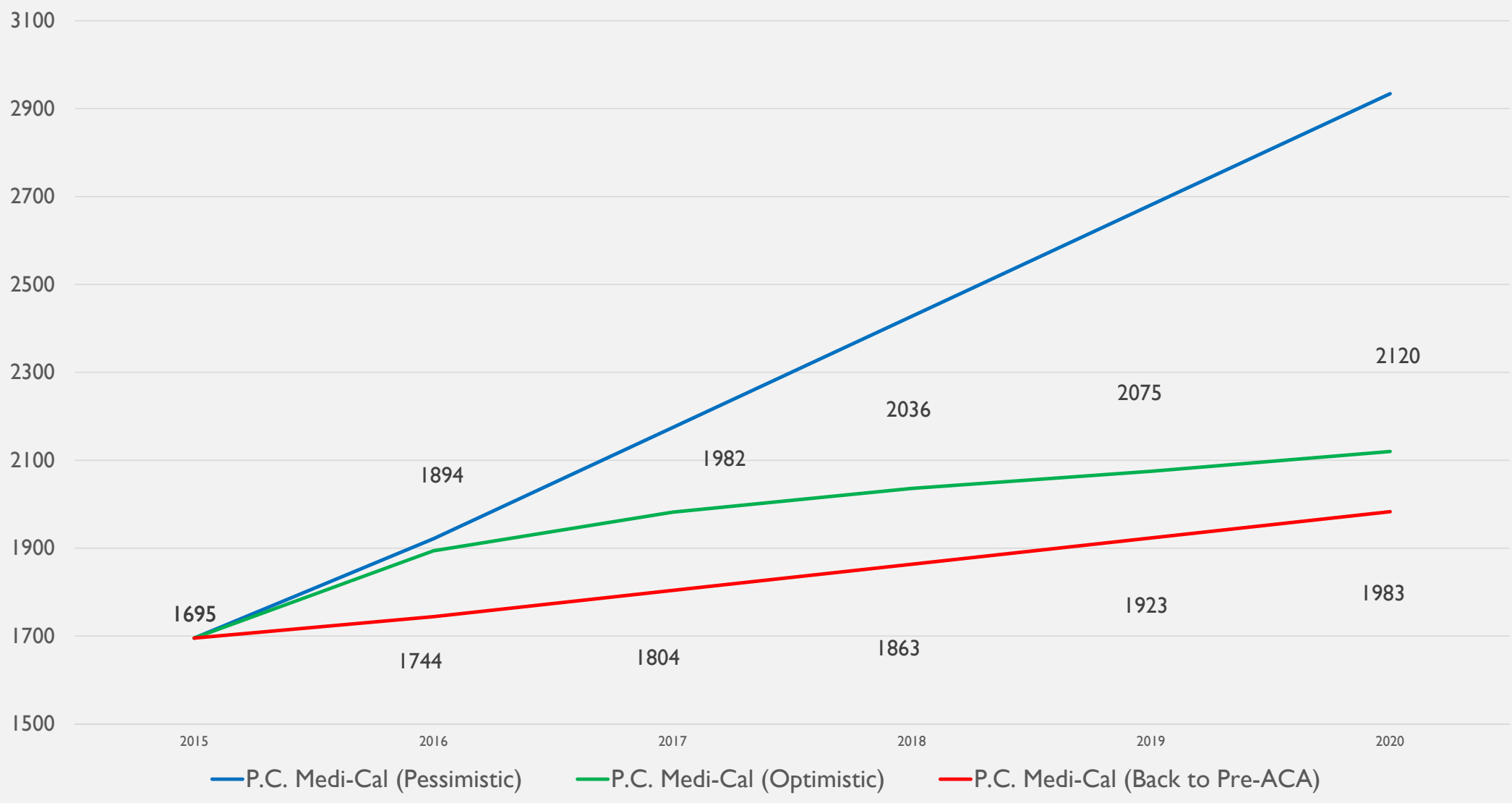
- Per Capita Medicare Spending Findings:
- Increasing salaries for medical professionals that treat the elderly (RN's, PCP's) will increase Medicare spending.
  - Increase PCP salary by \$10,000 increases per capita Medicare spending by \$18.
  - Increase RN salary by \$1,000 increases per capita Medicare spending by \$16.
- Increasing the number of ER visits by 1 visit per Medicare enrollee will increase per capita Medicare costs by \$223.00 (from \$1497 to \$1720!).
- Increasing the number of times a Medicare enrollee is readmitted to a hospital by 1 time per year will increase per capita Medicare costs by \$332 (from \$1497 to \$1829!).

	PRE-ACA (1999-2010)	PRE-ACA (1999-2009)	PRE-ACA (2007-2010)	POST-ACA (2015-2017)	POST-ACA (2010, 2015-2017)
Health Insurance Average Premium Growth	8.98%	9.37%	7.2%	7.13%	6.53%

% Growth in Health Insurance Premiums, Kern County Forecast



# Per Capita Medi-Cal Spending, Kern County Forecast



# Per Capita Total Medical Spending, Kern County Forecast

