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SCHOOL OF BUSINESS AND PUBLIC ADMINISTRATION



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*KERN ECONOMIC JOURNAL* is a quarterly publication of California State University, Bakersfield. Its purpose is to track local trends and analyze regional, national, and global issues that affect the economic well-being of Kern County. The journal provides useful information and data that can help the community make informed economic decisions.

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Editorial and analytical articles on important local, regional, national, and international issues and trends are invited for *consideration* of publication in the journal. Articles (not exceeding 800 words in length) must be submitted to the Managing Editor in hard or electronic copy. Individual authors are responsible for the views and research results.

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**Photo:** Gary Bunk

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**Celebrating CSUB, April 2008**

# ECONOMY AT A GLANCE!

ABBAS P. GRAMMY

PROFESSOR OF ECONOMICS, CSUB

Advanced estimates released by the Bureau of Economic Analysis indicate that the United States economy grew at a slow pace. The gross domestic product (GDP) increased at an annual rate of 1.9 percent in the second quarter of 2008. The increase in real GDP reflected positive contributions from international trade, personal consumption expenditures, nonresidential structures, and government spending. These contributions were partly offset by negative effects of private inventory investment, residential fixed investment, and equipment and software outlay.

The Index of Leading Economic Indicators – a measure of future economic activity – declined for the third consecutive quarter. The index fell from 102.0 to 101.9, thus expecting sluggish growth to continue over the next three to six months. Relative to four quarters ago, the index was down 2.8 percentage points. For the fourth consecutive quarter, the rate of unemployment went up. It climbed four-tenth of one percent to reach 5.3 percent. In the meantime, the cost of living increased at a hasty rate of 5.0 percent, and the cost of producing accelerated at a speedy rate of 28.9 percent. The cost of employment increased 3.3 percent.

In California, the unemployment rate rose for the fifth consecutive quarter from 5.9 to 6.6 percent. The state's economy added 119,900 members to its workforce, but reduced employment by 15,500. In the meantime, the state had 135,400 more unemployed workers. The farm market lost 7,600 jobs and nonfarm industries cut 122,900 paid positions. Industries of construction, manufacturing, wholesale and retail trade, financial activities, and professional and business services cut jobs. In contrast, educational services, health-care and social assistance, information, and government added jobs.

In Kern County, households became more pessimistic about their employment and financial conditions as the *Consumer Sentiment Index* crumbled 12 percentage points to arrive at 76. Likewise, Kern County businesses continued to lose confidence about their employment and financial conditions as the *Business Outlook Index* dropped 12 percentage points to reach 82.

In the meantime, the county's economy grew at an annual rate of 2.3 percent, 1.8 percent faster than that of the previous quarter. The county's economy generated \$15.77 billion in personal income, \$90 million more than the previous quarter. With labor force growing faster than personal income, personal income per worker decreased \$470 to reach \$43,200.

Kern County's labor market indicators improved. The county added 6,000 members to its workforce and created 8,400 jobs. This increase in employment consisted of 2,400 *more* nonfarm jobs, 8,700 *more* farm jobs, but 2,700 *less* informal jobs (self-employed workers and those working outside the county). Among the nonfarm industries, construction, manufacturing, wholesale trade, transportation, warehousing and utilities, professional and business services, leisure and hospitality, and government added jobs. Whereas real estate, general merchandize stores, department stores, educational services, and social assistance reduced employment. In the meantime, the number of unemployed workers decreased by 1,800 and the rate of unemployment dropped six-tenth of one percent from 8.8 to 8.2 percent. Still below the county average, the rate of unemployment fell from 7.1 to 6.6 percent in Bakersfield, from 7.9 to 7.4 in California City, from 5.7 to 5.3 percent in Ridgecrest, and from 6.9 to 6.3 in Tehachapi.

Kern County's housing market remained soft. The county's median sales price for all residential units depreciated \$14,550 (or 6.5 percent) from \$224,800 to \$210,250. In Bakersfield, the median housing price plummeted \$16,800 (or 7.2 percent) from \$233,300 to \$216,500. Depreciation in prices caused housing affordability to rise from 17.2 to 18.7 percent. However, the number of homes sold in the county increased from 1,749 to 2,667 in Kern County and from 1,248 to 1,955 in Bakersfield. The number of building permits issued for the construction of new privately-owned dwelling units declined from 645 to 550. The county's foreclosure activity accelerated from 3,211 to 3,459. As a result, 248 more homeowners received notices of loan default from their mortgage bankers.

In commodity markets, the average price of San Joaquin crude oil climbed \$25.75 to reach \$111.25 per barrel. Similarly, the average price of regular gasoline in Bakersfield metropolitan area increased 80¢ to arrive at \$4.03 per gallon. The unit price of California's Class III milk edged up 28¢ to attain \$18.40. The index of prices farmers received for their outputs climbed 5 percentage points to reach 152, and the index of prices farmers paid for their inputs rose 12 percentage points to

(Continued on page 19)

# KERN COUNTY BUSINESS OUTLOOK SURVEY

**ABBAS P. GRAMMY**  
PROFESSOR OF ECONOMICS, CSUB



**K**ern County businesses have become more pessimistic about local economic conditions. In the second quarter of 2008, the *Business Outlook Index* declined for the fifth consecutive quarter reaching its lowest value in nine years. The index stood at 82 compared to 94 in the previous quarter and 120 four quarters ago.

To make an in-depth analysis of business confidence, we disaggregated the *Business Outlook Index* into two sub-indexes relating to recent and future business perceptions. The *Current Conditions Index* plunged 12 percentage points to arrive at 81. Likewise, the *Future Conditions Index* dropped 12 percentage points to reach 83. These results indicate that business managers remain worried about current and future economic conditions. Loss of confidence was expected due to deteriorating economic conditions of sluggish growth and accelerating inflation across the country.

**Employment Outlook:**

Fifty-four percent of interviewees reported that the number of jobs in their companies stayed constant this quarter, but 11 percent said more jobs were available in their companies and 35 percent reported reduced employment.

Looking ahead, 69 percent perceived that the number of jobs would stay constant, whereas 10 percent expected their companies to hire more workers next quarter. The

remaining 22 percent anticipated a smaller workforce next quarter.

**Financial Outlook:**

Seventy percent of survey respondents reported that financial conditions (sales and profits) of their companies were constant this quarter, whereas 11 percent indicated increased profits and sales and 21 percent believed profits and sales would be lower.

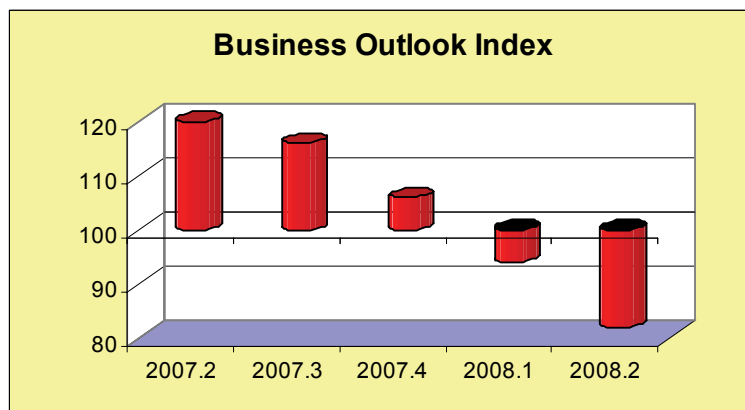
Predicting next quarter, 70 percent expected financial conditions of their companies to remain constant, but 10 percent anticipated increased sales and profits and 20 percent predicted lower sales and profits.

**Industry Outlook:**

Seventy-five percent perceived that the employment and general business conditions of their industries remained the same as the previous quarter, but only 3 percent felt these conditions improved and 22 percent felt crumbling business conditions.

Thinking one quarter ahead, 70 percent anticipated that the employment and general business conditions of their industries would be unchanged. However, 10 percent expected progress and 20 percent felt otherwise.

*(Continued on page 5)*



	Current Quarter	Previous Quarter	Four Quarters Ago
<b>Index of Business Outlook</b>	<b>82</b>	<b>94</b>	<b>120</b>
Index of Current Conditions	81	93	115
Index of Future Conditions	83	95	125

# BAKERSFIELD CONSUMER SENTIMENT SURVEY

**MARK EVANS**

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The Bakersfield Index of Consumer Sentiment slipped from 88 at the first quarter to 76 in the second, its lowest reading since CSUB began to compile it in 1999. The University of Michigan's national index of Consumer Sentiment did not fare any better, falling from 73 to 60 -- the second lowest level since its inception in 1952. Only the first quarter of 1980 was worse. The Bakersfield index has declined for five consecutive quarters; the national index for six straight quarters. The absolute magnitude of the two indices cannot be compared since they have different base years and are tabulated from different questions using different formulas.

CSUB's Economics Department compiles the Bakersfield Consumer Sentiment Index from telephone surveys administered to a random sample of households listed in the phone book. The index is constructed to help local businesses compare national and local trends and may provide some insight into whether local sales trends reflect broad trends or shifts in market share. The index suggests you are not alone if your sales are down.

The Bakersfield index is disaggregated into sub-indices reflecting recent financial conditions of households and their expectations for the coming 12 months. The sub-index reflecting current financial conditions did not change markedly in the second quarter. The aggregate index's decline was due to a sharp contraction in the sub-index measuring future expectations.

The sub-index measuring current financial conditions is constructed from questions relating to discretionary spending and financial well-being compared to one year

ago. This sub-index declined trivially from 79 in the first quarter to 77, largely because more households reported that their acquaintances in Kern County (as opposed to themselves) appeared to be doing worse than one year ago. Interestingly, while the percent of respondents reporting they had spent more than usual on discretionary items declined from twelve to six percent, the percent who reported spending less than usual declined even more -- from 35 to 26 percent. Also, the percentage of households who reported their households are doing better financially than one year ago nearly doubled from seven to twelve percent, while there was basically no change in the percent reporting worsened conditions.

The sub-index reflecting expectations for the coming year declined from 96 to 75 due to declines in respondents expectations for their own household as well as perceptions that acquaintances were more pessimistic. One quarter ago, 22 percent expected their situation to improve over the coming year; in the second quarter only 14 percent expected improvement. The percent who expected their situation to worsen or become more risky doubled from two-in-ten to four-in-ten. The percent who thought their acquaintances were fearful about the coming year more than doubled from 23 to 57 percent, while the percent who thought their acquaintances in Kern County were optimistic declined from about one-in-three to one-in-five. However, the percent who thought this is a risky time to draw down assets or incur debt to make a major purchase declined from about one-in-four to one-in-six. Hopefully that represents light at the end of the tunnel.

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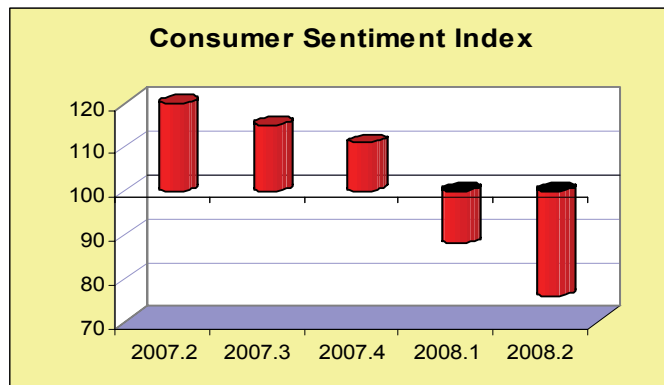


Table 1: Index Values			
	Most Recent Quarter	Previous Quarter	One Year Ago
<b>Bakersfield Consumer Sentiment Index</b>	<b>76</b>	<b>88</b>	<b>120</b>
Sub-index: Current Conditions	77	79	119
Sub-index: Future Expectations	75	96	121

Table 2: Recent Buying and Financial Trends			
	More than usual	Same as usual	Less than usual
Your recent spending on discretionary items (dining out, weekend outings, entertainment).	6 %	68 %	26 %
	Better off	Same	Worse off
How your family is doing financially compared to one year ago.	12 %	55 %	33 %
How your acquaintances in Kern County are doing financially compared to one year ago.	14 %	45 %	41 %

Table 3: Future Expectations			
	Better or more stable	About the same	Worse or more risky
The most likely financial situation of your family one year from now	14 %	46 %	40 %
	Optimistic	Neutral	Fearful
How your acquaintances in Kern County view the coming year.	19 %	24 %	57 %
	Safe time to buy	Neutral response	Risky time to buy
Is now a safe or risky time for most people to use savings or incur debt to buy expensive goods?	5 %	78 %	17 %

**Economic Outlook:**

When asked about Kern County’s economy, 65 percent of interviewees perceived no improvement this quarter, but 6 percent felt conditions improved and 29 percent said conditions worsened.

Likewise, 55 percent felt that economic conditions would be unchanged next quarter. However, 5 percent anticipated that the economy would get better and 40 percent expected otherwise.

**Factors Affecting Business Outlook:**

We asked business managers to identify factors that have affected the employment and financial conditions of their companies. They felt the following factors brightened the business outlook:

- Increased household spending during the summer season
- Increased advertising expenditure during the election months
- More households remodeling their homes

However, survey respondents expressed the belief that several factors darkened the business outlook:

- Rising fuel costs
- Continued recession in the housing market
- Sluggish growth of the national and state economies

# THE CEO PROFILE!



## Introduction

David Ameen is the newly appointed Executive Director of Kaiser Permanente Kern County. David is an accomplished healthcare executive with a history of success in leading free standing hospitals as well as multi-hospital systems. Due to David's leadership in each environment, financial performance and market share significantly improved. His achievement in clinical and service quality and in partnership with physicians has been a hallmark.

He was most recently the President and CEO of Paradise Valley Hospital in Phoenix, Arizona. His prior positions include President and CEO of St. Charles Mercy Hospital (Ohio) and President and CEO of St. Joseph's Health System of Greater Sonoma County (California).

David has a Bachelor of Science degree in Pharmacy from the University of Michigan and a Bachelors of Science degree in Psychology from Northern Michigan University. He obtained his Master's of Science degree in Health Services Administration from the University of Michigan.

## Interview

### **Can you tell us a brief history of Kaiser Permanente?**

Since its establishment, Kaiser Permanente has been committed to wellness and community health. The Kaiser Permanente Medical Care Program began in 1933 when a young surgeon named Dr. Sidney Garfield established a prepaid medical and hospital services plan for construction workers building an aqueduct in the desert outside of Los Angeles. Our organization's uniqueness is evident in the prepaid services, which eliminated workers not getting care because they couldn't afford it. This remains solid today as the organization continues to provide affordable and effective healthcare. Together, we are creating communities that will continue to thrive.

### **What kind of services does Kaiser Permanente provide?**

The Kaiser Permanente organization is divided into separate yet intertwined sections:

### **Kaiser Foundation Health Plans:**

Nonprofit, public benefit corporations that contract with individuals and groups to arrange comprehensive medical and hospital services. Health Plans contract with Kaiser Foundation Hospitals and medical groups to provide services.

### **Kaiser Foundation Hospitals:**

A nonprofit, public benefit corporation that owns and operates community hospitals in California, Oregon and Hawaii; owns outpatient facilities in several states; provides or arranges hospital services; and sponsors charitable, educational, and research activities.

### **Permanente Medical Groups:**

Partnerships or professional corporations of physicians - one or more in each Kaiser Permanente region. The full responsibility for providing and arranging necessary medical care is assumed in each Division by the Permanente Medical Groups. The Medical Groups formed The Permanente Federation to provide governance and policy direction on a national level.

### **How has Kaiser Permanente grown in Kern County over the past 10 years?**

In just 20 short years, we have grown in membership from nearly 3,000 members to more than 98,000, making us a strong presence in the health care community and the community at large. The Stockdale Medical Offices and the first Kaiser Permanente-built facility in Bakersfield opened in 1989. In 2007, total expense for KFH/HP and SCPMG was \$291,936,010.

### **How does Kaiser Permanente contribute to the economy of Kern County?**

Most importantly we provide excellent health care. In fact, we just received an award for The Best Doctor/Medical Group in Kern County through the *Bakersfield Californian's* Best of Kern County Reader's Poll. We employ a staff of more than 800 along with 175 physicians. In 2007 our payroll expenses were \$90,457,404. To ensure our members have access to all the care they need, we established and have maintained partnerships with more than 275 community contracted providers. In

*(Continued on page 7)*



order to provide the best emergency and hospitalization services to our members, we contract with local hospitals. In 2007, our total outside medical expenses for KFH/HP and SCPMG was \$134,491,505.

### How does Kaiser Permanente contribute to the community of Kern County?

Since 1987, we have contributed more than 2 million dollars in direct grants to community service organizations, including Community Action Partnership of Kern and Clinica Sierra Vista (nonprofit health clinics); Boys and Girls Club; Youth Connection: Bakersfield AIDS Foundation; United Way of Kern County; and the Bakersfield Homeless Shelter. We also contribute surplus medical and office equipment to local nonprofit programs. In addition, many Kaiser Permanente employees

and physicians freely volunteer their time and talent to those in need.

### Do you think universal health coverage is socially desirable and financially feasible?

I do. I think society can be measured by how we take care of those who are the most vulnerable. There are 48 million uninsured citizens in the United States. It's crucial we find a solution to this continuously growing problem. There has to be a plan that enables 100 percent of healthcare patients to receive care and the providers be compensated for the work and care they provide. Do I have the solution? No. There needs to be a national debate in order to find the answer. But, I do think the first step comes from taking care of ourselves in order to thrive as a collective group.

## Econ Brief!

### Immigration in California

California's foreign-borne population has increased rapidly in recent years. Between 1970 and 2006, the number of immigrants in California increased more than five-fold from about 2 to 10 million. California's share of immigrant population has reached 27 percent, 14 percent higher than that of the United States. Immigrants have accounted for 40 percent of the state's population growth since 2000. About 45 percent of California's immigrants are naturalized citizens. However, more than 40 percent of the nation's undocumented immigrants reside in California.

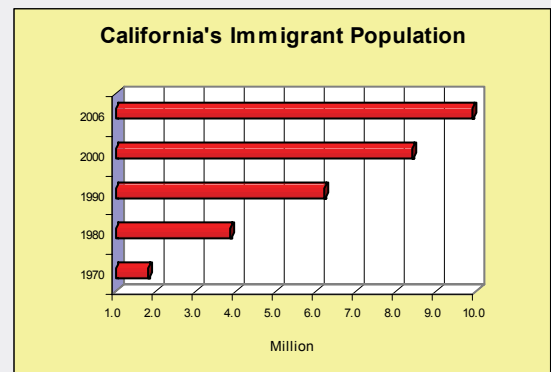
Nearly one-half of California's immigrant population is from Latin America and one-third from Asia. The leading countries of origin are Mexico, China, Vietnam, Iran, India, El Salvador, Korea, and the Philippines. The majority of Latinos reside in Southern California, San Joaquin Valley, and Central Coast. While most Asians live in the San Francisco Bay Area and Sacramento. Iranian immigrants are centered in Southern California and the Bay Area. Counties with the highest proportion of foreign-borne population are Santa Clara, San Francisco, and Los Angeles. Immigrants make up the majority of residents in six cities: Union City, Alhambra, Daly City, Glendale, Santa Ana, and El Monte.

Three of every four immigrants in California are between ages of 25 and 44. Their median age is 38, compared to 44 for U.S.-borne residents. The educational attainment of immigrants varies by the country of origin. For example, nearly two-thirds of immigrants from India have college degrees, but more than 60 percent of immigrants from Mexico have not completed high school.

Historically, immigration of educated and skilled labor has contributed to economic growth and technological advancement in the United States. However, the debate over illegal immigration points to its positive and negative economic and fiscal impacts. The negative impacts emphasize the growing pressure that immigrant families place on public funds earmarked for local support of health care, education, and criminal justice. In contrast, the positive effects indicate that immigrant families generate approximately one-third to one-half of their estimated costs to the state by paying sales taxes, DMV taxes, and other assorted fees. They also point out that undocumented immigrants work at low wages and minimal benefits, thus reducing production costs in labor-intensive industries like agriculture, construction, and services. Without them, increased production costs would result in higher prices.

Source:

*Just the Facts: Immigrants in California*, Public Policy Institute of California, April 2007 and June 2008  
*The Financial Impact of Illegal Immigrants*, The Standard & Poor's Ratings Services, April 07, 2006



## BUSINESS EDUCATION

# COMPLYING WITH PUBLIC OPEN MEETING ACTS

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In an effort to be sensitive to the public, inclusive of the many views that exist in a democratic society and to comply with various laws and ordinances, public meetings are and should be open to the general citizenry. In order to ensure that this process is fair, consistent and followed, many local and state level regulations have been developed and authorized. These rules have generally been referred to as “sunshine” laws or open meeting acts. The purpose is to affirm the public’s right to hear the deliberations of elected and appointed governmental officials.

Each state has either established laws or state Attorney General opinions guiding the open meeting process. For example in California, the Bagley-Keene Open Meeting Act and the Ralph M. Brown Act establish rules and regulations for state agencies and local governments respectfully. The Federal Advisory Committee Act speaks to procedures for federal agencies to follow. Few cities have created specific processes for open meeting compliance and rely on already established state laws.

### What is an Open Meeting?

A public agency open meeting is any gathering of the majority members of a “covered” board when that board meets to hear, discuss or deliberate on matters within that board’s jurisdiction. Though this definition seems simple and clear, many circumstances impact this concept and a multitude of variations may alter what constitutes a public meeting. Certain types of meetings are exceptions to open meeting acts. There are few and still must adhere to certain requirements. Examples include: personnel, pending litigation, labor negotiation, property negotiation and meetings dealing with threats to public safety.

### What agencies are covered?

Generally there are five types of agencies that are the intent of open meeting act laws, rules and regulations. The underlying purpose is for the public to have opportunity to participate in the affairs of their public enterprise.

The five specific covered agencies are:

- State commissions: almost uniformly, open meeting laws apply
- School boards: some exceptions might include student records privacy
- Not for profits: if public funds, in kind contributions or public supervision
- Hospital boards: some exceptions might include patient medical privacy
- Local committees: almost uniformly, open meeting laws apply

### What rules must be followed?

Each set of open meeting laws may have slightly different requirements but generally there are nine guidelines that must be in place. These rules are usually straight forward and are standard expectations. These rules are:

- Notices for the meetings must be posted and sent with an agenda for regularly scheduled meetings.
- Media must be notified of special meetings or emergency meetings providing sufficient time for their attendance.
- The agenda sets the record for discussion items and decision items.
- Meetings must occur in public accessible areas generally within the jurisdiction boundaries of the agency.
- Citizens, visitors or media members are not to be required to sign a sheet to attend a public meeting.
- Public meetings are open for recording and broadcasting.
- The public are to be allowed opportunities to not only listen to the public meeting discussions but to have provided opportunity to comment on items of concern.
- Voting of board members must be public, secret ballots are not permissible.

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- Documents, if distributed before or during the meeting are considered public and must be made available to requesting citizens unless these documents fall under any public record act.
- The use of what is called a “spoke and wheel” which is when a third person receives and conveys messages.

**What are common violations?**

Unfortunately on occasion meetings will be held that were required to confirm to the open meeting acts but for some reason or another, the process was not followed. If the intent of the board was to violate the open meeting act then citizens have certain recourses. They are:

- Request from those board members present what discussions occurred, votes made and actions taken.
- Contact the county District Attorney and file a complaint indicating specific details of violations of the open meeting process.
- In extreme cases, citizens may bring suit against the agency and their board.

More than likely the board made an innocent error and would be willing and open for correction. The most typical violations to the open meeting process are:

- Luncheon and social gatherings of a board where the intent is not to discuss public business but in the course of the event individuals or groups do share thoughts that should have been presented in a public forum.
- The use of what is called a “daisy chain” which is a series of phone calls, electronic messages or conversations that occur outside of the public meeting by board members, discussing matters “off of the record.”

**Conclusions**

Public open meeting laws are an intent to make the discussion, decision making and actions of elected and appointed officials an open process for the public. Some state open meeting laws are a few hundred **words** long and others are more than one thousand **pages** in length. As differing circumstances occur new and additional interpretations of best practices emerge. Some general conclusions may be helpful:

- Court challenges, suits and attorney general opinions are frequent and continuous updating on open meeting laws are necessary.
- The use of the internet for the posting for public documents is increasing as is the use of electronic notification and communication.
- Some social observers have concluded that members of boards and commissions are not able to have the level of meaningful dialogue that leads to consensus building because of the public nature of the discussions.
- The Freedom of Information Act is an important rule and has some influences on the process of open meetings. However, the information act concerns itself with access to past records as opposed to involvement in current meetings.

***Econ Brief!***

**Foreclosure Crisis in Kern County**

In the second quarter of 2008, mortgage lenders issued 121,341 "notices of default" to California homeowners with delinquent loan payments. This number was up 7 percent from the pervious quarter and 125 percent from the previous year.

The San Joaquin Valley accounted for 15 percent of California's foreclosure activity. Over the previous four quarters, the Valley's default notices increased 141 percent from 7,602 to 18,317.

Kern County accounted for 19 percent of default notices issued in the San Joaquin Valley. The number of default notices issued in Kern County climbed 117 percent from 1,593 to 3,459. Kern placed third in foreclosure activity behind San Joaquin and Stanislaus. Economists expect the housing market recession fueled by this unprecedented foreclosure crisis to show signs of recovery in mid-2009.

Location	2007.2	2008.2	Change (#)	Change (%)
San Joaquin	1,983	4,795	2,812	141.8
Stanislaus	1,286	3,464	2,178	169.4
<b>Kern</b>	<b>1,593</b>	<b>3,459</b>	<b>1,866</b>	<b>117.1</b>
Fresno	1,380	2,821	1,441	104.4
Merced	642	1,936	1,294	201.6
Tulare	428	1,099	671	156.8
Madera	215	555	340	158.1
Kings	75	188	113	150.7
<b>San Joaquin Valley</b>	<b>7,602</b>	<b>18,317</b>	<b>10,715</b>	<b>140.9</b>

Source: [DQNews.com](http://DQNews.com), July 22, 2008

# HEALTH CARE REFORM PROPOSALS BY PRESIDENTIAL CANDIDATES

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Health care is unattainable and unaffordable for millions of Americans. Many individuals are struggling to afford quality care for themselves and their families. Businesses are sandwiched between providing benefits and making profits. As it stands, the current health care system contains wasteful inefficiencies in its administration. Resources such as time and paperwork are often duplicated at all levels. A medical professional's valuable time is sometimes spent doing administrative tasks as well dealing with malpractice liability, insurance procedures, and compliance to similar mandatory regulations.

The Senators running for the Office of President of the United States this year have laid out their plans of health care reform for us to review. This paper outlines their agendas as well as other related issues to consider as we approach the November election. Senator Barack Obama (D-IL) presented his plan in March 2007. Senator John McCain (R-AZ) has a more hands-off approach to reform; however, it's still reform.

## The Obama Plan

Senator Obama plan does not specifically mention the expansion of the Federal Employees Health Benefits (FEHB) to small business and individuals. He does, however, mention the creation of a government contracted pool of private insurance companies similar to the FEHB. The National Health Insurance Exchange in his plan would exist to help monitor the transition to reform in the marketplace. Emphasis is placed on the expansion of Medicaid to assist lower-middle income families. In addition, the Obama plan would provide an unspecified subsidy to any small business below a profit threshold. This arrangement aims at assisting small businesses to provide coverage for their employees and enable their firms to join a larger state, regional, or national insurance pool. The Obama plan will let the Bush tax cuts expire on individuals making more than \$250,000, and will also tax their health benefits if employed by a company. The plan would also allow individuals to choose their own doctors and care facilities.

## The McCain Plan

The plan offered by Senator McCain emphasizes a \$5,000 per family (\$2500 per individual) tax credit. It is hoped that this credit will entice those not currently insured to obtain coverage, thereby expand the risk pool. Small businesses will also receive tax credit for paying health insurance premiums for their workers. However, no mention is made of allowing individuals or small businesses to form pools across state or regional lines to gain economies of scale. There is also no expansion of the State Children's Health Insurance Program (SCHIP) or Medicare for those who cannot afford the monthly premiums even after the tax credit. In addition, all health benefits received from employers would be taxed with the individual's adjusted gross income. Some experts think this will actually encourage some people to opt out of employer provided insurance and reduce the employer insurance pool further. This arrangement may eventually eliminate employer health benefit premiums.

## Evaluation

Similarities and differences between Obama and McCain plans are tabulated on next page.

The Obama plan intends to streamline efficiencies in health care provision and administration costs using the latest in technology and to save money through economies of scale. He believes his plan has the best combination of laissez faire and government intervention. The McCain plan remains unyielding on his approach of giving tax credits and letting individuals battle it out in the marketplace. His plan seems to me to have the least impact across the board.

Overall, Obama's plan makes the most sense. However, I think that either plan would be an improvement over what we currently have and sooner or later, a change needs to occur. We can't continue to have the divide between the haves and the have-nots. The gap between these groups is growing, but so is the gap between large and medium size companies offering health insurance to their employees and small businesses that do not have resources to do that.

*(Continued on page 11)*

Extending the current Medicare system to include *all* Americans is a logical step. For the most part, it works. Yet, any of the proposed health care reform would definitely reduce the number of uninsured. However, with improvement in efficiency health care costs would only decrease fractionally. Employers' expenses would absolutely increase no matter which plan was implemented. Their share of the insured population would decrease by 5 to 25 percent, increasing their costs, and shrinking their labor pool.

Having a national health care plan would lower the number of uninsured at any given time. Portability of health care coverage would not be a major issue so there would be no gap in coverage between employers. This also relieves the individual from having to stay with an unsatisfying and perhaps unproductive job just to keep health benefits.

**Selected References:**

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Zwillich, Todd and Dr. Chang, Louise. "Candidates Split on Health Care Coverage". WebMD.com. 14 Mar 2008. <<http://www.webmd.com/news/20080314/candidates-split-on-health-care-coverage>>

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	Obama	McCain
<b>Plan Features (General):</b>		
Keep Current Coverage	Yes	Yes
FEHB Enrollment	Yes	No
Small business tax credit	No	Yes
Small business premium subsidy	Yes	No
Income > \$250,000 year, benefits are taxed	Yes	No
Public Medicare like plans	Yes	No
Individual Tax Credit \$5000 per family	No	Yes
<b>Plan Features (Specific):</b>		
Guarantee Re-issue	Yes	No
Automatic Renewal	Yes	No
Rating Protections	Yes	No
Minimum Stop-Loss Ratios	Yes	No
Common IT	Yes	No
Preventative Care (mandatory)	Yes	No
Chronic Care	Yes	No
Research	Un-known	No
<b>Plan Funding:</b>		
Businesses	Yes	No
Eliminate pre-existing conditions	Yes	No
Managed benefit / profit ratio of private insurance companies	Yes	No
Individuals live and eat healthy lifestyles	Yes	No
Large employers contribute to employee coverage	Yes	No
Small employers receive tax break to cover employees	No	No
<b>Individuals:</b>		
Refundable tax credits	Yes	Yes
Limit premiums to percentage of income	Yes	No
<b>Government:</b>		
Strengthen Medicaid	Yes	No
Strengthen SCHIP	Yes	No
Re-insurance of defaulted union / corporate health benefits	Yes	No
Reduce Medicare over-payments	Yes	No
Reduced uncompensated care payments	Yes	No
Reduce prescription drug costs	Yes	No
Re-direct Tax Breaks	Yes	No
Reduce Employee Tax Exclusion	Yes	Yes

# DETERMINANTS OF PERSONAL INCOME IN CALIFORNIA

**SARA HOYT**  
*CSUB ECONOMICS STUDENT*



There are many factors affecting the level of personal income. For example, Grammy (2000) presented population as a possible determinant of income. Jencks (1979) identified ethnicity and education as other important factors, and Manso (2006) discusses labor productivity and female labor force participation as determinants of income. In addition, age and average household size may be contributing factors. With these identified variables, I designed a model to examine the factors that explain personal income at the county level.

In my model, the dependent variable is

- Personal Income: median income of individuals

The independent variables are:

- Age: median age of population
- Education: percentage of population with baccalaureate degrees or higher
- Household Size: average number of household members
- Ethnicity: percentage of non-white population
- Labor: percentage of population 16 years or age and older
- Women: percentage share of female
- Gross State Product for California
- Family Income: median household income
- Population: county population

I collected data for this study from the United States Bureau of Census. The data covered all 58 counties in California in the year 2000. I used the statistical software SPSS to estimate alternative specifications of the model. My statistical investigation has led me to find that my “best” model - with an explanatory power of 99 percent – identified the following variables that explain variations of Personal Income in a significant manner:

- Education
- Household Size
- Family Income
- Population

Of these variables, Education and Family Income exerted positive effects on Personal Income, whereas Household Size and Population had negative impacts.

Next, I wanted to investigate the manner in which personal income varied across regions of California. To do

this, I divided California into three regions: Southern, Central, and Northern as shown in the map below. Note that in this division, Kern County is included in the Southern region.



Results from descriptive statistical analysis showed considerable regional variations. I discovered that the

- Southern California is the most populated region
- Central California offers the largest family income and the highest level of education
- Northern California has the smallest household size

Average Per County:	Southern	Central	Northern
Education (years)	20.1	26.2	15.6
Household Size	2.9	2.8	2.5
Family Income (\$)	42,277	49,301	32,982
Population	1,615,405	431,109	61,385

I found this research interesting as it identified the determinants of personal income at the county level and showed how these determinants varied across regions. In my future research, I would be interested in collecting panel data to investigate how these regional characteristics change over time.

## Selected References:

Bowles, Samuel, et al. Unequal Chances: Family Background and Economic Success. New York: Russell Stage Foundation, Princeton and Oxford: Princeton University Press, 2005.

Census 2000 Demographic Profile Highlights, U.S. Census Bureau, 2000. 21 Feb. 2008.

Grammy, Abbas. “Economic and Population Growth in Kern County.” Kern Economic Journal 2.3 (2000): 12-14. 21 Feb. 2008

Jencks, Christopher, et al. Who Gets Ahead?: The Determinants of Economic Success in America. New York: Basic Books, 1979.

Manso, Enrique Palazuelos. “The Influence of Earnings on Income Distribution in the United States.” Science Direct. 35.4 (2006): 710-741.

# TRACKING KERN'S ECONOMY

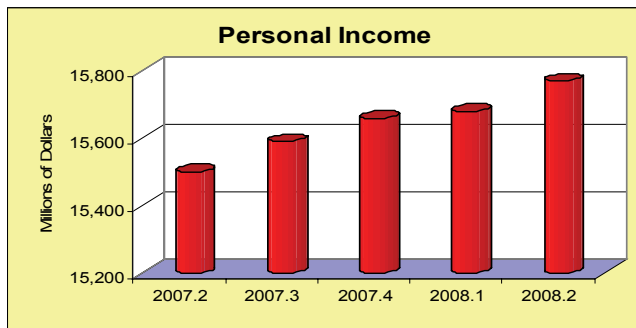
SECOND QUARTER OF 2008

ABBAS P. GRAMMY

PROFESSOR OF ECONOMICS, CSUB

## Economy

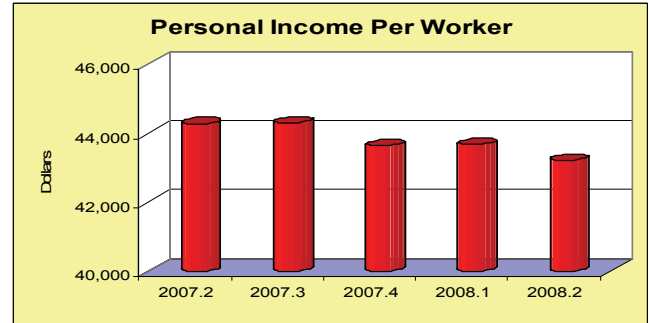
**Personal Income** - Kern County's personal income (in constant 1996 dollars) increased from \$15.68 billion in the first quarter to \$15.77 billion in the second quarter of 2008. The county's economy created \$90 million of income this quarter. Over the previous four quarters, Kern County's economy has added \$270 million of personal income.



**Growth of Personal Income** - In the second quarter of 2008, Kern's economy grew at an annual rate of 2.3 percent, 1.8 percent faster than that of the previous quarter. However, this quarter's growth rate was 1.3 percent slower than that of four quarters ago.



**Personal Income Per Worker** - Labor productivity is measured by personal income per worker. With labor force growing faster than personal income, personal income per worker decreased \$470 to reach \$43,200. Likewise, personal income per worker was \$1,080 less than that of four quarters ago.

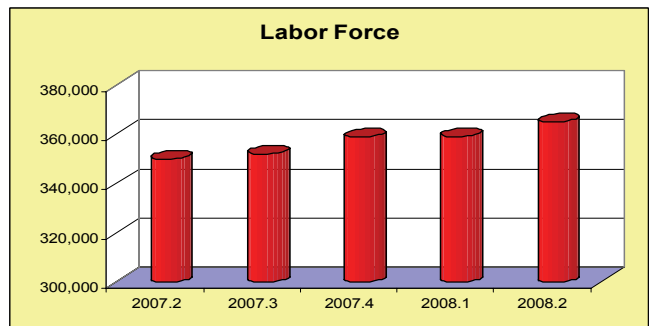


## Labor Market

The quarterly changes in major labor market indicators are shown below:

Labor Force	Total Employment	Total Unemployment	Farm Employment	Nonfarm Employment	Private-sector Employment	Public-sector Employment
6,000	8,400	-1,800	8,800	2,400	1,900	500

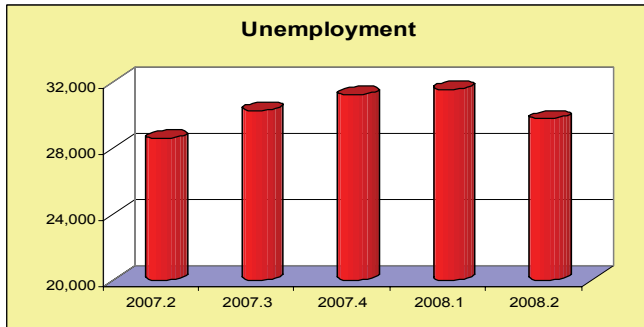
**Labor Force** - The civilian labor force increased by 6,000 workers from 359,090 in the first quarter to 365,090 in the second quarter of 2008. Compared with four quarters ago, the labor force has increased by 15,030 workers.



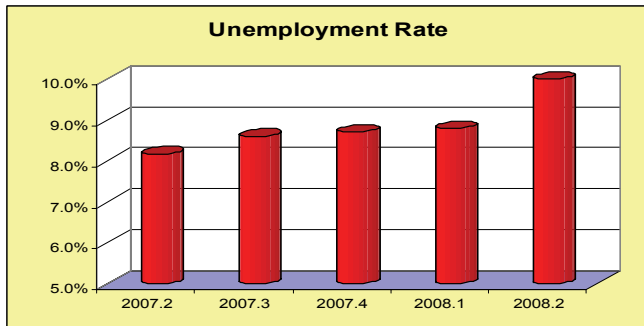
**Employment** - In the second quarter of 2008, Kern County's economy gained 8,400 jobs as total employment inclined from 327,510 to 335,910. Likewise, the county employed 14,460 more workers since the second quarter of last year.

**Unemployment** - In the meantime, the number of jobless workers increased by 1,800 as unemployment fell from 31,580 in the first quarter to 29,780 the second quarter of 2008. However, 1,170 more workers were unemployed this quarter than four quarters ago.

(Continued on page 14)



**Unemployment Rate** - The rate of unemployment declined six-tenths of one percent from 8.8 percent in the first quarter to 8.2 percent in the second quarter of 2008. However, this quarter's unemployment rate was one-half of one percent higher than that of four quarters ago.

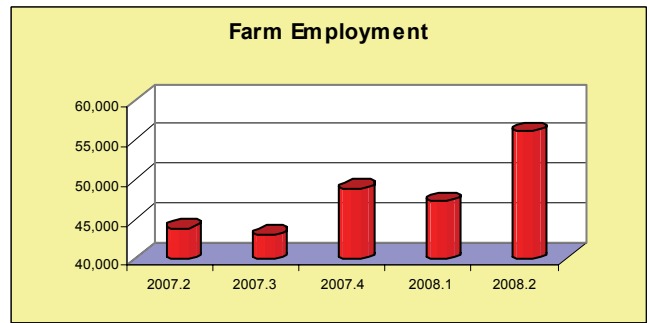


The rate of unemployment varied considerably across cities. It ranged from 3.8 percent in Kernville to 26.0 percent in Arvin. The rate of unemployment was below this county's average in Kernville, Lebec, Ridgecrest, Tehachapi, Inyokern, Bakersfield, California City, and Rosamond. In contrast, the rate of unemployment was above the county average in Frazier Park, Taft, Oildale, Lake Isabella, Mojave, Shafter, Lamont, Wasco, McFarland, Delano, and Arvin.

**Farm Employment** - In the second quarter of 2008, Kern County added 8,800 farm jobs as employment increased from 47,240 to 56,040. Similarly, the county's farm employment this quarter was 12,140 greater than that of four quarters ago.

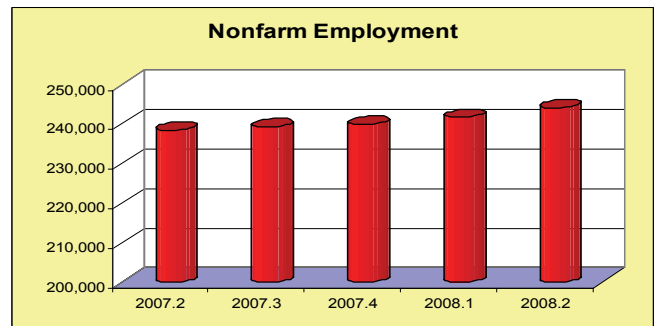
Location	Unemployment Rate (%)	Location	Unemployment Rate (%)
Kernville	3.8	Frazier Park	8.3
Lebec	4.1	Taft	9.3
Ridgecrest	5.3	Oildale	10.0
Tehachapi	6.3	Lake Isabella	11.5
Inyokern	6.3	Mojave	11.9
Bakersfield	6.6	Shafter	17.1
California City	7.4	Lamont	17.3
Rosamond	7.7	Wasco	17.8
		McFarland	20.2
		Delano	25.3
		Arvin	26.0

Note: City-level data are not adjusted for seasonality.



**Nonfarm Employment** - Kern County added 2,400 jobs in the market for nonfarm labor. The number of jobs in this market increased from 241,600 in the first quarter to 244,000 in the second quarter of 2008. Since the second quarter of 2007, nonfarm industries have added 5,590 jobs.

Among the nonfarm industries, construction, manufacturing, wholesale trade, transportation, warehousing and utilities, professional and business services, leisure and hospitality, and government added jobs. Whereas real estate, general merchandize stores, department stores, educational services, and social assistance reduced employment.

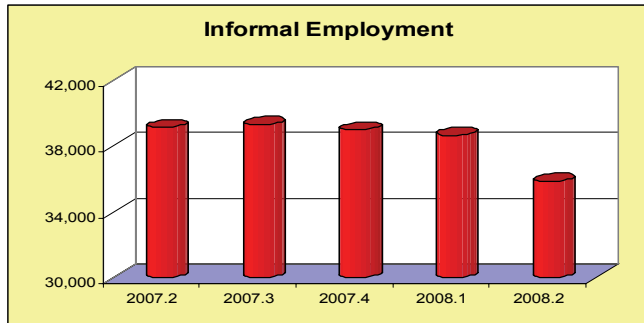


**Informal Employment** - Informal employment is the difference between total employment and industry employment. It accounts for self-employed workers and

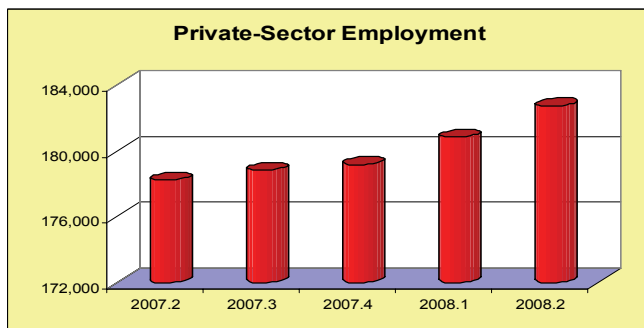
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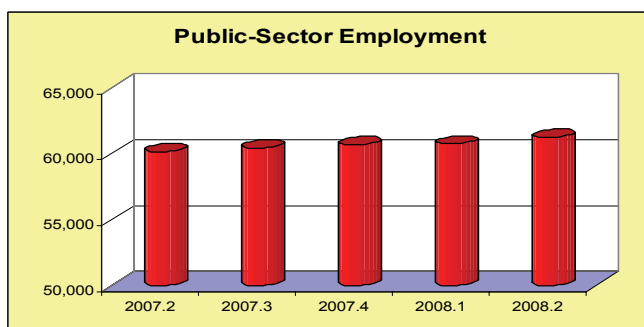
those who work outside their county of residence. In the second quarter of 2008, the number of workers engaged in this market decreased by 2,700 from 38,680 to 35,980. Likewise, the informal labor market had 3,260 less jobs relative to the second quarter of last year.



**Private-sector Employment** - Nonfarm employment is comprised of private-sector employment and public-sector employment. In the second quarter of 2008, private companies added 1,900 jobs as their employment rose from 180,830 to 182,730. The private sector has added 4,500 jobs since the second quarter of last year.

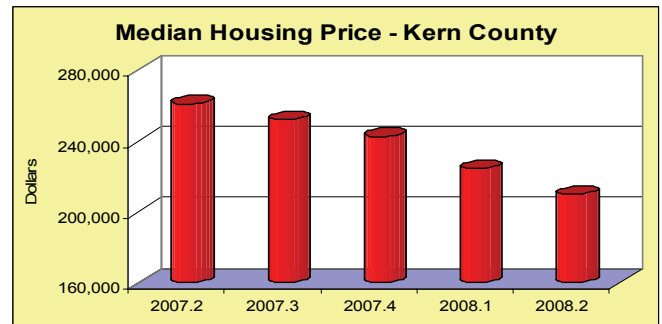


**Public-sector Employment** - The public sector consists of federal, state, and local government agencies. The local government labor market includes county and city agencies and public education. In the second quarter of 2008, government agencies added 500 jobs as their employment rose from 60,770 to 61,270. Since the second quarter of last year, the public sector has employed 1,090 more workers.

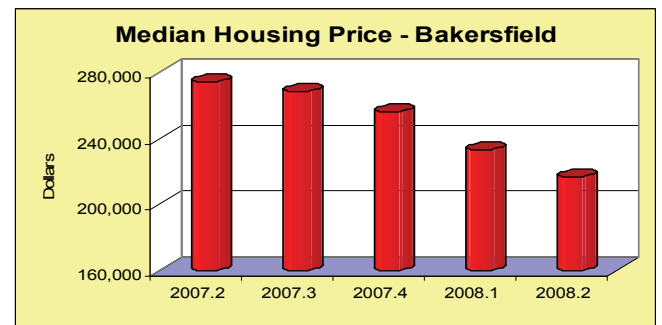


## Housing Market

**Housing Price** - In the second quarter of 2008, Kern County's housing prices continued to fall. The median sales price for all residential units depreciated \$14,550 (or 6.5 percent) from \$224,800 to \$210,250. The county's median housing price has plunged \$50,750 (or 19.4 percent) since the second quarter of last year.



In Bakersfield, the median housing price depreciated \$16,800 (or 7.2 percent) from \$233,300 in the first quarter to \$216,500 in the second quarter of 2008. The city's median housing price has depreciated \$58,000 (or 21.1 percent) since the second quarter of 2007.

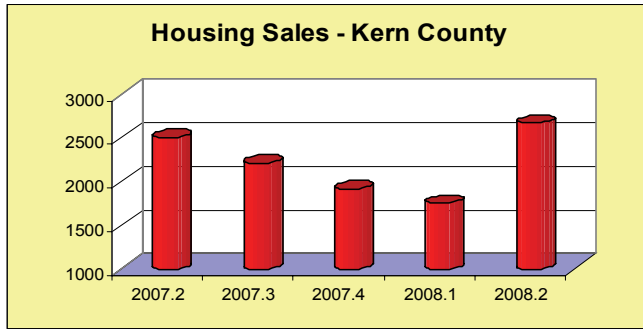


Housing price changes varied across the county. Among selected locations shown below, the median housing price depreciated in all areas, except Delano. In particular, Rosamond and California City, Bakersfield, Ridgecrest and Taft recorded sizable depreciation rates.

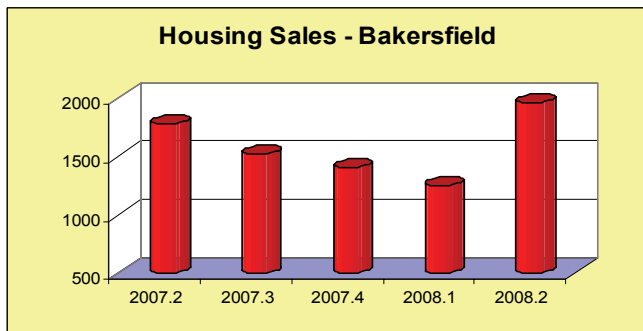
Location	Median Price 2008.1	Median Price 2008.2	Median Price Change	Median Price Change
Kern County	\$224,800	\$210,250	-\$14,550	-6.5%
Bakersfield	\$233,300	\$216,500	-\$16,800	-7.2%
California City	\$165,200	\$137,100	-\$28,100	-17.0%
Delano	\$204,300	\$209,300	\$5,000	2.4%
Ridgecrest	\$189,300	\$175,600	-\$13,700	-7.2%
Rosamond	\$257,200	\$200,700	-\$56,500	-22.0%
Taft	\$115,800	\$108,800	-\$7,000	-6.0%
Tehachapi	\$271,100	\$266,000	-\$5,100	-1.9%

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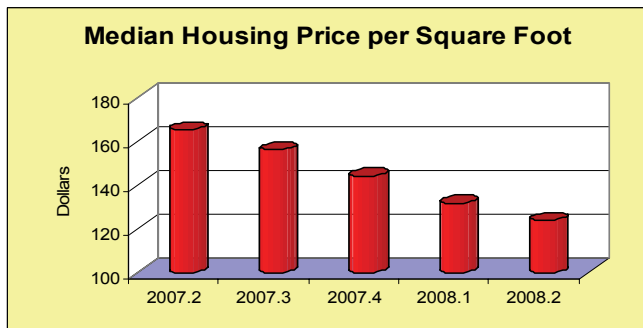
**Housing Sales** - Interestingly, Kern's sales increased considerably as 918 more homes were sold. The number of residential units sold jumped from 1,749 in the first quarter to 2,667 in the second quarter of 2008. Also, the number of units sold this quarter was 171 more than that of four quarters ago.



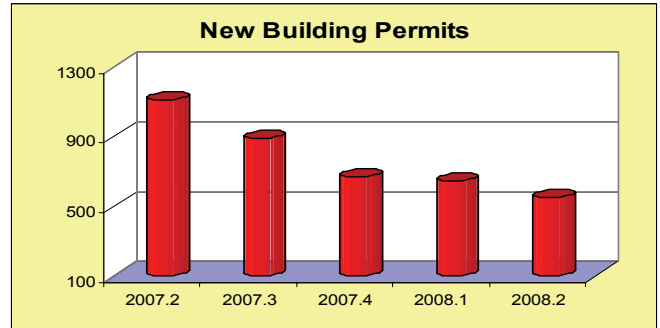
In Bakersfield, sales inclined by 707 units. The number of all residential units sold climbed from 1,248 in the first quarter to 1,955 in the second quarter of 2008. Since the first quarter of last year, sales have risen by 174 units.



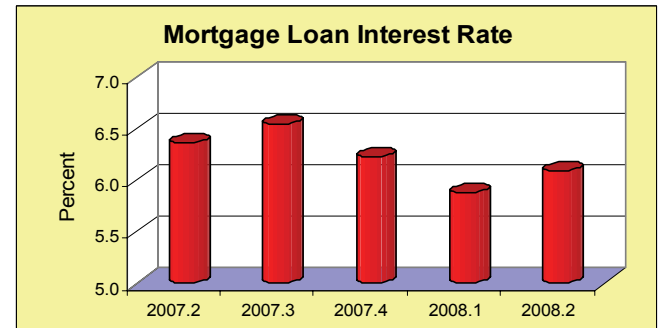
**Median Housing Price per Square Foot** - The median sales price per square foot of housing area declined \$8 from \$132 in the first quarter to \$124 in the second quarter of 2008. Since the second quarter of last year, the median housing price per square foot has dropped \$41 from \$165 to \$124.



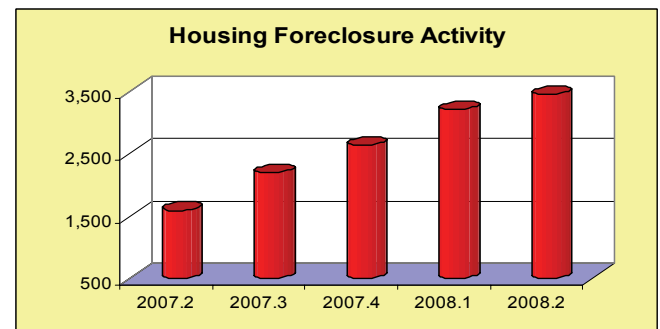
**New Building Permits** - In the second quarter of 2008, the number of building permits issued for the construction of new privately-owned dwelling units fell by 95 from 645 to 550. Relative to four quarters ago, 561 less building permits were issued this quarter.



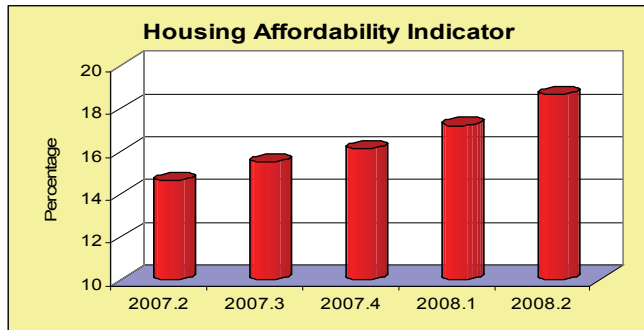
**Mortgage Interest Rate** - In the second quarter of 2008, the interest rate of thirty-year conventional mortgage loans increased from 5.88 to 6.09 percent. Since the second quarter of last year, the mortgage loan interest rate has fallen 0.28 percentage points.



**Housing Foreclosure Activity** - In the second quarter of 2008, the county's foreclosure activities accelerated from 3,211 to 3,459. As a result, 248 (or 7.7 percent) more homeowners received notices of loan default from their mortgage bankers. Since the second quarter of 2007, 1,866 (or 117 percent) more local homeowners received notices of loan default.

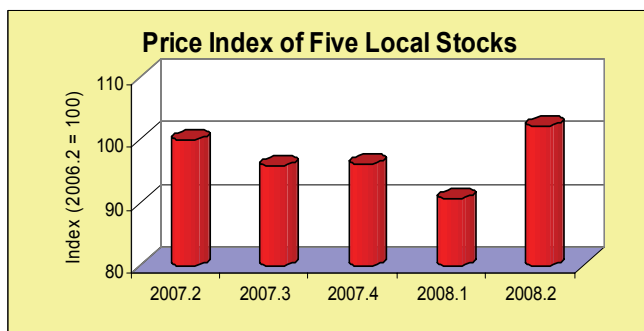


**Housing Affordability** - With a slow rise in household income, but a sharp decline in the housing price, the housing affordability indicator improved from 17.2 percent in the first quarter to 18.7 percent in the second quarter of 2008. Compared with four quarters ago, the affordability index gained 4 percentage points.

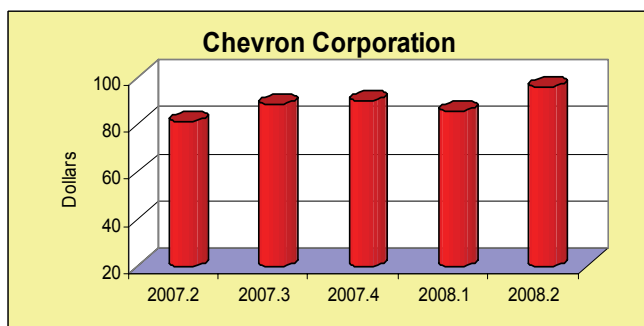


### Stock Market

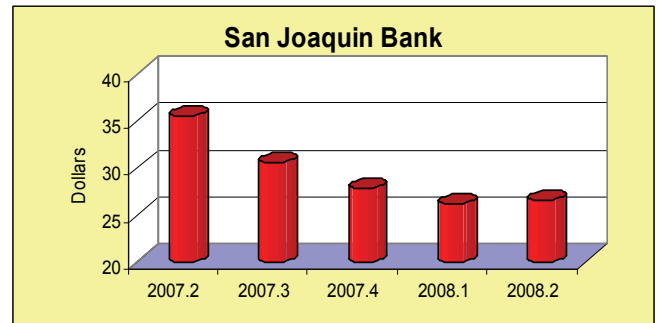
In the second quarter of 2008, the composite price index (2007.2 = 100) of the top five locally traded stocks inclined 11.6 percentage points from 90.6 to 102.2. The index was 2.2 percentage points lower than that of the second quarter of 2007. These top five local *market-movers* are Chevron Corporation, San Joaquin Bank, Granite Construction, Occidental Petroleum Corporation, and Tejon Ranch Company.



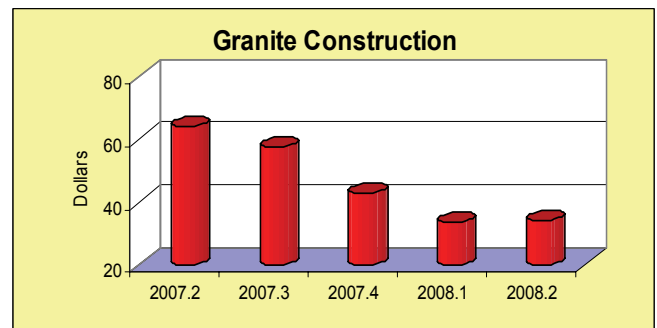
**Chevron Corporation US:** CVX gained \$10.58 (or 12.4 percent) per share as its price increased from \$85.50 in the first quarter to \$96.08 in the second quarter of 2008. Similarly, CVX has gained \$14.91 (or 18.4 percent) since the second quarter of 2007.



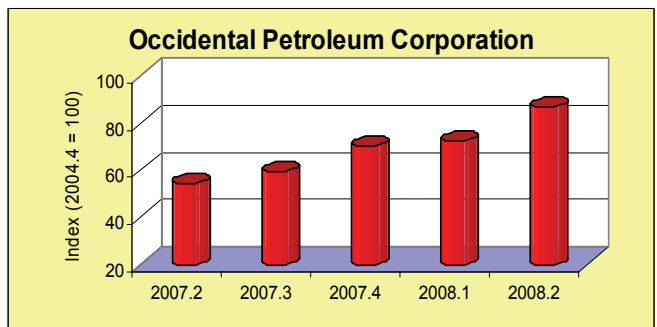
**San Joaquin Bank:** SJQU made 26¢ (or 1.0 percent) per share as its price rose from \$26.19 in the first quarter to \$26.45 in the second quarter of 2008. However, SJQU has lost \$9.05 (or 25.5 percent) since the second quarter of 2007.



**Granite Construction:** GVA gained 66¢ (or 2.0 percent) per share in the second quarter of 2008 as its stock price jumped from \$33.53 to \$34.19 per share. Nevertheless, GVA has lost \$30.11 (or 46.8 percent) since the second quarter of 2007.

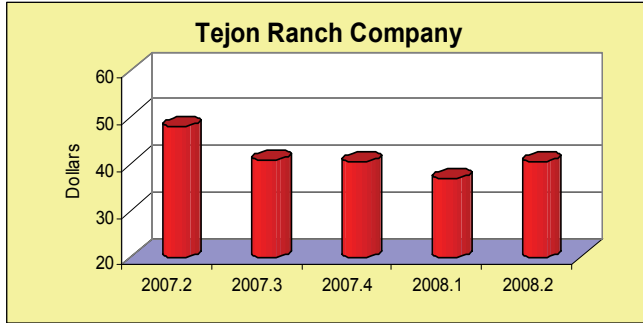


**Occidental Petroleum Corporation:** OXY gained \$14.27 (or 19.7 percent) per share as its stock price climbed from \$72.40 in the first quarter to \$86.67 in the second quarter of 2008. OXY has gone up \$32.15 (or 59.0 percent) since the second quarter of 2007.



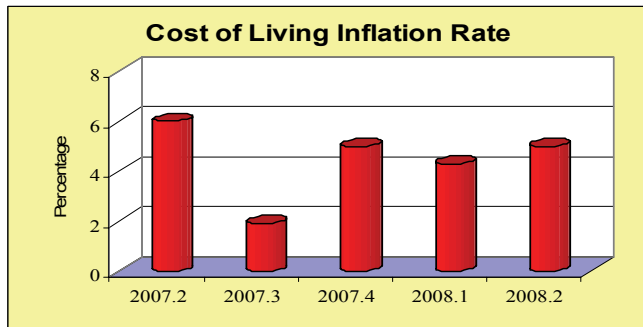
**Tejon Ranch Company:** TRC made \$3.55 (or 9.6 percent) per share as its stock value climbed from \$36.80 in the first quarter to \$40.35 in the second quarter of 2008.

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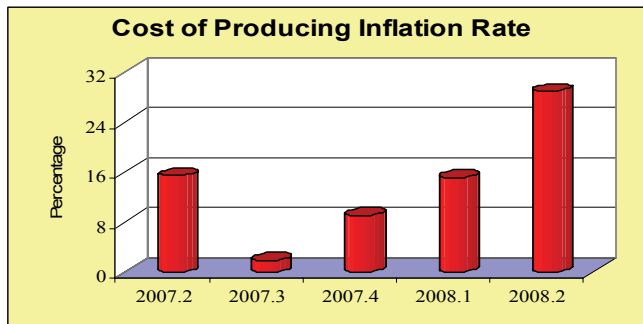


**Commodity Prices**

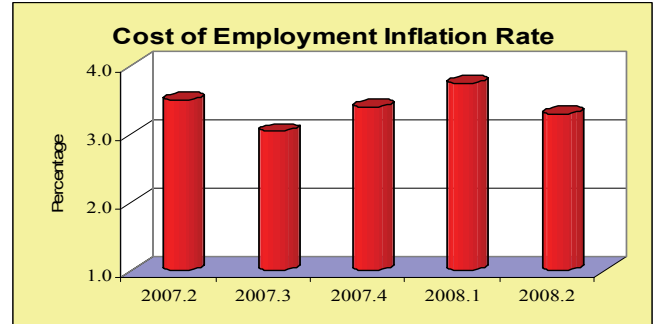
**Cost of Living** - The Consumer Price Index for all urban areas (1982-84 = 100) inclined from a revised figure of 212.8 in the first quarter to 215.4 in the second quarter of 2008. In annual rates, the rate of inflation for cost of living accelerated from 4.3 to 5.0 percent. Since the first quarter of last year, the cost of living inflation rate has risen one percent.



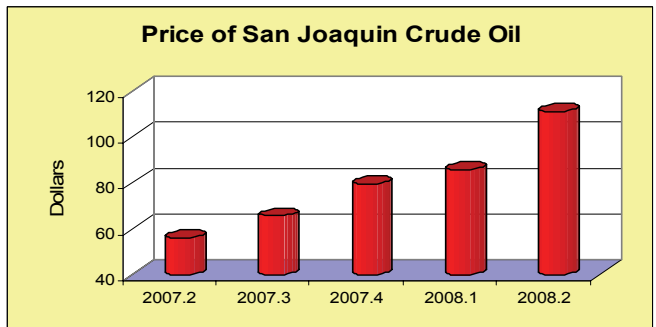
**Cost of Producing** - The Producer Price Index for all commodities (1996 = 100) climbed from 183.8 in the first quarter to 196.0 in the second quarter of 2008. In annual rates, the inflation rate for cost of producing accelerated sharply from 15.1 to 28.9 percent. The cost of producing inflation rate was 13.5 percent higher than that of the second quarter of 2007.



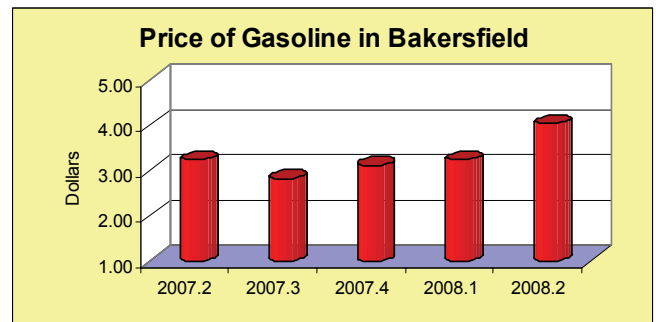
**Cost of Employment** - In the second of 2008, the Employment Cost Index (ECI; December 2005 = 100) increased at an annual rate of 3.3 percent as the index value rose from 107.8 to 108.7. The ECI was slightly lower than that of four quarters ago.



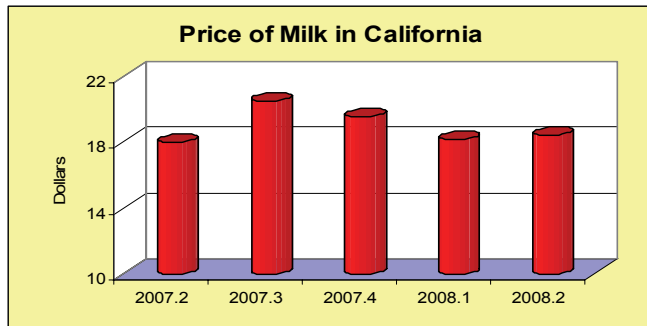
**Price of Oil** - The average price of San Joaquin Valley heavy crude was up \$25.75 (or 30.1 percent) per barrel from \$85.50 in the first quarter to \$111.25 in the second quarter of 2008. Likewise, the average price of crude oil was up \$55.66 (or 100.1 percent) per barrel relative to the second quarter of 2007.



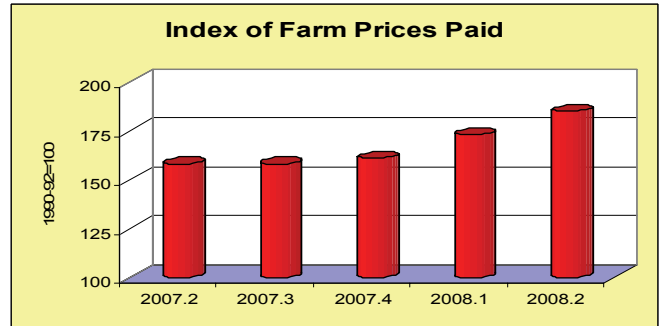
**Price of Gasoline** - In the Bakersfield metropolitan area, the average retail price of regular gasoline per gallon rose 80¢ (or 24.8 percent) per gallon from \$3.23 in the first quarter to \$4.03 in the second quarter of 2008. Likewise, the average gasoline price was up 80¢ relative to the second quarter of 2007.



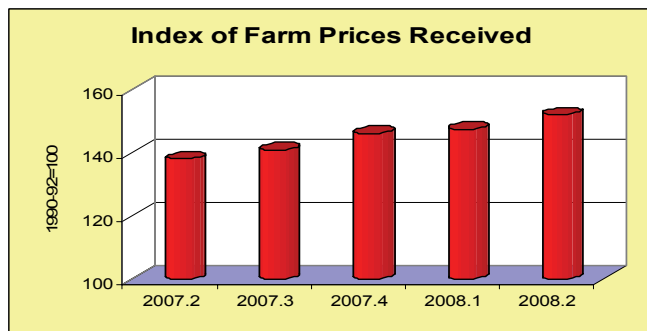
**Price of Milk** - The average price of California's Class III milk increased 28¢ per cwt from \$18.12 in the first quarter to \$18.40 in the second quarter of 2008. Likewise, the price of milk has gone up 45¢ since the second quarter of 2007.



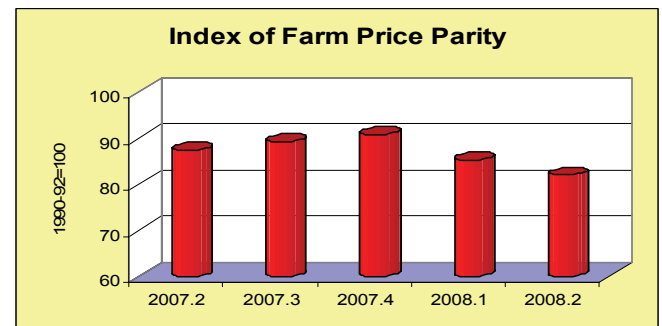
The national Index of Prices Paid by Farmers for commodities, services, interest, taxes, wages, and rents rose 12 percentage points to reach 185. Similarly, the index has gained 27 percentage points since the second quarter of last year.



**Farm Prices** - In the second quarter of 2008, the national Index of Prices Received by Farmers for all farm products (1990-92 = 100) rose 5 percentage point to arrive at 152. This index was 14 percentage points higher than that of four quarters ago.



The Index of Farm Price Parity is the Index of Prices Received by Farmers as a percentage of the Index of Prices Paid by Farmers. In the first quarter of 2008, the Index of Farm Price Parity fell 3 percentage points to reach 82. Likewise, the gap between prices paid and prices received by farmers has widened 5 percentage points since the second quarter of last year.



arrive at 185. As a result, the parity between output prices farmers received and input prices farmers paid widened 3 percentage points to attain 82 percent.

In the second quarter of 2008, the composite price index (2007.2 = 100) of the top five locally traded stocks inclined 11.6 percentage points from 90.6 to 102.2. Relative to four quarters ago, the composite price index of stocks for these *market-movers* propelled 2.2 percent. Stocks prices rose for Chevron Corporation U.S., Occidental Petroleum Corporation, San Joaquin Bank, Granite Construction, and Tejon Ranch Company.

## BOOK REVIEW

### FAREED ZAKARIA'S *THE POST-AMERICAN WORLD* (W. W. NORTON, 2008)

REVIEWED BY: MARK EVANS

ASSOCIATE DEAN AND ECONOMICS PROFESSOR, CSUB

The first sentence of Fareed Zakaria's best seller states, "This is a book not about the decline of America but rather about the rise of everyone else." As editor of Newsweek International, Zakaria consistently offers reasoned and novel insights. His book met my high expectations. It is a quick read, yet a "must-read" for anyone contemplating how the United States can best position itself for maximum influence in a changing world.

Economic theory tells us that free international movement of goods, services, labor, and capital is the "great equalizer." The United States preached this gospel after World War II and has led the creation of this international framework. The system has delivered as promised. The share of world population living on a dollar a day or less will drop from 40 to 12 percent between 1980 and 2015. Eighty percent of the world's population now lives in countries with a decreasing poverty rate. Although there are separate chapters on India and China, Zakaria's theme is that economic growth now is a worldwide phenomena not limited to these two giants or to Asia at large. He reports that more than 30 countries encompassing two-thirds of Africa had annual GDP growth exceeding four percent in recent years.

The book ends with two chapters on the United States. True to his word that this is not a book about America's decline, most of the second-to-last chapter examines America's greatest strengths. Our most fundamental strengths in his view include the following:

1. An enormous economy making it possible to address almost any military or civilian initiative with a small fraction of the GDP;
2. A comparative advantage on both the front and back ends of the product cycle where most of the value added is created (i.e., idea creation and innovation; marketing and distribution, sales and service);
3. World leadership in higher education and a public education system emphasizing independence, access, and critical thinking rather than conformity, selectivity, and memorization;

4. Demographic vibrancy in contrast to most major countries that are increasingly saddled with stagnant and aging populations.
5. An assimilative culture (despite backlash throughout history) that enables strategically important talent and energy from abroad to be infused in the economy and society.

Zakaria's analysis is much richer than my summary and worth reading. He debunks several widely reported and held beliefs.

In comparing and contrasting our situation with Britain's descent, he notes that Britain's empire came to an end because good politics could not undo bad economics. He views our Achilles heal as being a political system inept enough to put strong economic fundamentals at risk. In the final chapter, Zakaria proposes six strategies to maximize U.S. leverage in this changing world:

1. *Prioritize and choose.* We have a huge economic base, but we do not have unlimited resources.
2. *Focus on broad utilitarian rules rather than narrow interests.* Where narrow interests are overriding, dispense with moralizing so as not to preach one thing and practice another.
3. *Engage with all the great powers.* Develop better relations with all of them than they have with each other.
4. *Nurture and support diverse nongovernmental, transnational, multilateral institutions.* These institutions are more apt to resolve conflict based on shared principles and less likely to foment nationalism.
5. *Think asymmetrically.* Not all our antagonists are nation states. Not all our institutions and players are governmental.
6. *Restore legitimacy.* It is not just good public relations; it is a core element of power.

## Econ Brief!

### Measuring the Quality of Life in Kern County

In the field of development economics, the quality of human life is measured by a composite index of economic and social indicators. The quality of life in Kern County is measured as a composite index of twenty economic, social, and environmental indicators:

**Per Capita Income:** Personal income per person in constant dollars

**Economic Growth:** Percentage growth rate of total personal income

**Housing Price:** Median sales price of all single-family homes in constant dollars

**Taxable Sales:** Total taxable transactions in constant dollars

**Labor Force Growth:** Percentage growth rate of the labor force

**Nonfarm Employment Growth:** Percentage growth rate of nonfarm employment

**Unemployment Rate:** Average annual rate of civilian unemployment

**Class Size:** The pupil-to-teacher ratio

**College Preparation:** Total score on the Scholastic Aptitude Test

**Family Environment:** Percentage of mothers with “some” college education

**Language Proficiency:** Enrollments with limited English proficiency per 10,000 students

**Medical Services:** Number of physicians per 10,000 persons

**Infant Survival:** Percentage of live births reaching first birthday

**Drug Use:** Number of admissions for drug and alcohol treatment per 10,000 persons

**Public Assistance:** Family assistance per capita in constant dollars

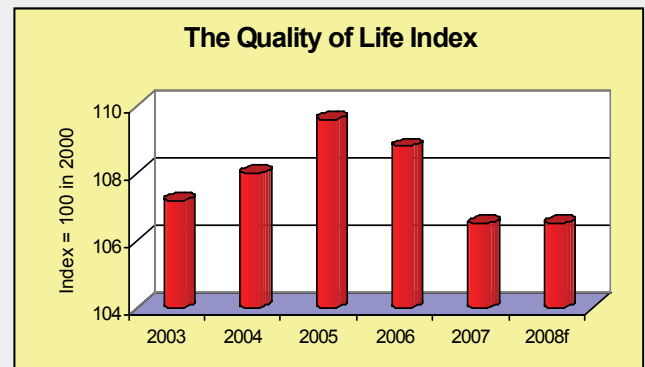
**Public Health:** Percentage of population eligible for Medi-Cal

**Crime Rate:** The FBI crime index

**Air quality:** Number of days that the ozone level exceeds the federal 8-hour standard

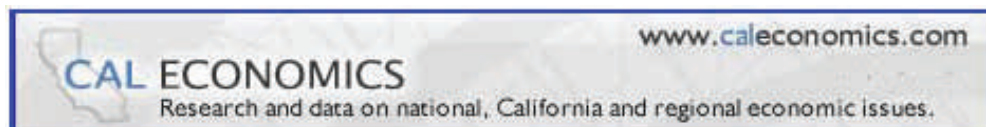
**Public Safety:** Expenditures on police and fire protection per capita in constant dollars

**Road conditions:** Average number of accidents per year divided by the segment length in miles



The year 2000 is selected as the *base-year*, when the index value equals 100. For the ensuing years, the base-year value is adjusted by the percentage *change* relative to 2000. Kern County’s Quality of Life Index rose from 107 in 2003 to 110 in 2005. It then descended gradually to 106 in 2007. The index is expected to remain flat in 2008.

Better quality of life will require greater investment in air quality, public safety, workforce preparation, job creation, family environment, educational achievement, health-care services, and road conditions.



- Answering business and economic questions
- Providing data and reports on demographic and economic conditions of California, San Joaquin Valley, and Kern County
- Conducting survey research, market analysis, impact study, feasibility study, statistical analysis and forecasting, cost-benefit analysis, and cluster analysis

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