

A Job is Not a Job

▪ Executive Summary

The analysis contained in *A Job is Not A Job* employed an input-output modeling technique to examine the local economy. The Gross County Product of Stanislaus County in 1994 was \$8.369 billion. This was 37.3% of the Gross Regional Product (Stanislaus, San Joaquin, Merced)

The economies of Stanislaus, Merced, and San Joaquin are similar but not identical. Farm production is far more important to Merced (close to 25% of TIO) than to the other two counties. Health services and manufacturing/food & kindred represent larger percentages of TIO in Stanislaus than in the other two counties. Government has the largest percentage of employment and employee compensation in all three counties, but is more important in Merced than in the other two counties.

Manufacturing/food & kindred is the most significant industry in Stanislaus County in terms of production but not in terms of employee compensation or employment. Manufacturing/food & kindred is the largest share of total industry output in the county (20%). Government represents a greater share of employee compensation and employment than manufacturing/food & kindred. Retail trade and other services employ a greater percent of total employees in the county.

Manufacturing/food & kindred brings significant amounts of money into the economy and is the largest net exporter in the county. It is also the largest net exporter in Merced, but farm production is a close second.

Food processing has the largest impact on the Stanislaus County economy in terms of industry output, followed by farms, retail trade, real estate, construction, and health services. The dollar value of output in food processing is double that of the second largest output producer which are farms. When direct, indirect, and induced effects are included, food processing is tied to almost \$5 billion in output.

Retail trade employs the largest number of people in the county, followed by health services, food processing, construction and farms. When direct, indirect, and induced effects are included, retail trade is still the largest but it is followed by food processing, health services, farms, and construction.

Of the largest output producers, food processing affects the largest number of other industries in the County. This observation comes from the fact that it has among the highest multipliers and from looking at the number of industries that it buys from.

Health services are more important to Stanislaus County than to Merced and San Joaquin. It produces a larger share of TIO in Stanislaus than in the other two counties. It employs a greater share of the work force in Stanislaus than in the other two counties. It provides a greater share of employee compensation in Stanislaus than in the other two counties. It is a net exporting sector for the county.

Future areas of study:

Based on the findings of the input-output analysis, the following would be particularly fruitful areas of study:

- The health care sector of the economy to discover what makes it so important to the economy and what if anything can be done to support it.
- Update the IMPLAN data. This means continuing to purchase the data for the state and all counties within the state each year. It also means getting information from local firms in order to make the data better reflect local production and purchasing practices.
- Continue to use this modeling technique to examine how the structure of the economy changes over time.
- Use this model as a tool to examine the impact of different development strategies in the County. It can aid in the process of targeting development and insuring the largest return from economic development activities.
- Use the social accounting matrix from the IMPLAN software to develop a general equilibrium model of the county. This could be used to evaluate the impact of price changes, tax changes, economic development packages, and more.