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Kern Economic Journal

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Association for Local Economic Development

2023 Second Quarter



Featured Articles:



A Study on the Prime
Age Employment Gap
in the Great Central
Valley and Motherlode



Corrective Counsel
in the Workplace

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KERN ECONOMIC JOURNAL is a quarterly publication (February, May, August, November) 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. Sources of funding for this journal include university contributions and sponsorship and subscription fees.

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 electronic copy. Individual authors are responsible for the views and research results.

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Kern Economic Journal



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Economy at a Glance!

2023 SECOND QUARTER
BY DR. NYAKUNDI MICHIEKA
& DR. RICHARD S. GEARHART III

*National Economy*¹

Real GDP increased at an annual rate of 2.1 percent in the second quarter of 2023. In the first quarter of 2023, real GDP increased by 2.2 percent. The acceleration in real GDP reflected increases in business investment, consumer spending, and state and local government spending that were partly offset by a decrease in exports. Imports on the other hand decreased.

The increase in **real GDP** reflected increases in nonresidential fixed investment, consumer spending along with state and local government spending that were partly offset by a decrease in exports.

Current-dollar GDP increased by 3.8 percent (annual), or \$249.4 billion in the second quarter to a level of \$27.06 trillion.

Current-dollar personal income increased \$239.6 billion in the second quarter. This rise reflected increases in compensation (led by private wages and salaries), personal income receipts on assets (both personal dividend income and personal interest income), personal current transfer receipts (led by government social benefits), and rental income of persons.

Real disposable personal income which is adjusted for inflation and taxes, increased by 3.5 percent.

Personal saving was \$1.04 trillion in the second quarter. The BEA derives the personal saving rate by calculating personal saving as a percentage of disposable personal income.

Personal saving rate – personal saving as a percentage of disposable personal income – was 5.2 percent in the second quarter.

The Conference Board's Index of Leading Economic Indicators – a measure of future economic activity – decreased by 0.4 percent in August 2023 to

105.4 (2016=100), following a 0.3 percent decline in July.

The University of Michigan's Consumer Sentiment Index decreased from 64.6 in the first quarter of 2023 to 62.4 in the second quarter of 2023. The value of the index in the second quarter of 2022 was 57.8, and 85.6 in the second of 2021.

*State Economy*²

In California, the unemployment rate grew by 0.2 percent to 4.5 percent in the second quarter of 2023, compared to 4.3 percent in the first quarter of 2023. The top five -counties with the highest unemployment rate include Colusa (13.5), Imperial (15.8), Kern (8.6), Merced (9.5), and Tulare (9.9). Counties with the lowest unemployment rates include Marin (3.1), San Francisco (3.0), San Luis Obispo (3.2), San Mateo (2.8) and Santa Clara (3.2).

California's labor force increased by 83,800 in the second quarter of 2023. During this period, civilian employment increased by 42,333 from 18.50 million to 18.55 million. Nonfarm enterprises hired 112,933 more workers while farming employment increased by 3,233. Mining and logging employment did not change; the construction sector hired 6,133 more workers. The manufacturing sector hired 5,600 less workers. Service sector employment increased from 15.68 million to 15.79 million between the first quarter of 2023 and the second quarter of 2023. The state government added 2,667 workers while local government added 5,667 workers.

Local Economy

The local economy witnessed an increase (of 1,133) in the labor force from 395,100 in the first quarter of 2023 to 396,233 in the second quarter of 2023. Civilian employment increased by 2,467 from 359,867 in the first quarter to 362,333 in the second quarter. Nonfarm and farm employment increased by 4,733 and 8,233, respectively.

¹U.S. economic numbers were obtained from the Bureau of Economic Analysis "U.S. Economy at a Glance". This is found at <http://www.bea.gov/newsreleases/glance.htm>. The information for the Index of Leading Economic Indicators is found at <https://conference-board.org/data/bcicountry.cfm?cid=1>. The University of Michigan Consumer Sentiment Index is found at <http://www.sca.isr.umich.edu/tables.html>

²The California economic numbers were obtained from the Bureau of Labor Statistics "Local Area Unemployment Statistics Map". This is found at <https://data.bls.gov/map/MapToolServlet?survey=la&map=county&seasonal=u>.



In Bakersfield, nonfarm employment changed in the following manner: mining and logging added 67 workers; construction added 333 workers; manufacturing added 133 workers while the service industry added 4,200 workers. Within the service sector, trade, transportation and utilities added 300 workers, financial activities lost 67 workers, professional and business services added 300 workers, private education and health services added 800 workers while leisure and hospitality added 967 workers. Within the government, the federal government added 100 workers, state government added 33 workers and local government added 1,567 workers.

Total salaries and wages in Kern County increased from \$340,567 in the first quarter of 2023 to \$353,533 (3.8 percent increase) in the second quarter of 2023. Compared to four quarters ago, salaries were higher by \$14,467 or 4 percent.

The unemployment rate varied considerably across cities, ranging from 3.0 percent in Ridgecrest to 27.8 percent in Delano. All cities in Kern County (except for Delano and Ridgecrest) witnessed a decrease in the unemployment rate compared to the last quarter. The biggest quarter to quarter rise in the unemployment rate occurred in Delano where it surged from 26.1 percent to 27.8 percent. In Bakersfield, the unemployment rate was 5.47 percent in the second quarter of 2023 compared to 5.93 percent in the first quarter of 2023. In Kern County, unemployment was 8.6 percent in the second quarter of 2023 compared to 8.9 percent in the first.

In the second quarter of 2023, the median home price in Bakersfield was \$392,000 compared to \$373,167 in the first quarter. Home prices are \$5,132 lower than they were four quarters ago. Within the region, median home prices in Taft were the lowest at \$260,333 compared to \$392,167 in Tehachapi.

The weighted price index for the five publicly traded companies doing business in Kern County (Sierra Bancorp, Tejon Ranch Company, Chevron Corporation U.S., Granite Construction, and Wells Fargo Company) decreased by 0.4 percentage points from \$98.8 to \$98.4 (quarter to quarter). The index is 0.6 percentage points greater than it was four quarters ago. All companies gained/lost as follows: Chevron (decreased 3.6 percent quarter-over-quarter), Tejon Ranch (decreased 5.8 percent quarter-over-quarter), Granite Construction (increased 3.2 percent quarter-over-quarter), Wells Fargo (increased 14.2 percent quarter-over-quarter) and Sierra Bancorp (decreased 1.5 percent quarter-over-quarter).

The average retail price of gasoline increased by \$0.20 to \$4.70 a gallon (quarter to quarter) from \$4.51. Gas prices are 19.5 percent lower than they were four quarters ago when they averaged \$5.84 a gallon. The unit price of California's Class III milk was \$18.44 in the first quarter of 2023 compared to \$16.51 in the second quarter of 2023. The Index of Farm Price Parity in the second quarter of 2023 (0.92) was higher than that of the first quarter of 2023 (0.91).

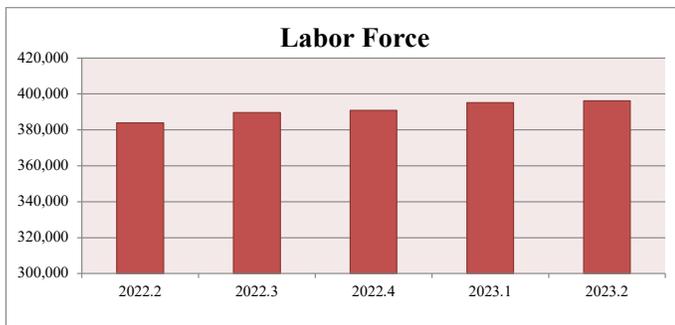
Tracking Kern’s Economy¹

DR. NYAKUNDI MICHIEKA &
DR. RICHARD S. GEARHART III
2023 FIRST QUARTER

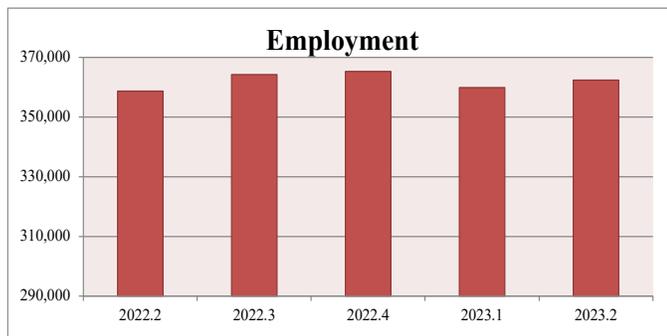
Labor Market

We average monthly data to calculate quarterly data then adjust for seasonality in the series.

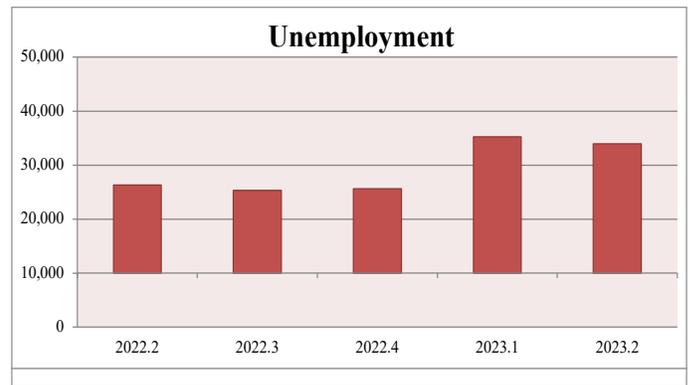
Labor Force – The civilian labor force increased by 1,133 individuals, from 395,100 in the first quarter of 2023 to 396,233 in the second quarter of 2023. The labor force estimates were similar to those recorded in the second quarter of 2015 where they averaged 393,600. The labor force numbers continue to grow over the last four quarters. The Bureau of Labor Statistics defines the labor force participation rate as the proportion of the working-age population that is either working or actively looking for work.



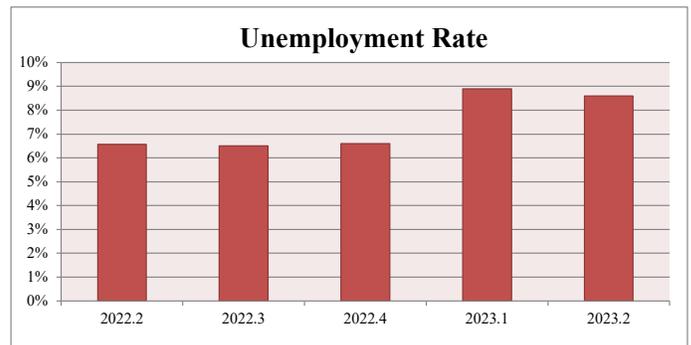
Employment – In the second quarter of 2023, Kern County hired 2,467 more workers (compared to last quarter) as total employment increased from 359,868 to 362,333. This is a 1 percent increase in employment compared to the second quarter of 2022, when 358,700 persons were employed. Last year (2022), first to second quarter employment increased by 5,167



Unemployment – In the meantime, quarter to quarter unemployment decreased by 1,233 as the number of jobless workers dropped from 35,200 to 33,967. The number of unemployed workers is 29 percent higher than it were four quarters ago. In the second quarter of last year (2022), there were 26,300 unemployed workers.



Unemployment Rate – Kern County’s year-to-year unemployment rate rose by 30 percentage points from 6.6 percent in the second quarter of 2022 to 8.6 percent in the second quarter of 2023. The unemployment rate in the second quarter of 2023 was 0.3 percent lower than that of the first quarter of 2023. Kern’s unemployment rate was higher than that of California which was 4.5 percent.



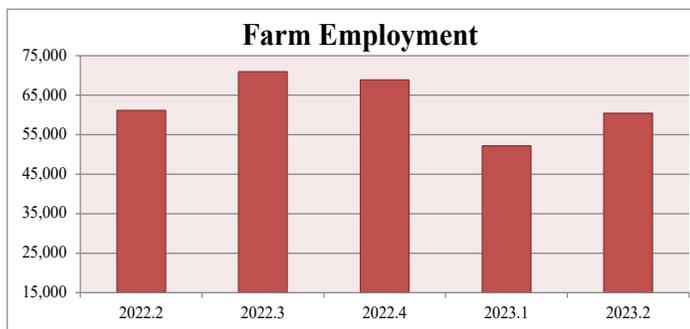
The unemployment rate varied considerably across cities, ranging from 3 percent in Ridgecrest to 27.8 percent in Delano. The quarter-to-quarter unemployment rate decreased in all cities in Kern County except in Delano and Ridgecrest where it increased. The biggest decrease in the unemployment

rate occurred in Lake Isabella, where it decreased from 21.5 to 20.8 percent. In Bakersfield, the unemployment rate was 8.6 percent in the second quarter of 2023 compared to 8.9 percent in the first quarter of 2023.

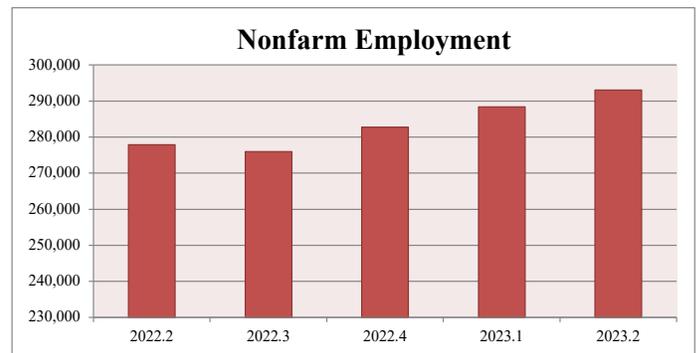
Unemployment Rate of Cities			
Location	Unemployment Rate (%)	Location	Unemployment Rate (%)
KERN COUNTY	8.57	McFarland	7.67
Arvin	11.03	Mojave	8.37
Bakersfield	5.47	Oildale	13.63
California City	17.50	Ridgecrest	3.00
Delano	27.80	Rosamond	9.20
Edwards	8.23	Shafter	6.97
Frazier Park	8.40	Taft	5.80
Lake Isabella	20.83	Tehachapi	8.07
Lamont	8.20	Wasco	15.87

Note: City-level data are not adjusted for seasonality and “informal” market workers.

Farm Employment – In the second quarter of 2023, Kern County hired 8,233 more farm workers. As a result, farm employment increased from 52,233 in the first quarter of 2023 to 60,467 in the second quarter of 2023. The year-over-year number of farm workers decreased by 700.

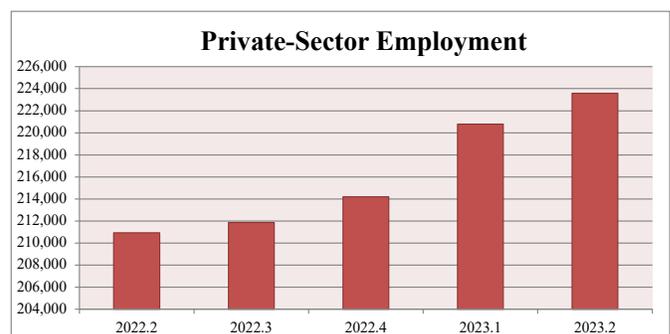


Nonfarm Employment – Local nonfarm industries employed 4,733 more workers in the second quarter of 2023 as the number increased from 288,333 to 293,067. The industries hired 15,167 more workers compared to four quarters ago (5.5 percent more). The 2023 second quarter estimates of the number of nonfarm workers are the highest ever recorded.



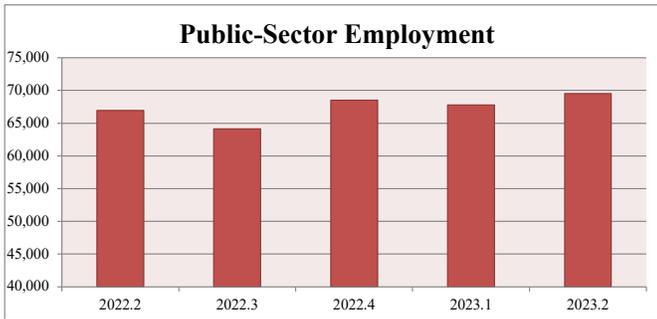
In Bakersfield, nonfarm employment changed in the following manner: mining and logging employment added 67 workers; construction added 333 workers; manufacturing added 133 workers while the service sector added 4,200 workers. Within the service sector, trade, transportation, and utilities added 300 workers; financial activities lost 67 workers; professional and business services added 300 workers; health care and social assistance added 733 workers while leisure and hospitality added 967 workers. The federal government added 100 workers while the state government added 33 workers. The local government added 1,567 workers.

Private-Sector Employment – Nonfarm employment is comprised of private- and public-sector employment. In the second quarter of 2023, private companies hired an additional 2,767 workers compared to the first quarter of 2023. They also hired 5.9 percent more workers this quarter than they did four quarters ago. Today, the private sector employs 223,567 individuals.

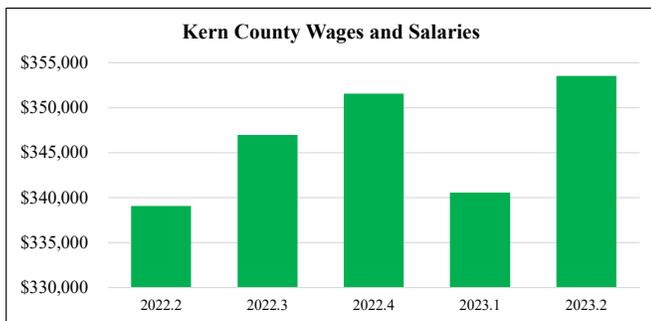


Public-Sector Employment – The public sector consists of federal, state, and local government agencies. The local government labor market includes county and city agencies, and public education. In the second quarter of 2023, government

agencies hired 1,700 more workers, as employment increased from 67,800 to 69,500 – a 2.51 percent increase. Compared to last year, 3.8 percent more workers were hired in the public sector.

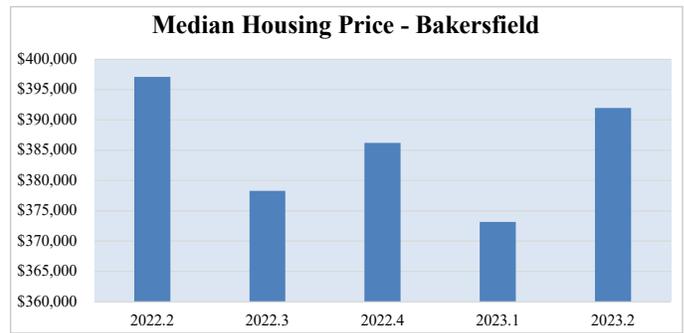


Salaries and Wages – Total salaries and wages in Kern County increased from \$340,567 in the first quarter of 2023 to \$353,533 in the second quarter of 2023 – a 3.8 percent increase. Compared to four quarters ago, salaries were \$14,466 (or 4 percent) higher.



Housing Market

Housing Price – In the second quarter of 2023, Bakersfield’s housing prices were up by \$18,833 (5.05 percent) compared to the prices in the first quarter of 2023. The median home price averaged \$392,000 in the second quarter of 2023 compared to \$397,132 in the second quarter of 2022. Prices were \$5,132 lower than they were four quarters ago.



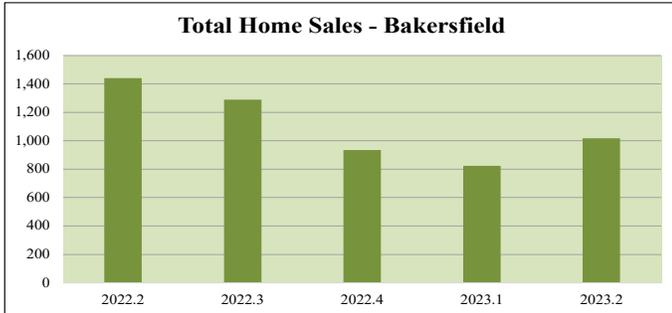
Regional Housing Prices – Changes in housing demand in Bakersfield are likely to spillover to surrounding cities as individuals who are on the margin of buying or selling are likely not located in the Bakersfield Metropolitan Statistical Area (MSA) directly. An assessment of first (2023) to second quarter (2023) changes in median sales price indicates that home prices increased in all cities in Kern County. Taft recorded the largest rise in prices (+\$46,183) while prices rose by \$10,000 (or 2.64 percent) in Rosamond. The average price change was +11 percent across all regions in the County. The median home price across all regions averaged \$342,194 in the second quarter of 2023 compared to \$312,428 in the first quarter of 2023.



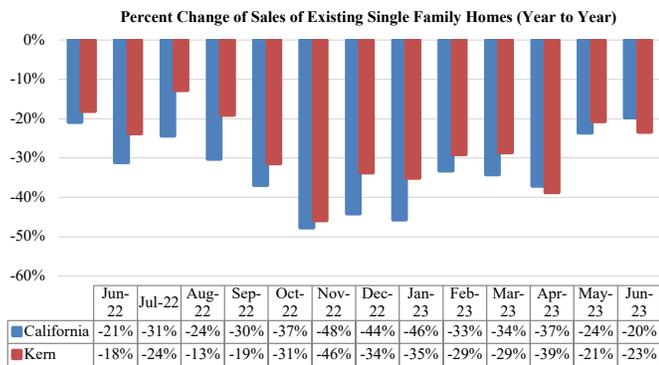
The year-to-year home prices changed as follows: Bakersfield (-1.29 percent), California City (+1.94 percent), Delano (+2.47 percent), Rosamond (-7.28 percent), Taft (+27.61 percent) and Tehachapi (-2.77 percent).

Location	Median Price	Median Price	Price Change (\$) (Annual)	Price Change (%) (Annual)
	2022.2	2023.2	2022.2 to 2023.2	2022.2 to 2023.2
Bakersfield	397,132	392,000	-5,132	-1.29%
California City	283,500	289,000	5,500	1.94%
Delano	323,333	331,333	8,000	2.47%
Rosamond	418,833	388,333	-30,500	-7.28%
Taft	204,000	260,333	56,333	27.61%
Tehachapi	403,333	392,167	-11,167	-2.77%
Averages	338,355	342,194	3,839	3.45%

Home Sales – In Bakersfield, quarter to quarter sales of residential units increased by 194 units, from 824 in the first quarter of 2023 to 1,018 in the second quarter of 2023. An average of 422 less homes were sold in the second quarter of 2023 compared to the second quarter last year (2022).

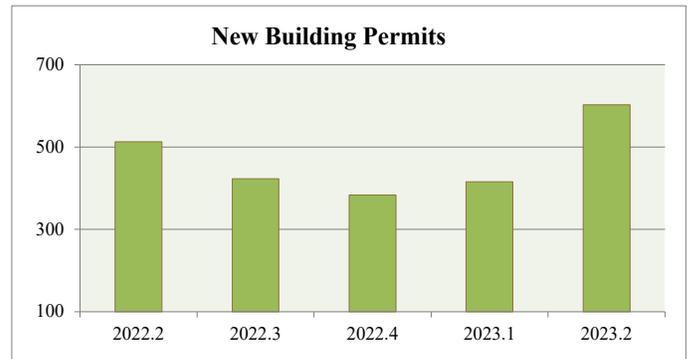


Growth in Housing Sales – We compare growth in sales of existing single-family homes in Kern County with growth in sales in California. Positive values indicate that more homes were purchased this year compared to last year. In June 2023, 23 percent less homes were sold in Kern County compared to June 2022. In California, sales were 20 percent lower. The average growth in home sales in California between June 2022 and June 2023 was –33 percent while the number was –27 percent in Kern County. Overall, less homes have been sold every month this year compared to last.

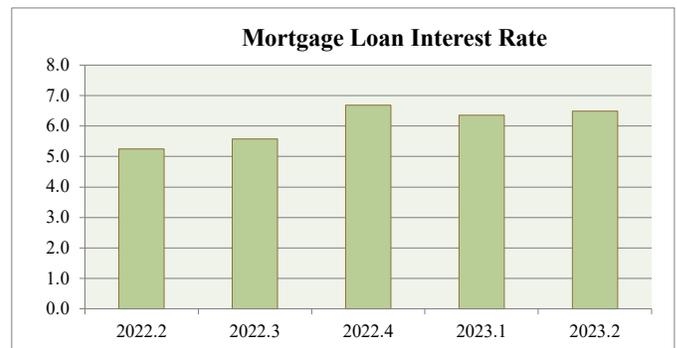


New Building Permits – In the second quarter of 2023, Kern County issued 90 more permits for construction of new privately-owned dwelling units compared to the second quarter of 2022. A total of 603 permits were issued this (second) quarter compared to 513 in the second quarter of last year (2022). The number of permits issued continues to surge following the drop in the second to third quarter of 2022. Over the last five years, the average

number of permits issued in the second quarter of every year is 527.

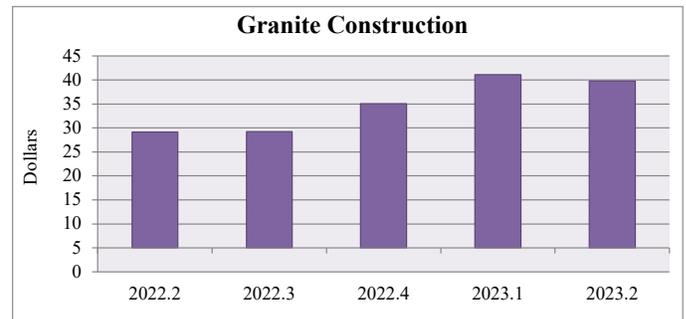


Mortgage Interest Rate – In the second quarter of 2023, the interest rate on thirty-year conventional mortgage loans increased to 6.49 percent from 6.36 percent in the first quarter. The interest rate in the second quarter of 2022 was 5.24 percent.



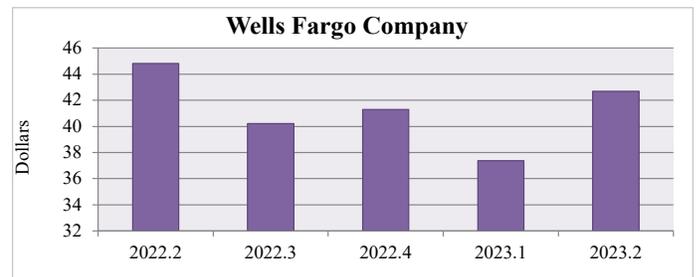
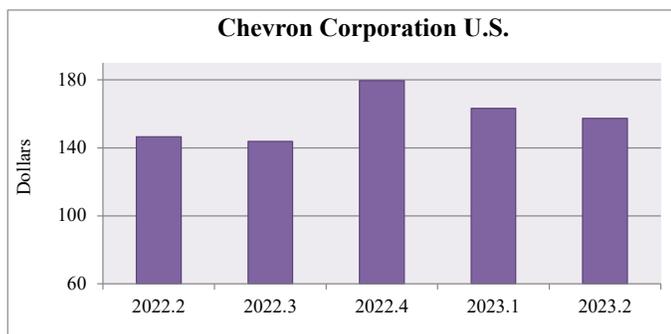
Stock Market

In the second quarter of 2023, the composite price index (2014.1=100) of the five publicly traded companies doing business in Kern County decreased by \$0.36, from \$98.8 to \$98.4 (quarter to quarter change). The index is 0.6 percentage points higher than it was four quarters ago. Average “close” prices were measured for five local market-movers: Chevron Corporation U.S., Tejon Ranch Company, Granite Construction, Wells Fargo Company, and Sierra Bancorp.



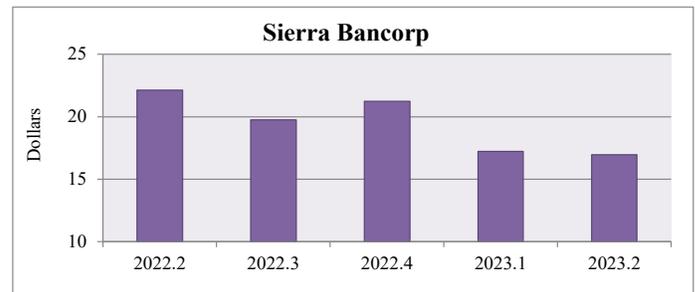
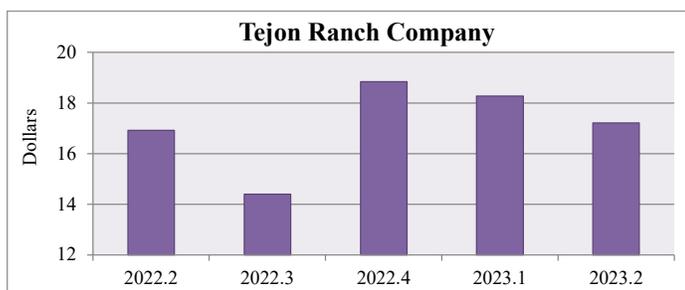
Chevron Corporation U.S.: Compared to last quarter, CVX lost \$5.81 (or 3.6 percent) per share as its price decreased from \$163.16 to \$157.35. Relative to the second quarter of 2022, CVX was up \$10.84 (or 7.4 percent) this quarter.

Wells Fargo Company: WFC gained \$5.30 (or 14.2 percent) per share as its stock price increased from \$37.38 to \$42.68 between the first and second quarter of 2023. Relative to one year ago, WFC was down \$2.14 (or 4.8 percent).



Tejon Ranch Company: TRC lost \$1.06 (or 5.8 percent) per share as its stock price decreased from \$18.27 to \$17.21, between the second quarter of 2022 and the second quarter of 2023. Compared to last year, the TRC stock price was up \$0.29 (or 1.7 percent).

Sierra Bancorp: BSRR lost \$0.25 (or 1.5 percent) per share as its price decreased from \$17.22 to \$16.97. Similar to WFC, BSRR lost \$5.16 (or 23.3 percent) this quarter compared to the second quarter of 2022.



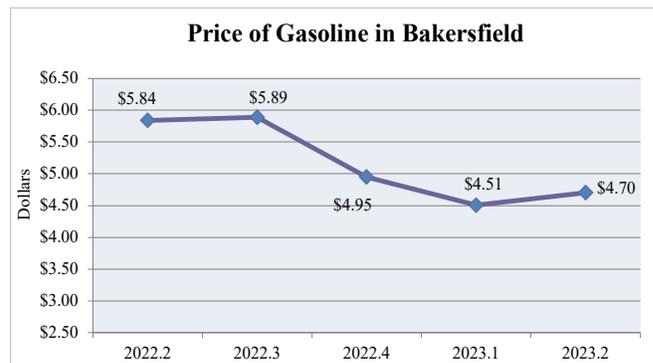
Granite Construction: GVA lost \$1.30 (or 3.2 percent) per share as its stock price decreased from \$41.08 to \$39.78 between the first and second quarter of 2023. GVA gained \$10.60 (or 36.3 percent) over the last four quarters.

Inflation

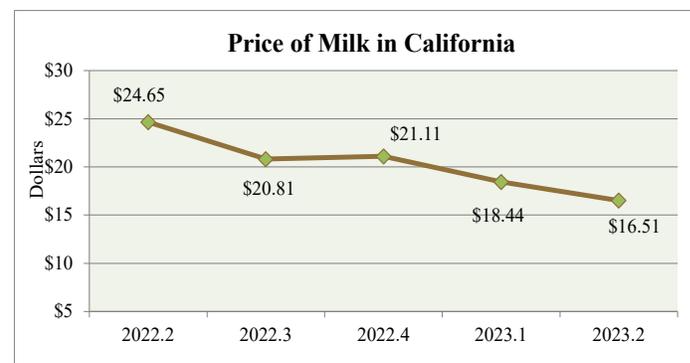
Cost of Living – In the second quarter of 2023, the Consumer Price Index for all urban areas (1982-84 = 100) increased from 300.62 to 304.20. As a result, inflation for the cost of living accelerated at an annual rate of 4.77 percent. The index was 292.57 in the second quarter of 2022.

Commodity Prices

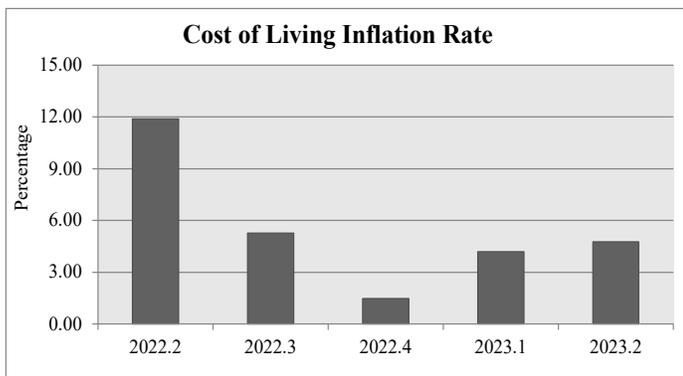
Price of Gasoline – In the Bakersfield MSA, the average retail price of gasoline increased by \$0.20 to \$4.70, from \$4.51 between the first quarter of 2023 and the second quarter of 2023. Average prices were 19.5 percent lower than they were a year ago.



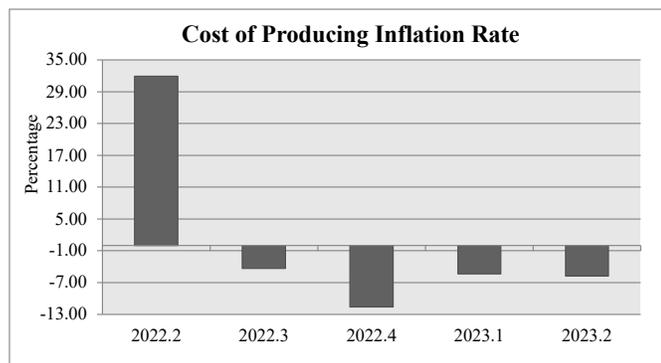
Price of Milk – The unit price of California’s Class III milk decreased in the second quarter of 2023 by \$1.92, to \$16.51 from \$18.44 last quarter. Noticeably, milk prices continued to drop following the peak in the second quarter of 2022. Prices are 33 percent or \$8.14 lower than they were four quarters ago.



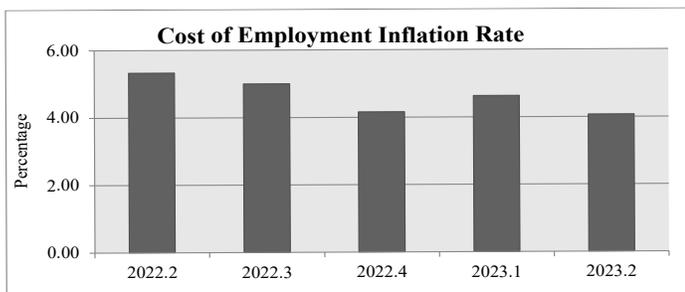
Farm Prices – In the second quarter of 2023, the National Index of Prices Received by Farmers for all farm products (2011 = 100) increased by 2.03 points to 128.6 compared to the 126.5 in the first quarter (of 2023). This is a 5.83 point decrease from the 134.4 points recorded in the second quarter of 2022.

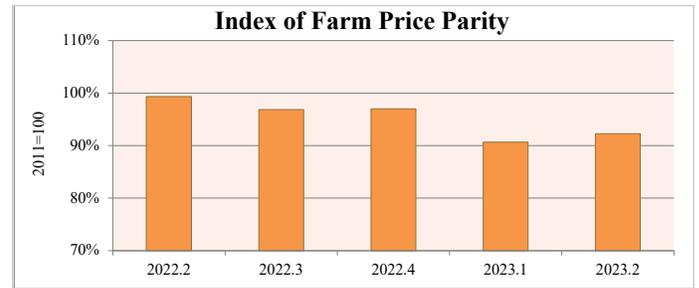
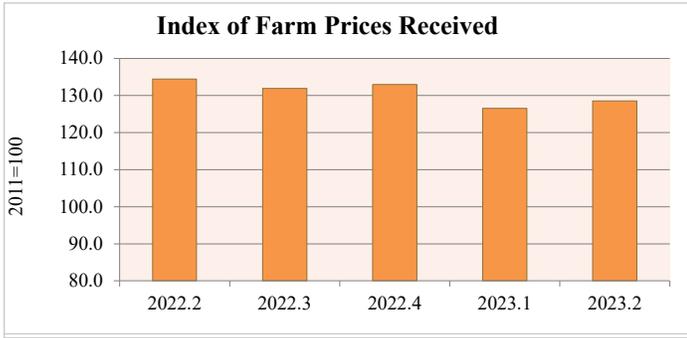


Cost of Production – The Producer Price Index for all commodities (1982 = 100) decreased between the first and second quarter of 2023 from 258.66 to 254.92, respectively. The inflation rate for the cost of producing decelerated at an annualized rate of -5.78 percent. The cost of production inflation rate was 277.93 four quarters ago.



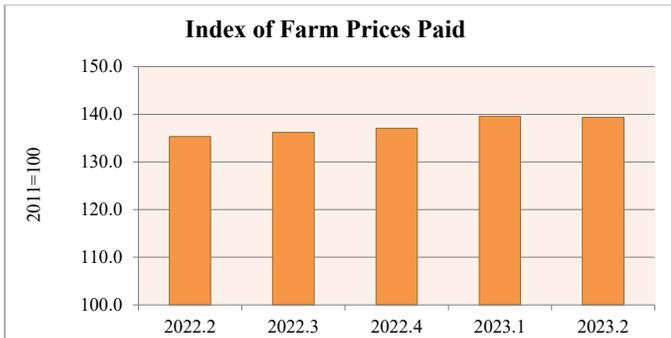
Cost of Employment – The Employment Cost Index (December 2005 = 100) for all civilian workers increased from 157.40 in the first quarter of 2023 to 159.00 in the second quarter of 2023, causing employment inflation to rise by 4.07 percent.





Meanwhile, the National Index of Prices Paid by farmers for commodities, services, interest, taxes, wages, and rents decreased by 0.17 percentage points compared to last quarter. This means that farmers are better off this quarter compared to last quarter.

¹ Source – Online databases: <http://www.labormarketinfo.edd.ca.gov>; www.usda.com; www.bakersfieldgasprices.com; www.bea.gov; www.car.org; www.trulia.com; www.census.gov; <https://www.redfin.com>; <https://www.cafmmo.com>; www.bls.gov



We measure the Index of Farm Price Parity as the ratio Index of Prices Received to the Index of Prices Paid. In the second quarter of 2023, the Index of Farm Price Parity was 92 percent compared to 91 percent last quarter. Four quarters ago, the price ratio was 99 percent.

A Study on the Prime Age Employment Gap (PAEG) in the Great Central Valley and Motherlode

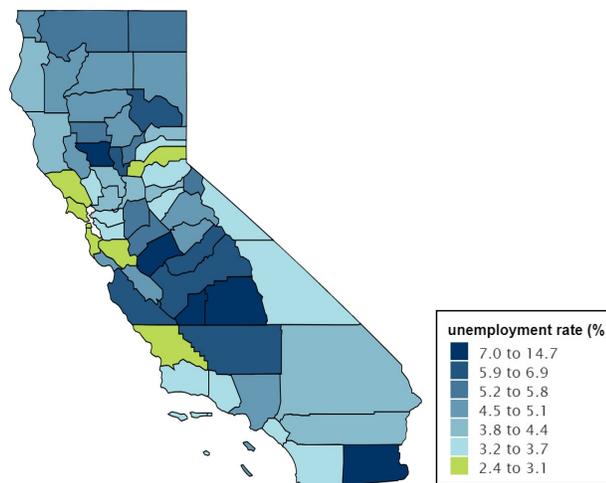
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Fresno Regional Workforce Investment Board

1. INTRODUCTION

The Great Central Valley (GCV) refers to the eight counties of San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare, and Kern while the Motherlode (ML) refers to the four counties of Amador, Calaveras, Tuolumne and Mariposa. The region continues to face higher unemployment rates compared to the rest of the state (Figure 1), and contains some of the metros with the highest unemployment rates in the country (six of the 10 metros with the highest unemployment rates in the country are found in California's Central Valley according to the U.S. Bureau of Labor Statistics (2023)).

Figure 1: Unemployment Rates by County (2022)



Source: Adapted from the U.S. Bureau of Labor Statistics (2023). Not Seasonally adjusted

The employment rate of people in the 12 counties aged between 25 and 54 (the prime age population) has been declining at a faster rate than that of California. This is worrisome, since it indicates that the most productive individuals in the Central Valley are disconnecting from the labor market. This lowers productivity gains and economic development in the region (The White House 2016).

The overall objective of this study is to assess how population and employment in the GCV and other California counties (OCC) (with populations of 60,000 and over) has changed over the last 10 years. More specifically, we answer the following questions: (1) How has population growth changed in the GCV and

OCC over the last decade? (2) What is the employment rate of persons of prime age (25-54), and how have these numbers changed over time? (3) What is the Prime Age Employment Gap (PAEG) for both regions? Data from the Bureau of Labor Analysis (2023) and the U.S. Census Bureau (U.S. Census Bureau 2023) will be used for this analysis.

The rest of the article is structured as follows; Section 2 analyzes the data while Section 3 summarizes the findings.

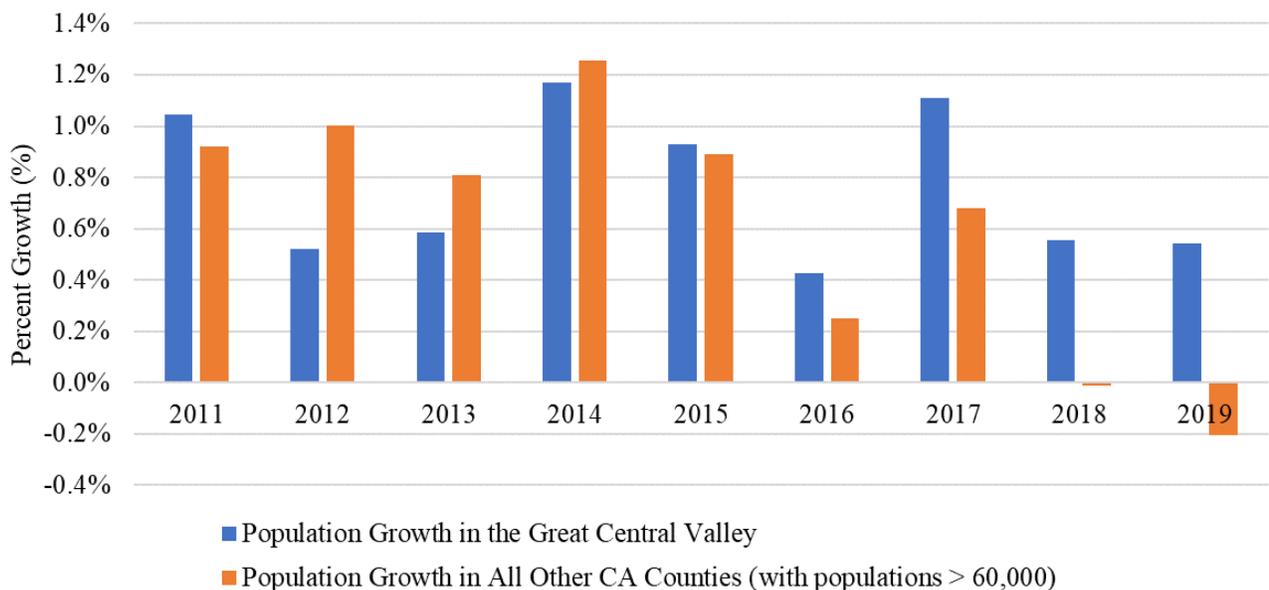
2. DATA

We compare metrics between the Great Central Valley (GCV) and the rest of California, more specifically, other counties in California (OCC) with populations of 60,000 and over. We focus on the 8 counties of the GCV since unemployment data for persons aged 25 to 54 is unavailable for the Motherlode. The American Community survey does not collect data for regions with populations less than 60,000. Therefore, data for the Amador County (population 41,259), Calaveras County (population 46,221), Tuolumne County (population 55,810) and Mariposa County (population 17,147) were not included in the analysis.

2.1. Population

The GCV has witnessed a consistent increase in population between 2010 and 2019, while other regions saw a decline as shown in Figure 2. In fact, between 2018 and 2019, population in the GCV grew by 0.5% while the rest of the state witnessed a 0.2% decline in population. Over the last 10 years, population growth in the GCV averaged +0.8% while the rest of the counties averaged +0.6% (U.S. Census Bureau 2023).

Figure 2: Population Growth (2010 – 2019)

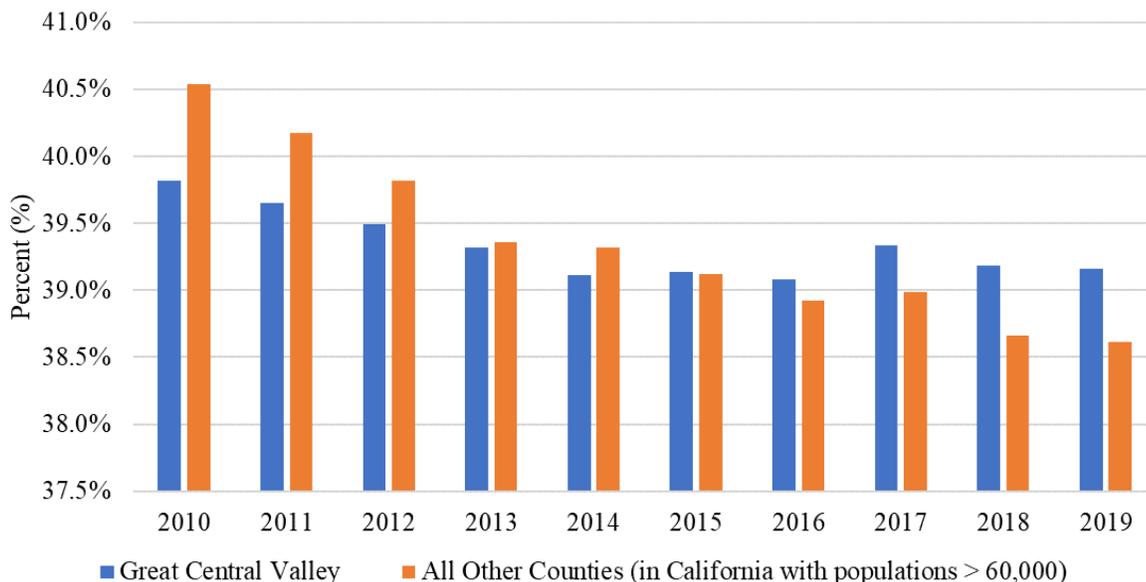


Source: Adapted from the U.S. Census Bureau (2023)

2.2. Prime Age Population (25-54)

Figure 3 illustrates the number of prime aged persons in the GCV and California, which like the rest of the country has been declining. This decline in the long run is troubling since workers at this age are most productive in society. Between 2010 and 2019, the prime age population in the GCV and the rest of the state averaged 39.3% and 39.4%, respectively. However, the prime age population decreased from 40.5% to 38.6% in the OCCs, while the number reduced from 39.8% to 39.2% in the GCV.

Figure 3: Prime Age Population (2010 – 2019)

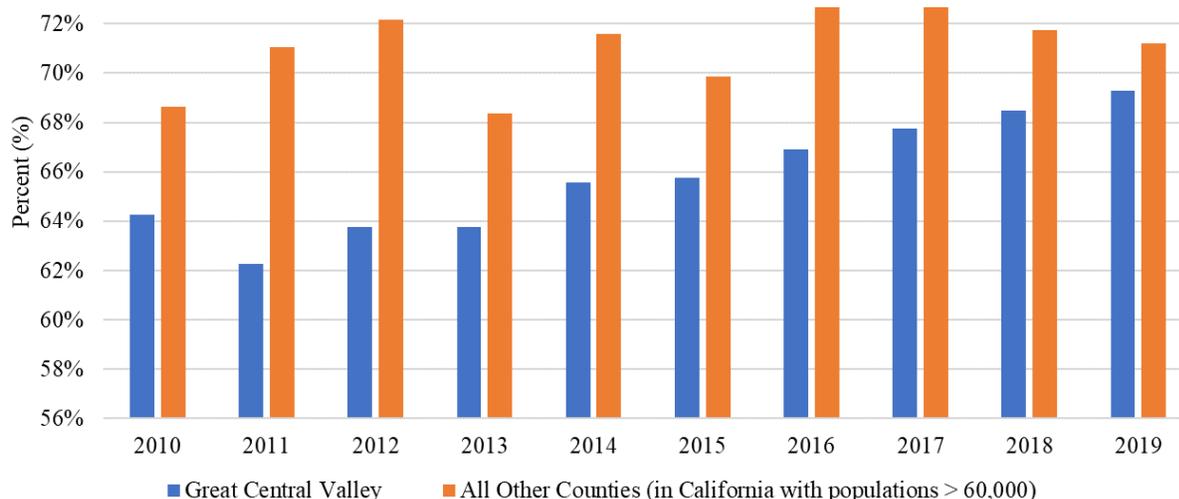


Source: Adapted from the U.S. Census Bureau (2023)

2.3. Percent (%) of Employed Persons of Prime Age (25-54)

The number of prime aged persons with jobs in the GCV increased from 64% in 2010 to 69% in 2019 while the state numbers rose from 69% to 71%. Interestingly, there has been a steady rise in the number of persons with jobs in the GCV while the numbers in the OCCs have been inconsistent (see Figure 4).

Figure 4: Percent (%) of Employed Persons of Prime Age (25-54)



Source: Adapted from the U.S. Census Bureau (2023)

Source: Adapted from the U.S. Census Bureau (2023)

2.4. The Prime Age Employment Gap (PAEG)

The Prime Age Employment Gap (PAEG) is the difference between the national prime age employment rate and average prime age employment rate of the counties (Legal Information Institute 2023). The methodology for calculating the PAEG for each county (i) is provided in Equation (1). Data used to calculate the PAEG for the counties derived from the (U.S. Census Bureau 2023) and the Bureau of Labor Statistics.

$$PAEG_{\text{county } i} = \frac{PAEP_{U.S.}}{TPAP_{U.S.}} - \frac{PAEP_{\text{county } i}}{TPAP_{\text{county } i}}$$

Where

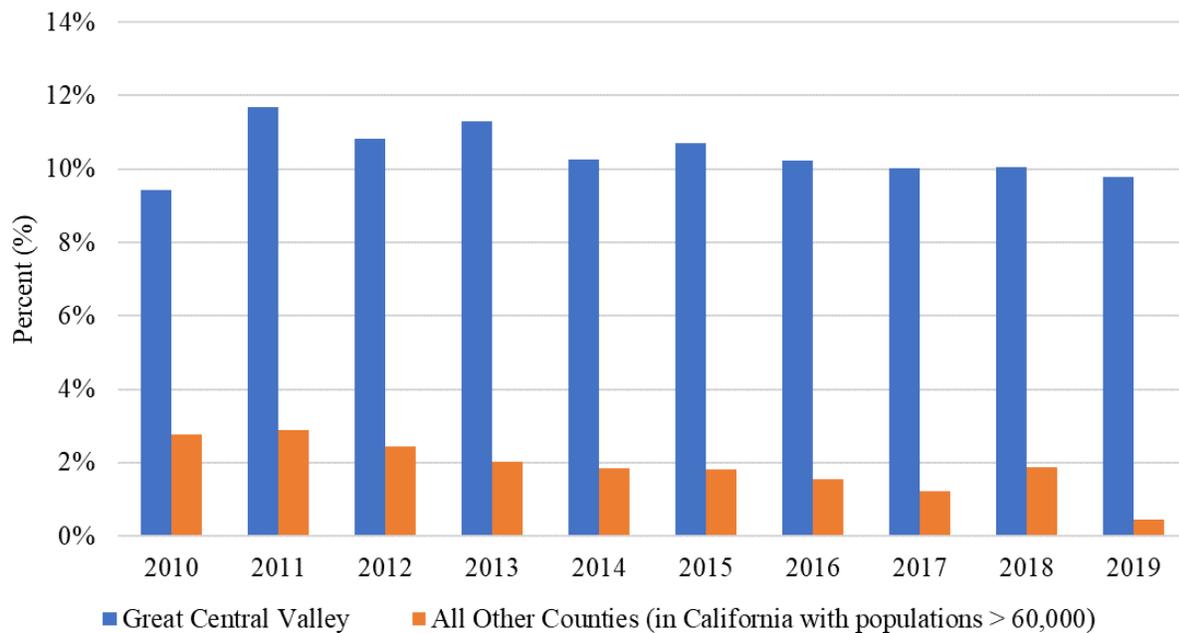
PAEG=Prime Age Employment Rate Gap

PAEP=Prime Age Employed Population (25-54)

TPAP=Total Prime Age Population (25-54)

Figure 5 illustrates the PAEG for the two regions from 2010 to 2019. The PAEG averaged 10% for the GCV and 2% for the other counties. Notably, the PAEG appears to be reducing at a much faster rate the other California counties, compared to the GCVs.

Figure 5: Prime Age Employment Gap between 2010 and 2019



Source: Adapted from the U.S. Census Bureau (2023)

² The PAEG is an indicator of persistent economic distress. The metric has been used by funding agencies to establish geographic eligibility of awards. Today, the (PAEG) has been mandated by statute (2 15 U.S.C. § 3722b(j)(1)) for usage by the United States Department of Commerce (Commerce) for some of its public investments. The Recompete Pilot Program is one such program, Economic Development Administration (EDA), and the U.S. Department of Commerce (DOC) (2023). “FY 2023 Distressed Area Recompete Pilot Program Phase 1 Notice of Funding Opportunity (NOFO) (Recompete Pilot Phase 1 NOFO).” Available at <https://www.eda.gov/sites/default/files/2023-06/Recompete_Pilot_Program_NOFO_phase_1_vF.pdf>.

3. Conclusion

Several conclusions can be drawn from the analysis:

- i. The GCV has the same percentage of people in their prime age (25-54) as other counties in the state of California.
- ii. Fewer (66%) prime aged persons are employed in the GCV compared to the rest of the state (which employs 71% of prime aged individuals)
- iii. PAEG rates have been substantially higher in the GCV and ML than in California and the U.S.
- iv. Over the last decade, the PAEG averaged 10% for the GCV and 2% for the other counties.
- v. Notably, the PAEG appears to be reducing at a much faster rate in OCCs compared to the GCVs



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Corrective Counsel in the Workplace

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Experienced managers know that there will be times when employee correction is necessary. This is not the design of the workplace and many efforts are made so that the work setting is a positive and productive environment for all. Nevertheless, there will be occasions when employee attitude, behavior or communication does not meet the professional standard called for in the work site.

Generally, there are two levels to these types of situations – the more serious circumstance that calls for formal action protocols and then the less serious where informal strategies can be used. The language for these more difficult occurrences is called progressive discipline and the less intense but still upsetting disruptions is called positive discipline. Business policies, professional ethics and state and federal laws as well as any employee union work agreements dictate the steps used in the more serious formal progressive disciplining procedures. But, for the less intense disruption - positive disciplining actions using in house steps are usually taken.

Positive discipline is used under two circumstances - when the misbehavior is less serious and management looks at that employee, their past contributions and current attitude and conclude that this employee has long term value to the organization. It is believed that the inappropriate behavior taken by the employee was not reflective of the true character of that employee. Steps are taken to needfully correct the situation and to build long term rapport with the employee believing in their future quality potential.

Example in need of Progressive Discipline	Example in need of Positive Discipline
An employee becomes upset at another employee, shouts at that employee with a loud voice using abusive words throwing a desk top object on the floor in anger.	An employee becomes upset with another employee and speaks in a harsh tone using words that are generally not acceptable in the work setting.

How do we professionally and properly take corrective action – that is give corrective counsel using positive disciplining techniques? Again, formal, union and legal based protocols are to be used in the more serious progressive discipline situations but the manager might be left on their own to resolve these less serious but still disruptive circumstances that call for positive corrective actions.

There are two essential and fundamental actions taken first. Determine if the employing organization does in fact have a positive discipline procedure. This will be very helpful in determining what actions are to be taken and how. This company policy takes precedence. Unfortunately, few organizations deal with positive discipline in a formal way unlike policies that will most likely be in place for progressive disciplining. The second fundamental is of course gathering the facts of the situation. It is essential that the manager has clear, undisputed and detailed facts – or evidence – of the full dynamics of the situation. Rumor, hear say, differing interpretations and accounts make this process of correct disciplining very unstable. Every appropriate and professional effort should be exercised to assure both the content and the intent of the parties involved in the event are correctly known. In most cases where the employee is professional but has made a mistake, they will be forthcoming with the details usually in a regrettable fashion. If this is not the case and facts are hard to come by then perhaps the more formal progressive discipline protocol will be necessary.



Here are the additional and basic steps in the informal but very necessary positive discipline process:

Managerial authority: the manager has the right and the obligation to correct misbehavior in the work setting – it cannot be ignored. If corrective actions are not taken even with minor infractions an unhealthy work culture may be the result. Staff expect management to address and correct both serious and less serious issues but do assume that the reaction of management will be proportional and appropriate. If an employee rejects management authority then a greater and additional issue is now in play – progressive discipline would now become the better procedure.

Preparation: the manager must prepare themselves for taking the corrective action by asking the following questions [1] asking yourself, what is this person's ability to use this counsel? Are they sufficiently mature, professionally committed and understand their responsibility as a citizen in the work place [2] is the setting appropriate and the timing, right? Of course, private correction is best and corrective involvement close to the time of the infraction is necessary, and [3] before offering counsel – ask yourself, what will be my voice tone, my body posture, facial expression – how can I use these facets to draw out the best in this situation?

Correction: the manager must make it clear to the employee that a corrective action is taking place. Even though it will be approached in a positive, less intense way with encouragement as one of the discussion elements, the employee should understand what the improper workplace issue was and its associated ramifications. Corrective counsel is facilitated best when the receiver expects the counsel. It is possible that timing of the correction is just as important as the content of the conversation – immediacy is key if possible.

Some additional considerations include [1] do not give counsel to punish or to meet one's own ego [2] our counsel should be proportionate to the seriousness of the issue [3] consider on-going counsel to help with more difficult course correction, and [4] counsel is best given when we have listened. There may be an underlying context that we were not aware.

Records: the keeping of a written record of an informal discipline action is a delicate matter. Some company policies require records of only formal discipline actions, and those records are placed in the employees personnel file and perhaps for a set and limited period. Union based work agreements and some state and federal laws also speak to the issue of formal discipline record keeping. However, our discussion has been about informal, more minor, and hopefully quickly resolved situations. A written record should still be kept so if another minor issue comes about with that same employee - a pattern can be noted. This record should be placed in the managers informal file that can be consulted if for some reason another issue arises. This circumstance would suggest a move to a formal progressive discipline process.

Corrective counsel is a valuable management tool when used in the correct way, seeking the best result.



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