



Studies in the News

California Research Bureau, California State Library

June 14, 2017

Featured study:

HEALTH

Economic analysis of CA's proposed single-payer healthcare system (SB 562)

Contents this week:

CRIMINAL JUSTICE & LAW ENFORCEMENT

Body cameras reveal police talk less respectfully to blacks than whites at traffic stops

CULTURE & DEMOGRAPHY

Survey: CA likely voters weigh in on single-payer, jobs, economy

ECONOMY

UOP Forecast: CA's economy will slow due to reduced immigration, housing shortages

UCLA Forecast: CA's growth slowdown due to Trump's budget

EDUCATION

Weighing the costs, benefits of starting out at community vs. four-year college

EMPLOYMENT

Paternity leave on the rise in the U.S.

Interactive tool: Putting your major to work

GENERAL GOVERNMENT

Income inequality and taxation of the 1 percent

HUMAN SERVICES

Low-income parents' resiliency helps children overcome environmental risk factors

HEALTH

Economic Analysis of the Healthy California Single-Payer Health Care Proposal (SB-562). By Robert Pollin, et al. Political Economy Research Institute, University of Massachusetts-Amherst. May 31, 2017. 85 p.

<https://www.peri.umass.edu/publication/item/996-economic-analysis-of-the-healthy-california-single-payer-health-care-proposal-sb-562>

California Senate Bill 562 proposes a single-payer overhaul of the state health care system. The [legislative committee analysis](#) estimated an annual cost of \$400 billion, but also noted that the “fiscal estimates ... are subject to enormous uncertainty” because of the scale and scope of the proposal. The Amherst study, commissioned by the California Nurses Association sponsoring SB 562, estimates a

similar annual cost: \$404 billion for a single-payer system under *existing* conditions. However, it argues that a single-payer system has inherent savings advantages that would actually yield costs of \$331 billion per year, a figure that is \$37 billion less than current total health care expenditures in California.

While the committee analysis suggested a 15% payroll tax to fund the additional single-payer expenditures, the Amherst study argues that more modest taxes of 2.3% gross receipts tax for California businesses and a 2.3% sale tax would suffice. The study also claims that overall health care spending would decrease for low- and middle-income families by 2.6 to 9.1% of income. Small and medium-sized firms will see a 6.8 to 22% decrease in health care costs as share of payroll. However, the committee analysis points out that “[t]here would be limited ability for the state to control costs under the bill,” especially with respect to how often health care services would be used by patients or expanded by doctors and other providers.

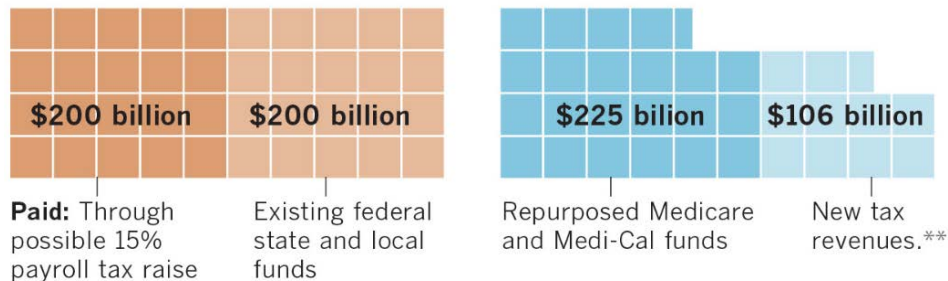
A 2016 study by the [UCLA Center for Health Policy Research](#) noted that the state health care system is already mostly publicly funded, as taxpayers account for over 70% of spending.

What others are saying:

California’s single-payer healthcare proposal

How much will it cost and who foots the bill?

Legislative analysis says: **\$400 billion*** UMass Amherst analysis: **\$330 billion***



*Cost assumes federal waivers.

**2.3% gross receipts tax on businesses; 2.3% sales tax coupled with a tax credit for families that currently qualify for Medi-Cal.

Source: Times reporting

@latimesgraphics

(Graphic: [Los Angeles Times](#), June 1, 2017)

“If you’re paying for health insurance right now through healthcare premiums and cost-sharing, you’d end up paying instead through taxes,” said Micah Weinberg, president of the Bay Area Council Economic Institute. ‘There are some people who at the end of the day will end up paying more, others who will end up paying less.... It’s not free healthcare. That’s something people really need to understand,’ Weinberg said. The key question, he added, is ‘do you pay the government or do you pay a private insurer?’” ([Los Angeles Times](#), June 1, 2017).

“The [study] figures are probably on the optimistic side, said Laurence Baker, a professor of health research and policy at Stanford [University], because they hinge upon California’s ability to negotiate lower costs with the powerful pharmaceutical industry and other key players, such as hospitals and doctors.” ([San Jose Mercury News](#), May 31, 2017).

“The system would pay less for health care services by paying doctors at Medicare rates.... Although doctors would prefer to receive the higher, commercial rate, ‘doctors in California and across the country are sick and tired of spending so much of their time dealing with the myriad insurance companies—all the approvals and administrative costs,’ said study co-author Peter S. Arno.... The savings doctors would

realize for their cutting down dramatically on such expenses were not included in the analysis, so if anything, Arno said, the study's estimate of administrative savings is conservative." ([Capital and Main](#), June 1, 2017).

"A handful of legislators in Democratic states—some positioning themselves to run for higher office—have proposed single-payer bills, including in New York, New Jersey, Rhode Island and Massachusetts. Only in California does the legislation appear to have at least a modest chance of being approved this year. ... [T]he idea of single-payer health care has stirred interest among some business leaders, like Warren E. Buffett and Charles Munger, who see health care costs as a drag on the economy." ([New York Times](#), June 3, 2017).

"Vermont ... had to abandon its own single payer plan after supporter Gov. Peter Shumlin admitted that the 'Medicare for all' approach wasn't sufficiently funded and could potentially hurt the state's economy. California could brush up against the same problems.... And [the plan] would certainly face major opposition from private businesses—the largest providers of health care in the country and recipients of massive health care benefit-related tax exclusions—and the various organizations whose taxes would almost certainly be hiked under such a system." ([Fortune](#), June 2, 2017).

"The [study's] rosy picture was disputed by Rick Coburn, president of the California Association of Health Underwriters, who said abolishing the use of options delivered by private insurance companies would increase unemployment.... The proposal is also opposed by Charles Bacchi, president and CEO of the California Association of Health Plans. 'This new analysis doesn't change the fact that a single payer health care system is unaffordable and would be incredibly disruptive to the ninety percent of California's residents who currently have health insurance,' Bacchi said in a statement." ([Los Angeles Times](#), May 31, 2017).

CRIMINAL JUSTICE & LAW ENFORCEMENT

Language from Police Body Camera Footage Shows Racial Disparities in Officer Respect. By Rob Voigt, et al. *Proceedings of the National Academy of Sciences*. Early edition. Mar. 26, 2017. 6 p. <http://www.pnas.org/content/early/2017/05/30/1702413114.full>

"Oakland police officers tend to speak less respectfully to black people than to white people during traffic stops, using language in these everyday interactions that can erode community faith in the police.... [T]he racial disparities persisted even after researchers took into consideration the severity of the infraction and the location and outcome of the stop.... The Stanford researchers said their work showed that the videos could be tapped as a rich source of data and, in turn, become a training tool [since] respect is important to people. You build trust with the community one interaction at a time." ([SFGate](#), June 5, 2017).

CULTURE & DEMOGRAPHY

Californians & Their Government. By Mark Baldassare, et al. *Public Policy Institute of California*. May 2017. 30 p. http://www.ppic.org/content/pubs/survey/s_517mbs.pdf

PPIC's latest poll finds Californians have become pessimistic about the nation's direction since the beginning of the year. Jobs and the economy are seen as top issues for the state. Californians also expressed interest in a statewide, single-payer health insurance system. "As the state legislature considers Senate Bill 562, which would establish a single-payer state health insurance program, 65% of all adults and 56% of likely voters say they favor such a plan. But support falls to 42% of adults and 43% of likely voters if the plan would raise taxes."

ECONOMY

California & Metro Forecast, May 2017. Center for Business and Policy Research, University of the Pacific Eberhardt School of Business. May 2017. 56 p.

<http://www.pacific.edu/Documents/school-business/BFC/Forecasts/CA-Metro-Forecast-May2017-FinalV2-Web.pdf>

“While the forecast expects continued economic growth, it will be slower than before—and policymakers should pay close attention to the reasons for those moderating forces. The biggest change to the forecast is a slower rate of population growth. The report projects that California will add about 250,000 new residents per year by 2020—down from the 350,000 annual total in population growth California enjoyed earlier in this decade. Some of the slowed increase in population is due to lower birth rates and reduced immigration—a Trump administration priority that will hamper growth. But California’s continued housing shortages, especially in the state’s major cities, are also restricting population growth. In turn, that’s preventing our economy from expanding the way it could.” ([San Francisco Chronicle](#), June 4, 2017).

UCLA Anderson Forecast: June 2017 Economic Outlook. UCLA Anderson School of Management. June 13, 2017. 4 p.

<http://www.anderson.ucla.edu/centers/ucla-anderson-forecast/june-2017-economic-outlook>

“California will increase jobs and incomes more slowly than expected this year, mainly because President Trump’s big spending plans don’t seem to be coming to fruition yet. That’s the upshot of the latest forecast from economists at UCLA, released Tuesday that predicts employment in California will increase by a modest 1.4% and personal income will grow by 3.1% this year. Earlier projections were more optimistic.... Over the last several months, Trump has promised to pour money into a ‘great rebuilding of the armed forces’ and has hyped a \$1-trillion investment into upgrading the country’s roads and bridges. But his budget proposal doesn’t include a huge increase in defense spending, and “infrastructure week” passed without much of an update from the administration on the prospects of securing government funds for a national rebuilding plan.” ([Los Angeles Times](#), Jun. 13, 2017).

EDUCATION

Is It Really Cheaper to Start at a Community College? The Consequences of Inefficient Transfer for Community College Students Seeking Bachelor’s Degrees. By Clive R. Belfield, et al. Teachers College, Columbia University. May 2017. 28 p.

<https://ccrc.tc.columbia.edu/media/k2/attachments/really-cheaper-start-at-community-college-consequences-inefficient-transfer.pdf>

“We use data from two state systems, including term-by-term course-level information with matching student demographics and degree records on entering cohorts of students at each state’s public two- and four-year institutions. We combine these data with cost and tuition data to estimate the relative efficiency of starting at a two-year versus a four-year college. We find that the optimal choice about where to start varies across a number of dimensions: low rates of credit transfer are important, but the most salient factor is the diversionary effect of two-year colleges on ever transferring to a four-year college. Sensitivity testing and break-even analyses illustrate how findings vary across student pathways.”

EMPLOYMENT

“Divergent Trends in US Maternity and Paternity Leave,1994-2015.” By Jay L. Zagorsky. *American Journal of Public Health*, vol. 107, no. 3 (Mar. 2017) 6 p.

<http://ajph.aphapublications.org/doi/full/10.2105/AJPH.2016.303607>

This report analyzes the number and type of U.S. workers taking maternity or paternity leave. “The average month from 1994 to 2015 saw 273 000 women and 13 000 men on maternity or paternity leave. Maternity leave rates per 10 000 births showed no trend over 22 years.... Paternity figures increased by a factor of 3, but started from a small base.... We observed no national impact on maternity or paternity leave after implementation of state laws that provided paid leave. About half (51.1%) of employees on maternity or paternity leave during 2015 received paid time off. The typical woman on maternity leave was older, more likely married, more likely non-Hispanic White, and more educated than the typical woman who gave birth.”

Putting Your Major to Work: Career Paths after College. The Hamilton Project. May 2017.

http://www.hamiltonproject.org/charts/median_earnings_for_largest_occupations

This interactive tool quickly calculates median earnings of college graduates by major, age, and gender category. “Students’ career paths after college are often surprising and difficult to predict given students’ majors. Not only do students from the same major transition into a surprising variety of occupations, they also earn very different incomes: to take one example, the 3.4% of English majors who become managers earn a median salary of \$77,000, while the 8.3% of their counterparts who become elementary and middle school teachers earn \$51,000. Different career paths and the associated earnings differences for students with the same college major are pervasive and important for understanding both the benefits of college majors and of college itself.”

GENERAL GOVERNMENT

Taxing the 1 Percent. By Makoto Nakajima. Federal Reserve Bank of Philadelphia. May 19, 2017. 10 p.

https://philadelphiafed.org/-/media/research-and-data/publications/economic-insights/2017/q2/eiQ217_taxingOnePercent.pdf?la=en

The rise in median U.S. incomes have not kept pace with increases among the top 1 percent of earners. “Income inequality has been widening in the United States since the 1970s and is now greater than in any other industrialized country. While U.S. median household income has barely grown over the past four decades, the income of the top-earning households has almost doubled.” This report describes the catalysts associated with rising income inequality and how tax policy has impacted that rise. The author finds that “[a] higher income tax for the top 1% of households might lessen income inequality, both directly—as the after-tax income of the 1% shrinks—and indirectly—through a negative incentive effect. The simple theory I presented in this article suggests that the optimal—in the revenue-maximizing sense—top income tax rate is higher than the current rate.”

HUMAN SERVICES

Strong at the Broken Places: The Resiliency of Low-Income Parents. By Renée Wilson-Simmons, et al. National Center for Children in Poverty. Apr. 2017. 20 p.

http://www.nccp.org/publications/pdf/text_1177.pdf

“The environmental risk factors that abound in poor neighborhoods produce stressors that can lead to externalizing [disruptive, hyperactive, and hostile actions] and internalizing [withdrawal, depression, anxiety, and fearfulness] behaviors in children.” This study found that three parental resiliency factors—

parental supervision, mother's attendance at important events and mother's fair treatment of all children—are significantly associated with the absence of externalizing and internalizing behaviors in the low-income nine-year-olds surveyed. It also explores some examples of two-generation programs that show proof of success.

About the California Research Bureau

The California Research Bureau at the California State Library develops independent, nonpartisan research and analysis for the executive and legislative branches. We provide policy research, 50-state reviews, academic and media summaries, data analysis and much more. To learn more about us or to make a request, or to subscribe to *Studies in the News*, contact crb@library.ca.gov, or call (916) 319-2691.

Studies in the News archived issues and RSS feed are available at <http://www.library.ca.gov/sitn/crb/>.