
The Solano Gap

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Prepared for:

California Forever, Inc

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About the Author

Mike Genest founded Capitol Matrix Consulting (originally Genest Consulting) in 2010 after concluding a 32-year career in state government, which culminated as Director of the California Department of Finance (DOF) under Governor Arnold Schwarzenegger. Prior to his four-year stint as the Governor's chief fiscal policy advisor, Mr. Genest held top analytical and leadership positions in both the executive and legislative branches of government. These included Undersecretary of the Health and Human Services Agency, Staff Director of the Senate Republican Fiscal Office, Chief of Administration of the California Department of Corrections and Rehabilitation, and Director of the Social Services section of California's Legislative Analyst's Office.

Table of Contents

Introduction	1
Household Income	2
Employment of “Working Age” Residents	3
Unemployment	4
High-Wage Jobs	5
Poverty.....	6
Medi-Cal Enrollment.....	7
Educational Attainment.....	8
Government Revenues and Services.....	9
Conclusion	10

Introduction

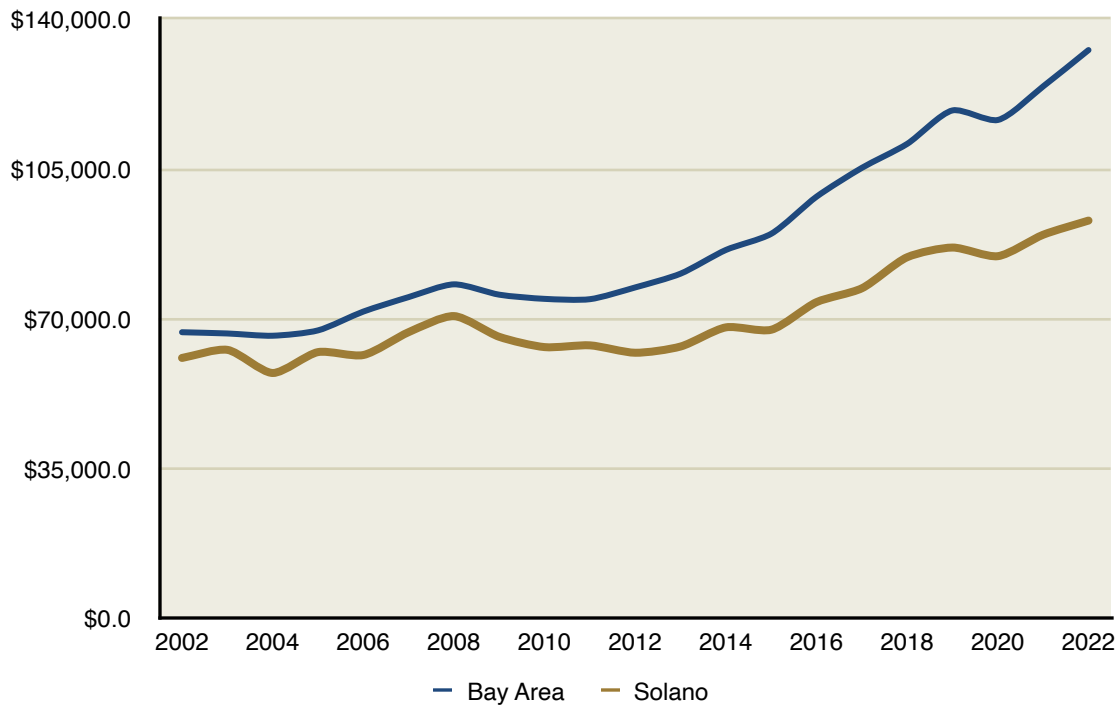
Solano County is one of the nine San Francisco Bay Area Counties (the others are Alameda, Contra Costa, Marin, Napa, San Francisco, Santa Clara, San Mateo, and Sonoma Counties). The Bay Area is one of the fastest growing and most economically productive areas in the United States. While it is home to 2.9 percent of the nation's population, it accounts for 5.5 percent of the entire nation's Gross Domestic Product. Yet Solano County itself, lags the rest of the Bay Area on many economic indicators. This report presents several key statistics that, taken as a whole, show that the gap between Solano County and the rest of the Bay Area is substantial and increasing.

Household Income

Households in Solano County had substantially less income than those in the other Bay Area counties over the last two decades. The gap was relatively small in 2002, when Solano households made about \$6,000 per year less than the average household in other Bay Area counties (\$60,800 for Solano vs \$66,900 for other Bay Area counties). But the gap has been increasing steadily since then. By 2022, the gap had grown so much that the average Solano household makes \$40,000 less per year than the average household in the other Bay Area counties (\$93,000 for Solano vs \$133,000 for other Bay Area counties). So, the gap has tripled in the last two decades from about 10 percent to about 30 percent.

Source: US Census Bureau, Small Area Income and Poverty Estimates (SAIPE). 2019 through 2022 are inflation adjusted.

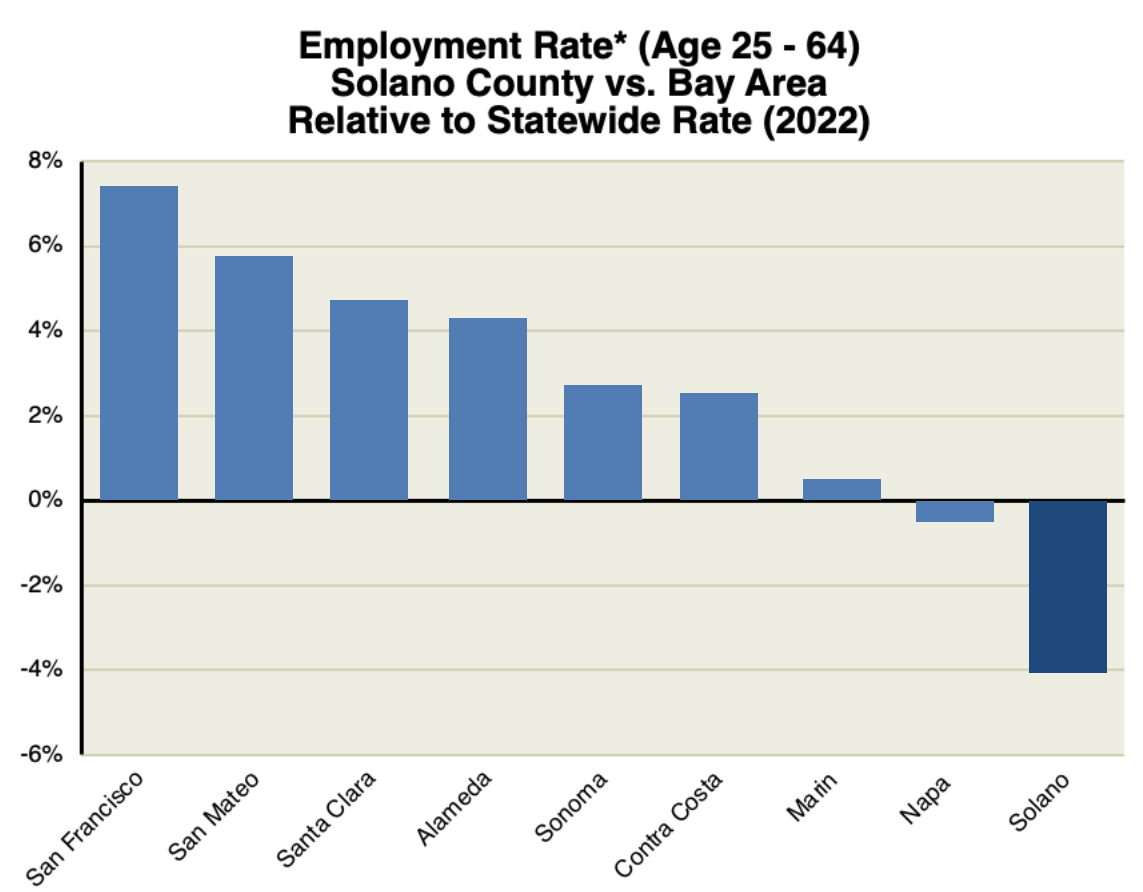
**Median Household Income (2002 - 2022)
Solano vs. Bay Area**



Employment of “Working Age” Residents

Compared to the Bay Area, fewer Solano County residents aged 25-64 (i.e., prime working age adults) were employed. Solano County had the smallest share of prime working age adults employed of all comparison group counties (4 percentage points below the statewide rate of 75 percent; San Mateo was 5.7 percentage points above the statewide rate). One reason for reduced labor force participation is simply a lack of opportunity. Generally, when working-age adults do not enter the labor force, their longer term prospects for gainful employment and financial security are diminished.

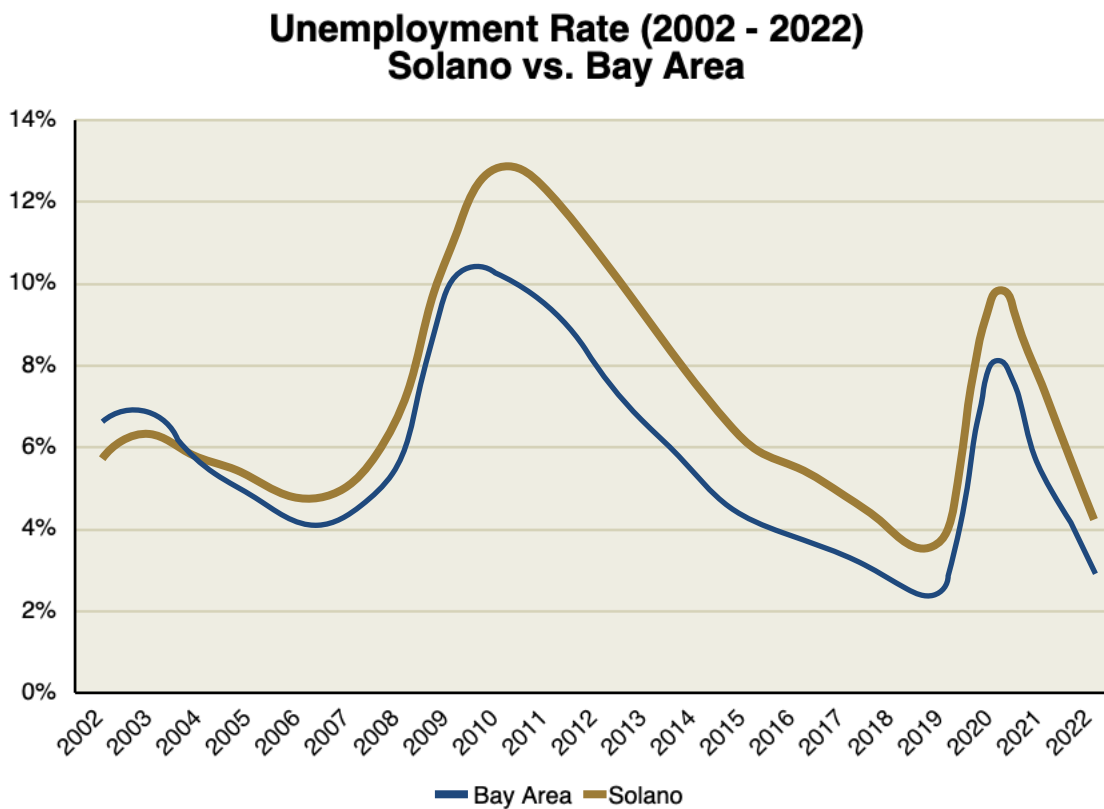
Source: US Census Bureau, American Community Survey.



Unemployment

During most of the past two decades, unemployment in Solano County has exceeded the rate in other Bay Area counties. In 2022, unemployment in Solano was at 9.8 percent, about 21 percent higher than the average of the other Bay Area counties. This reflects the greater degree of economic opportunity in the other Bay Area counties. The lower labor force participation combined with the somewhat higher unemployment means that the percentage of working-age adults who have employment in Solano is substantially below the other Bay Area counties.

Source: California Economic Development Department (EDD) available at <https://labormarketinfo.edd.ca.gov/data/unemployment-and-labor-force.html>.

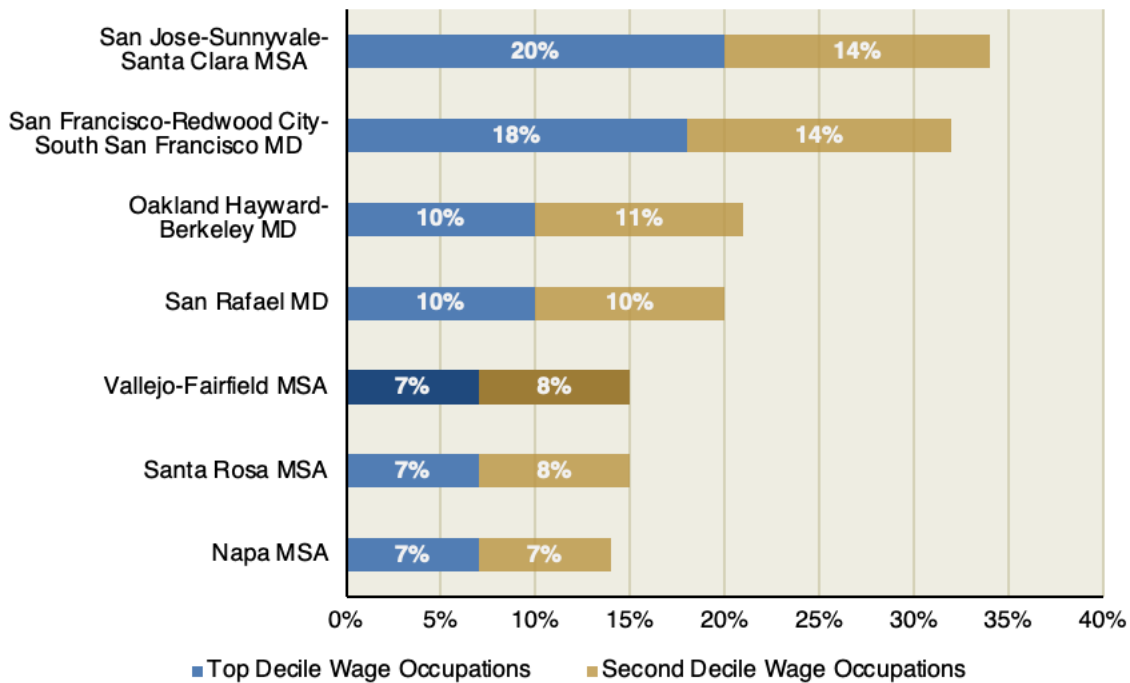


High-Wage Jobs

A lack of higher wage jobs also can lead to fewer adults joining the workforce. Solano County has fewer jobs that fall into the category of “high-wage” than the rest of the Bay Area. Specifically, only 7 percent of jobs in the area pay in the range of the top 10 percent of jobs in the state and another 7 percent fall into the top 20 percent of wages. This compares to 20 percent and 14 percent in the Santa Clara area. (The Vallejo-Fairfield Metropolitan Statistical Area is entirely composed of Solano County)

Source: EDD Occupational Employment and Wage Statistics (OEWS)

Share of Employees in High-Wage Occupations* (2022) Vallejo-Fairfield MSA vs Bay Area MSAs

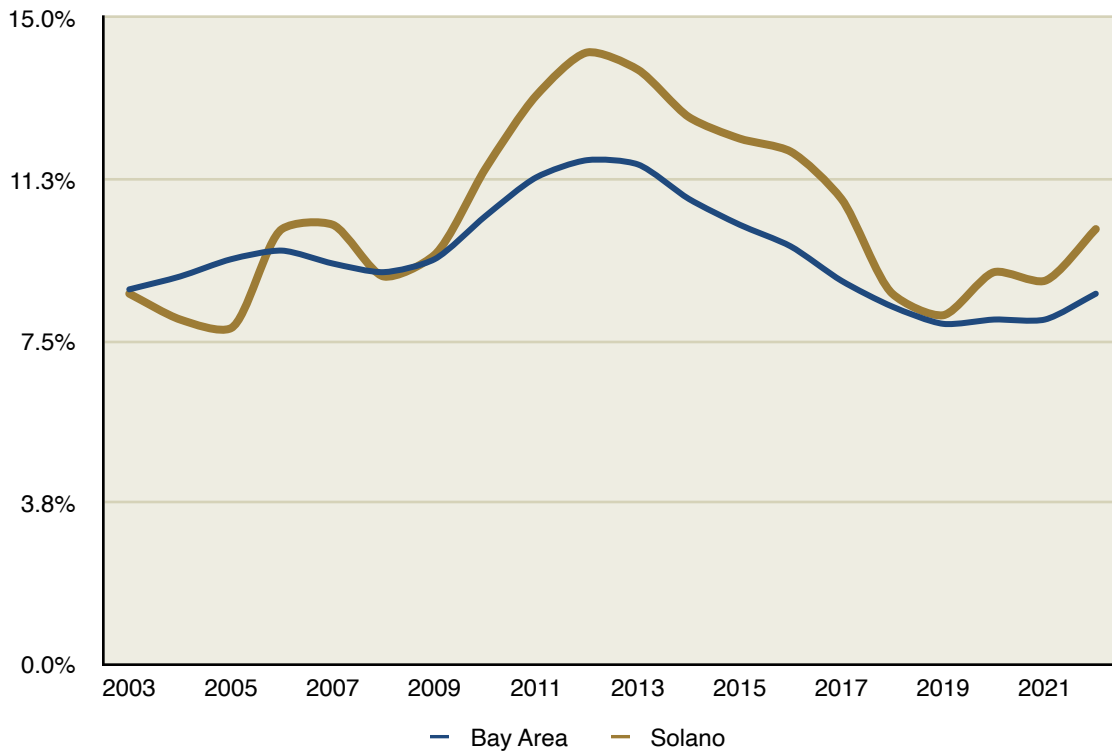


Poverty

During most of the past two decades, a greater percentage of Solano County residents were below the federal poverty line as compared to other Bay Area residents. In 2022, 8.6 percent of the residents in the other Bay Area counties had incomes below the federal poverty line, while 10 percent of Solano residents were below the poverty line. This is consistent with the lower level of economic growth and opportunity in the county as compared to the other Bay Area counties.

Source: US Census Bureau, Small Area Income and Poverty Estimates (SAIPE).

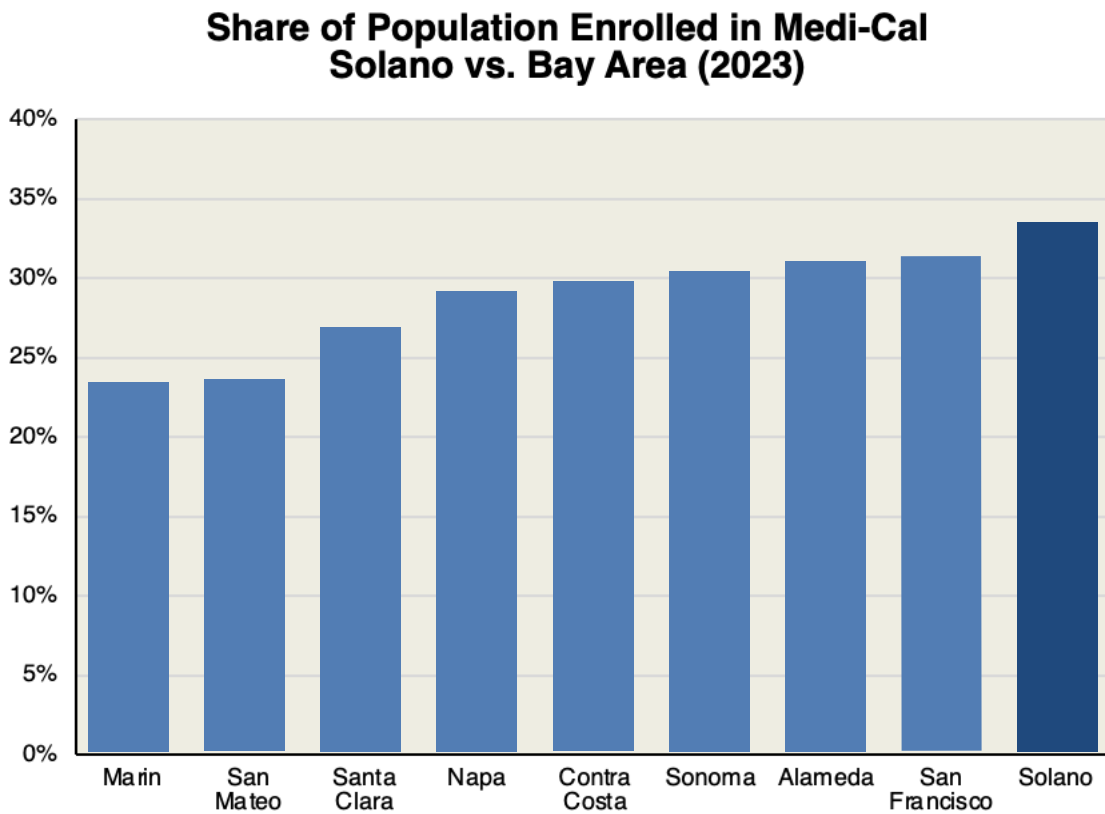
**Population Below Federal Poverty Level
(2002* - 2022)
Solano County vs. Bay Area**



Medi-Cal Enrollment

Another measure of economic security is the percentage of county population who have to rely on Medi-Cal for their health care insurance, rather than accessing private insurance through their employer. Solano County has the highest Medi-Cal dependency of any of the nine Bay Area counties.

Source: California Department of Health Care Services Medi-Cal enrollment data.



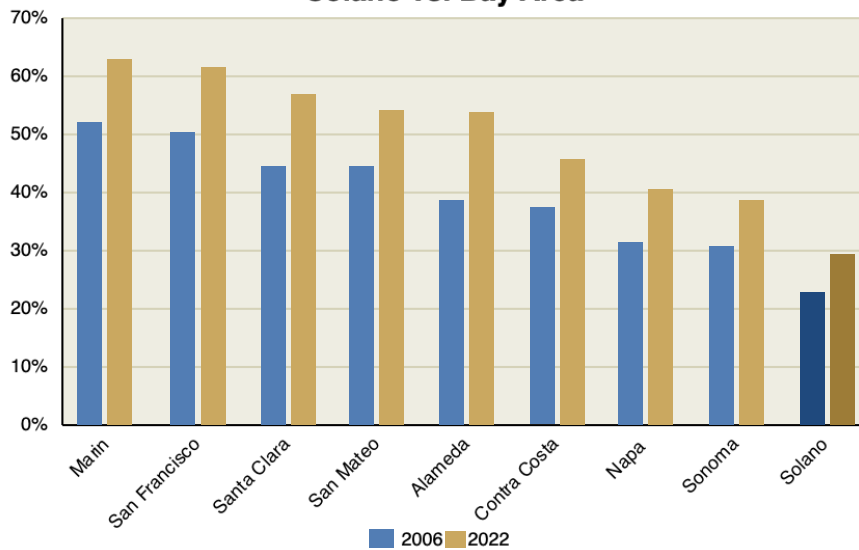
Educational Attainment

Compared to Bay Area residents, fewer Solano County residents have finished college and fewer have a graduate or professional degree. Finishing college is associated with increased lifetime earnings, as is attainment of more advanced degrees. Employers with high-paying jobs often consider the levels of educational attainment among the workforce when identifying possible new business locations.

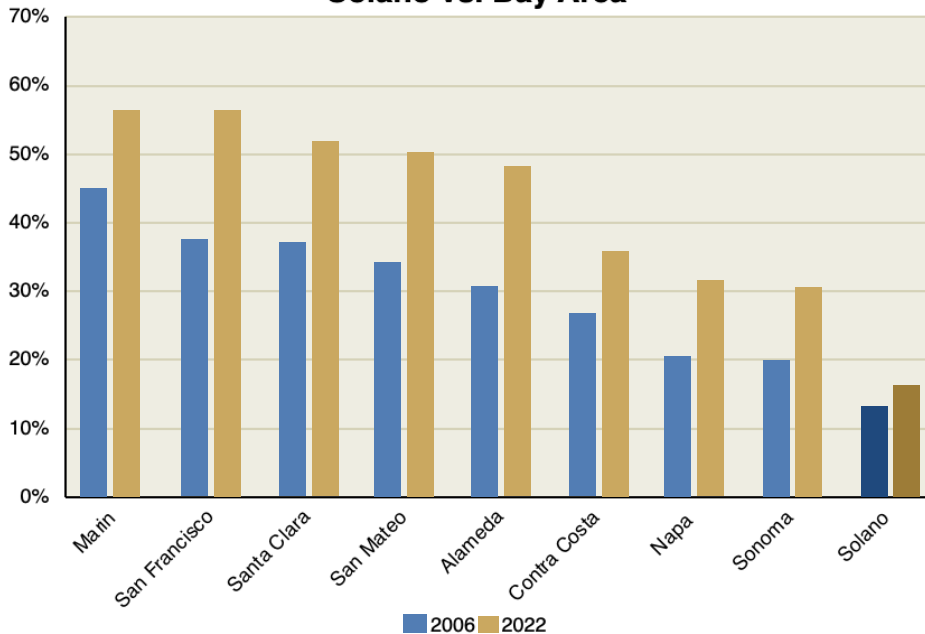
While the share of residents with bachelors or higher degrees has increased in all the Bay Area counties Solano County experienced the smallest increases of any county — a six-percent increase in bachelors degrees and a one-percent increase in higher degrees. Clearly, the achievement gap is *not* improving.

Source: US Census Bureau, American Community Survey.

**Share of Population 25+ with Bachelor's Degree
(2006 and 2022)
Solano vs. Bay Area**



**Population 25+ with Graduate
or Professional Degree (2006 and 2022)
Solano vs. Bay Area**

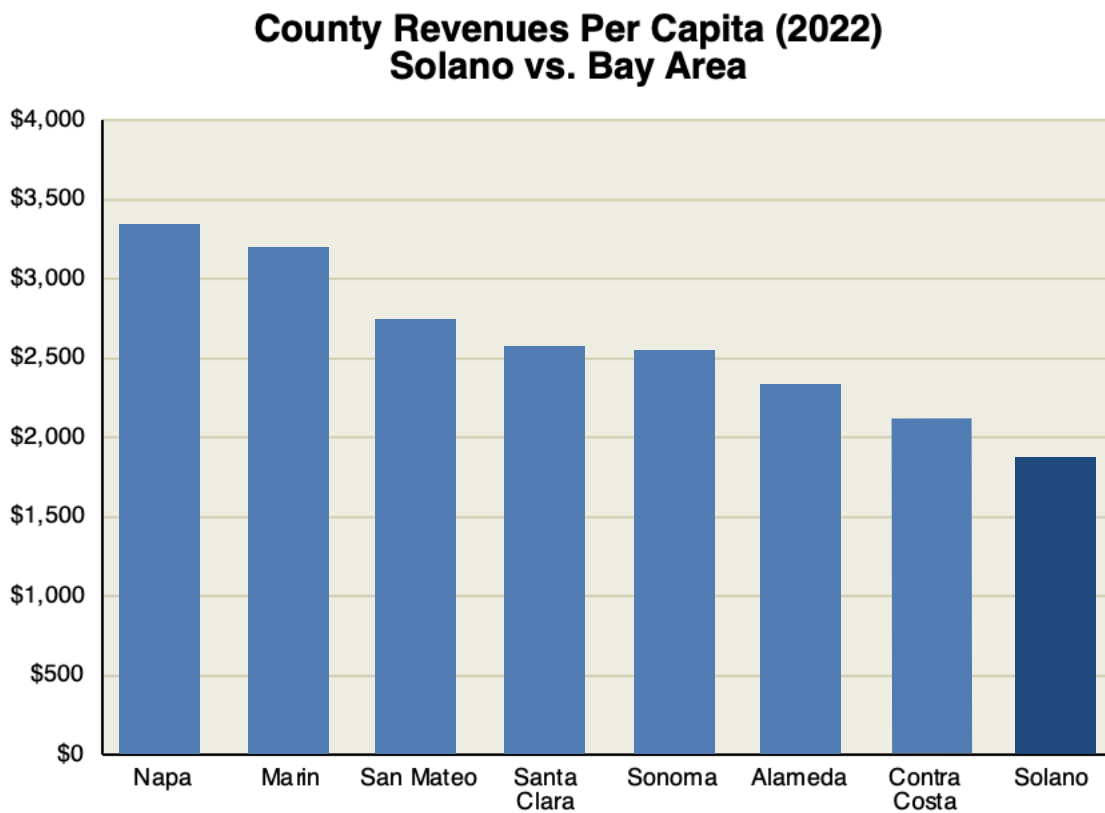


Government Revenues and Services

Solano County government receives less tax revenue than any of the other Bay Area Counties¹ on a per capita basis. Solano receives \$1,936 per resident from both local taxes (like property and sales taxes) and from intergovernmental transfers from the state and federal governments. This is 29 percent less than the \$2,714 average of the other counties.

Counties in California are the main providers of direct services to the public and to a large extent the amount and quality of the public services they can provide depends on how much they have to spend on them.

Source: California State Controller's Office, Government Financial Reports.



¹ San Francisco is excluded from this comparison because it is a city and a county and the revenue data is therefore not comparable with other counties in the state.

Conclusion

The data above clearly indicate that the County of Solano has lagged behind the rest of the Bay Area in many indicators of economic success and well-being. As with all statistical comparisons, these gaps may be attributable to a variety of factors. Solano's rural character and distance from the Bay Area's powerful economic centers undoubtedly account for much of the gap. On the other hand, the county's relative proximity to the dynamic economic engines of the Bay Area suggests that it may be possible to close these gaps and thereby improve economic opportunities for its residents and increase county revenues and thereby expand the services its government is able to provide.