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Spectrum 2019

Selig Center for
Economic Growth
Terry College of Business
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Selig Center for Economic Growth

Jeffrey M. Humphreys, Director
Beata D. Kochut, Senior Research Analyst
Alexandra P. Hill, Research Analyst
Lorena M. Akioka, Managing Editor / Graphic Designer

From the Editor

Welcome to ***Spectrum,*** our new annual publication from the Selig Center. Designed as a showcase for our independent research, ***Spectrum*** features articles that resulted from our analysts' detailed forays into interesting economic topics.

Have you wondered why people move to Georgia? And conversely, why do they choose another state instead? Americans have always been peripatetic, but what makes a state more attractive than another? Read "Moving Toward the Future" to find some answers.

About a decade from now—2030, to be exact—Medicare (and many of us) will turn 65. Will Medicare—as we know it—still be robust enough to survive? "Medicare and You at 65" is a thoughtful look at healthcare issues we wrestle with now, and that we'll continue to confront in the near future.

The third article reviews the economic impact of Jekyll Island, one of the state's prime vacation spots, where Georgians and visitors alike spend leisure time and money.

So, explore this complimentary issue of ***Spectrum***; and to see what else the Selig Center produces, please visit www.selig.uga.edu.

— Lorena Akioka

Pre- and Post-Great Recession Domestic Migration
of Adults in America

Moving Toward the Future

Beata Kochut

Given the large-scale demographic shifts observed in most of the developed world, especially the rising numbers of older residents and the increased competition for qualified younger workers, the dynamics of population shifts has profound implications for businesses, governments, and individual lives. In addition, recent years have been marked by the deepest recessions since the Great Depression, rapid emergence of new technologies, and the increased pressure of foreign competition. Against this complex landscape, the analysis of population movements and their characteristics are an important indicator of how individual states are adjusting to these changes.

Today, the South, and the West lead the nation in attracting movers from other states. There are significant differences, however, in the direction and size of migration examined at the level of smaller age groups, distinct in stages of professional and personal lives. The young adults, 25 to 34 years of age, who have most likely embarked on careers and family lives, are in position to make choices about whether and where to move. The remaining groups fall within the mid-career age bracket (35-44), top career (45-54), late career/pre-retirement (55-64), and retirement age (over 65).

Domestic Migration Patterns 2005-2009 and 2012-2016

The Great Recession tempered the pace of interstate migration. The number of those who moved between states fell by 2.2 percent in the U.S. post-recession, and many states shifted to a still positive, but more balanced domestic migration pattern. Compared to pre-recession, the group of interstate movers contained fewer children, youths, and college age adults, more young adults at the beginning of their careers (25-34), and fewer at the mid-stage and top career levels. The group also contained a higher proportion of movers over age 55. With falling unemployment, rising numbers of retirees, and the smaller number of experienced workers who are moving between states, the ability to attract and retain qualified workers becomes more important.

A look at migration patterns within larger geographies, such as Census divisions and regions, focuses on long-range movers, and excludes most of those who moved across neighboring state lines, but didn't change jobs, or even extended neighborhoods. Among these larger geographies, the Southeast (South Atlantic and East South-Central), West South-Central, and the West regions registered positive net migration flows both before and after the recession. In contrast, more residents moved away from the Northeast and the Midwest.

While the general outlines remained unchanged, dramatic shifts took place in the migration patterns of individual age groups. The most significant changes involved young adults (25-34), the largest group among adult interstate movers, accounting for over 40 percent of adults who moved between states both before and after the recession. For this group, the West has replaced the Southeast at the top of the list of net migration gains post-recession. The Southeast dropped from the top destination for young adults before the Great Recession to third place, with losses concentrated in the South Atlantic division. The gain in the West is attributed to the influx of young newcomers to the northern part of the region, and also to the improved migration balance for this age group in California. The West South-Central region (dominated by Texas) maintained a steady net domestic migration gain of young adults pre- and post-recession and remained the second favorite destination for young adult movers.

The Southeast has also lost its crown among the mid-career movers (34-44), who have moved in larger numbers to Texas, and other West South-Central states, making that region their favorite target. Together, the net gain in domestic migration of movers between 25 to 44 years of age has dropped in the Southeast by over 50 percent, or 40,000 people, and increased by close to this number in the states located in the West and West South-Central regions.

Post-recession, retirees flocked to the Southeast, a long-favored destination that has witnessed a double-fold jump in the net gain in retiree migration, and received a net of over 61,000 retirees post-recession, compared to 30,648 before it. Although no other region came close to these gains, it is worth noting that the net gain in the number of relocating retirees has jumped by 56.4 percent in the West, which, post-recession, has replaced the West South-Central as the second favorite region for retiree movers.

Georgia

Before the recession, Georgia was in the top five states with the highest reported ratio of in-migrants to outmigrants (together with Texas, Arizona, North Carolina and South Carolina). The state moved to a more balanced migration pattern post-recession (ranks 15).

As the eighth most populous state, it is not surprising that Georgia ranks tenth among the states with the largest total net domestic migration total. Among the individual age groups, Georgia was most attractive to mid-career movers, with the third largest net number of interstate mid-career movers in the country. The state is also popular among top career movers (ranks 8), and retirees, with the seventh largest net number of movers.

Even though Georgia has maintained a positive balance of domestic movers both pre-, and post-recession, government data show the net number of movers has dropped significantly since before the recession. The five-year American Community Survey samples showed that all age groups in Georgia saw a drop in the net number of newcomers, but the early career group—those between 25 and 34—saw the steepest decline, even though, nationally, the number of interstate movers within that age group has actually increased.

In Georgia, young professionals comprised 10 percent of net migrants before the recession, and 6 percent of domestic net gain post-recession, compared to the national average of 23 percent and 24 percent of all movers pre- and post-recession, respectively. Compared to the national average, Georgia received an above-average share of the youngest migrants (0-24), mid-career movers (35-44), and movers who were over 65. The retirement-age group makes up 11 percent of the pre-recession, and 13 percent of the post-recession net domestic migration gain, much higher than the nation's 6 percent and 7 percent, respectively. Even though older movers constitute a relatively large portion of Georgia's net movers, their numbers in the years following the recession also shrank, even as the number of retirement-age movers jumped by 27.1 percent nationwide.

Who Are the Movers?

Of the 4.4 million adults who moved across state lines after the recession, 1.8 million (40 percent) were between the ages of 25 to 35. Mid-career movers (35-44) made up 20 percent of the group. Movers older than 45 were almost as big a group as that of the youngest movers (1.7 million), with the narrower age categories, 45-54, 55-64, and 65 and over each accounting for between 12 percent and 15 percent of interstate movers.

Adults who moved between states were far more likely to have at least one year of college education, or postgraduate training, with the differences most pronounced among the young adults (25-34). Of that age group, 73.5 percent had at least one year of college, including 19.7 percent with post-graduate training, compared to the respective 59.6 percent and 10 percent for all movers in general.

Young adults, mid-career, and retirement-age movers included a small group with total household incomes below $50,000, and a larger portion of those with incomes over $200,000. Compared to their age groups as a whole, movers between 45 and 64 were more likely to report total annual household incomes of $50,000 or less, however.

Native-born Americans were much more likely to move between states than foreign born (both citizens and non-citizens), with differences most pronounced within the top career and mid-career age groups. By race, adult movers closely mirrored the general adult population as a whole, but the largest group of movers—young adults aged 25-34—included more whites and Asians. Asian movers made up a relatively large portion of movers aged 35-44.

Why Do They Move?

When asked about the most important reason for moving to another state, people most often cited career (jobs and education), family, and housing reasons. These three considerations together accounted for the decisions of 92 percent of young adults and 68 percent of the retirees who transplanted themselves elsewhere.

Career-related reasons for an interstate move were cited by about 50 percent of young adults and mid-career movers (52 percent and 47 percent, respectively). Forty percent of top-career movers (45-54) said this was the most important reason for an interstate move. For the late career/pre-retiree group (55-64), however, only 7 percent of them deemed careers as the most important reason to move.

For older movers, family reasons were paramount. While 23 percent of young and mid-career adults moved for family reasons, that proportion increased to 26 percent, 31 percent, and 41 percent for top-career, late-career, and retiree movers, respectively. Thus, the locations attractive to younger generations also are likely to attract older family members.

Housing reasons (homeownership, wanting new or better homes, better neighborhood or cheaper housing) accounted for the relocation decisions of 20-27 percent of adult movers, but it mattered least to the youngest and the oldest. Housing reasons were why close to 30 percent of the late career/pre-retiree group opted to move, however.

Climate and health accounted for only 2.5 percent to 3.5 percent of moving decisions among the young adults and mid-career movers, but these considerations gained in importance for each older group of movers—especially retirees. Retirement was cited as the most important reason to move by 7 percent of those between 55 and 64, and 9 percent of those over 65.

Where Do They Go?

A state's domestic migration pull depends on how many new residents arrive relative to how many leave (the receive-to-send ratio). A high receive-to-send ratio reflects the intensity of migration. States ranking in the top ten both in domestic migration intensity and in net migration numbers are classified as magnet states. States with large net migration numbers, but with more balanced migration patterns, are classified as opportunity states.

Primary Reason for Moving (percent)

	Age Group				
	25-34	35-44	45-54	55-64	65+
Jobs/college	52.0	46.9	39.8	21.7	6.6
Housing	16.9	20.2	22.2	26.7	20.4
Family	22.6	22.7	25.8	30.5	40.6
Climate	1.4	2.0	2.7	4.0	7.3
Health	1.0	1.5	2.3	3.2	10.6
Retirement	0.1	0.6	1.3	7.4	8.8
Other	6.0	6.1	5.8	6.5	5.7

Source: IPUMS-CPS, University of Minnesota, www.ipums.org.

Magnet States

The West, West South-Central, and the Southeast regions were the primary targets for working age adults. Oregon and Nevada in the West registered at the top for domestic migration intensity and numbers of working age adults in all age groups.

Aside from the states registering strong migration among all adult groups, the West was particularly attractive to young adult movers (Washington and Colorado), and movers over 45 (Arizona and Idaho). Texas attracted movers in the 25-to-54 age bracket. In the Southeast, Tennessee was a magnet for young adults, but, in general, the Southeast—especially Florida and the Carolinas—was more attractive to mid-career adults and older adults. In the Midwest, Wisconsin was a magnet for mid-career movers. In the Northeast, New Hampshire became a pull for young adults after the recession.

Opportunity States

Some of the more populous states in the West and the Southeast reported less intensive migration patterns for individual age groups, but still welcomed large numbers of newcomers and reported top net migration numbers. Washington and Colorado were magnets for young adults, but many mid-career adults also flocked to Colorado and others in their mid- and top careers moved to Washington. Arizona continued to be a magnet state for older adults, also attracted many young- and mid-career movers. Although California narrowly missed the top ten, it remained highly attractive to a large number of young adults.

The Southeastern states—many of which are magnets for older adults—registered a less intensive, but still vigorous flow of younger movers, too. For example, Florida and Virginia lured top numbers of young adults, while Georgia drew large numbers of mid- and top-career movers. Young adults, top-career, and late-career movers were drawn to Tennessee as well.

Intensity States

These less populous states attracted smaller numbers of movers, but drew in a high proportion of newcomers relative to the number of those who left. In the West, a high intensity of domestic migration was registered in Idaho (young- through top career) and Montana (young adults and top career adults). North Dakota was especially attractive to mid-career movers, while both mid-career and top career adults were drawn to Arkansas and Maine. In the Mid-Atlantic region, Delaware was a magnet for late career movers, but also reported high intensity of movers between ages 25 and 54.

What Makes the Difference?

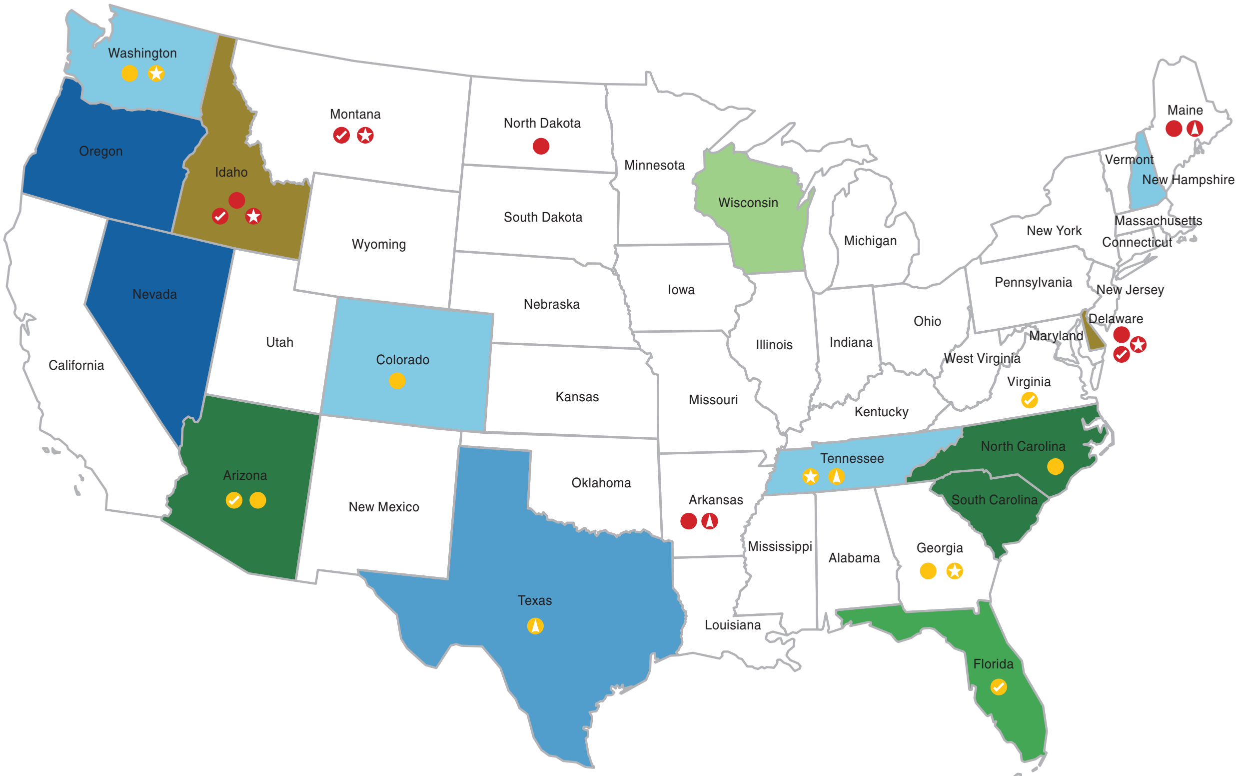
Our analysis reveals a growing popularity of the states located in the West and West South-Central regions. The movers made their decisions based on a variety of reasons, with jobs being most important. Housing-related reasons gained in importance as movers matured. Family reasons, important for all age groups, were especially pertinent for older movers, with 40 percent of retirees listing it as why they were leaving.

With family, health, and other reasons playing important roles in the decision to move, none of the standard metrics correlates very strongly with the choice of destination. Among those metrics, however, a state's job growth has the strongest correlation for all age groups. Of the top states with the fastest post-recession employment growth (2009-2017), seven were located in the West (Utah, Colorado, Washington, Idaho, Nevada, California, and Oregon). The list was completed by Texas, Florida, South Carolina, and North Dakota. Beginning in 2013, the list also included Georgia and Tennessee. The West and Texas had an earlier start on the road to job recovery, however, and finished in the top ten for job gains between 2009 and 2017.

In general, those who moved between states had more years of education and earned more. Compared to their respective age groups, more movers in every age group had higher incomes; however, this was not true for some older movers.

While the choice of destination generally had only a weak correlation with the cost of living in that particular state, that correlation grew steadily stronger with the age of movers. Movers in younger age groups were less sensitive to the cost of living, but were more sensitive to the overall tax index. Constructed by the Tax Foundation, the over-

Domestic Migration Magnets, By Age Group



Top 10 Opportunity (●) and Intensity (●) States

- 25-34
- 35-44
- 45-54
- 55-64

Top 10 Net Migration and Intensity

Age Groups

25-34	25-54	25-64
35-44	35-64	45-64
55-64		

all tax index measures a combination of individual states' personal and business taxes from the perspective of impact on economic growth. Interestingly, many magnet states, especially those attracting younger movers, ranked relatively high on this index, which in most cases involved smaller state and local tax burdens but high costs of living. While younger movers were slightly more likely to choose states with stronger regulatory policies, in general, this did not have a large impact on the choice of destination.

Most of the states in the West and West South-Central regions recorded much faster post-recession growth of the younger population than did states in the Southeast (with the exception of Florida). After the recession, the Southeast also reported smaller portions of those aged 25 to 44 within their populations than the West, too. Although Georgia reported the largest portion of 25-to-44 year olds in the region, that number was still smaller than it was before the recession.

A state's ability to attract young movers indicates that its economy is well positioned for continued growth. The economies of regions most attractive to younger movers are diversified, with job opportunities in both goods- and services-producing industries. In the West, employment in the large and fast growing professional and business services sector in California, Arizona, Utah, and Colorado exceeded the national average. Employment concentration in these industries was also high in Florida and Georgia in the Southeast. The West has an especially high concentration of jobs in the information sector, especially in Washington, California, Utah, and Colorado. In the Southeast, Georgia has an above-average concentration of these industries.

The fastest growing regions report manufacturing employment at or slightly above the U.S. average: Washington, Oregon, Utah, and Idaho in the West, and Georgia in the Southeast. Agriculture and other natural resources play an important role in parts of the West and West South-Central regions. In particular, the portion of agricultural jobs exceeds the national average by large margins in California, Oregon, Washington, and Idaho. The post-recession population growth in the West has also sustained a relatively large construction sector. Finally—capitalizing on a state's natural beauty—art, entertainment, and hospitality services provide a relatively large portion of jobs in the Mountain West (Nevada), and in Florida and South Carolina in the Southeast.

Related to industry mix, innovation is often cited as a necessary ingredient for economic growth. The analysis of net migration by age shows a correlation between the 'innovation environment' component of the WalletHub innovation index and net migration of young adults. A high rank in the innovation index by itself does not guarantee a large net influx of young movers, however.

The top ten most innovative states in the country include Massachusetts (top on the list), five states located in the West (Washington, California, Colorado, Utah, and Oregon), and four surrounding the nation's capital: D.C., Maryland, Virginia, and Delaware. Of this group, seven states report top net migration numbers, high migration intensity, or both for young adults, mid-career movers, and some of the older groups. Some of the country's most innovative states, most notably Massachusetts, Maryland, and the District of Columbia, do not report top domestic migration metrics, however. In the Southeast, the highest-ranking states—Florida, Georgia, and North Carolina—respectively score 19, 20, and 21 on the innovation index.

An innovative environment, especially business churn, jobs in startup companies, and entrepreneurial activity, make a difference in attracting young workers, and indeed may be the essential ingredient for a successful economic mix in the future. The virtuous cycle of innovative economies and attraction of workers at the beginning of their careers, who bring skills and are willing to adopt innovation, also attract entrepreneurs looking for employees, and markets for their products and solutions.

Though the recession was deeper and lasted longer in Georgia than in other states, Georgia emerged with significant employment concentrations in several crucial industry clusters such as business services, distribution, transportation, and manufacturing. The state continues to attract large numbers of young adults and top-career movers but is especially attractive to mid-career movers and retirees.

Although ranked only slightly above the midpoint on the WalletHub innovation index, Georgia ranks much higher on the entrepreneurship index, one of the metrics used by WalletHub to calculate a state's innovation ranking. In this particular ranking, Georgia has moved from 11 in 2016 to second in 2017 among larger states, and third in the overall index. The entrepreneurship index measures the rate of startup growth, share of scale-ups, and high-growth company density. Human capital-related metrics, such as R&D per-capita expenditures, or utility patterns relative to employment, are middling in Georgia, at best, and education measures lag far behind the U.S. average. Some of them, such as the post-recession increase in per-capita R&D expenditures, show an above-average growth, however.

Conclusion

This discussion of post-recession moving patterns of adults in the U.S. has been drawn with broad strokes. The state-level analysis, while useful, calls for a closer look at individual locations within states, since so many of the smaller towns and rural areas do not share in the successes of a state's economy, and saw their population dwindle in the past decade.

The future-oriented state economies are characterized by a diversified economic base with jobs and business opportunities spanning both services- and goods-producing sectors. The combination of innovation and openness as indicated by the number of movers from other regions creates an environment in which economic growth can sustain a growing population and its diverse needs, including that of a burgeoning older population.

An advantageous tax structure both encourages economic growth and provides adequate funding for public services, although low taxes sometimes go hand-in-hand with higher costs of living. The balance between the two makes a difference in how attractive a state is for movers in different stages of life. A booming economy attracts movers of all ages. With the growing number of retirees willing to relocate, many of them choose to go where their children are, thus sending multiple generations of movers to the state chosen by the younger generation. ❖

Medicare (and You) at 65

Alexandra Hill

Imagine this: The year is 2030. You are 65 now, and so is Medicare. The United States is at a demographic and economic tipping point, where one in five Americans is 65 or older, and may anticipate living well past 80 years. But will Medicare keep up?

Despite extensive government cost-sharing, out-of-pocket medical spending for individuals over 65 has risen each year. Nearly half of them will spend more than 20 percent of their annual income on medical expenses. Dying with tens of thousands of dollars in medical debt has become exceedingly common.

Then consider this blunt reality: American families have become strained by the economic burden of caring for two or more older generations. Many adults over 65—who are themselves parents or grandparents—have one or more surviving parent aged 85 or older. Younger generations in the prime of their lives are forced to delay having children, buying houses, and other long-term family goals to care for not only their parents, but often their grandparents and even great-grandparents.

This harsh truth is inevitable unless per capita healthcare costs are dramatically reduced by federal legislation or other means. Americans' total medical spending will reach economically unsustainable levels at an individual and societal level within the next decade. The big question is: What are we going to do about it?

Living Longer

Thanks to vaccines, sophisticated surgery techniques, and greater access to preventative care, many Americans are living well into their eighties. In 1965, the average life expectancy was 70 years, and fewer than 20 million people (about 10 percent of the population) were over 65. Living past 85 was very rare.

As life expectancy has improved, population trends have put increasing strains on Medicare over the past five decades. In 2010, the average life expectancy was 78 years. Over 40 million people (approximately 13 percent of the population) were 65 or older, and approximately 1.6 percent of the population was over 85. Based on these statistics, over five million people had been enrolled in Medicare for 20 or more years as of 2010. Between 1965 and 2010, the proportion of the U.S. population aged 65 or older increased by 120 percent. The proportion of people over 85 grew at a much faster rate, increasing by 315 percent.

By 2030, the U.S. Census Bureau projects that over 20 percent of the population will be over 65. With the total U.S. population predicted to reach nearly 360 million in 2030, over 72 million people will be enrolled in Medicare at that point. Ten percent of those enrolled will be 85 or older, having depended on Medicare for 20 years or more.

Brief History of Medicare and Medicaid

When he signed Medicare and Medicaid into law in July 1965, President Lyndon Johnson optimistically wrote:

"No longer will older Americans be denied the healing miracle of modern medicine. No longer will illness crush and destroy the savings that they have so carefully put away over a lifetime so that they might enjoy dignity in their later years. No longer will young families see their own incomes, and their own hopes, eaten away simply because they are carrying out their deep moral obligations to their parents, and to their uncles, and their aunts."

Medicare and Medicaid were designed to function as very basic health insurance coverage for vulnerable elderly, disabled, and low-income populations. These programs were established with the goal of easing the burden of medical costs during short-term periods of economic hardship. Medicare and Medicaid were never intended to be the primary insurance programs for large portions of the U.S. population, especially not for multiple consecutive decades of life.

Medicare is made up of four different parts: Parts A and B are government-run while Parts C and D are run by private insurance companies. When you apply for Medicare, you are automatically enrolled in Part A, which covers nursing care and hospital stays but not doctors' fees. It covers 80 percent of a patient's approved inpatient costs for the first 60 days of a hospitalization. Most people don't pay a monthly premium for Medicare Part A since they paid Medicare taxes for 10 or more years throughout their working life. (The yearly deductible for Part A is $1,340 as of 2018.)

> Medicare and Medicaid were never intended to be the primary insurance programs for large portions of the U.S. population, especially not for multiple consecutive decades of life.

Medicare Part B covers a portion of doctor visits, home healthcare, medical equipment, and many other health services. Part B is optional, and most people who enroll in it are required to pay a monthly premium ($134 as of 2018). A small annual deductible of $183 must be reached before Medicare Part B covers 80 percent of medical expenses.

Medicare Parts C and D are optional supplemental private insurance plans, also known as Medicare Advantage or Medicare Health plans. Enrollment in Part C requires enrollment in both Parts A and B. Part C plans are required by law to pay for the same healthcare services as original Medicare, but many Part C plans also pay for additional coverages that Medicare lacks, such as vision and dental, as well as some prescription drugs. Most Medicare Part C plans are organized as HMOs or PPOs, requiring you to visit a primary care physician before consulting a specialist. Part C plans require variable monthly premiums, annual deductibles, and co-pays depending on the level of coverage desired. Medicare Part D is an optional prescription drug plan only available to enrollees in both Parts A and B. Part D plans are offered by private insurance companies, and as such, require variable monthly premiums, annual deductibles, and co-payments for drugs.

Many older adults do minimal research before signing up for Medicare plans, as they expect their choices to be relatively simple. Depending on the combination of plans chosen, however, annual out-of-pocket medical expenditures can vary by thousands of dollars per year. Most people have difficulty predicting their healthcare needs year to year, especially as they age. For the elderly, healthcare costs may be virtually zero for several years at a time then suddenly jump up to tens of thousands of dollars when illness strikes. Optimizing monthly premiums versus annual deductibles is nearly impossible when healthcare needs can vary widely from one year to the next.

The Medicare Cliff

Although comparing different combinations of Medicare plans can be confusing, eligibility for Medicare is relatively simple and largely based on age. Medicaid eligibility is more complex, with rules that change periodically based on the state of residence as well as the political and economic climate. In 2010, the Affordable Care Act (ACA) provided additional federal funding to states that chose to expand their Medicaid programs. In some states that expanded Medicaid, income-based eligibility for non-elderly adults was increased to 138 percent of the Federal Poverty Level (FPL). As of 2018, the FPL is set at $12,140 per year for individuals and $16,460 for households of two. In states with the Medicaid expansion, individuals who make

$17,125 or less per year are now eligible for Medicaid. A two-person household can now bring in a combined income of up to $22,714 and still qualify for Medicaid. In this way, the Medicaid expansion increased insurance coverage and reduced out-of-pocket healthcare spending for families just above the poverty line.

While the Medicaid expansion increased enrollment among working-age adults, income limits were not expanded for those over 65. Some states increased Medicaid eligibility of adults 65 or older to 100 percent of the FPL but none matched the 138 percent level for non-elderly adults. In many states, childless adults of any age are not eligible for Medicaid. Many current Medicaid enrollees are unaware that they will have to transition to Medicare-only when they turn 65, despite earning incomes at or below the FPL. This phenomenon is called the "Medicare Cliff."

Healthcare spending is vastly different between Medicare and Medicaid enrollees. Medicaid limits out-of-pocket spending to 5 percent of annual income; Medicare does not. Medicare enrollees who lack supplemental coverage must pay an annual deductible plus 20 percent of the Medicare-approved amount for non-preventative outpatient services. The average annual out-of-pocket healthcare cost for Medicare recipients is $4,734. The average cost for non-disabled Medicaid recipients is $400. For the average retiree with a Social Security income of just over $1,000 per month, the difference between $400 and $4,000 per year is significant.

Spending More, Using Less

Total spending on healthcare is driven by two components: price and utilization. In recent years, increases in spending were almost entirely attributable to increases in price, not utilization. Healthcare spending can be divided into four major categories: inpatient care, outpatient care, professional services, and prescription drugs. Utilization of most categories of healthcare services fell between 2012 and 2016, with prescription drugs as the only exception. Even so, the increase in utilization of prescription drugs was minor, at 1.8 percent over a four-year period. Prices of prescription drugs, on the other hand, jumped almost 25 percent.

Utilization of inpatient services experienced the largest decline (almost 13 percent) of any category. Nonetheless, average prices of inpatient care increased by 24 percent from 2012 to 2016. Prices of outpatient services grew by almost 18 percent despite a 0.5 percent decrease in utilization. Prices of professional healthcare services grew the least (14.6 percent) despite a 3 percent drop in utilization.

Americans are paying more for—and spending a larger proportion of income on—healthcare each year. Adjusted for inflation, per capita health spending in the U.S. increased eight-fold between 1960 and 2016. In 1960, personal healthcare spending in the U.S. was $125 per capita, or $1,018 in 2016 dollars. In 2016, that number had ballooned to $8,788. Healthcare spending increased faster than both GDP growth and personal income growth. In 2016, national health expenditures totaled $3.3 trillion or almost 18 percent of GDP.

Private health insurance through employers often includes some level of cost-sharing, but out-of-pocket expenses for employees are on the rise, forcing workers to choose between high-premium plans with lower deductibles and low-premium plans with higher deductibles. Insurance coverage guides are often extremely confusing, and many employees have difficulty predicting their healthcare needs year-to-year, making it very difficult to optimize coverage and minimize out-of-pocket costs. So, many choose to risk high out-of-pocket expenditures in favor of lower monthly insurance premiums. The proportion of privately-insured employees whose annual deductible is $2,000 or more has increased six-fold since 2006.

Healthcare spending of adults over 65 is also on the rise despite near-universal Medicare coverage. Healthcare expenses consume three times the household spending of Medicare beneficiaries when compared to the general U.S. population. As previously discussed, Medicare Advantage plans can supplement Medicare Parts A and B to reduce out-of-pocket costs. However, the ACA reduced benchmark payments to private Medicare Advantage insurers, leading many of these insurers to reduce benefits and inflate premiums. Unfortunately, retirees can no longer count on supplementary health insurance through former employers either. In 1988, 66 percent of large employers offered retiree health coverage; in 2013, only 28 percent did so.

For adults over 65, out-of-pocket healthcare spending can reach catastrophic levels despite cost-sharing via Medicare. Annual medical expenses more than double between ages 70 and 90. The last few years of life account for over

16 percent of lifetime medical expenditures for those who live past 65. Healthcare spending over the last three years of life averages $137,000. In the final twelve months of life, average medical spending tops $68,000. Almost half of older adults persistently spend over 20 percent of their income on healthcare, which is well above some financial thresholds for catastrophic spending.

Assisted-living facilities are often the largest expense for seniors and their caretakers. As they age, most seniors will eventually need help with everyday tasks such as preparing meals, dressing, and bathing. This type of care and supervision is defined as custodial care, which Medicare Part A does not cover. In 2014, the average annual cost of a nursing home stay was over $80,000, and the average length of a nursing home stay is over two years. Most individuals who require a long-term nursing home stay will become impoverished by the expense, eventually transitioning to Medicaid when their savings are gone.

Future Medical Spending

Unless policy changes are implemented to reduce the cost or readjust the burden of healthcare spending, per capita out-of-pocket costs will continue to rise. Average healthcare spending as a share of income is predicted to rise to 14 percent for all Americans by 2035, up from 10 percent in 2012. Older adults will be hit hardest: they probably will spend 40 percent more on healthcare by 2035.

These predicted trends in medical spending are even more distressing when compared to annual income. About one in four seniors in the lowest income quartile pay nothing for healthcare due to their enrollment in Medicaid. For the rest of them, median healthcare spending is projected to increase from 5 percent of income (in 2012) to 25 percent of income in 2035. Healthcare spending is considered persistently high when it consumes over 20 percent of annual income for five or more years. In 2014, 32 percent of adults over 65 had persistently high healthcare spending. By 2035, this proportion is projected to increase to 44 percent.

Those fortunate to live long enough to reach their golden years will eventually feel the strain of increasing medical bills. Despite their most careful preparations, few will have enough retirement savings to keep up with the rising tide of healthcare costs. At an individual level, little can be done to reduce these costs aside from staying healthy, saving for retirement, and choosing robust insurance plans. At a societal level, policy changes and pricing transparency are our only hope to combat catastrophic medical spending.

Spotlight on Georgia

Fortunately, Georgia is no better—or worse—than most other states in terms of overall healthcare spending. In 2016, average per capita spending on healthcare was $5,429 across all states. When states were ranked highest to lowest in terms of healthcare spending, Georgia was ranked 21, with per capita healthcare spending of $5,441. In comparison, Alaska was ranked first, at $7,833; and Hawaii had the lowest per capita healthcare spending ($3,260).

While overall health spending in Georgia is not significantly different from the average, Georgians spent less on both inpatient and outpatient care. Across all states, average per capita spending on inpatient care was $1,035 in 2016. Georgia ranked 37, with per capita inpatient spending of $944. Average per capita spending on outpatient care was $1,906 across all states. Georgia ranked 32, with per capita outpatient spending of $1,483.

In contrast, Georgians spend significantly more on professional procedures. Across all states, average per capita spending on professional procedures was $1,774 in 2016. Georgia ranked 14 in per capita spending ($1,873) on professional procedures. On average, Georgians also spent slightly more on prescriptions ($1,040) in 2016 than residents of other states ($1,025).

Almost all adults over 65 years old in Georgia have health insurance: 96 percent are enrolled in Medicare; 33 percent have insurance through a current or previous employer; and 29 percent purchased insurance privately. About 15 percent of older Georgians are enrolled in Medicaid. Georgia's poorest older adults who make less than 50 percent of the FPL are most likely to be uninsured, despite their eligibility for dual-enrollment in Medicare and Medicaid. Just under 5 percent of this group has no health insurance coverage. ❖

Jekyll Island

The Economic Impact of the Island on Glynn County, Georgia

Jeffrey Humphreys
Beata Kochut
Alexandra Hill

How much does Glynn County benefit economically from Jekyll Island? This report answers that question by quantifying the economic impacts that Jekyll Island generates for Glynn County in 2016. Although we quantify the benefits for a single 12-month period, the economic benefits recur annually. The economic impacts are estimated for five categories of spending: day trippers who are not Glynn County residents; short-stay visitors who are not Glynn County residents; long-stay visitors; nonresident homeowners; and permanent residents of Jekyll Island. The impacts are based on a regional input-output model of Glynn County's economy, certain necessary assumptions, data provided by the Jekyll Island Authority, data obtained from surveys of visitors, homeowners, residents, and businesses, and data and software purchased from IMPLAN.

This study defines short-term economic impacts as the net changes in regional output, value added, labor income, employment, and tax revenues that are due to new dollars flowing into Glynn County from outside the county.

Economic Impact Highlights

In the simplest and broadest terms, the total economic impact of Jekyll Island is $700 million (see Table 1), or 11 percent of the output generated in Glynn County. Of the total output impact, $501 million (78 percent) is initial spending and $199 million (28 percent) is the multiplier (re-spending) impact of those initial expenditures. Dividing the total output impact by initial spending yields an average multiplier value of 1.40. So, on average, every dollar of initial spending generates an additional 40 cents for Glynn County's economy.

The economic impact also is expressed in dimensions other than output. For example, Jekyll Island adds $416 million in regional GDP (value added); $248 million in labor income (earnings); 7,170 full- and part-time jobs; and $29 million in tax revenue collections for local government. The jobs generated by Jekyll Island account for 15 percent of all the jobs in Glynn County, or one job in seven.

Spending in Glynn County

Nonresident Day Trippers

Day trippers are Island visitors who do not overnight in Glynn County. The first task was to estimate the number who were not residents of Glynn County, based on data supplied by the Jekyll Island Authority on the number of paid gate crossings. In 2016, the Authority issued 442,634 daily/weekly passes, which represent the number of unique gate crossings by paying parties. In addition, there were 134,406 re-entry passes. It is assumed that residents, long-stay visitors and others sensibly purchased annual passes instead of daily/weekly ones. Moreover, it was assumed that day trippers and short-stay visitors did not buy annual passes. The Selig Center's survey of visitors shows the average party size is three. Thus, 1,338,790 persons (442,634 parties multiplied by 3 per party) entered Jekyll Island with daily/weekly passes. The survey shows that 46.4 percent—550,242 guests—were day visitors and 58.9 percent—788,547 guests—were short-stay visitors.

Our analysis of the survey responses shows that

METHODOLOGY

Estimating the economic impact of Jekyll Island on Glynn County's regional economy involved a number of basic steps. First, administrative data were obtained from the Jekyll Island Authority. Then online surveys of visitors, residents, homeowners, and businesses were conducted to estimate spending within Glynn County. Next, spending by day trippers, short-stay visitors, and long-stay visitors was estimated. Spending by second-home and rental property owners who do not live on Jekyll was estimated, as was spending by Island residents. Spending was allocated to industrial (economic) sectors recognized by the economic impact modeling system built specifically for Glynn County. Finally, the IMPLAN model was applied to each category of spending to calculate five indicators of economic impact on Glynn County: output (sales), value added (gross regional product), labor income (wages, salaries, benefits, and proprietor's income), employment, and tax revenues for local government.

Online surveys powered by Qualtrics gathered data needed to estimate Jekyll Island-related spending within Glynn County by day trippers, short-stay visitors, long-stay visitors, nonresident homeowners, and residents. Visitors, residents, and nonresident homeowners responded to the online survey from April 14, 2017 through June 1, 2017, and answers reflect the respondent's most recent trip to Jekyll Island. Businesses responded to the survey from April 25, 2017 through June 1, 2017. The Jekyll Island Authority provided the participants' email addresses. The Selig Center analyzed the survey responses using Access, Excel, and SPSS.

nonresidents of Glynn County account for 46.1 percent of day trippers. Accordingly, 255,549 of the 550,242 day trippers were not Glynn County residents. On average, the survey shows each nonresident day tripper spent $46.95 in Glynn County. The final step in estimating spending by this group was to multiply the number of nonresident day trippers (255,549) by their average expenditures ($46.95). Collectively, they spent $12 million in Glynn County in 2016.

Nonresident Short-Stay Visitors

These visitors spend one or more nights in Glynn County, and according to the survey, nonresidents account for 99 percent (780,923) of the 788,547 short-stayers. On average, the survey shows that each of these visitors stays for 5 days and spends $109.87 per day. The final step in estimating spending by non-resident short-stay visitors was to multiply the number of these visitors (780,923 guests) by their average length of stay (5 days) by their average daily expenditures ($109.87). Collectively, nonresident short-stayers spent $429 million in Glynn County in 2016.

Nonresident Long-Stay Visitors

These visitors spend more than 30 days on the Island but are not permanent residents of Jekyll Island. The Jekyll Island Authority's data show that there were 380 long-stay visitor parties, including 258 parties in campsites with full hook-ups and 122 parties in rental properties. The Selig Center's analysis indicates that the average long-stay visitor party spent 6.8 percent of their annual income in Glynn County. The average party size is 2.1 persons, and the average length of stay is 83 days. In addition, the survey shows that the average of the midrange income values reported for long-stay visitors is $101,923. So, to estimate their spending, we multiplied the number of long-stay visitors (380) by average income levels ($101,923), by the 6.8 percent of their income spent in Glynn County Collectively, long-stay visitors spent $2.6 million in Glynn County.

Permanent Residents of Jekyll Island

Data obtained from the Jekyll Island Authority show that permanent residents occupy 268 homes on Jekyll Island. Based on 220 responses from the survey of residents, the Selig Center estimates that the average income of resident households is $130,455, which is reasonable given that the average household income in Glynn County was 104,270 in 2015. So, we estimate that the total income of 268 resident households is $34,961,818, which constitutes the initial round of economic impact. The subsequent round of economic impact includes only the portion of income actually spent in the county based on Glynn County's regional purchase coefficients.

Nonresident Homeowners

Data from the Jekyll Island Authority show that there are 575 homeowners who do not live on Jekyll Island, including 260 owners of second homes and 315 owners of rentals. The Selig Center's analysis of the 175 homeowners who responded to the survey and provided both income and spending data indicates that the average homeowner spent $39,158 in Glynn County in 2016. That represents 18.3 percent of their average income of $214,286, and seems very reasonable given that the average nonresident homeowner spent approximately 90 days on Jekyll Island. Then, after multiplying the number of nonresident homeowners (575) by their average spending in Glynn County ($39,158), we determined that this group spent $22.5 million in Glynn County in 2016.

Results

Total Output Impact

The output impact was calculated for each category of spending, based on the impact of the initial expenditures and the impacts generated by the re-spending of these amounts (the multiplier effect). The total output impacts for are reported in the second column of Table 1. The total output impact of Jekyll Island is $700 million in 2016. This amount represents the combined impact of spending in Glynn County by nonresident day trippers, nonresident short-stay visitors, nonresident long-stay visitors, nonresident homeowners and residents. Out of the $700 million, $586 million (84 percent) results from spending by short-term visitors; $67 million (10 percent) is from spending by the Island's permanent residents; $29 million (4 percent) results from spending by homeowners who do not live on Jekyll; $15 million (2 percent) results from spending by day trippers; and $4 million (less than 1 percent) comes from spending by long-stay visitors.

Of the total output impact, $501 million (72 percent) is initial spending and $199 million (28 percent) is the multiplier impact of those initial expenditures. Dividing the total output impact by initial spending yields an average multiplier value of 1.40, so on average, every dollar of initial spending generates an additional 40 cents for Glynn County's economy. The output impact is 1.40 times greater than initial spending. The multiplier values are low because Glynn County's economy is relatively small, so there is a very high level of leakage. Leakages are any payments made to imports or value-added sectors, which in turn do not re-spend the dollars in the county.

Value-Added Impact

Because value-added impacts exclude expenditures related to foreign and domestic trade, they provide a much more accurate measure of the actual economic benefits flowing to businesses and households in a region. The impacts measured in terms of value added are reported in the third column of Table 1. Jekyll Island generates a value-added impact of $416 million, which is 12 percent of the value added generated in Glynn County.

Labor Income Impact

The IMPLAN model also was used to calculate impacts in terms of labor income, as reported in the fourth column of Table 1. Jekyll Island generates a labor income impact of $248 million.

Employment Impact

The economic impact of Jekyll Island is most easily understood in terms of its effects on employment (column 5 of Table 1). Jekyll Island generates an employment impact of 7,170 full- and part-time jobs, which accounts for 15 percent of all the jobs in Glynn County, or one job in seven. Table 5 reports the employment impacts by impacted industry and shows that most of the jobs that owe their existence to Jekyll Island (88 percent) are in three economic sectors: accommodation and food services, services (including government), and retail/wholesale trade. Jekyll Island supports modest numbers of jobs in finance, insurance, real estate, information, and construction, but does not have very many jobs in agriculture, forestry, fishing, mining, quarrying, manufacturing, or utilities.

Tax Revenue Impact

The economic impact of Jekyll Island on tax revenues collected by local governments is $29 million.

Findings

The fundamental finding is that Jekyll Island will continue to generate a significant, sustainable, annual (recurring) economic impact on Glynn County, including: $700 million in sales (output); $416 million in production (value added); $248 million in labor income (earnings); $29 million in tax revenue for local government; and 7,120 jobs. ❖

Table 1
Economic Impact of Jekyll Island on Glynn County, Georgia
(2017 dollars and jobs)

Expenditure Category	Initial Spending	Output Impact	Value Added Impact	Labor Income Impact	Employment Impact (jobs)
Day trippers	11,997,772	14,936,714	8,185,162	5,214,512	209
Short-stay visitors	429,009,606	586,078,725	336,911,002	190,228,837	6,435
Long-stay visitors	2,648,821	3,618,849	2,080,318	1,174,602	40
Homeowners	22,515,604	28,678,357	15,856,491	8,019,541	233
Residents	34,961,818	66,599,648	53,261,207	43,818,181	253
Total	501,133,621	699,912,293	416,294,180	248,455,673	7,170

Source: Selig Center for Economic Growth, Terry College of Business, University of Georgia, 2017.

continued

Table 2
Economic Impact of Jekyll Island on Employment in Glynn County
(full- and part-time jobs)

Expenditure Category	Direct Employment Impact	Indirect Employment Impact	Induced Employment Impact	Total Employment Impact
Day trippers	167	19	22	209
Short-stay visitors	4,838	780	817	6,435
Long-stay visitors	30	5	5	40
Homeowners	155	44	34	233
Residents	167	48	38	253
Total	5,357	896	916	7,170

Source: Selig Center for Economic Growth, Terry College of Business, University of Georgia, 2017.

Table 3
Local Government Tax Revenue Impacts of Jekyll Island in Glynn County
(2017 dollars)

Expenditure Category	Tax Revenue
Day trippers	477,275
Short-stay visitors	23,823,929
Long-stay visitors	330,464
Homeowners	2,083,712
Residents	2,396,119
Total	29,111,499

Source: Selig Center for Economic Growth, Terry College of Business, University of Georgia, 2017.

Table 4
Jekyll Island Visitors and Spending in Glynn County

Category	Data and Spending
Day Trippers and Short-Stay Visitors	
Unique gate crossings	442,634
Average party size	3
Total number of visitors	1,338,790
Day Trippers	
Number	550,242
Percent	41.1
Nonresidents of Glynn Count	255,549
Percent	46.4
Average daily spending per visitor ($)	46.95
Total spending ($)	11,997,772
Short-Stay Visitors	
Number	788,547
Percent	58.9
Nonresident short-stay visitor	780,923
Percent	99.0
Average daily spending per visitor ($)	109.87
Average length of stay (days)	5
Total spending ($)	429,009,606
Long-Stay Visitors	
Number of parties	380
Length of stay (days)	30+
Average spending per party ($)	6,971
Total spending ($)	2,648,821

Source: Selig Center for Economic Growth, Terry College of Business, University of Georgia, 2017.

continued

Table 5
Economic Impact of Jekyll Island By Industry in Glynn County
(jobs)

Impacted Industry	Total	Percent of Total
Accommodations and food services	4,106	57.3
Services (including government)	1,562	21.8
Retail and wholesale trade	647	9.0
Transportation and warehousing	441	6.2
Finance, insurance, and real estate	289	4.0
Information	45	0.6
Construction	41	0.6
Manufacturing	14	0.2
Utilities	13	0.2
Ag., forestry, fishing, mining	12	0.2
Total	7,170	100.0

Source: Selig Center for Economic Growth, Terry College of Business, University of Georgia, 2017.

And More . . . .

Special Data from the Selig Center

House Price Index

Area	Percent Change 2008 - 2018	Percent Change 2013 - 2018
United States	17.6	32.6
Georgia	13.6	40.5
Albany	-9.0	2.4
Athens	15.4	37.9
Atlanta	20.4	50.9
Augusta	5.5	21.3
Brunswick	-6.8	33.5
Columbus	-6.5	8.4
Dalton	3.4	28.9
Gainesville	8.3	46.5
Hinesville	-10.5	6.2
Macon	-3.4	12.1
Rome	5.6	24.3
Savannah	5.0	31.0
Valdosta	-12.2	-0.5
Warner Robins	0.0	11.6

Data include second quarter, all transactions; not seasonally adjusted.

Single-Unit Housing Permits

Area	Percent Change 2008 - 2018	Percent Change 2013 - 2018
United States	32.9	41.1
Georgia	43.4	84.9
Albany	-40.7	-31.0
Athens	65.8	61.4
Atlanta	64.8	83.6
Augusta	91.4	24.9
Brunswick	36.6	35.4
Columbus	2.3	14.5
Dalton	No Data	No Data
Gainesville	88.0	164.7
Hinesville	476.0	166.7
Macon	-23.2	334.5
Rome	-20.2	245.8
Savannah	37.7	72.7
Valdosta	47.2	186.8
Warner Robins	39.2	87.5

Data include June year-to-date totals.

Total Non-Farm Employment

Area	Percent Change 2008 - 2018	Percent Change 2013 - 2018
United States	7.5	9.3
Georgia	8.5	12.5
Albany	-2.8	3.9
Athens	7.5	13.0
Atlanta	12.3	15.1
Augusta	9.7	10.2
Brunswick	-3.8	7.3
Columbus	-0.6	0.7
Dalton	-9.7	8.9
Gainesville	17.9	20.7
Hinesville	7.8	4.0
Macon	0.7	5.3
Rome	-0.2	7.4
Savannah	11.7	12.5
Valdosta	-1.3	6.3
Warner Robins	5.2	4.6

Data include June year-to-date totals.