

California Economy and Workforce
Trends, Slingshot and CWIB
Priorities—Findings from the Bay
Area Mobility Project

Stephen Levy, Director Center for
Continuing Study of the California
Economy

CWIB Meeting
March 19, 2014

The Four Takeaways

- Most job openings are to replace workers who retire or change occupations. For most occupations job growth is a distant second.
- Successful programs require strong industry participation. An industry partner is critical.
- For many, basic skills—English, math, digital literacy, soft skills—are a prerequisite to training and a good high school education is important
- Key industries vary among regions BUT regional coordination is important as most labor markets cross WIB and community college boundaries.

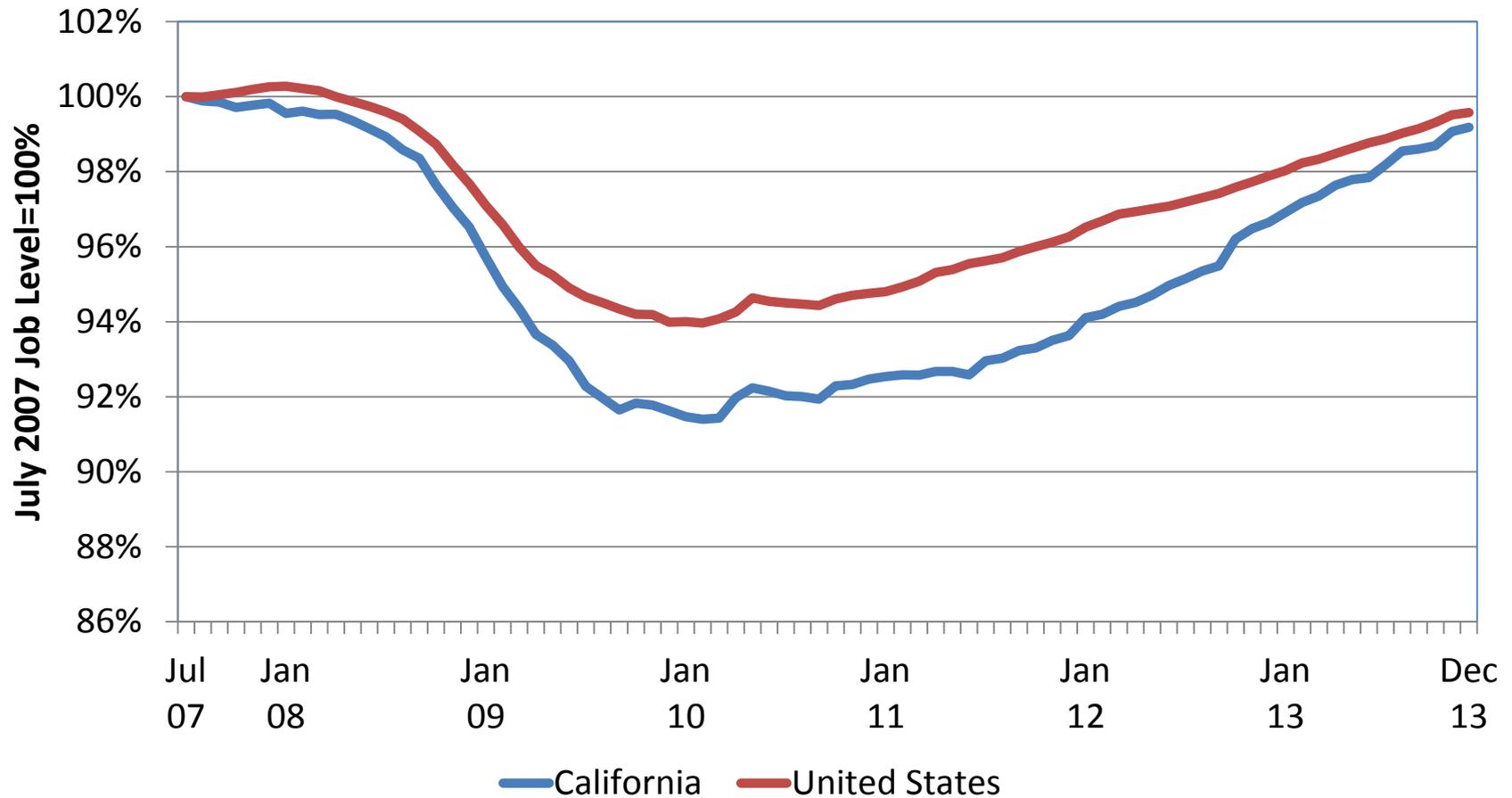
Who is the Customer

- The workforce world serves two customers—workers and students wanting to find jobs and businesses looking for workers
- Sometimes two challenges arise
 - “economic development” interests focus on attracting new jobs while most job openings are from replacement—for workers and businesses
 - some still feel like the “system” is supposed to focus on the most in need rather than what the economy and businesses most need

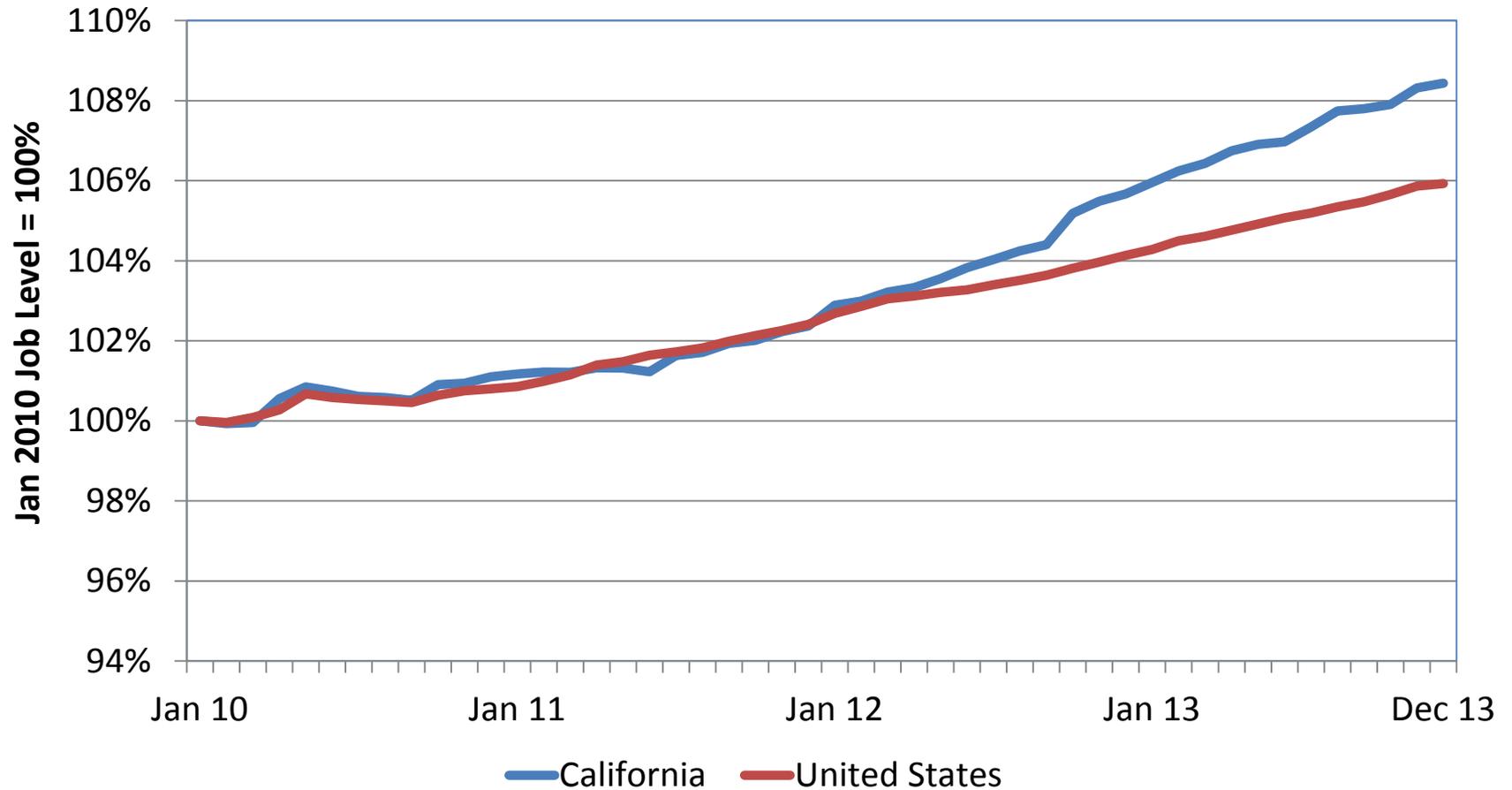
A Quick Job Trend Update

- Recent job growth much stronger than previously thought
- Recovery spreading to areas previously left behind
- Leading sectors are mix of high and low wage jobs—tech, tourism/entertainment and trade
- A turnaround is here in two lagging middle wage sectors—construction and government
- Health care keeps growing

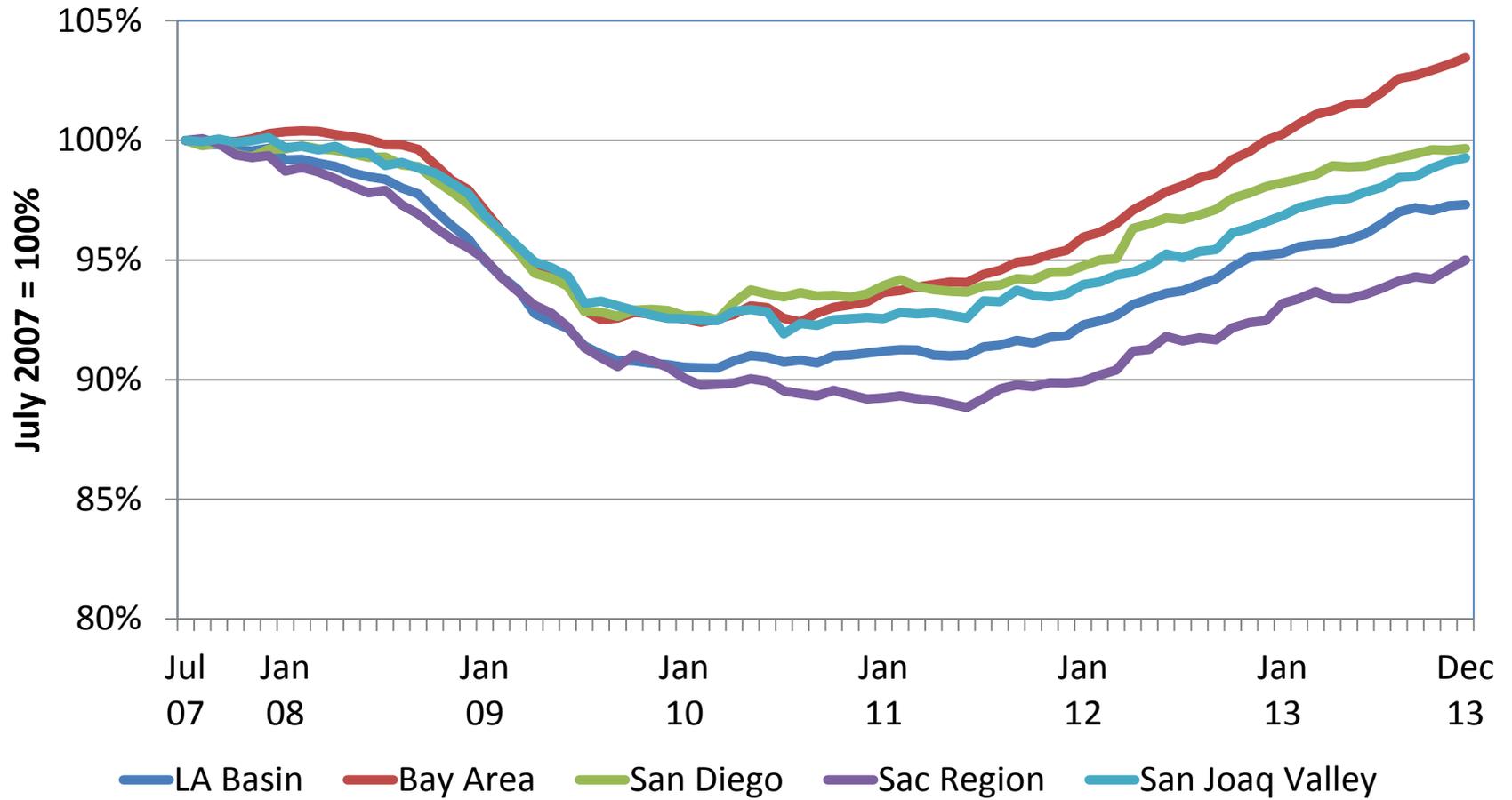
California on the Job Comeback Trail



A Job Growth Leader Recently

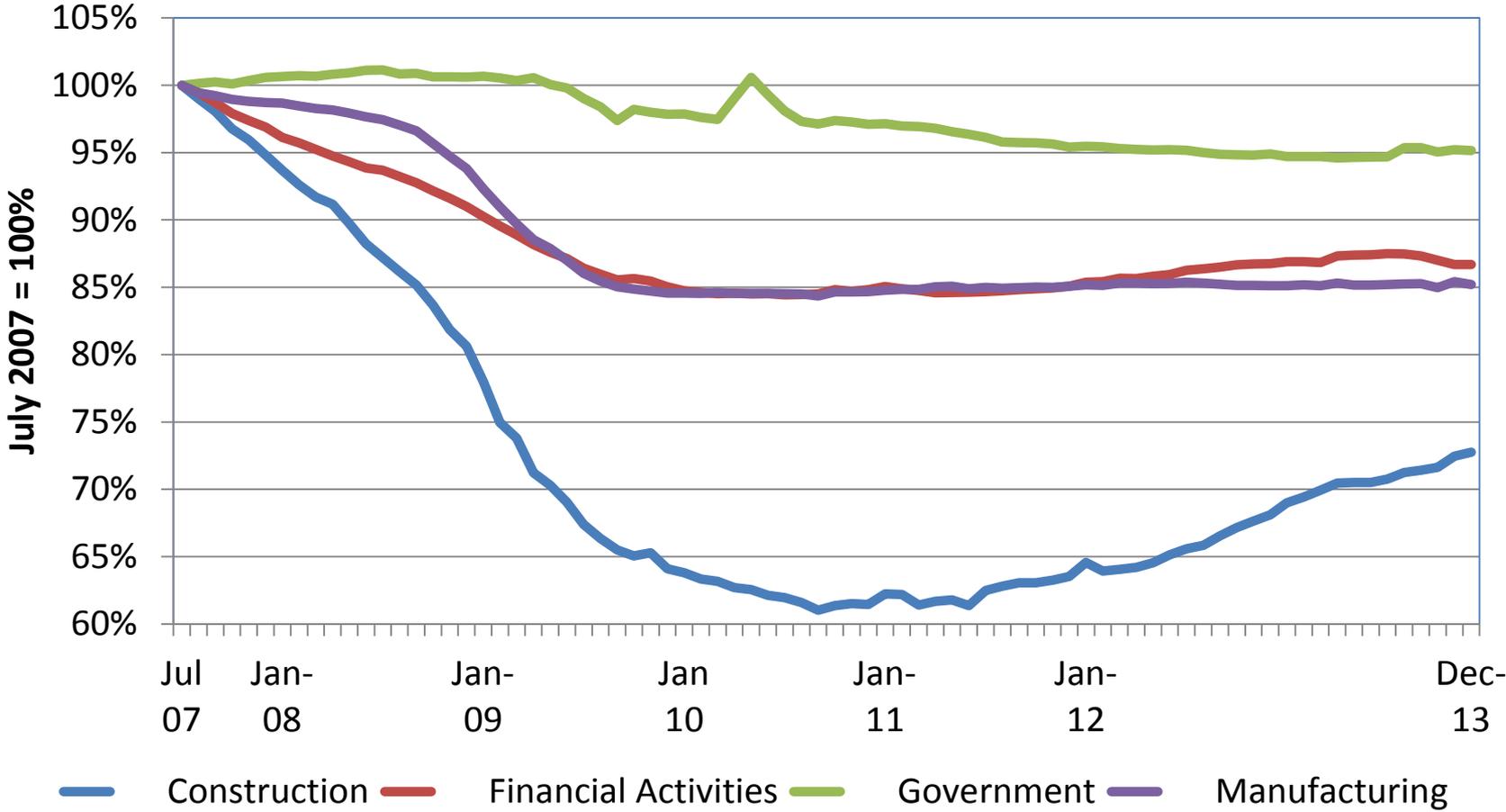


Regional Pattern of Job Recovery

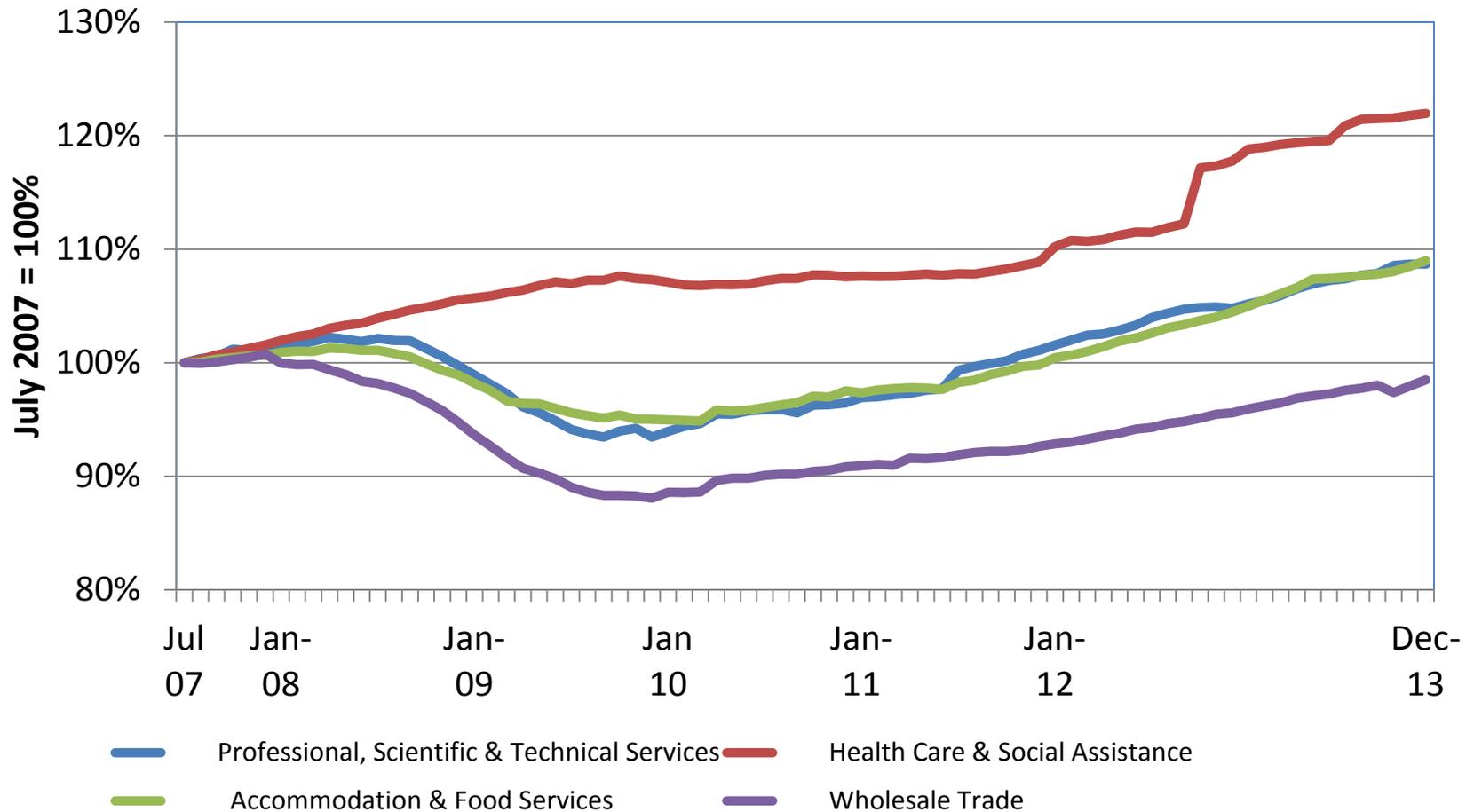


Why the Recession Was So Deep

Only Construction is Recovering so far



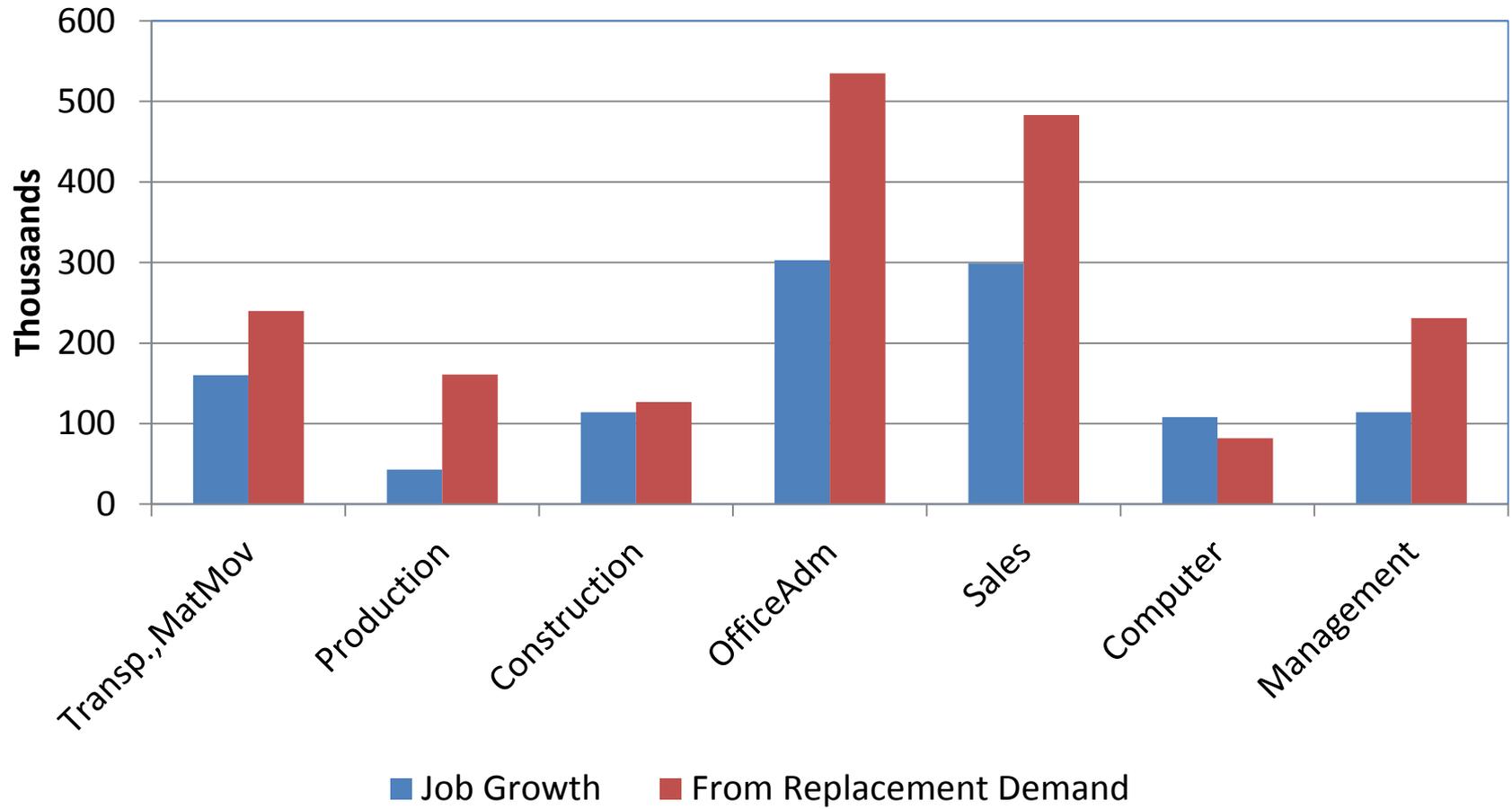
Leading the Job Recovery and Growth



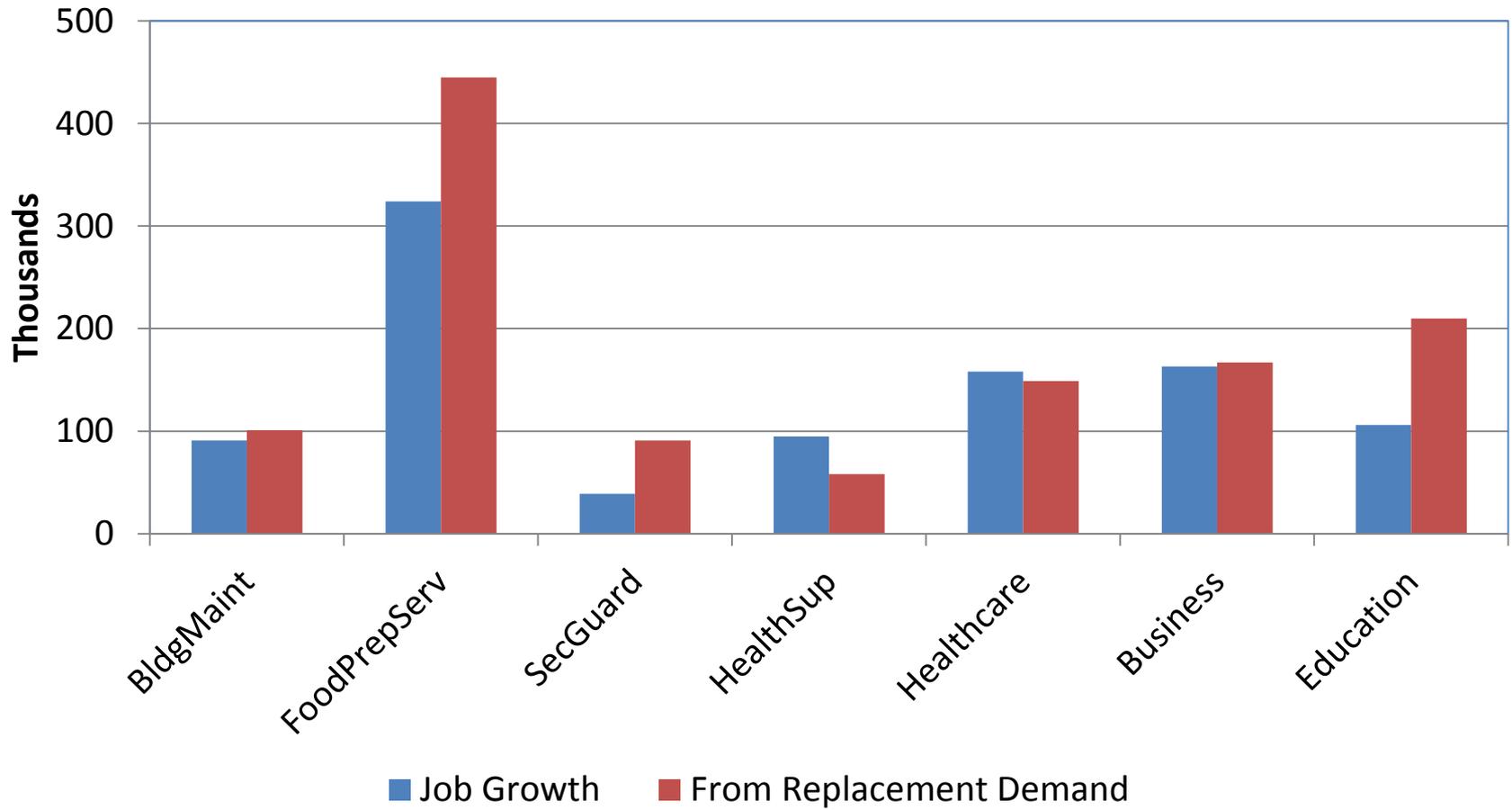
Most Job Openings are from Replacements not Job Growth

- Between 2010 and 2020 EDD projected that there would be 2.6 million added jobs in California and 3.7 million job openings from replacing workers who retire or move on
- By 2015 a large share of the job growth (1.6 million mostly from recovery) will have been achieved while most of the retirements lie ahead.
- Only a very few occupations (in computer and health related fields) have more openings from growth than replacement—fewer by 2015.

Job Openings 2010-2020 in CA



Job Openings 2010-2020 CA



Here is the Good News

- EDD is developing regional profiles of the occupations in key industry clusters using regional occupational/industry profiles
- And EDD is developing new projections to replace the previous projection charts
- They will have occupations, wages, education requirements, skills needed, help wanted listings and relevant college programs

Lessons from the Bay Area Regional Prosperity/Mobility Project

Implications for California and CWIB

Challenge 1—Not Enough Middle Wage Jobs

Challenge 2—Low and Moderate Wage Jobs are Growing

Strategies are Proposed to Meet the Three Goals

Goal 1: Improve career pathways from low and moderate wage work to middle wage jobs.

Goal 2: Grow the economy in the Bay Area, with a particular emphasis on growing middle-wage jobs. Do the best we can.

Goal 3: Upgrade conditions for workers in existing low-wage and moderate-wage jobs. An essential step in reducing poverty

Poverty and Inequality—A Personal Perspective

- There is growing income and wealth inequality as skills are rewarded and wages for many are flat or down.
- We can reduce poverty and unemployment and help workers and companies without substantially affecting inequality.
- Should the workforce system focus on raising people up as best we can or caring about the earnings of the top 10%.

Building Career Pathways: Education and Workforce Preparation

- The best practice training strategy is INDUSTRY driven PARTNERSHIPS that lead to real jobs
- The components are 1) an industry partner to help design curricula, 2) a training provider such as a community college or union, 3) a local workforce board and 4) a funding source
- But the industry partner is CRITICAL and regional leaders can work with the key industries identified in the Summit to make this happen.

Regional Training Coordination is Critical Given Limited Resources

- In most large regions workers commute from county to county and industries hire from around the region.
- Identify the key industries and occupations of opportunity BUT WORK REGIONALLY. That means not every workforce board or community college should cover every industry.
- The state workforce board and community colleges are beginning to think regionally and it is more critical to coordinate when resources are limited. Get in front of the curve!!!

Many Need More Help First to Make Training Successful

- There are many prerequisites for training to be successful. Some people need ESL. Some lack basic reading and math skills and digital literacy is important for more jobs nowadays.
- A good high school education-one that excites and prepares students-is a critical foundation.
- Funding as always is a challenge in bringing successful initiatives to SCALE. But there are best practice models that focus on CONTEXTUAL LEARNING.

The Solano Community College Water and Wastewater Program

- Combining all the elements of best practice!
 - An industry partner—actually a SET of partners
 - Regional in scope—serving agencies in five counties
 - A defined curriculum leading to jobs
 - Most of these jobs are REPLACEMENT openings

Relationship to Slingshot

- Getting to SCALE means
 - Targeting large sets of job openings with a focus on replacement openings
 - Building partnerships at the regional or large sub regional level
 - Finding large scale industry partners as opposed to individual companies
 - Incorporating basic skills and contextualized learning

Relationship to Slingshot (2)

- The board and staff will have to figure out the balance between
 - helping today's workers meet employer demand
 - improving the prospects for today's youth
 - addressing the challenges facing people with multiple barriers including persistent unemployment

Many Workers Will Remain in Low Wage Jobs: Possible Responses

- By 2020 the number of jobs paying less than 80% of the state median wage will increase by around 1 million.
- Helping these workers who are in poverty will mainly require federal and state efforts:
 - Supporting wages and benefits
 - Other kinds of support—e.g health, food, housing
 - Increasing the enrollment of eligible residents
- The state/nation is beginning a more intense discussion of the role of the minimum wage and/or Earned Income Tax credits, food and housing assistance.

An Underutilized Resource: Unauthorized Workers and Students

- There are approximately 2.5 million unauthorized immigrants in California of which 1.5 million are in the workforce and others are students.
- Many of these residents can get better jobs, education and training with legal status'
- As opposed to programs that help 30 to 50 people at a time, legalization IS A BLOWOUT WORKFORCE INVESTMENT