

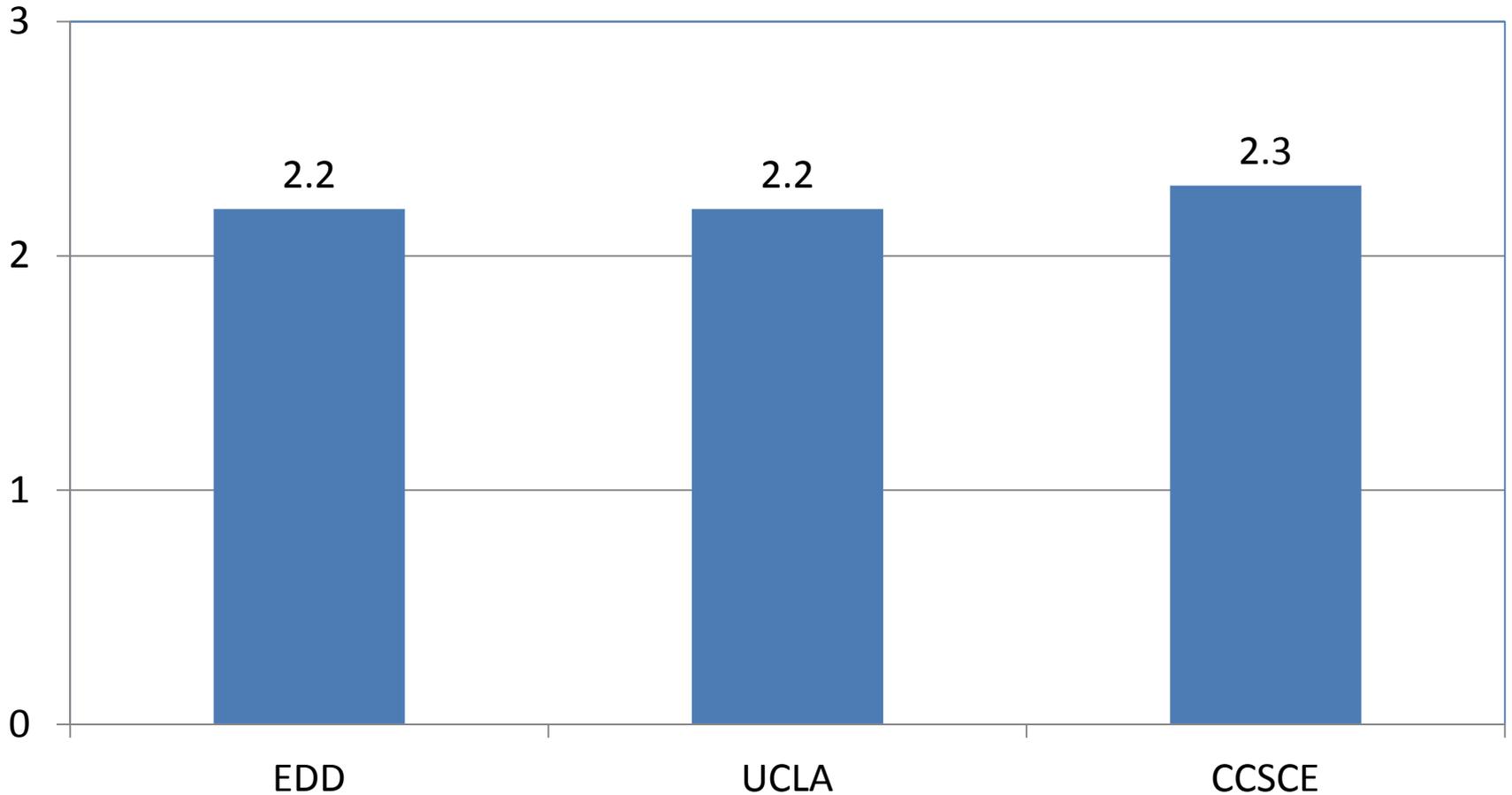
Job and Workforce Trends and Policy Implications for Economic Competitiveness

Stephen Levy, Director, Center for Continuing
Study of the California Economy
DOF Economic Forecast Conference
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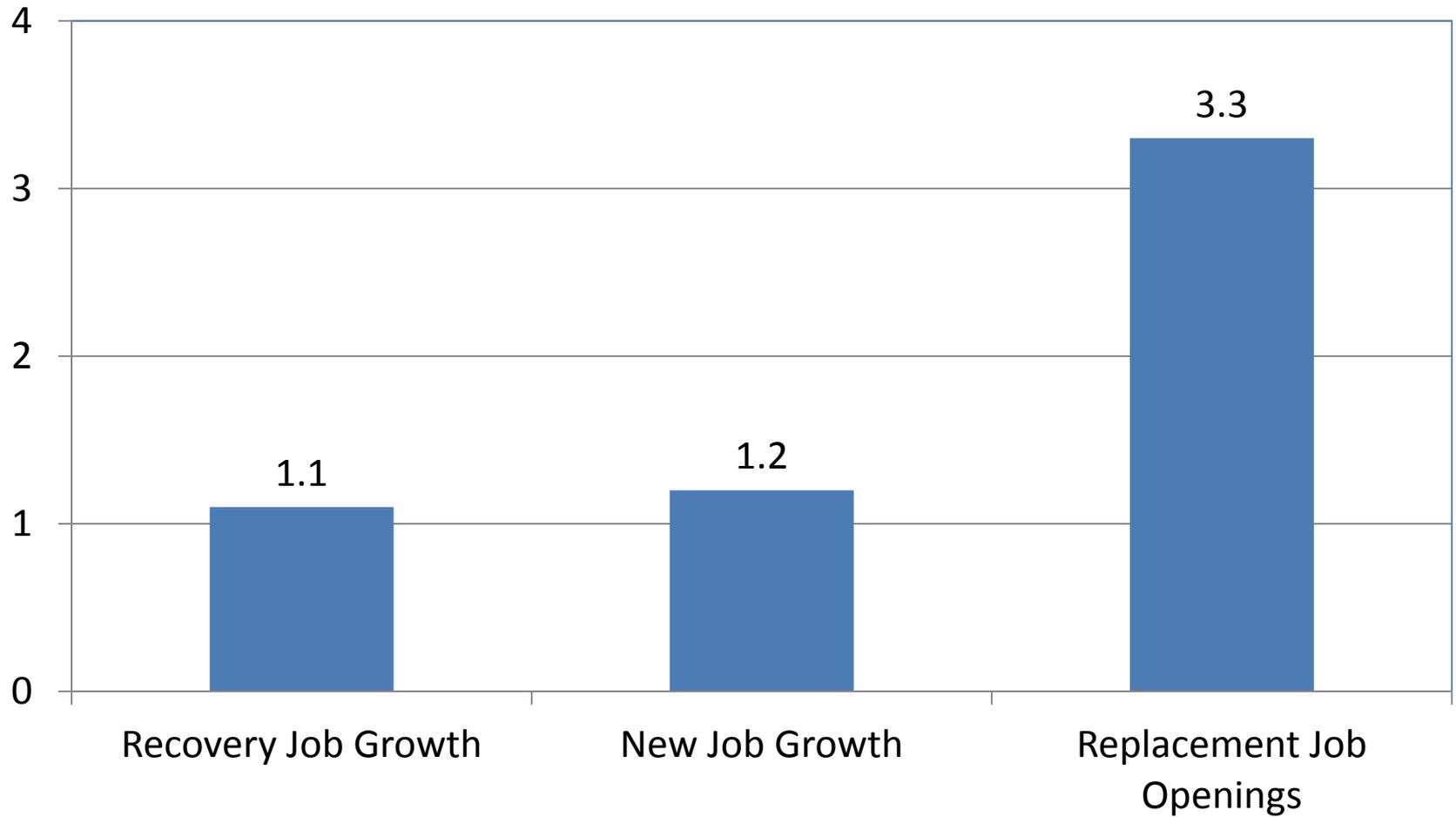
Workforce Policies are the Foundation of Economic Prosperity Strategies

- Access to a skilled workforce is the premier attraction for locating in California for many companies, particularly in key economic base sectors. Skill requirements are increasing in most occupations. Skill shortages appear even in today's economy and may increase over time.
- Most new job openings will come from replacing existing workers. This ratio is higher in many sectors where little or no job growth is expected such as production jobs.

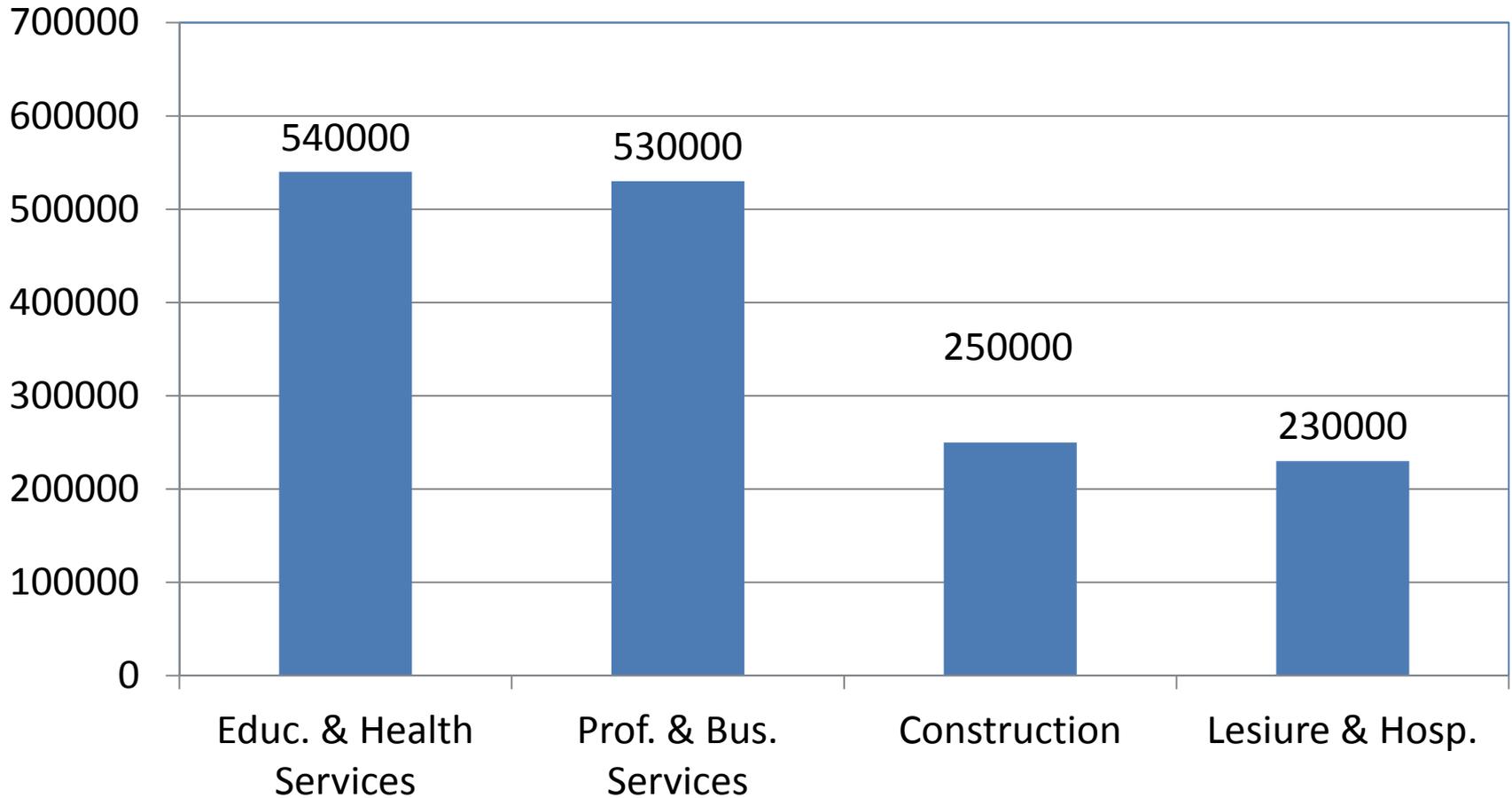
Non-Farm Wage and Salary Job Growth 2011-2020 (Millions)



Job Openings 2011-2020 (Millions)



Largest Job Gains 2011-2020



Economic Base Sectors Where CA has Competitive Advantage

- Technology --social networking, software, Internet services, creativity in design (the iPad)
- Foreign Trade—CA is gateway for Pacific Rim trade
- Tourism & Entertainment
- Applying creativity to the development of new goods and services

Should this be our growth focus?

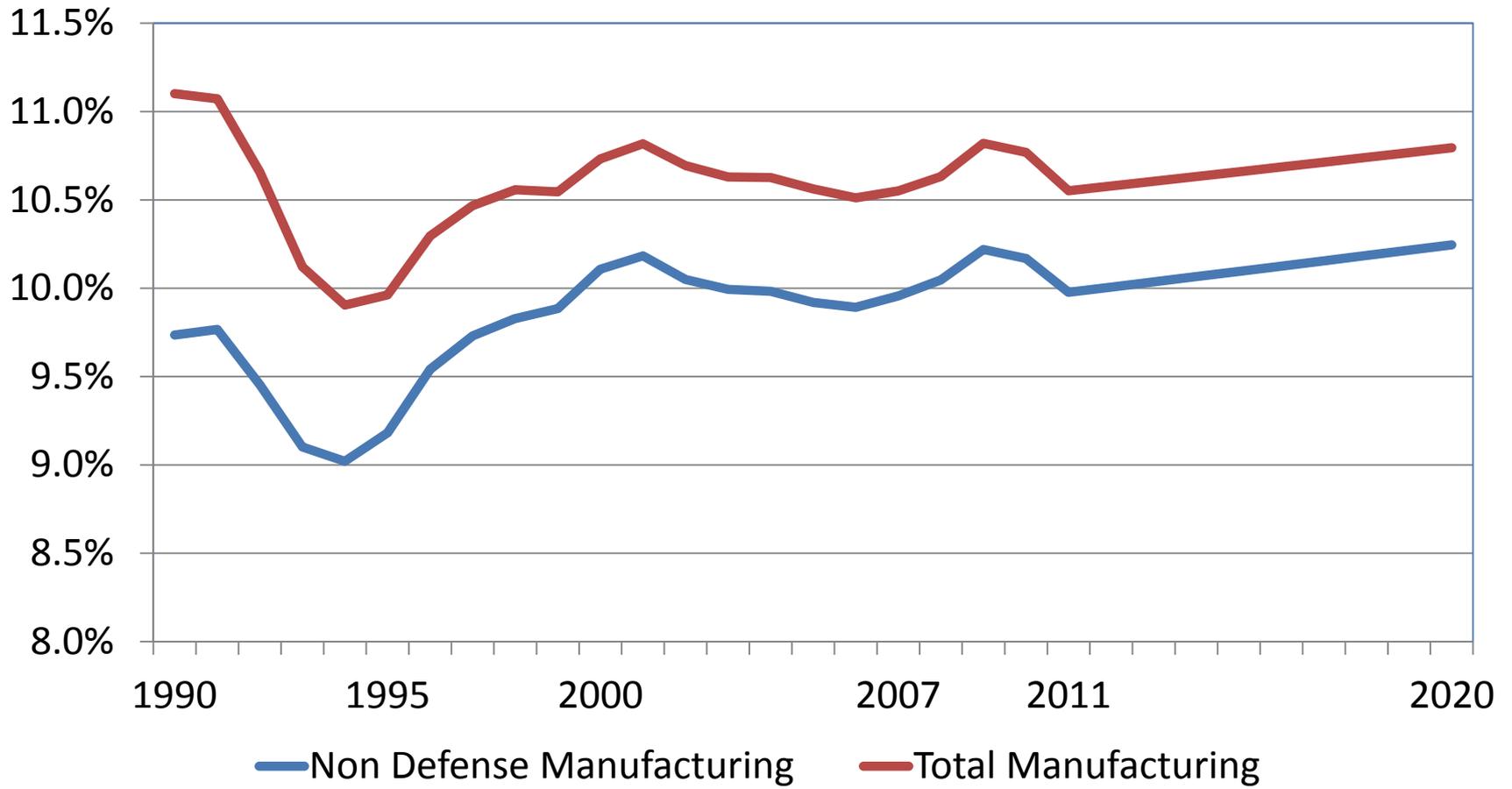
Sectors with Fewer Jobs in 2020 Vs. 2007

- Construction
- Manufacturing (UCLA has an increase)
- Retail Trade (CCSCE, UCLA?)
- Financial Activities (Not much change)

But nationwide there are 600,000 mostly high skilled manufacturing job openings today

And there are replacement job openings in all sectors

California Share of U.S. Manufacturing Jobs



Middle Skill Jobs—Some with Growth, All Have Replacement Needs

- From America's Edge, the National Skills Coalition and EDD projections—examples
 - carpenters and plumbers
 - dental hygienists and medical lab techs
 - police officers, firefighters and EMTs
 - machinists and aircraft mechanics
 - heating and AC installers, people to repair our increasingly tech homes, offices and cars
 - delivery/truck drivers

An Economic Competitiveness Agenda for California

Public Foundations to Attract Private Investment

---A World-Class Workforce

---World-Class Infrastructure

---Communities that are great places to live and
work

---Great Customer Service

Promoting Job Growth Versus Preparing Workers to Meet Industry Needs

Promoting Job Growth

- Focuses on sectors that will add jobs
- Uses the entire competitiveness agenda but skilled workers are the largest employer request

Matching Workers and Industry Needs

- Focuses on job openings whether from growth or replacement needs (high growth is different from high demand)
- A comprehensive workforce strategy

Workforce Policies are the Foundation of Economic Prosperity Strategies

- Employers and business groups cite a skilled workforce as the most important location criterion. Even in a time of high unemployment skill shortages persist.
- Bay Area Council Economic Institute--
<http://www.bayareaeconomy.org/media/files/pdf/BAEconAssessmentAdvance.pdf>.
- NOVA Workforce Board--
<http://novaworks.org/LaborMarketInfo/Reports/InformationTechnologyStudy.aspx>.

Labor Force

from the BACEI report presentation

- Evidence that declining jobs in the middle class stem from lack of relevant skills
- 62% of businesses surveyed reported difficulty with meeting workforce needs
- Firms in technology report increasing difficulty in finding skilled workers

Who Will Fill the Jobs

- New Entrants to the Workforce
 - Today's students, college graduates and veterans
 - New immigrants
 - But most job openings must be filled by today's workers because they will be by far the largest component of California's 2020 workforce

Implications for Education

- Reduce high school dropout rates and improve access (space and affordability) for college attendance
- Find ways to increase STEM preparation and interest
- But remember that many job openings do NOT require a four year degree
- Bring a concrete message of hope to students that if they work hard jobs with good wages will be available—enlist businesses to show that skills lead to jobs

Implications for Immigration

- California has succeeded by being a “welcoming community” whether the criterion is religious practice, sexual orientation, how you dress or where you were born.
- Welcoming immigration policies are an important complement to education and training for CA economic competitiveness.

Workforce Boards and Business Collaborating to Compete

- Businesses are a great source of real time labor market information
- Businesses can participate in Linked Learning and other ways to show students the importance of education and math
- All hands on deck needed to support schools, community colleges and programs that help students and workers replace retiring boomers AND the new jobs of the future

If Talent is the Key Competitive Advantage

Then competing for entrepreneurs includes competing for workers and their families

The SVLG CEO Survey reported “a deteriorating state infrastructure in areas ranging from public education to public transportation has added to the difficulties of recruiting the best workforce, finding them housing and educating their children to be tomorrow’s world-class workforce”

