

California Economy Update with Implications for Workforce Policy

Stephen Levy, CCSCE
CWDB Board Meeting
September 28, 2016

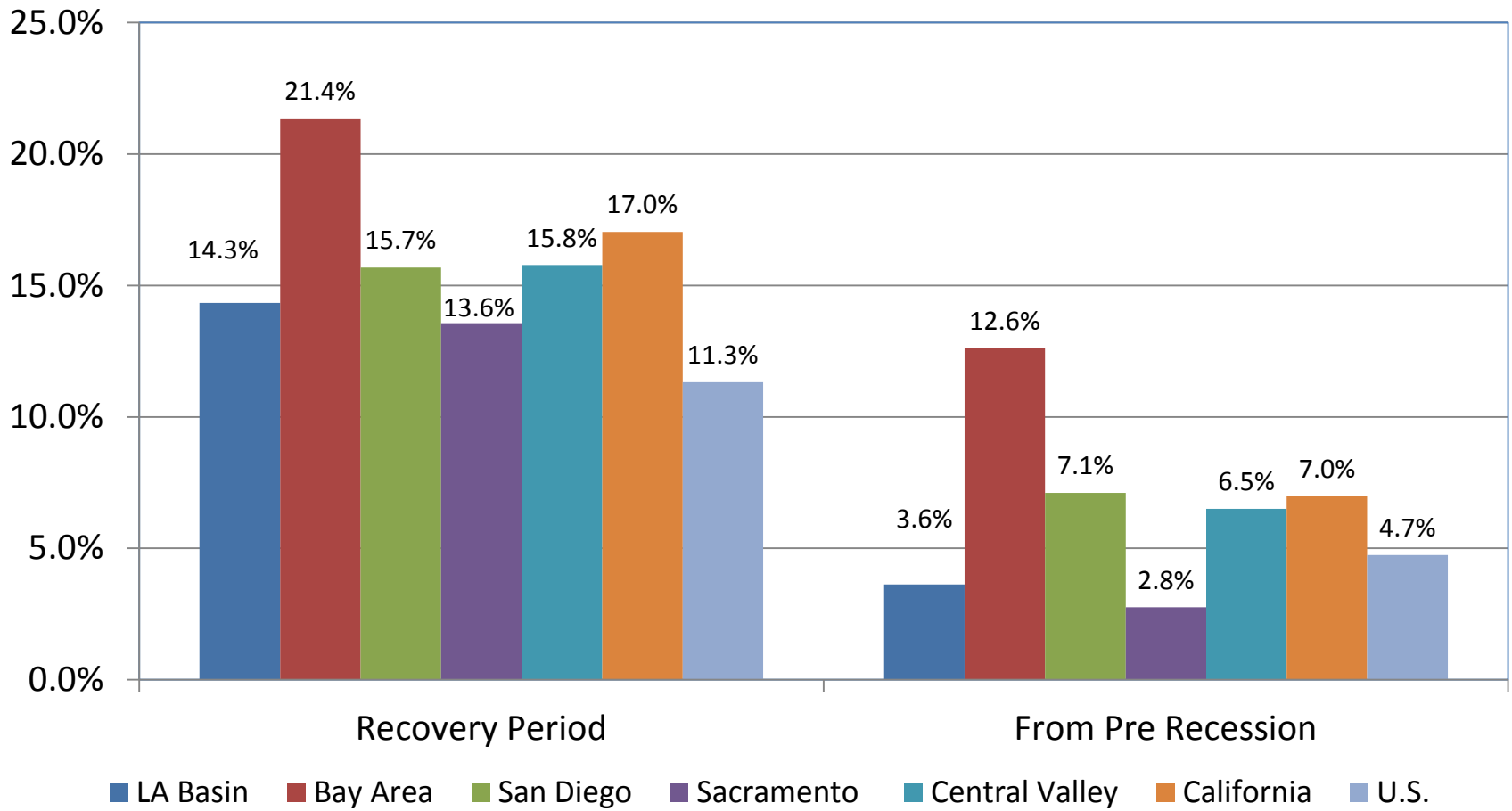
Three Buckets of Workforce Policy

- Preparing for getting a job—education, training, the new world of job application, basic skills, language, working in teams
- Having an economy that is creating jobs and good jobs. Cannot do much when job growth disappears.
- Helping those who remain in low wage jobs as the economy will add jobs that currently pay low wages.

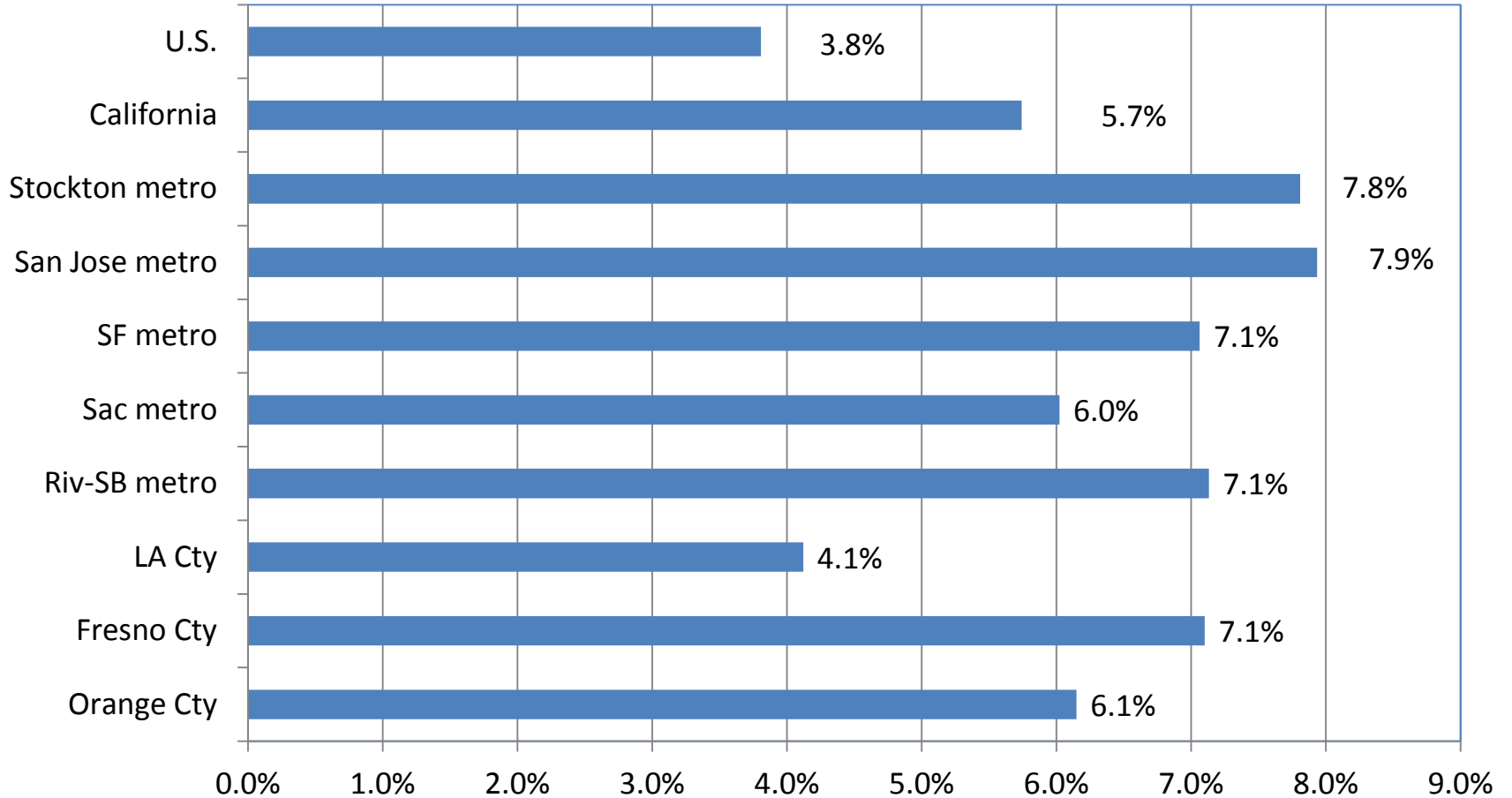
A Quick Economic Update

- Strong job growth with more regions and metro areas now participating
- Positive trends in unemployment and bringing workers back into the workforce
- Growth in high, middle and low wage jobs
- Poverty rates declining but still high—the role of housing costs in CA poverty and distress

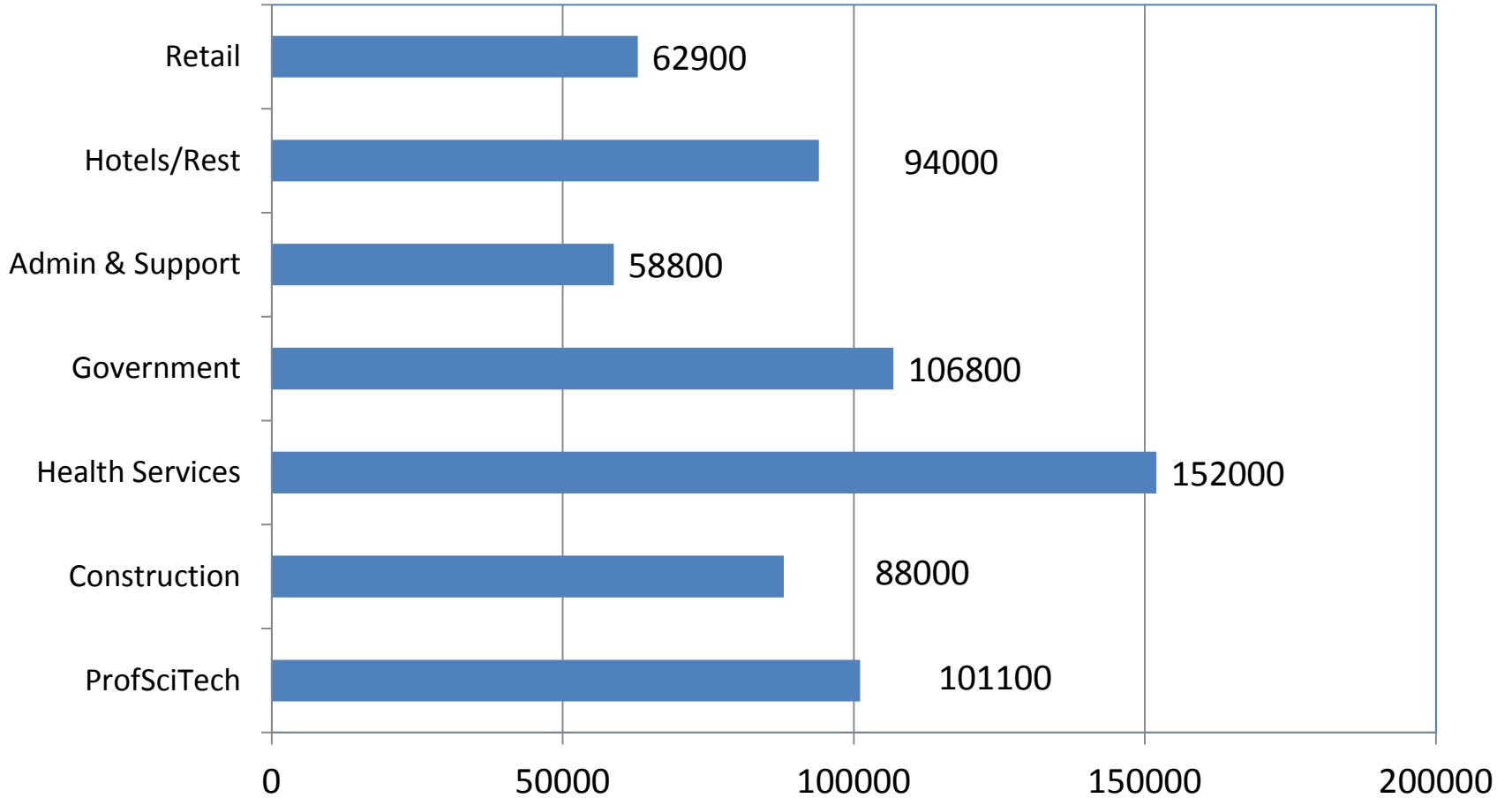
Regional Job Growth 2010-2016 and 2007-2016



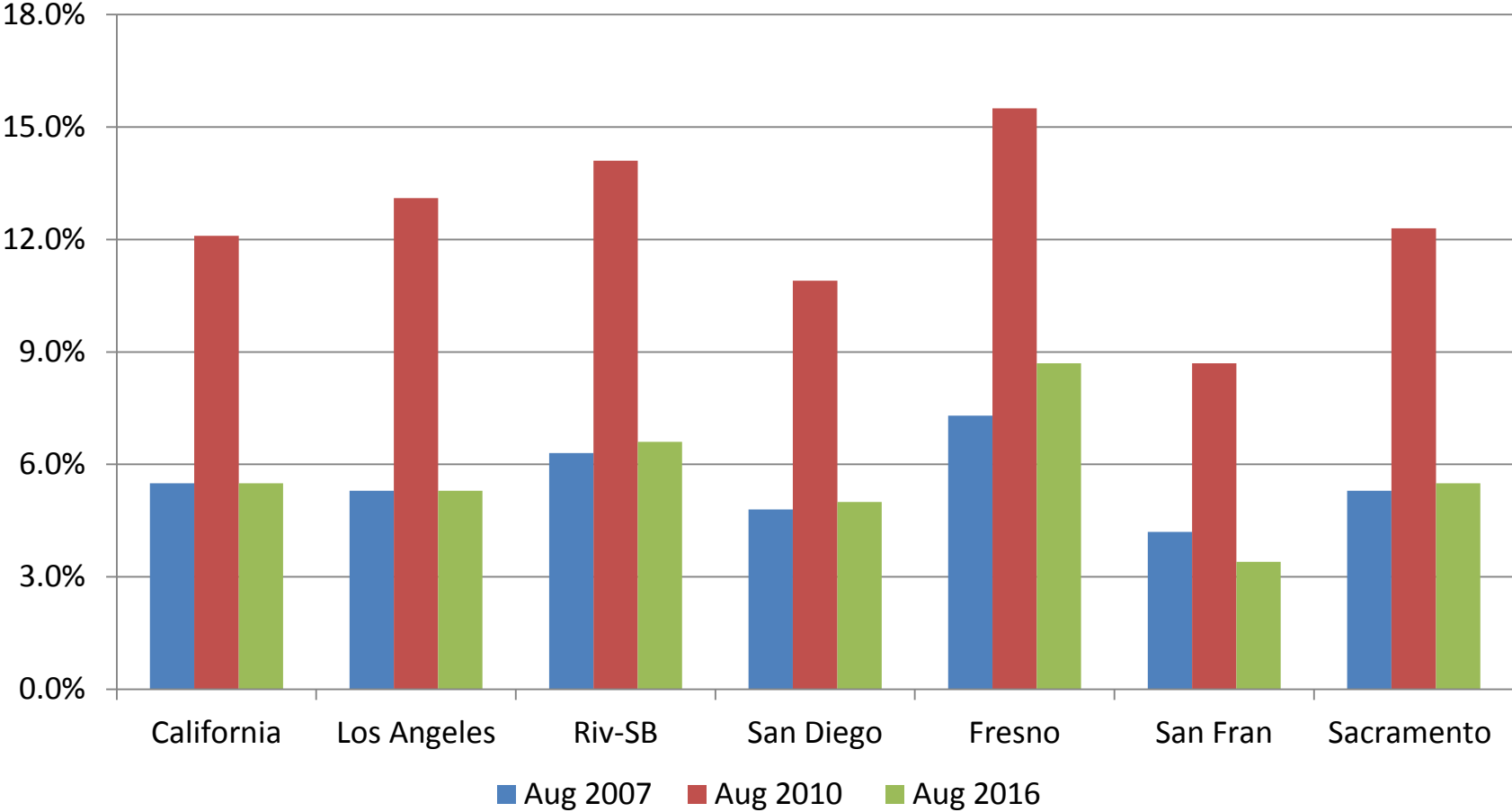
Job Growth Past 24 Months



CA Job Growth Past 24 Months



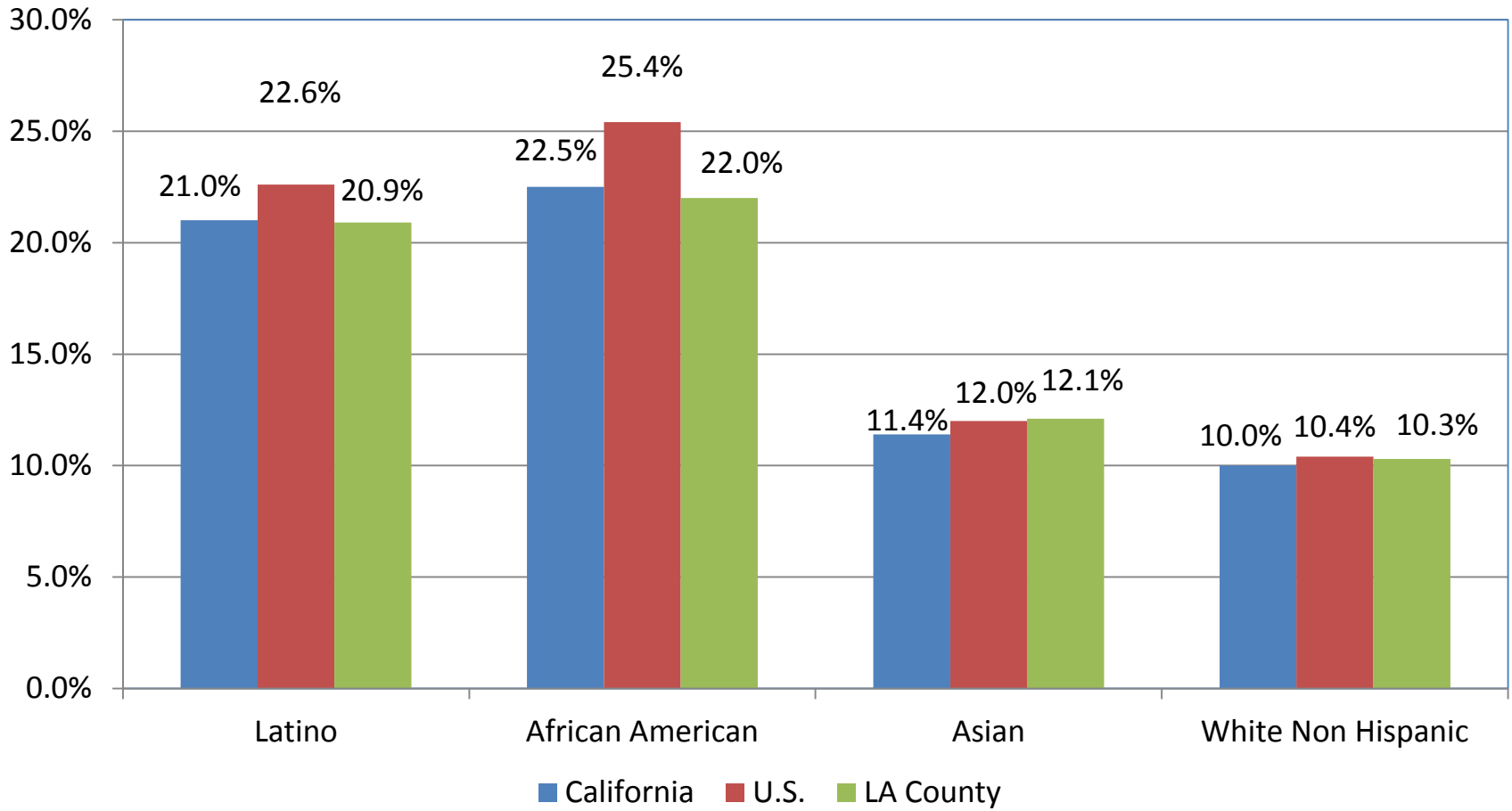
Unemployment Rates in Selected Metro Areas



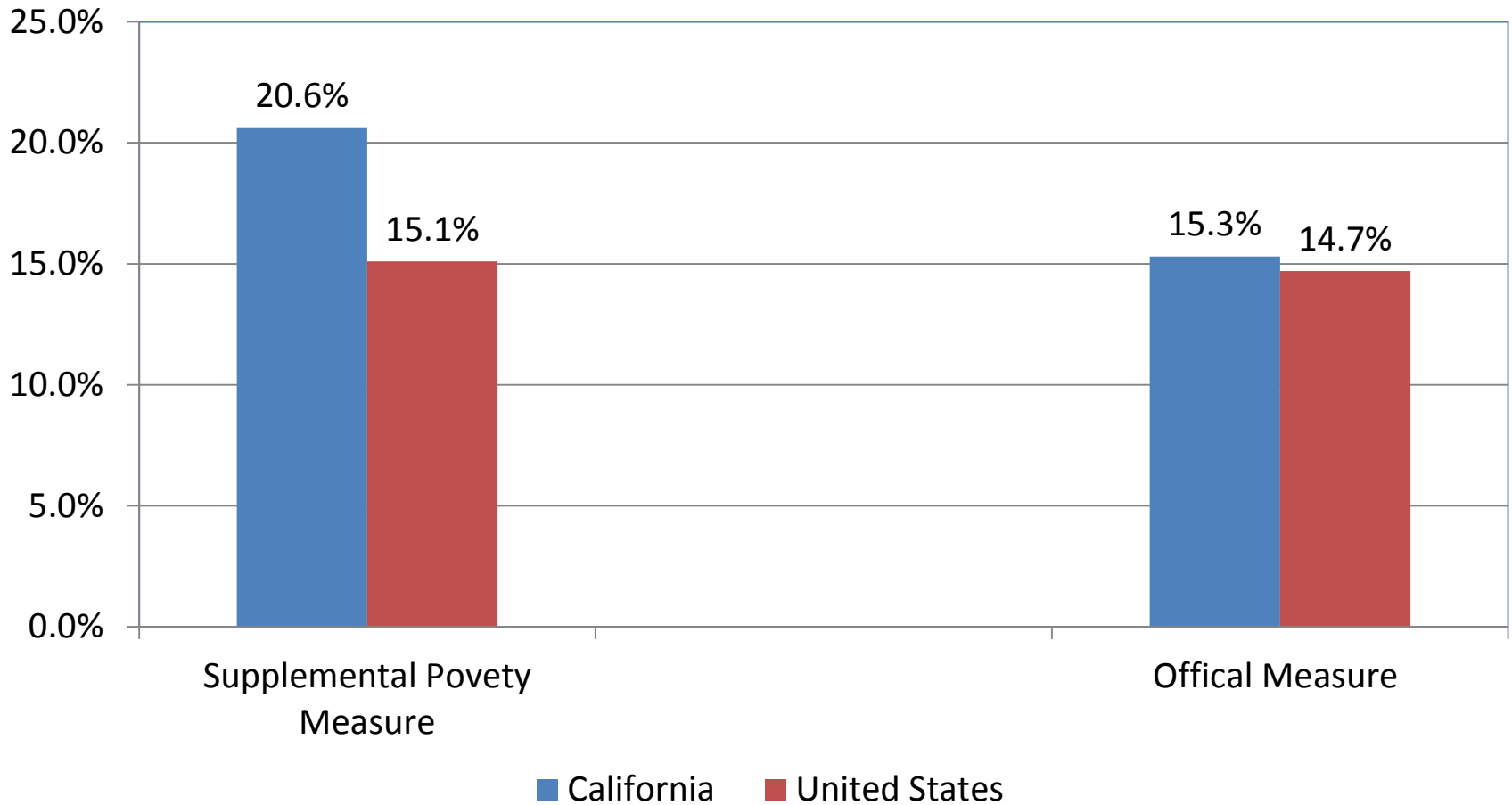
Favorable Labor Force Trends

- Unemployment down from 2.2 to 1.1 million
- Unemployment rate for nonwhite population down from 7.4% to 5.5% in past year
- Number of long-term unemployed down from 500,000 to 200,000 in past 3 years
- People rejoined the labor force in 2016 pushing participation rate up despite retirements. People working part time because no full time jobs down 100,000 in 2016

2015 Official Poverty Rates



Comparison of CA and U.S. Poverty Rates



Wage Trends

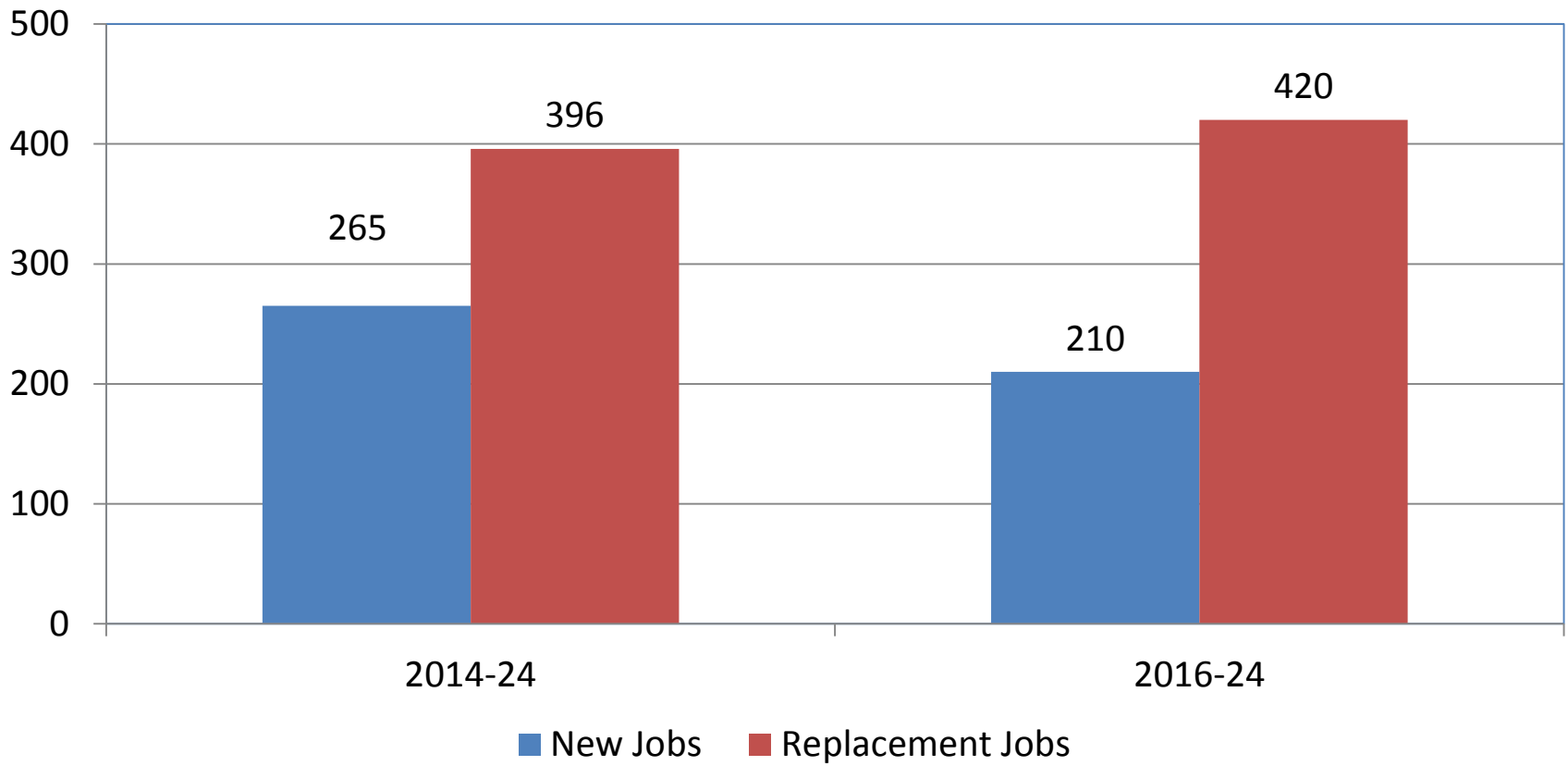
- Median wages for most occupational groups, especially for low wage workers have lagged behind inflation and way behind housing costs in CA.
- Very recent data on wages and poverty are more promising (see NYT article). This shows the importance of strong job growth but does not come near catching up for years of below average wage growth and soaring rents.

Now Let's Look to the Future

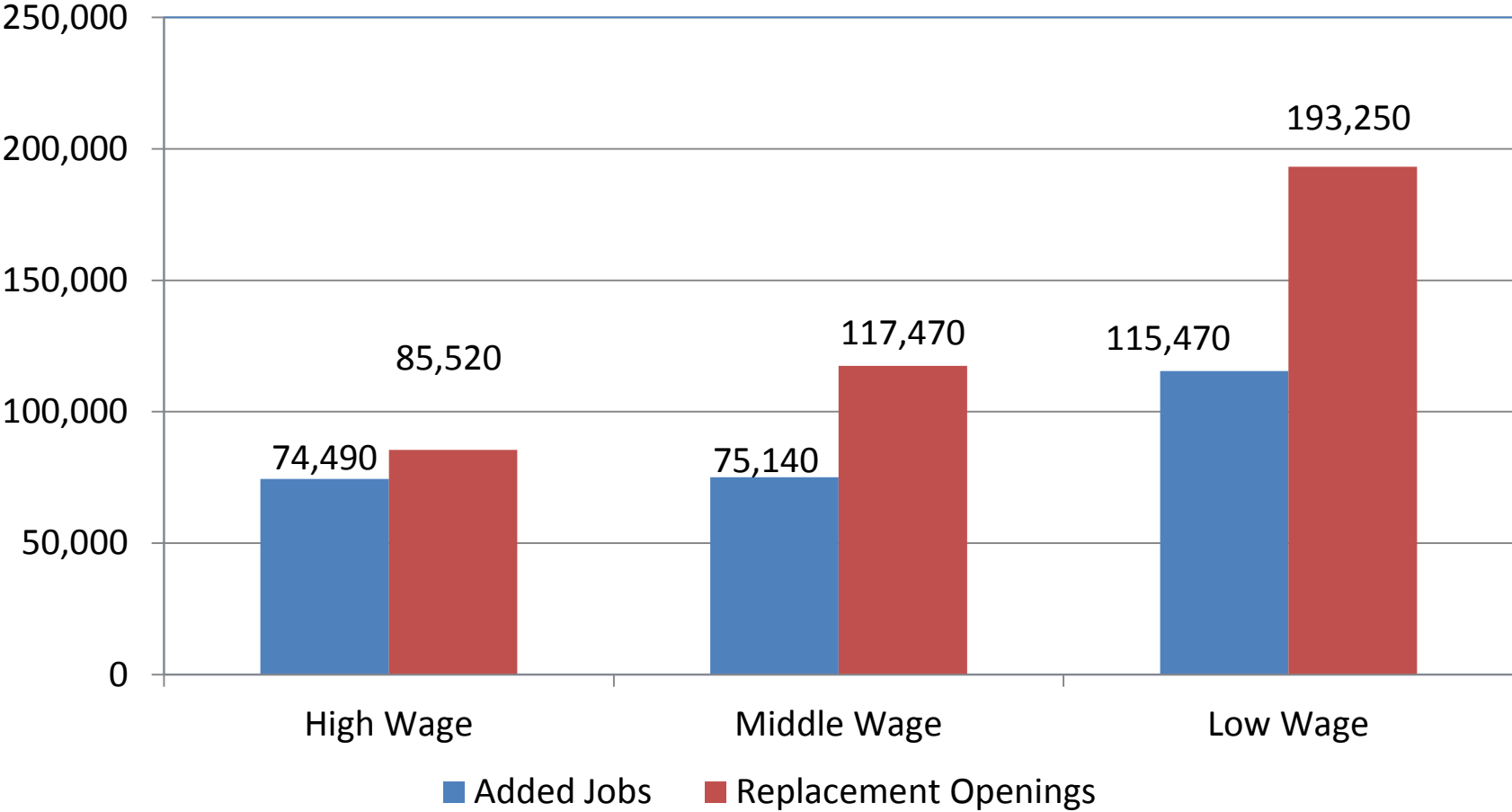
- Replacement openings are largest target of opportunity
- Occupations that currently pay low wages will continue to grow along with the economy
- Then let's talk about what this means for workers and for “workforce” policy

Replacement Jobs Becoming More Important as the Years Pass

Annual Job Openings (Thousands)



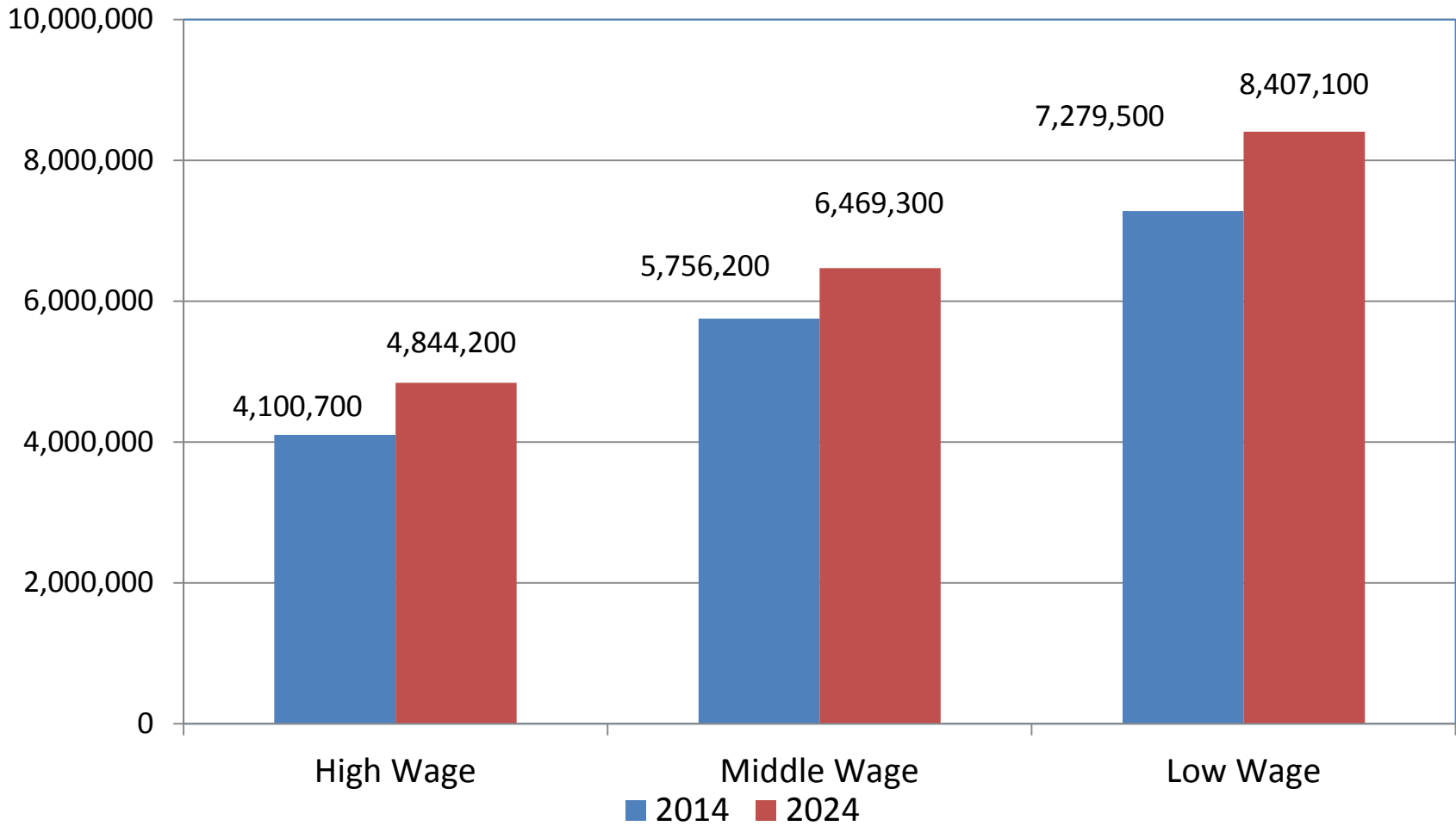
Annual Job Openings 2014-2024



Major Sectors by Wage Group

- High Wage—Management, Business and Financial, Computer, Arch & Engr, Life, Physical & Social Science, Legal, Healthcare Practitioners
- Middle Wage—Community & Social Services, Educ, Training & Lib Services, Atr, Ent & Sport, Protective Service, office & Admin Support, Construction, Installation & Repair
- Low Wage—Healthcare Support, Food Prep, Maintenance, Personal Care, Sales, Production, Transp & Material Moving

Jobs by Occupational Wage Group



Let's Look Again at the 3 Workforce Strategy Areas

- It looks like strong job growth is essential for helping workers find jobs and move up opportunities plus wage growth.
- With so many people spending at least a part of their life in low wage jobs, what can be done and do we have a role?
- In a nearly full employment economy with many middle and low wage job openings, what is our best strategy? Is college graduation getting too much attention versus apprenticeships, credentials, licenses and the like?

The Education, Training and Job Search Bucket

- This is our main strategy set to help employers though it may not have the most impact for workers.
- We get the employer driven concept here.
- But what are our goals knowing that many people will take a long time or never get a middle wage job? Realism versus aspirational goals in the state plan.

Helping Low Wage Workers

- One, some congratulations are in order. CA is a leader in expanding health care, raising the minimum wage and worker protections.
- Two, some next areas could be helping workers in the gig economy organize and get benefit/safety net protection and bringing unauthorized immigrants into open and legal participation in education and the workforce.
- Three, help on housing costs!!

Discussion