

# NOVA and A Hot, Slowing and Changing Economy: Implications for Workforce Planning

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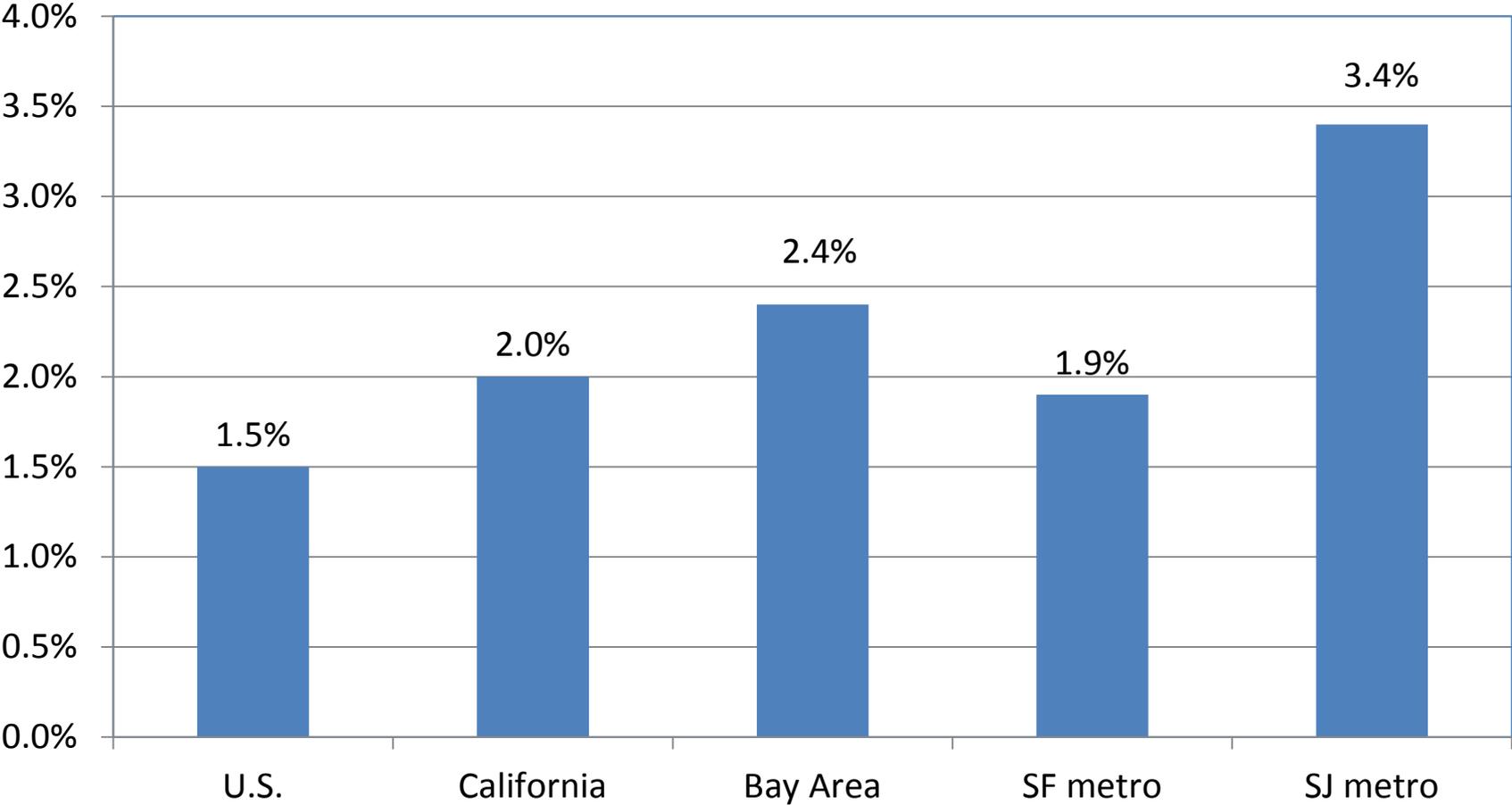
Center for Continuing Study of the  
California Economy

NOVA Retreat Jan 25, 2017

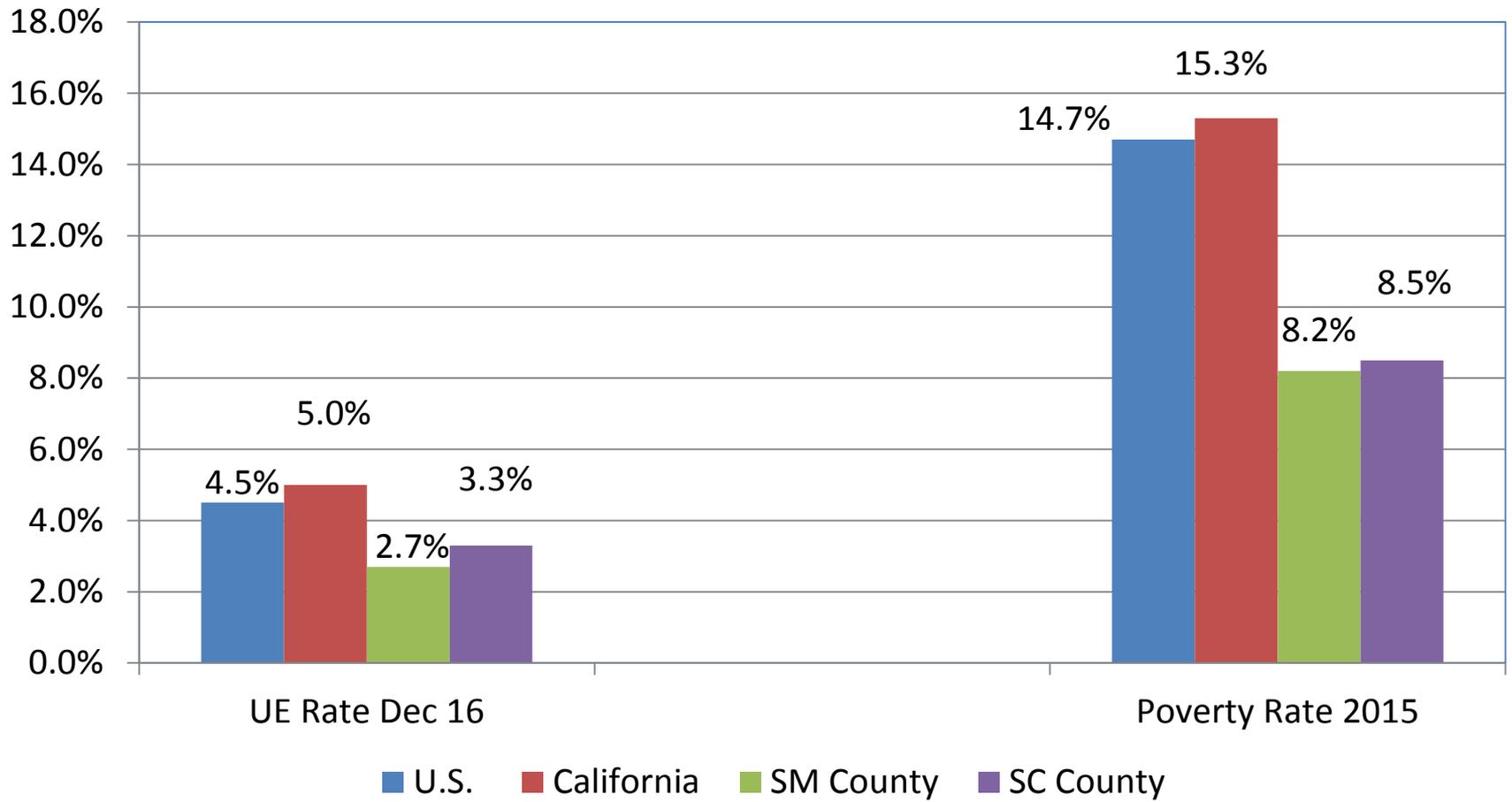
# A Strong Economy on Traditional Economic Indicators

- Above average job growth
- Below average unemployment and poverty rates and workers coming back into the workforce
- Above average median wages, minimum wage thresholds and household income
- But economic distress for many caused by very high housing costs in relation to wages and income

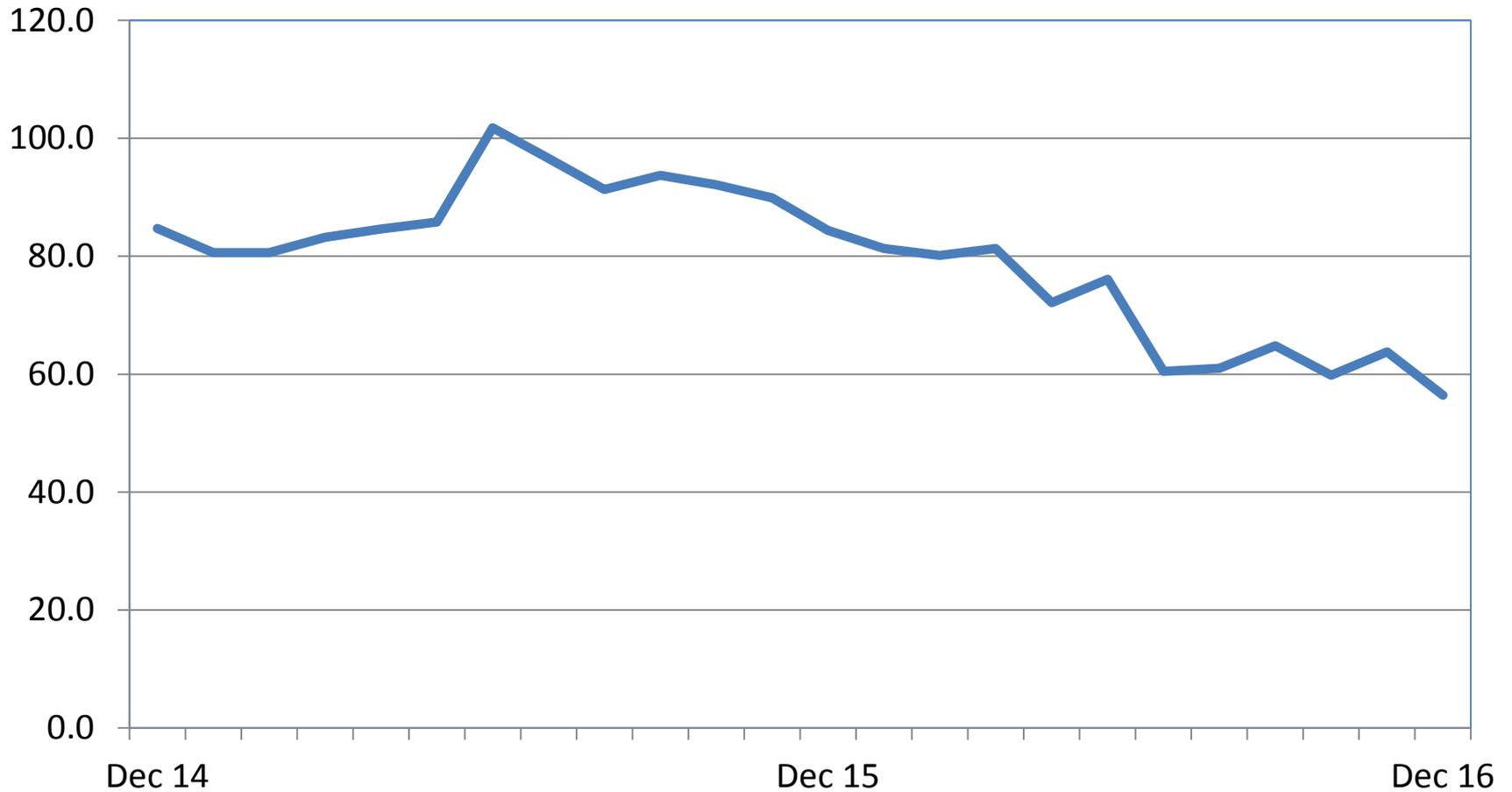
# Dec 15-16 Job Growth Rate



# Unemployment and Poverty Rates



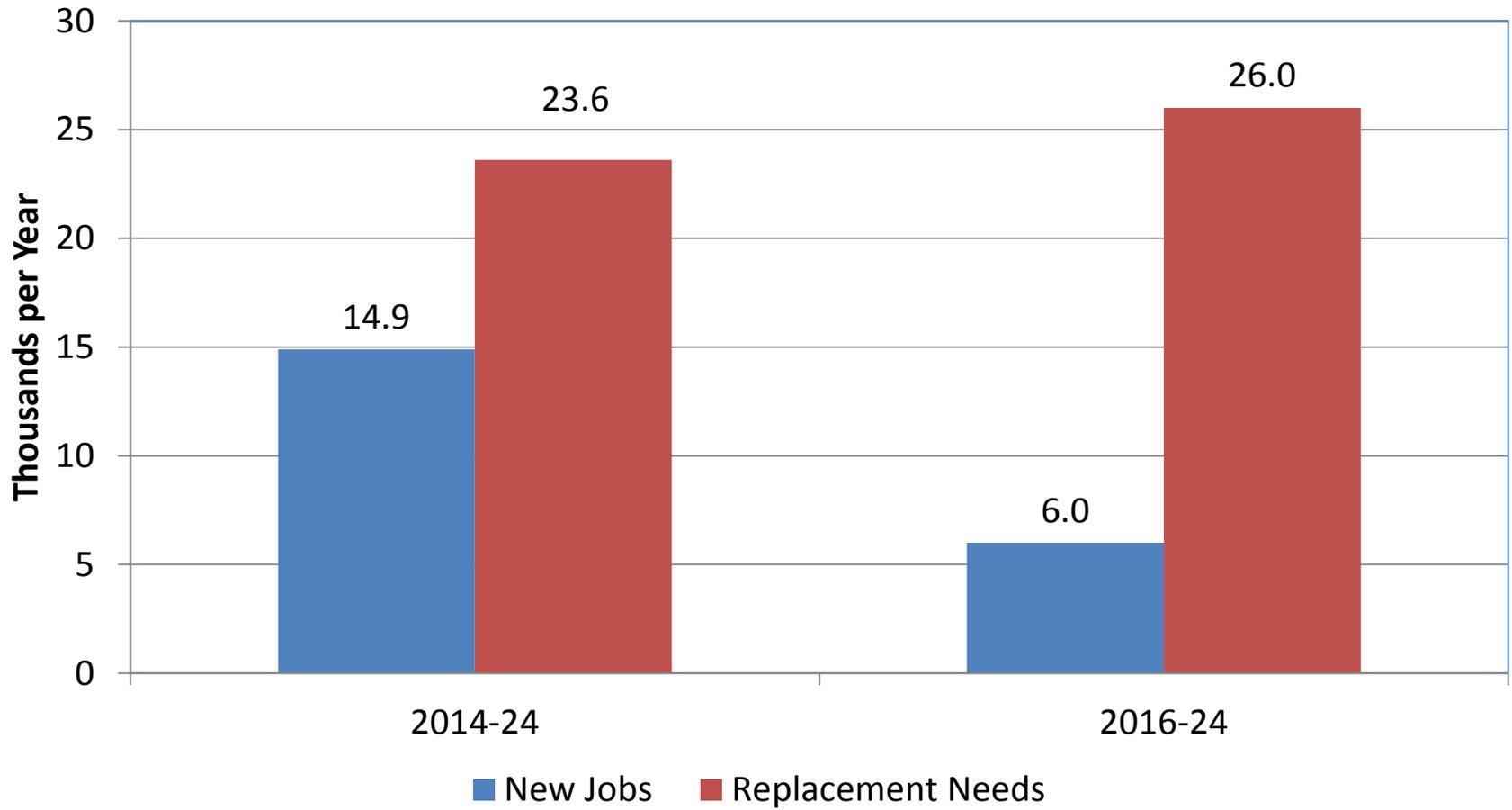
# Year over Year Job Growth is Slowing (Thousands)



# The Replacement Job Opening Surge: Reality and Opportunity

- Slowing job growth combined with growing baby boomer retirements is transforming the job opening mix
- This differs occupation by occupation but is particularly strong in office, sales and production jobs
- Much/most of our work is preparing workers to take or move up into these job openings, not new niche industries—if we are thinking about numbers not press releases

# Job Openings in San Jose Metro 2014-24 EDD—2016-24 CCSCE



# A Dual Workforce Mandate and Dual Labor Market Realities

- Learn about and meet the needs of employers
- Help individuals who are “disadvantaged” by education, disability, language or other reasons
- We have fewer at risk residents than other areas by a large margin but also more workers at risk of job churn, again by a large margin— with job openings amidst layoffs

# Strategies are Proposed to Meet the Dual Mandate

**Strategy 1: Improve career pathways** from low and moderate wage work to middle wage jobs. Prepare residents for success.

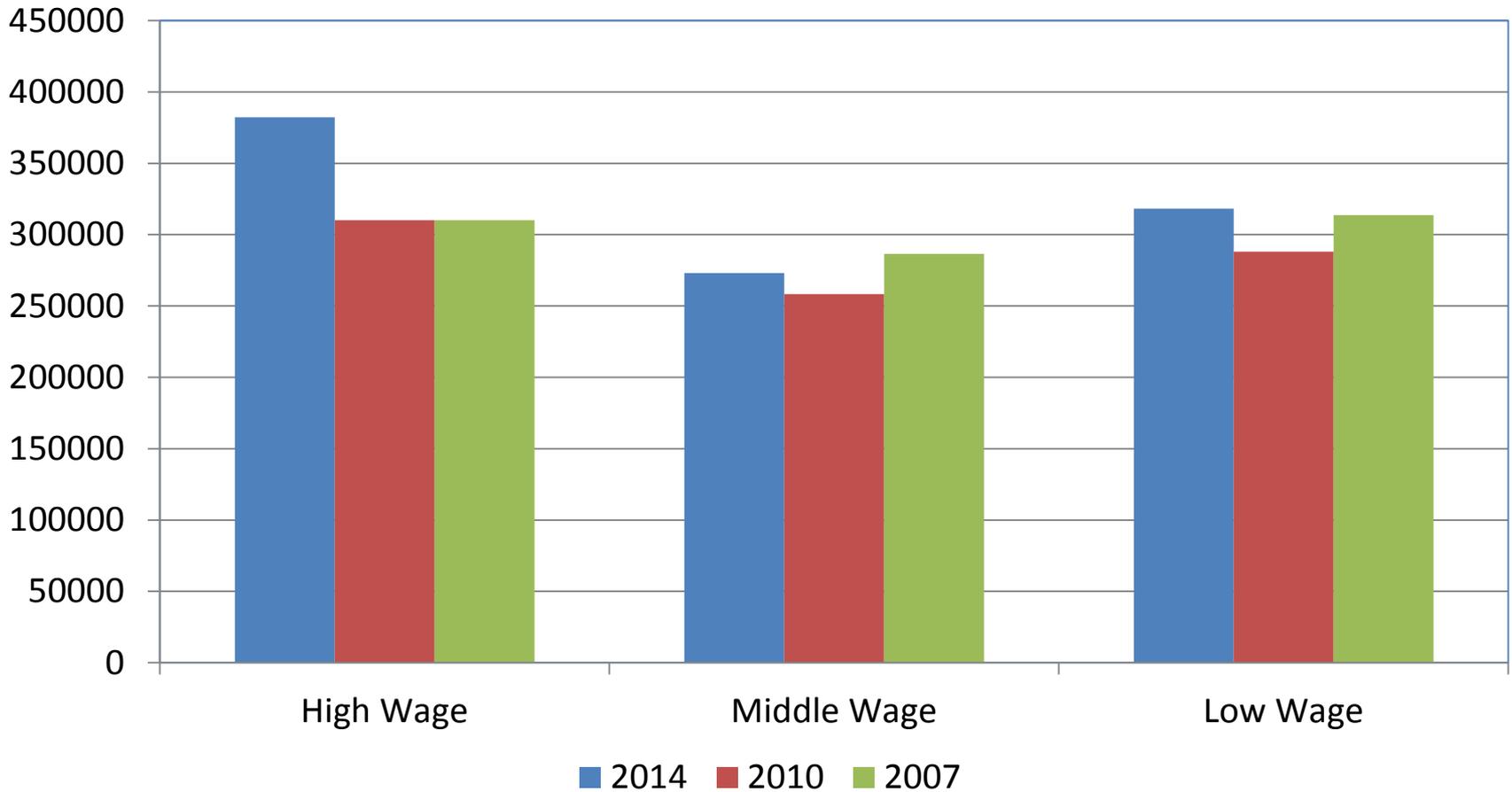
**Strategy 2: Grow the economy** in the Bay Area.

**Strategy 3: Upgrade working conditions and the safety net**, particularly for workers in existing low-wage and moderate-wage jobs.

# Three Challenging Trends

- Roughly a third of jobs are in low wage occupations and the number in these occupations is projected to increase
- Median wages in low and middle wage occupations have grown slowly and below the rate of inflation
- And many workers will retire, which both amplifies the hiring challenge for employers AND creates targets of opportunity for workers

# Job Trends in San Jose Metro Area



# Training is Only Part of Developing Career Pathways

- Creating career pathways has many dimensions. It can start BEFORE the first job and CONTINUE as workers face transitions in their work life.
- Experience and learning the what employers expect is necessary in addition to training. Linked Learning programs in high school and paid internships are ways young people can improve their chances for good jobs.
- Broadening apprenticeships to new industries would be helpful

# Housing, Transportation, Language and Attitude are Workforce Issues

- We have talked about language and attitude before
- We know that housing costs are THE major cause of economic distress but housing costs push workers farther from jobs
- Commute time, costs and options are barriers for workers and employers
- Should we consider these as part of our mission?  
I invite Rosanne to talk about SM transportation funding measures

# Many Workers Will Remain in Low Wage Jobs: Possible Responses

- The state and nation will need to discuss the role of support and safety net programs (food stamps, health care, child care) to reduce poverty for low wage workers.
- Will unions or some other collective voice for low wage workers be part of the solution?
- There is a philosophical question as to whether we feel it is wrong for people who work full time to live in poverty.

# Federal, State and Local Roles

- Income support and safety net policies
  - Medicaid/MediCal, unemployment insurance, CalWORKs, subsidized child care, earned-income tax credit, food stamps, housing, Social Security
- Investment
  - education, workforce, transportation
- Immigration reform
- Minimum wage
- Housing
- Environmental review process - CEQA

# And An Old but New Concern

- What to do about the growing number of people who work outside of the older traditional work arrangements