

The Train as a Metaphor for Thinking About Workforce Policies and Some Economic Trends

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The Train as a Metaphor for Thinking About Workforce Policies

- Those of you who were around 15 years ago may remember this
- I added some pictures (selected by someone who clearly needs help in this dimension but did have fun doing this)
- So to get started envision a train with 3 cars

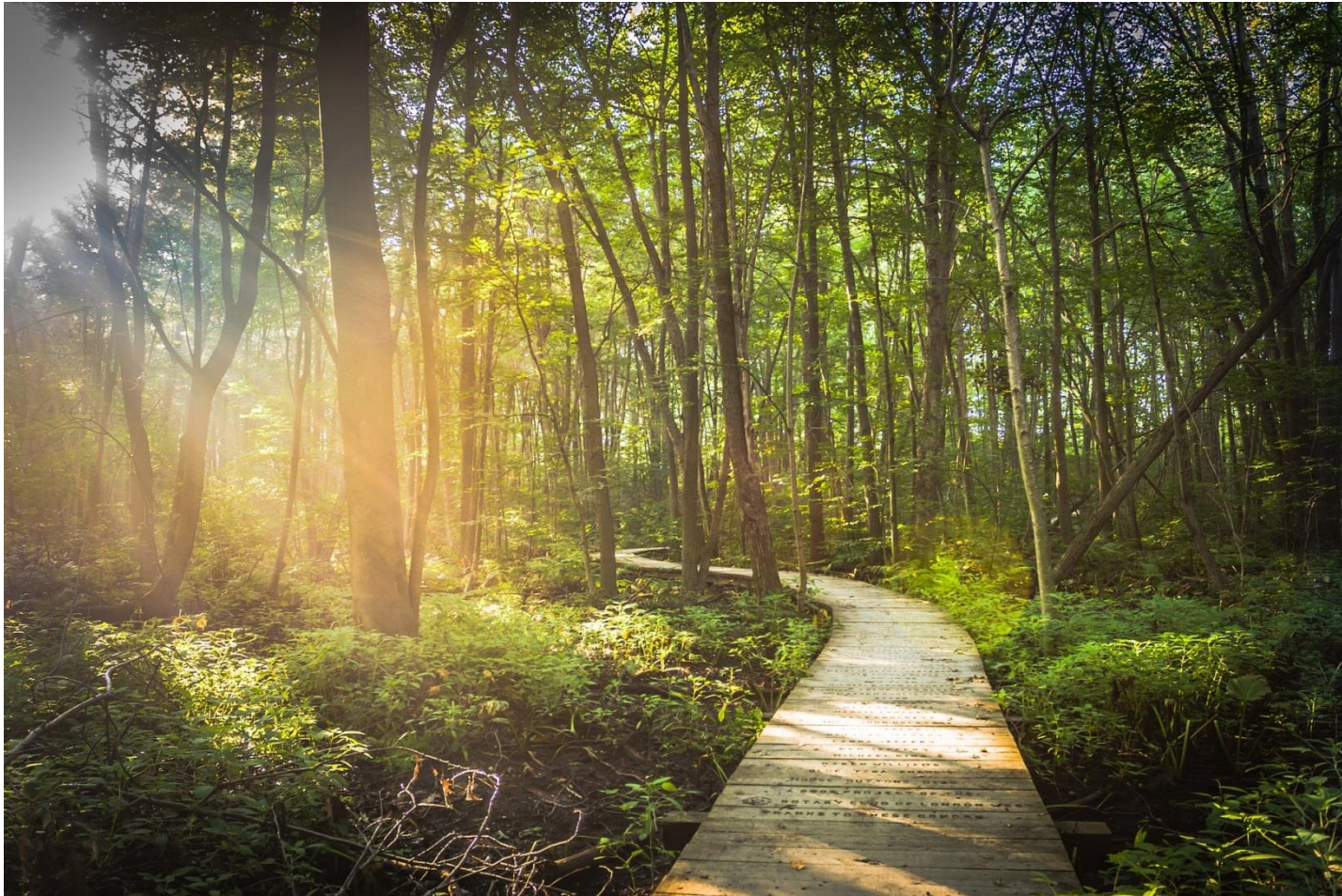
A Train With Three Cars



Who is in the Cars

- One car has low wage workers
- The middle car has middle wage workers
- The other car has high wage workers
- For the number curious, when we did this a few years back, low wage was under \$18 an hour, middle wage was \$18-30/35 and high wage was above. The ranges might be a bit higher now but it is still true that most low wage workers make less than \$15 an hour

Envision a Career Pathway as, well, a Pathway

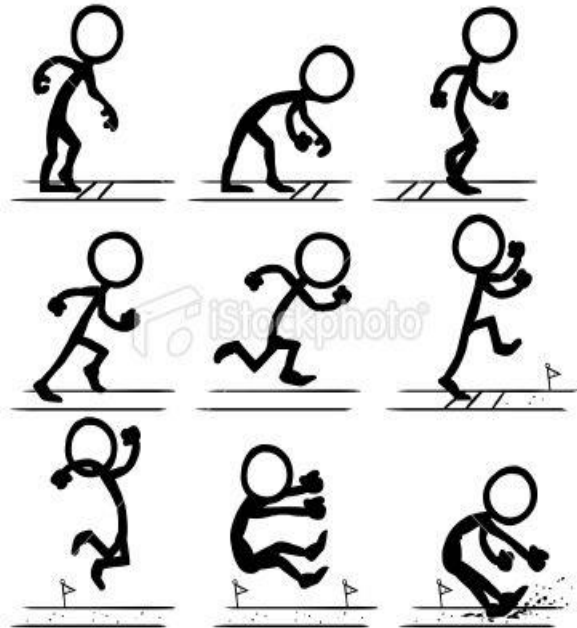


A Career Pathway Has Many Points for Intervention

- It begins before anyone boards the train (gets a job). So think pre-K, K-12, post secondary education and training with many dimensions
- Workers can move up in the same car with more skills or minimum wage increases
- Our goal is for people to move through the train to better jobs over time. And ProMatch helps high wage people get back on the train.
- So a career pathway is a journey

But it Ain't a Broad Jump

You usually do not leap from the back to the front of the train in a single bound so it is also a journey in time



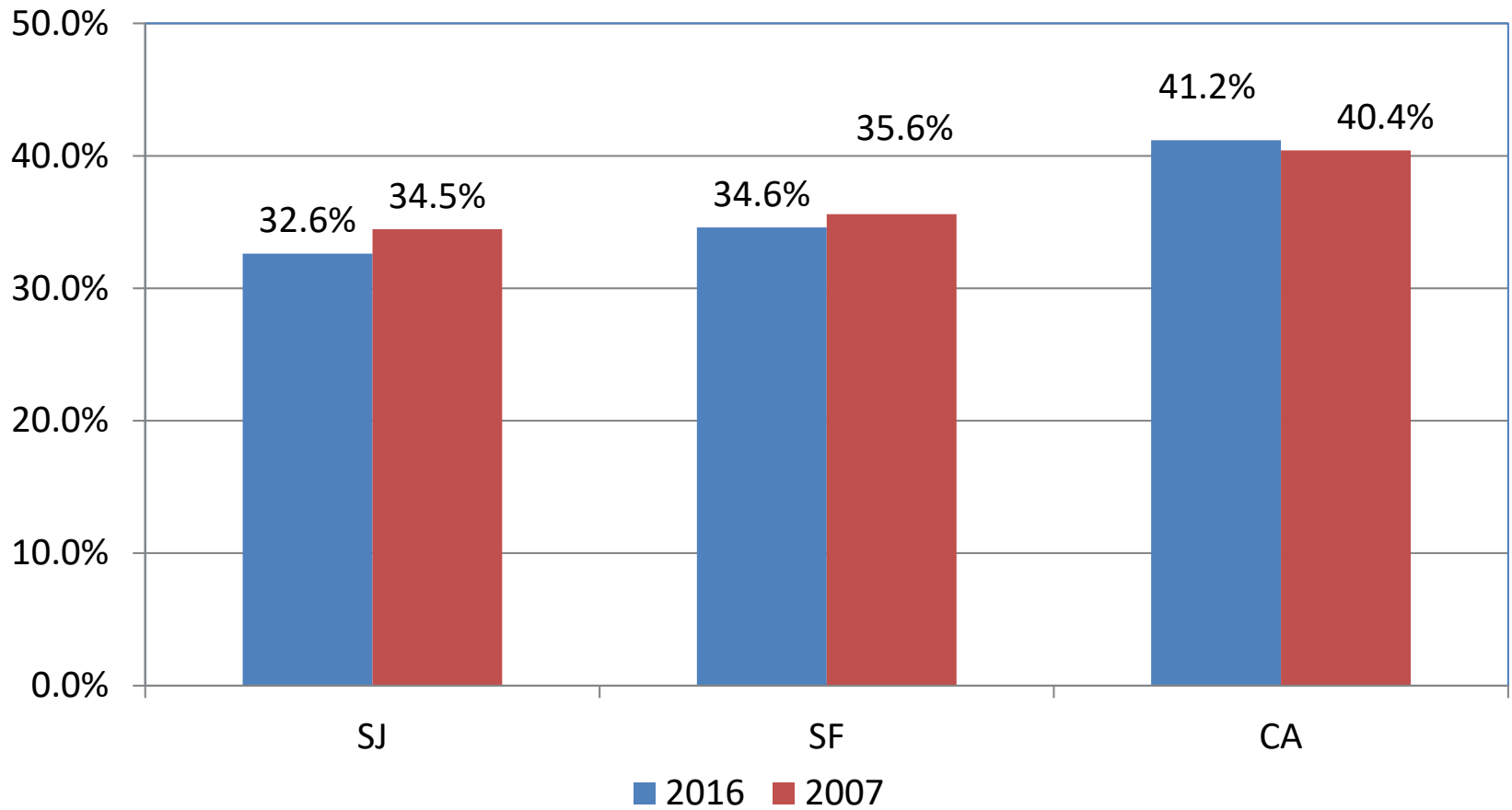
You Thought Maybe You Could Avoid Numbers

- Ha-ha
- Remember Kris asked an economist to do this presentation
- But I do have at least one more picture but you gotta wait for that

Let's Look Inside the Low Wage Car

- About 1/3 of SJ,SF metro jobs are low wage. Shares have not changed much since 2007
- New BLS projections show above average growth in low wage health support, food service, personal service, building maintenance and security jobs. 8 of top 11 fastest growing occupations are low wage
- Upward mobility can help many but the low wage car will be more crowded in ten years

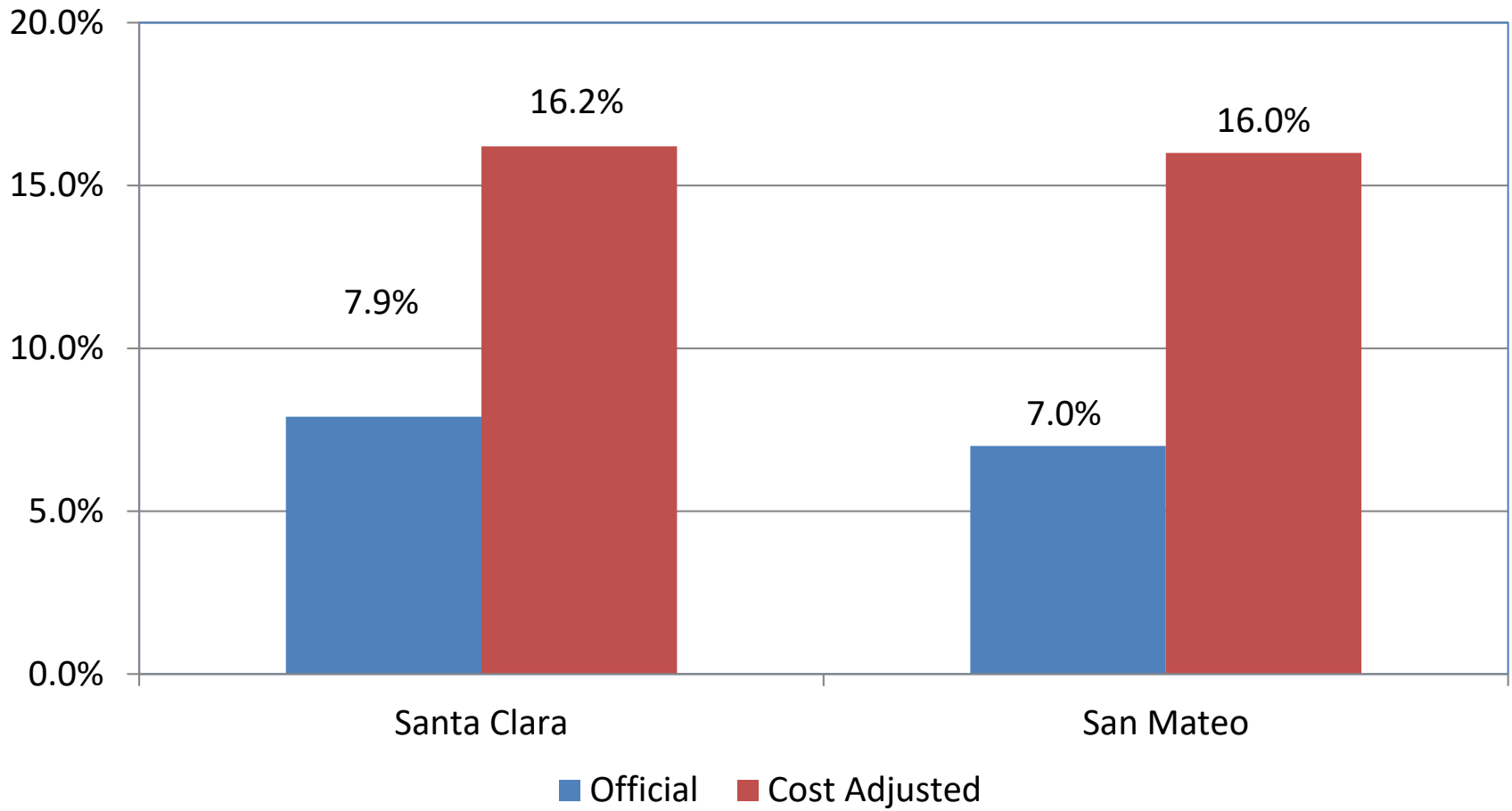
Low Wage Job Shares



There is Good News in the Low Wage Car BUT...

- After decades of no wage growth, the minimum wage increases and worker shortages have pushed wages in these occupations up faster than average and that should continue for a while
- BUT housing costs have risen even faster and poverty rates adjusted for housing costs are high. Poverty in our service area is housing cost poverty not wage-based poverty

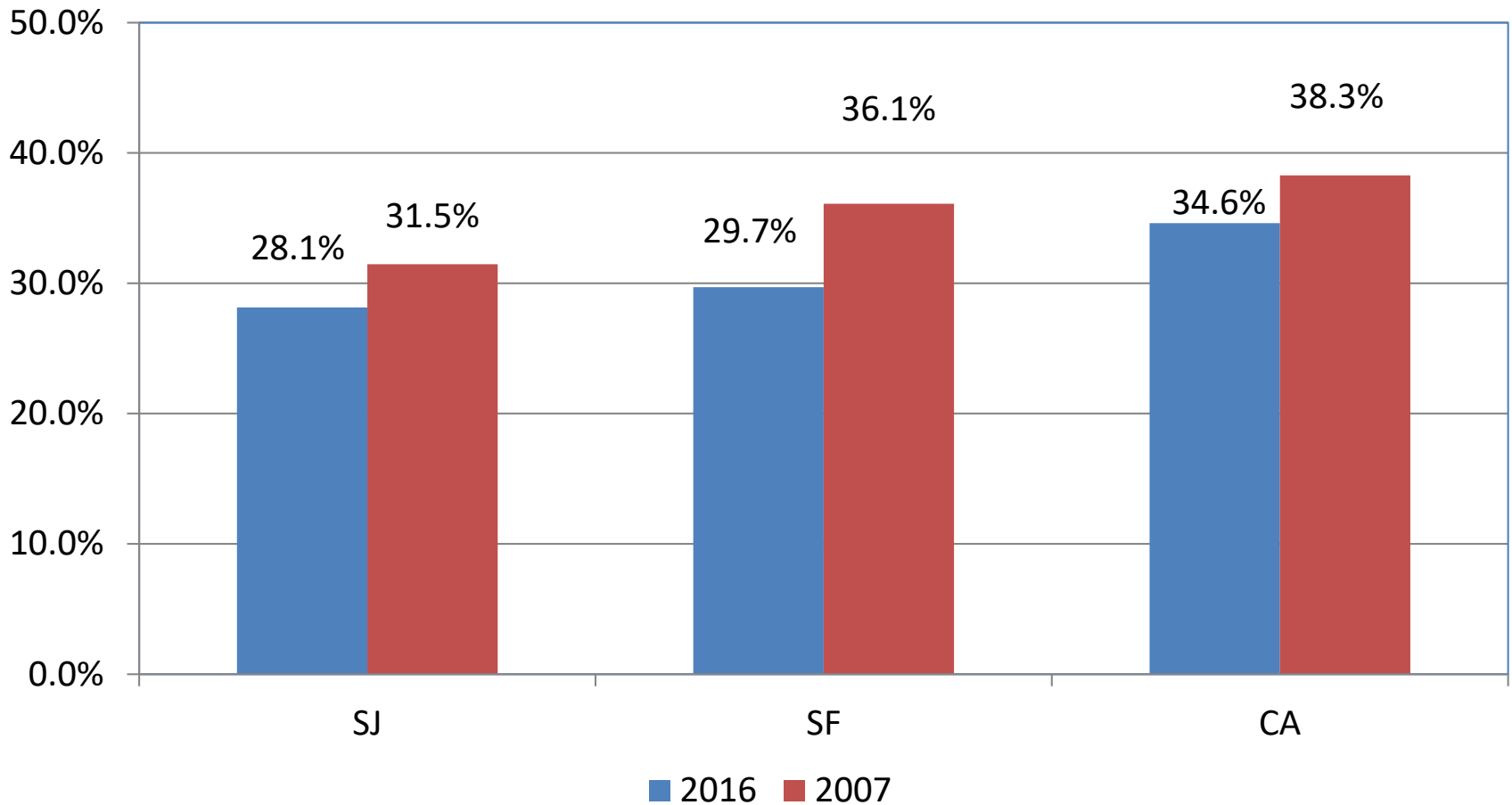
Poverty Rates 2013-15



Let's Look Inside the Middle Wage Car

- The middle wage car has the fewest workers AND the share of workers in the middle wage car has declined since 2007
- The largest occupations are in offices, construction, installation and repair, education and health care
- The largest move up opportunities are in REPLACEMENT OPENINGS not job growth, which should cause us to think carefully about goals

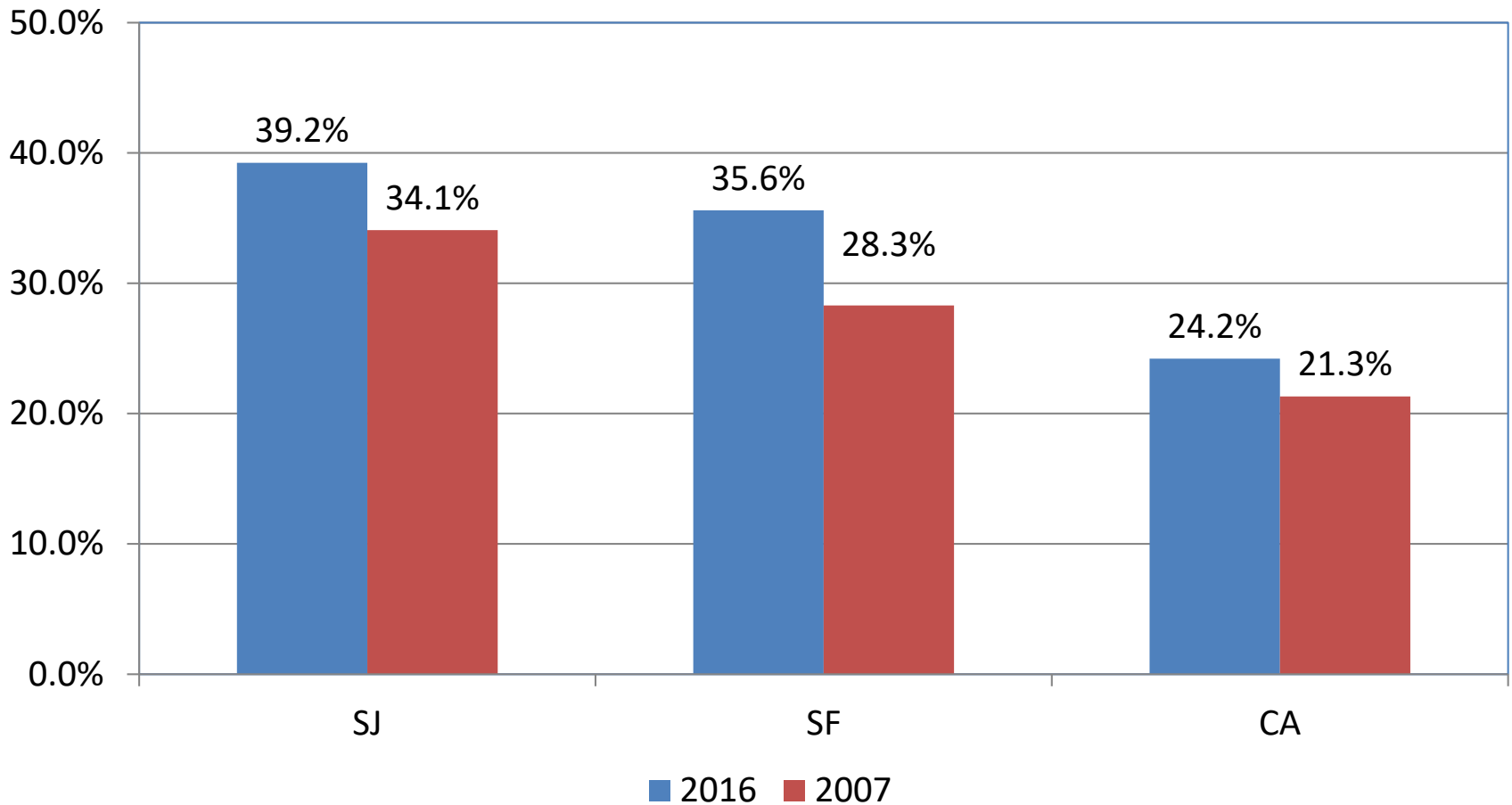
Middle Wage Job Shares



The High Wage Car is Doing Well

- The share of high wage jobs is rising
- High wage jobs are a growth area, particularly in technology, health care and some construction
- But the high wage car has lots of churn and we have ProMatch
- And many people will never be in the high wage car

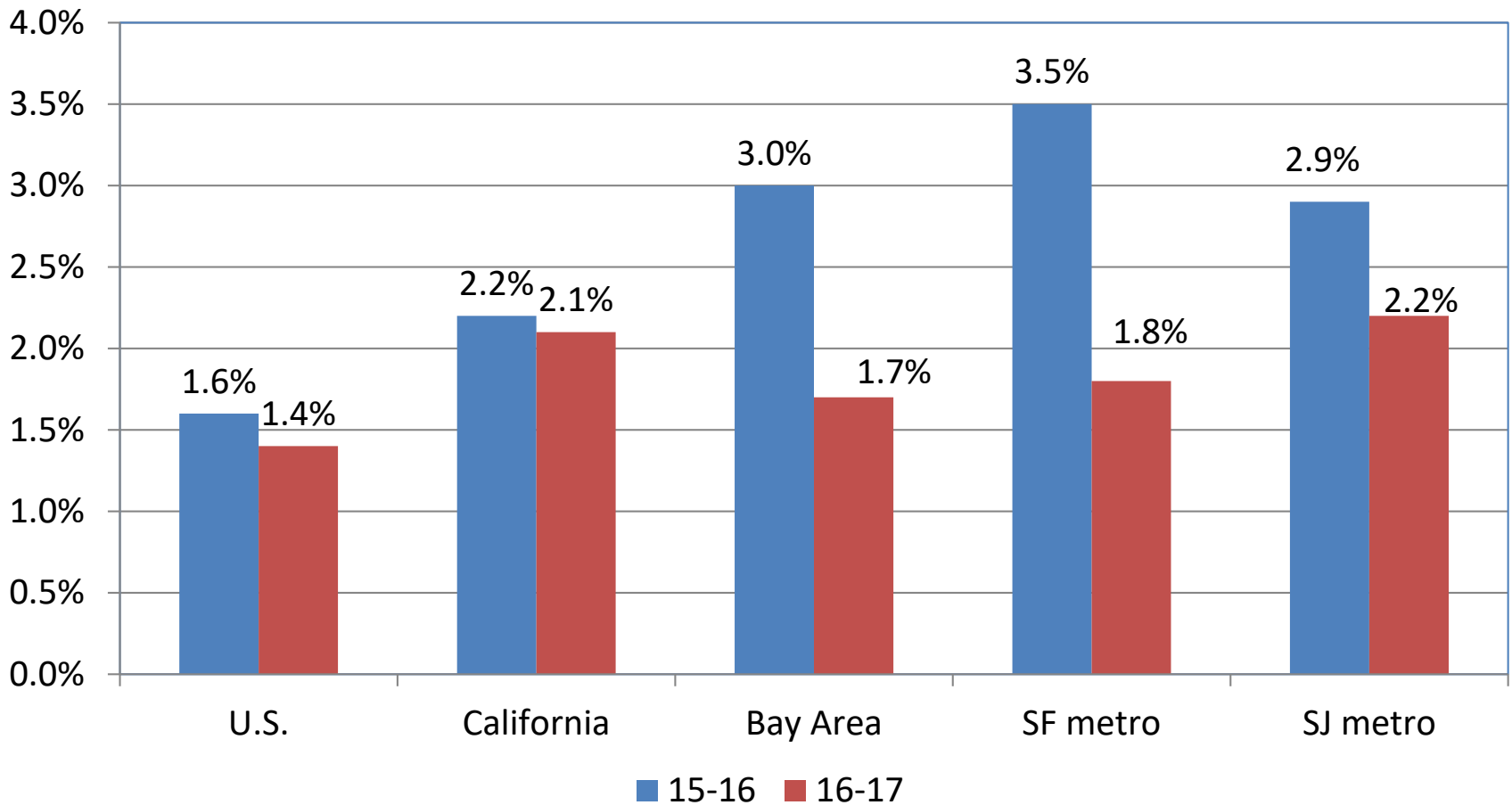
High Wage Job Shares



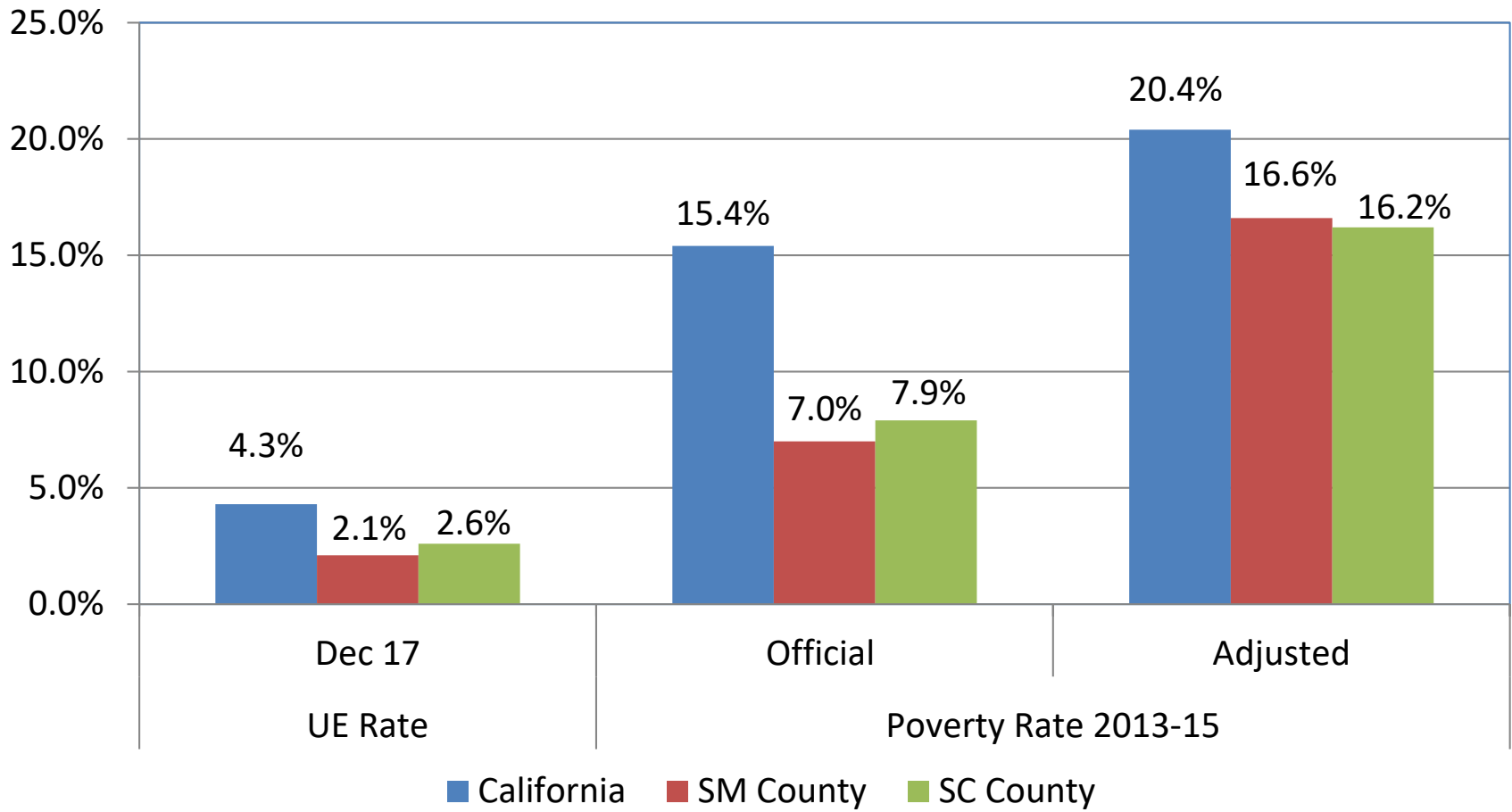
Taking a Small Train Break

- Our economy has strong but slowing job growth, low unemployment and workers coming back into the workforce
- We have above average wages and income and rising minimum wages
- And major companies have plans for substantial expansions including a focus on adding housing near jobs
- Still some face economic distress

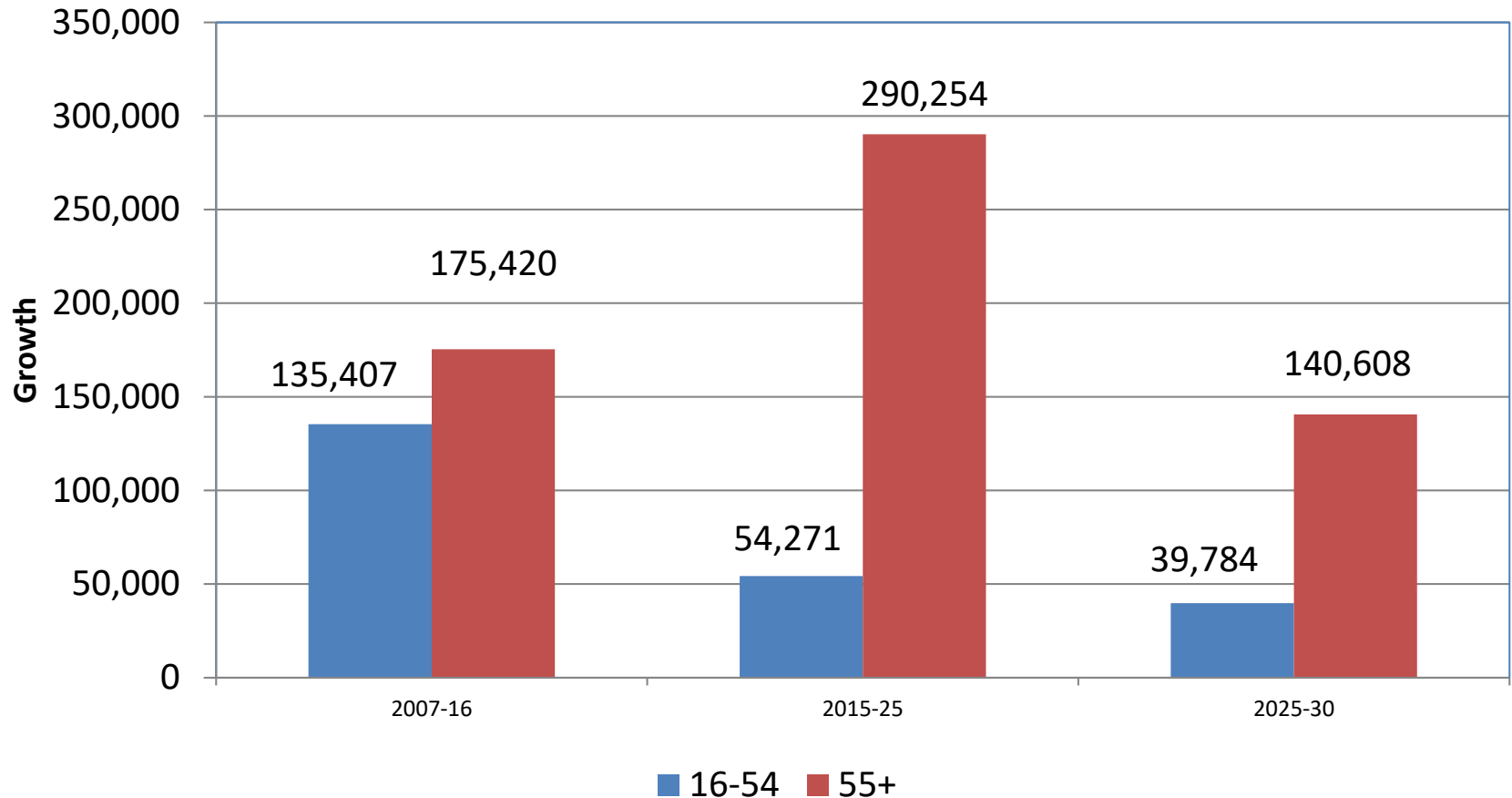
Dec Year over Year Job Growth



Unemployment and Poverty Rates

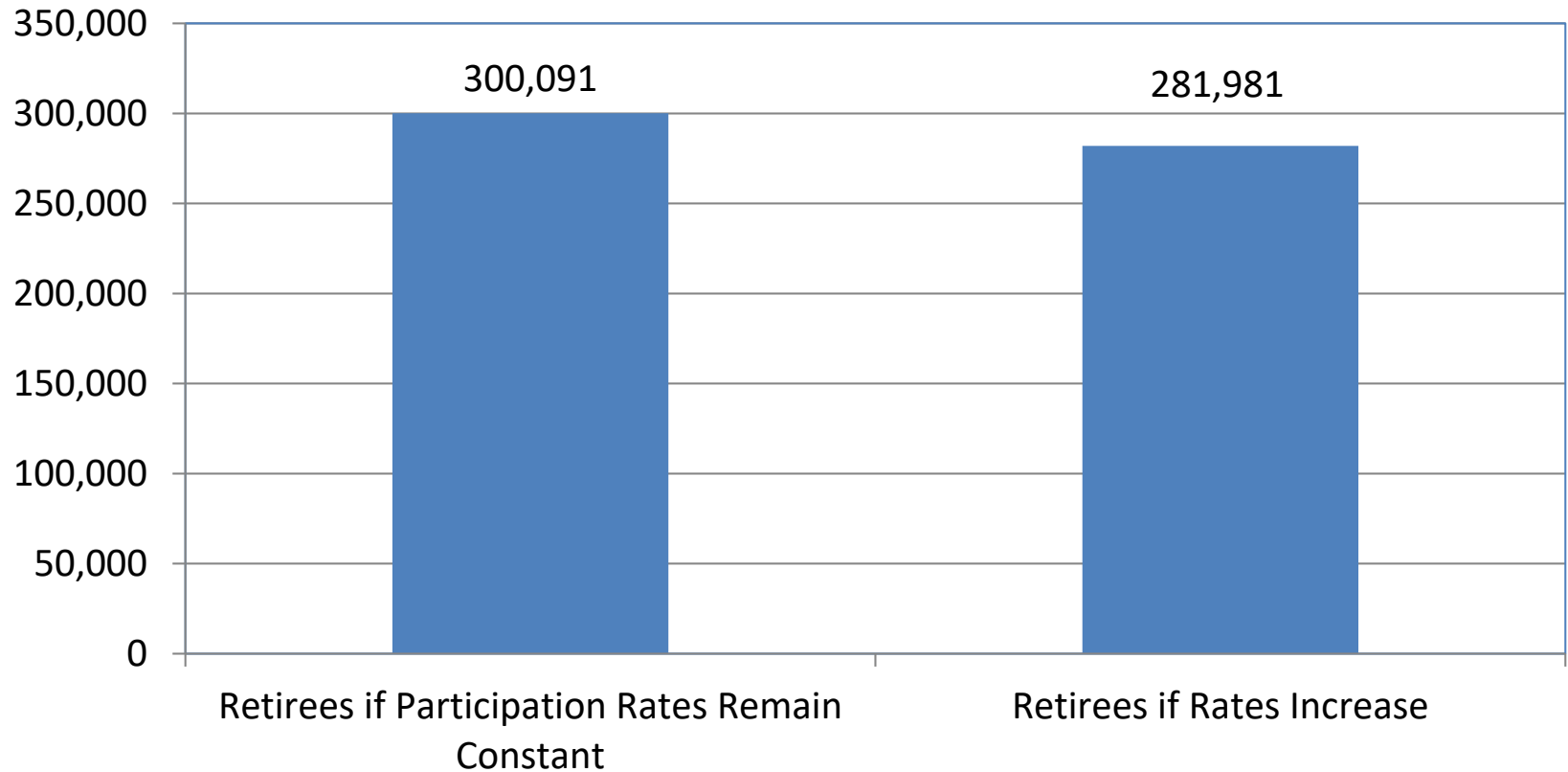


Most Population Growth is Over 55



So Retirements Are coning

Silicon Valley Retirees 2016-2026



A Dual Workforce Mandate and Dual Labor Market Realities

- Learn about and meet the needs of employers
- Help workers find jobs including 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.

McKinsey Automation Report Policies

- Ensuring robust demand growth and economic dynamism is a priority: history shows that economies that are not expanding do not generate job growth.
- Midcareer job training will be essential
- Another priority is rethinking and strengthening transition and income support for workers caught in the crosscurrents of automation.
- Two perspectives, same conclusions

Very Hard to Move Up if the Train Ain't Movin'
Hence the Phrase "Engine" of Economic Growth



Without Economic Growth

- Job opportunities are reduced
- There is less public funding for education, the safety net and housing and transportation
- Minimum wage increases usually happen in strong economic times
- And our services help one customer who will likely displace another worker as jobs are declining not growing

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 are Workforce Issues AND Economic Growth Issues

- We know that housing costs are THE major cause of economic distress but housing costs are of major concern to employers seeking workers
- Commute time, costs and options are barriers for workers and employers
- Should these issues be part of our advocacy group discussion after lunch?

Strengthening Transition and Income Support for Workers in Low Wage Jobs and Displaced by Automation

- The state and nation will need to discuss the role of support and safety net programs to reduce poverty for low wage workers.
- And to help the millions who will face transitions
- My favorite—policies that allow unauthorized immigrants to learn and earn to their fullest potential

And A Question for Board Discussion

- Do we have the scope, bandwidth and intention to think about solutions that will take time to implement?
- Do we want a long-term planning role re workforce issues or does day to day (year to year) survival for us and our customers a priority that takes all our energy