

TASK FORCE WHITE PAPER

BOARD OF GOVERNORS TASK FORCE ON WORKFORCE, JOB CREATION AND A STRONG ECONOMY

The Challenge

In order to enhance the California economy and ensure good jobs for its citizens, the state must meet industry needs for a skilled workforce, support small business development, and become increasingly competitive in attracting jobs from other states and around the globe.



Too many Californians face substantial challenges in finding good jobs and supporting themselves and their families in an era with volatile, rapidly evolving labor markets. Too often, they lack the skills, credentials and work experiences they need to obtain high-value jobs. At the same time, in regions across California, employers in key industries require workforce skills and aptitudes that are in short supply. Without creative, aggressive action, that gap is likely to worsen in the years to come, threatening economic growth and the ability of thousands of Californians to succeed. Other states are not sitting still.¹

It is estimated that there will be 6.3 million job openings in California between 2010 and 2020. By 2020, more than thirty percent of California's jobs will require a postsecondary career education credential, certificate, or associate degree.²

- Between 2010 and 2020, 60% of all job openings will be from replacements as Baby Boomers retire.³
- Labor force participation for youth has declined by 6.8% in the past decade, down to just over 60 percent for youth ages 16-24.⁴ More than 40% of youth ages 16-24 are not in school, and nearly 15% are “disconnected”—neither in school nor working.⁵
- Companies today invest about half as much in training as they did a decade ago.⁶ For instance, the number of registered apprentices in the U.S. has fallen by 39% from 2002 to 2012.⁷
- 99% of employers are businesses with less than 500 employees. They create 2 of 3 net new jobs.⁸ Roughly one third of this workforce is employed in companies of less than 50 employees with limited infrastructure to develop their workers.⁹
- Education has been shown to significantly increase regional prosperity. Increasing the education of the average worker by one year is associated with a 10.5% increase in regional GDP per capita.¹⁰

Author and Berkeley Economics Professor Enrico Moretti observes that all sectors have a multiplier effect on job creation. Each additional job in manufacturing, for example, creates 1.6 local jobs ranging from barbers, waiters, to doctors and lawyers.

For the innovation sector where there is intensive use of human capital and human ingenuity, the job multiplier is five. Innovation “has a disproportionate effect on the economy of American communities. Because innovation jobs are typically much higher paying, the service jobs pay more too.”

He notes that the best way for a region to generate jobs for less skilled workers is to attract innovative companies that hire highly skilled ones.

California is a set of regional economies, not a monolithic one. Different industry sectors serve the base for each regional economy, yet one commonality remains the same. Today, human capital is the best predictor of a region's success. California's regions differ in their capacity to generate jobs.

The California Economic Summit repeatedly identified workforce as a significant concern in common across regions.

This call to action shaped the 2012 development of the Chancellor's Office Doing What MATTERS for Jobs and Economy (DWM) framework which sought to align state investment with the skill needs of regional industry sectors. In much of California, especially rural areas, community colleges remain the only institution providing workforce preparation and training.



Since 2012, the Chancellor's Office evolved its accountability systems to focus on student success, incorporating metrics of workforce outcomes. These bodies of work lay the groundwork for a broader system-wide dialogue inclusive of internal constituents and external stakeholders who depend on our system for workforce education and skills development.

We must train more Californians for the jobs we have now and will create in the future. California invests over \$4 billion annually in career education, employment training, and workforce development through a variety of public agencies, including local Workforce Investment Boards, Employment Training Panel, Adult Education system, California Community Colleges, etc. California needs to mobilize our federal, State and regional resources to meet industry needs for a skilled workforce, support small business development, and become increasingly competitive in attracting jobs from other states and the globe. To get there will require more than incremental changes at the margins of our various workforce systems. We need the California Community Colleges to play a vital role in strengthening California's economy. Through the Task Force, the Board of Governors will establish the roadmap.

The Goal

Increase individual and regional economic competitiveness by providing California's workforce with relevant skills and quality credentials that match employer needs and fuel a strong economy.

We Must Ask Ourselves the Hard Questions:

What set of actions will enable the California Community Colleges to significantly increase the number of degree and certificate completion with workforce value? How can the California Community Colleges most effectively strengthen California's regional economies? The Task Force will explore strategies and activities such as these listed below:

- Increasing the completion of quality industry-valued credentials by regional economies. Increasing STEM/STEAM skills that matter to employers.
- Better aligning K-14 and K-16 career pathways¹¹ to the quality and quantity needed by regional economies.
- Increasing employer co-investment in developing their talent pool via apprenticeship, work-based learning, internships and other forms of participation.
- Evolving structures intended to respond to changing skills needs, making them more inclusive of competencies, online delivery, employer-customized education, and work-based learning.
- Braiding collaboration, resources, and outcomes among California's state agencies active in workforce and economic development.
- Creating on-line tools to access the jobs infrastructure for: at-risk youth (ages 16-24); adults needing training or retraining; businesses that need the talent; and partners who want to co-invest.

According to the **Association for Career and Technical Education**, the term "industry-recognized," used with respect to a credential, means a credential that—

A. is sought or accepted by employers within the industry or sector involved as a recognized, preferred, or required credential for recruitment, screening, hiring, retention or advancement purposes; and,

B. where appropriate, is endorsed by a nationally recognized trade association or organization representing a significant part of the industry or sector.

¹ Inside Higher Education, "Linking Business and Budgets", August 7, 2014.

² Georgetown University Center on Education and the Workforce, "Recovery: Job Growth and Education Requirements through 2020, State Report, June 2013. Note: 65 percent of jobs will require postsecondary education beyond high school.

³ Georgetown University Center on Education and the Workforce, "Recovery: Job Growth and Education Requirements through 2020," June 2013.

⁴ Bureau of Labor Statistics, U.S. Department of Labor, The Editor's Desk, Youth labor force participation rate in July 2013 same as a year earlier.

⁵ U.S. Census Bureau, Current Population Survey, October 2012.

⁶ Center for American Progress, "Training for Success - A Policy to Expand Apprenticeships in the United States", November 2013

⁷ U.S. Department of Labor Office of Apprenticeship.

⁸ Small Business Administration, Frequently Asked Questions

⁹ BLS Business Employment Dynamics, 2013.

¹⁰ Milken Institute. "A Matter of Degrees: The Effect of Educational Attainment on Regional Economic Prosperity." February 2013.

¹¹ (from K-12 through community colleges; from community college to the workplace; from community college to the university)