

DRAFT

**CALIFORNIA UNIFIED STRATEGIC
WORKFORCE DEVELOPMENT PLAN
PROGRAM YEARS 2020-2023**

**IN FULFILLMENT OF THE REQUIREMENTS OF THE
WORKFORCE INNOVATION AND OPPORTUNITY ACT
PUBLIC LAW 113-128**

ECONOMIC AND WORKFORCE ANALYSIS

California's Economy is Big and Growing

- With a real Gross Domestic Product of over \$2.7 trillion in the first quarter of 2019, a labor market with 19.4 million participants, and a nonfarm economy with nearly 17.6 million jobs in October 2019, California has the largest economy of any state in the nation.
- California has experienced nearly a decade of near continuous job growth, which has driven its unemployment rate to a record low level and the number of unemployed Californians to a thirty-year low. However, there is a good possibility California's employment expansion will end sometime during the life of this State Plan.
- California's labor market continues to experience a demographic transformation as the predominantly White and native-born baby boomer generation has aged and begun retiring from the labor force in large numbers, leaving the more racially and ethnically diverse millennial generation to take their place.

California's Employment Expansion

Total Nonfarm Jobs

- California total nonfarm employment finally bottomed out in February 2010, marking the end of the Great Recession and the beginning of the state's current employment expansion.¹ California has experienced nearly continuous job growth since, losing jobs just seven times over the 116-month period from February 2010 through October 2019, and just three times over the 100-month period from June 2011 through October 2019. With a duration of 116 months and counting, California's ongoing employment expansion is the state's longest of the post-World War II era.
- California gained a total of 3,377,900 nonfarm jobs from February 2010 through October 2019, an increase of 23.6 percent. Nonfarm employment grew at an annualized pace of 2.5 percent per year over the entire period.
- In May 2014, California recovered the 1,316,400 nonfarm jobs it lost during the Great Recession from July 2007 through February 2010 and job growth continued thereafter. By October 2019, the state had 2,061,500, or 13.1 percent, more nonfarm jobs than it had at the start of the recession in July 2007.

¹ Whereas U.S. economic business cycles are officially arbitrated and dated by the National Bureau of Economic Research (NBER) based on a basket of economic indicators, no such dating of business cycles occurs at the state level. This document uses peaks and troughs in total nonfarm employment to identify California recessions and employment expansions.

Figure 1



Source: Employment Development Department

Industry Sector Jobs

- California’s job gains during the expansion were broad-based across the economy, with 10 of the 11 major industry sectors adding jobs over the February 2010-October 2019 period. The largest job gains were in educational and health services (723,400), followed by professional and business services (698,200). Three additional industry sectors added more than 300,000 jobs over the period: leisure and hospitality (554,400); trade, transportation, and utilities (468,000); and construction (334,500). Two more added more than 100,000 jobs: government (192,200) and information (128,400). Manufacturing (97,300), other services (91,600), and financial activities (90,600) were the remaining industry sectors that added jobs over the course of the expansion. Mining and logging (-700), the state’s smallest industry sector with just 22,900 jobs in October 2019, was the only California industry sector that lost jobs over the February 2010-October 2019 period.
- Five California industry sectors grew faster than the overall economy’s 23.8 percent pace from February 2010 through October 2019: construction (58.8 percent), leisure and hospitality (37.4 percent), educational and health services (34.2 percent), professional and business services (34.0 percent) and information (30.0 percent). As a group, these five industry sectors encompassed a range of skill and pay levels, with the information and professional and business services sectors having a comparatively large share of high-skill jobs and high pay levels, educational and health services and construction having middle-skill jobs and pay levels, and leisure and hospitality having comparatively low-skill and low pay levels.
- Six of California’s 11 major industry sectors added jobs at a slower pace than the overall

economy from February 2010 through October 2019. Whereas other services (19.0 percent) and trade, transportation, and utilities (18.0 percent) added jobs at a pace within 6 percentage points of the overall economy’s 23.8 percent gain, job growth in financial activities (11.9 percent), government (7.9 percent), manufacturing (7.8 percent), and mining and logging (-3.0 percent) lagged well below that of the overall economy.

Table 1

California Industry Sector Job Changes Over the Course of the Employment Expansion and the Last Year
(October 2019; Seasonally Adjusted Data; Thousands of Jobs)

	February 2010	October 2018	October 2019	Expansion Feb. 2010-Oct. 2019		Year-Over Oct. 2018-Oct. 2019	
				Change in Number	Change in Percent	Change in Number	Change in Percent
Total Nonfarm Jobs	14,189.6	17,259.5	17,567.5	3,377.9	23.8%	308.0	1.8%
Mining and Logging	23.6	22.9	22.9	-0.7	-3.0%	0.0	0.0%
Construction	568.6	868.7	903.1	334.5	58.8%	34.4	4.0%
Manufacturing	1,246.2	1,331.9	1,343.5	97.3	7.8%	11.6	0.9%
Trade, Transportation, and Utilities	2,594.6	3,055.5	3,062.6	468.0	18.0%	7.1	0.2%
Information	427.9	555.1	556.3	128.4	30.0%	1.2	0.2%
Financial Activities	758.7	835.8	849.3	90.6	11.9%	13.5	1.6%
Professional and Business Services	2,054.7	2,690.3	2,752.9	698.2	34.0%	62.6	2.3%
Educational and Health Services	2,112.8	2,745.4	2,836.2	723.4	34.2%	90.8	3.3%
Leisure and Hospitality	1,482.0	1,987.6	2,036.4	554.4	37.4%	48.8	2.5%
Other Services	481.5	571.8	573.1	91.6	19.0%	1.3	0.2%
Government	2,439.0	2,594.5	2,631.2	192.2	7.9%	36.7	1.4%

Source: Employment Development Department, Current Employment Statistics

Regional Job Trends (Regional Planning Units)

- In support of the Workforce Innovation and Opportunity Act (WIOA), California is divided into 14 Regional Planning Units (RPU), or regions, for the purposes of regional economic analysis.²
- California’s regions vary greatly in size. The Los Angeles Basin Region, the state’s largest, totaled 4.6 million nonfarm jobs in October 2019. Seven additional regions—Bay-Peninsula, Orange, Southern Border, Inland Empire, San Joaquin Valley, East Bay, and Capital—had more than one million jobs. In contrast, Ventura and North State Regions had fewer than 315,000 jobs and Humboldt and Middle Sierra Regions had less than 55,000 nonfarm jobs in October 2019.
- Because regional job totals are not seasonally adjusted, comparing like months of the calendar year is the only way to filter regular and recurring seasonal patterns of employment from the data. Comparing October 2009 job totals to October 2019 totals best captures job gains over the course of the expansion.

² Additional RPU information can be found here: <https://www.labormarketinfo>

- California experienced broad-based regional nonfarm job growth over the course of its employment expansion, with each of the state's 14 regions adding jobs over the October 2009-October 2019 period. Not surprisingly, the largest job gains were in the state's largest regions. Los Angeles Basin Region (665,000) added the most jobs among regions over the 10-year period. Bay-Peninsula region, despite being only about half the size of Los Angeles Basin Region, was a close second, adding 633,000 jobs.
- Bay-Peninsula Region (36.6 percent) had the fastest job growth rate among California regions over the course of the expansion, followed by Inland Empire Region (34.2 percent). These were the only California regions that exceeded the overall economy's not seasonally adjusted 23.0 percent job increase from October 2009 through October 2019. However, seven additional regions, all among the state's largest, had job increases of more than 19 percent: East Bay (22.7 percent), Southern Border (22.6 percent), Orange (22.4 percent), San Joaquin Valley (21.7 percent), Capital (20.9 percent), North Bay (19.8 percent), and Coastal (19.2 percent).

Table 2

**Change in Total Nonfarm Jobs in California Regional Planning Units (Regions)
Over the Course of the Expansion and the Last Year**
(October 2019; Not Seasonally Adjusted Data; Thousands of Jobs)

	October 2009	October 2018	October 2019	Expansion Oct. 2009-Oct. 2019		Year-Over Oct. 2018-Oct. 2019	
				Change in Number	Change in Percent	Change in Number	Change in Percent
California (Not Seasonally Adjusted)	14,352.3	17,344.3	17,652.6	3,300.3	23.0%	308.3	1.8%
LARGEST REGIONS							
Los Angeles Basin	3,950.3	4,553.6	4,615.3	665.0	16.8%	61.7	1.4%
Bay-Peninsula	1,729.3	2,290.8	2,362.3	633.0	36.6%	71.5	3.1%
Orange	1,375.1	1,663.8	1,682.8	307.7	22.4%	19.0	1.1%
Southern Border	1,287.1	1,547.5	1,578.2	291.1	22.6%	30.7	2.0%
Inland Empire	1,155.3	1,518.8	1,550.7	395.4	34.2%	31.9	2.1%
San Joaquin Valley	1,128.5	1,345.2	1,373.7	245.2	21.7%	28.4	2.1%
East Bay	987.3	1,186.1	1,211.5	224.2	22.7%	25.4	2.1%
Capital	897.5	1,069.1	1,085.3	187.8	20.9%	16.2	1.5%
North Bay	502.3	594.4	601.8	99.6	19.8%	7.5	1.3%
Coastal	475.6	555.6	566.9	91.3	19.2%	11.3	2.0%
SMALLEST REGIONS							
Ventura	275.4	310.3	313.3	37.9	13.8%	3.0	1.0%
North State	219.0	246.5	249.4	30.4	13.9%	2.9	1.2%
Humboldt	47.5	51.8	52.7	5.2	10.9%	0.9	1.7%
Middle Sierra	41.0	45.5	46.8	5.8	14.1%	1.3	2.9%

Source: Employment Development Department, Current Employment Statistics

- Nonfarm job growth over the October 2009-October 2019 period was slower than the overall economy’s not seasonally adjusted 23.0 percent increase in five California regions—the state’s largest and its four smallest: Los Angeles Basin (16.8 percent), Middle Sierra (14.1 percent), North State (13.9 percent), Ventura (13.8 percent), and Humboldt (10.9 percent).
- A synopsis of the industries sectors that added the most jobs and grew at the fastest pace over the course of the October 2009-October 2019 expansion follows for each region.
 - In Bay-Peninsula Region, professional and business services (204,700) added more jobs than any other sector, with over three-quarters (76.8 percent) of this gain coming from the high-skill and high-paying professional, scientific, and technical services subsector. The next largest job gains were in information (113,200), educational and health services (85,100), and leisure and hospitality (67,800). Information (140.6 percent) was the fastest growing sector, more than doubling in size, followed by professional and business services (59.4 percent), and construction (53.5 percent). These were the only industry sectors that grew at a faster pace than the overall regional economy’s 36.6 percent increase, but leisure and hospitality (36.4 percent) and educational and health services (35.3 percent) came close. Both the information and professional and business services have a large high-technology

orientation, underscoring the key role that the high technology sector played in driving the regional and California employment expansion.

- In Inland Empire Region, trade, transportation, and utilities (119,900) added the most jobs of any industry sector over the course of the expansion, followed by educational and health services (93,800), leisure and hospitality (52,900), construction (39,000), professional and business services (35,400), and government (30,900). The transportation, warehousing, and utilities subsector accounted for over three-fifths (63.0 percent) of the 10-year job gain in trade, transportation, and utilities. The industry sectors that grew at a faster pace than the overall regional economy's 34.2 percent increase over 10 years were: construction (60.4 percent); educational and health services (57.1 percent); trade, transportation, and utilities (44.7 percent); and leisure and hospitality (44.5 percent). The region's strong job growth in trade, transportation, and utilities underscores the important role it plays in southern California's international trade logistics industry.
- In East Bay Region, five industry sectors added more than 25,000 jobs from October 2009 through October 2019: professional and business services (44,700); educational and health services (43,400); leisure and hospitality (34,700); trade, transportation, and utilities (32,300); and construction (28,700). Construction (54.7 percent), leisure and hospitality (40.8 percent), professional and business services (28.5 percent), educational and health services (27.2 percent), and manufacturing (23.7 percent) grew at a faster pace than the overall regional economy's 22.7 percent increase over the 10-year period.
- Southern Border Region's job gains over the course of the expansion were well-distributed across several industry sectors. Seven industry sectors gained more than 20,000 jobs over the 10 years, including: professional and business services (57,600); educational and health services (55,300); leisure and hospitality (51,600); government (32,400); construction (31,500); trade, transportation, and utilities (25,300); and manufacturing (22,100). Seven industry sectors grew at a faster pace than the overall regional economy's 22.6 percent increase. They were: construction (52.9 percent), leisure and hospitality (33.4 percent), mining and logging (33.3 percent), educational and health services (32.1 percent), professional and business services (28.3 percent), other services (23.6 percent), and manufacturing (22.8 percent).
- In Orange Region, the same four industry sectors that gained the most jobs over the course of the expansion were the same sectors that grew at a faster rate than the overall regional economy's 22.4 percent increase: professional and business services (80,200 jobs; 32.8 percent), educational and health services (62,600 jobs; 37.6 percent), leisure and hospitality (61,700 jobs; 36.4 percent), and construction (40,400 jobs; 56.1 percent).
- In San Joaquin Valley Region, five industry sectors added more than 20,000 jobs from October 2009 through October 2019 period, including: trade, transportation, and utilities (60,300); educational and health services (58,100); government (37,700); leisure and hospitality (33,200); and construction (26,400). Four industry sectors exceeded the overall regional nonfarm economy's 21.7 percent job gain: construction (54.5 percent); leisure and hospitality (33.1 percent); educational and health services (32.9 percent); and trade,

transportation, and utilities (26.8 percent).

- In Capital Region, five industry sectors added over 25,000 jobs over the 10-year period ending in October 2019. The largest gain was in educational and health services (47,900), followed by professional and business services (39,000); trade, transportation, and utilities (31,100); construction (28,800); and leisure and hospitality (28,800). Five industry sectors grew at a faster pace than the overall regional economy's 20.9 percent increase: construction (63.6 percent); professional and business services (37.6 percent); educational and health services (36.5 percent); leisure and hospitality (34.5 percent); and trade, transportation, and utilities (21.6 percent).
- In North Bay Region, five industry sectors added more than 13,000 jobs over the course of the expansion. The largest increase was in educational and health services (26,500), followed by construction (17,500); leisure and hospitality (17,500); manufacturing (13,800); and trade, transportation, and utilities (13,100). Five industry sectors added jobs at a faster rate than the overall regional economy's 19.8 percent increase: construction (65.8 percent), mining and logging (38.3 percent), educational and health services (32.7 percent), manufacturing (29.3 percent), and leisure and hospitality (29.2 percent).
- In Coastal Region, four industry sectors added more than 10,000 jobs from October 2009 through October 2019. The largest gain was in leisure and hospitality (21,600), followed by educational and health services (18,200), professional and business services (13,200), and government (11,200). Six industry sectors exceeded the overall regional nonfarm economy's 19.2 percent job increase over 10 years: construction (47.0 percent), leisure and hospitality (31.7 percent), professional and business services (27.1 percent), educational and health services (26.5 percent), manufacturing (23.2 percent), and other services (21.6 percent).
- In Los Angeles Basin Region, four industry sectors added more than 100,000 jobs over the course of the expansion. Educational and health services (182,100) added the most jobs of any sector, followed by leisure and hospitality (165,100); professional and business services (125,100); and trade, transportation, and utilities (116,000). Five industry sectors added jobs at a faster rate than the overall regional nonfarm economy's 16.8 percent increase: construction (44.7 percent), leisure and hospitality (42.9 percent), educational and health services (26.6 percent), professional and business services (24.3 percent), and other services (18.3 percent). Los Angeles Basin's overall job growth during the expansion was dampened by a 39,600-job, or 10.3 percent, loss of manufacturing jobs.
- In Middle Sierra Region, five industry sectors added over 600 jobs from October 2009 to October 2019. Educational and health services (1,050) and trade, transportation, and utilities (1,050) added the most jobs of any sector, followed by construction (960), leisure and hospitality (880), other services (730), and government (620). Seven industry sectors added jobs at a faster rate than the overall regional nonfarm economy's 14.1 percent increase over 10 years: other services (75.3 percent); construction (57.1 percent); professional and business services (25.9 percent); educational and health services (19.5 percent); trade, transportation, and utilities (18.3 percent); manufacturing (15.8 percent); and leisure and hospitality (14.2 percent).

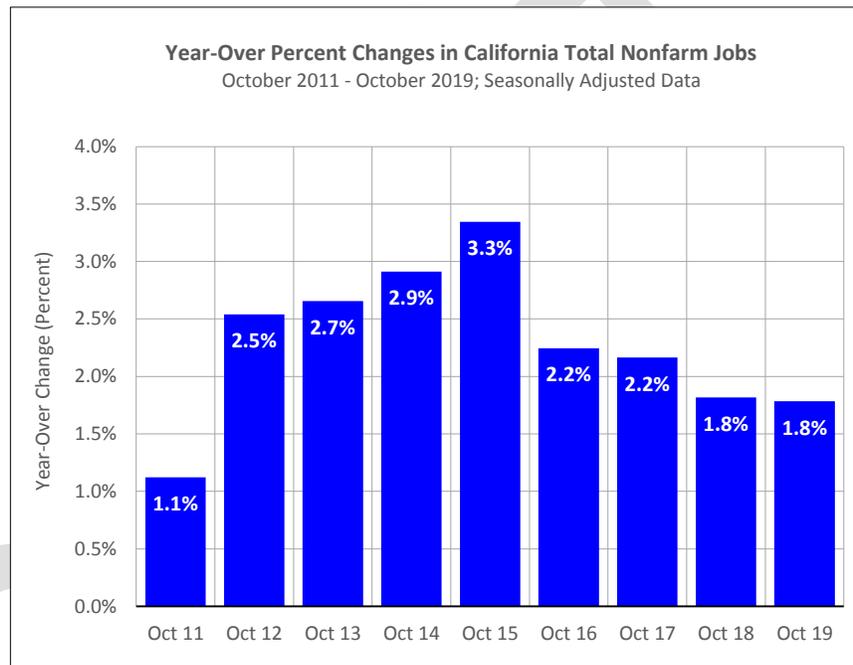
- In North State Region, five industry sectors added 3,500 jobs over the course of the expansion, including: educational and health services (10,230); construction (5,050); professional and business services (4,230); leisure and hospitality (4,120); and trade, transportation, and utilities (3,570). The five industry sectors that added jobs at a faster rate than the overall regional economy's 13.9 percent rate over 10 years were: construction (53.7 percent), professional and business services (28.9 percent), other services (28.6 percent), educational and health services (24.9 percent), and leisure and hospitality (18.2 percent).
- In Ventura Region, five industry sectors added more than 4,000 jobs over the October 2009-October 2019 period. The largest gain by far was in educational and health services (13,500), followed by leisure and hospitality (8,500); trade, transportation, and utilities (6,500); construction (5,400); and government (5,000). Three industry sectors added jobs at a faster pace than the overall regional economy's 13.8 percent increase: construction (43.5 percent), educational and health services (37.9 percent), and leisure and hospitality (28.4 percent). In contrast, financial activities lost 3,300 jobs, which was a 16.3 percent decrease.
- In Humboldt region, five industry sectors added 500 jobs or more from October 2009 through October 2019. The largest job gain was in educational and health services (1,700), followed by government (1,200), leisure and hospitality (800), professional and business services (700), and construction (500). Five industry sectors added jobs at a faster rate than the overall regional economy's 10.9 percent rate over 10 years: construction (26.3 percent), mining and logging (25.0 percent), professional and business services (24.1 percent), educational and health services (22.1 percent), and leisure and hospitality (15.7 percent).

Year-Over Nonfarm Job Growth in California Industry Sectors and Regions

Industry Jobs in California

- California's employment expansion showed few, if any, signs of ending as of October 2019. The state added 308,000 nonfarm jobs over the year ending in October 2019, which was an increase of 1.8 percent. This pace of job growth was below the 2.5 percent per year average for the entire 116-month (February 2010-October 2019) employment expansion. However, it was virtually identical to October 2018's 308,200-job gain, or 1.8 percent, year-over job gain.

Figure 2



Source: Employment Development Department

- California's job growth over the year ending in October 2019 continued to be broad-based across industry sectors, with 10 of the 11 major industry sectors adding jobs and one (mining and logging) showing no change in employment.
- Educational and health services (90,800) had the largest year-over job gain of any sector, followed by professional and business services (62,600), and leisure and hospitality (48,800). Government (36,700) and construction (34,400) added more than 30,000 jobs over the year in October 2019, and financial activities (13,500) and manufacturing added more than 10,000 jobs. Trade, transportation, and utilities (7,100); other services (1,300); and information (1,200) were the remaining California industry sectors that had small year-over gains in October 2019. In contrast, other services (600) had a small year-over job loss.
- Year-over job gains in trade, transportation, and utilities, the state's largest industry sector,

slowed from 49,000 jobs in October 2016 to 42,900 in October 2017, to 26,100 jobs in October 2018, to just 7,100 jobs in October 2019. This was largely attributable to weakness in retail trade, which had a year-over job gain of 12,200 jobs in October 2016, a year-over gain of just 1,800 jobs in October 2017, and year-over job losses of 4,100 and 5,500 jobs in October 2018 and October 2019, respectively. Rather than signaling a slowdown in consumer spending, the year-over job losses in retail over the last two years appear to be the result of structural change within industry--namely the expansion of e-commerce and online shopping to the detriment of traditional brick and mortar stores.

Year-Over Nonfarm Job Growth in California Regions

- California's year-over nonfarm job growth over the year ending in October 2019 continued to be broad-based across regions of the state, with every one of California's 14 regions gaining jobs over the period (See Table 2). The largest year-over nonfarm job gain was in Bay-Peninsula Region (71,500), followed by Los Angeles Basin (61,700). Four additional regions had year-over gains of more than 25,000 jobs: Inland Empire (31,900), Southern Border (30,700), San Joaquin Valley (28,400), and East Bay (25,400). Orange (19,000), Capital (16,200). Coastal (11,300), North Bay (7,500), Ventura (3,000), North State (2,900), Middle Sierra (1,300), and Humboldt (900) also had year-over job gains.
- Bay-Peninsula Region's (3.1 percent) had the fastest year-over nonfarm job growth rate among California regions, followed by Middle Sierra (2.9 percent). Five additional regions had year-over gains of 2.0 percent or more: Inland Empire (2.1 percent), East Bay (2.1 percent), San Joaquin Valley (2.1 percent), Coastal (2.0 percent), and Southern Border (2.0 percent). Year-over gains in California's remaining seven regions ranged from a high of 1.7 percent in Humboldt to a low of 1.0 percent in Ventura.
- A synopsis of year-over regional industry nonfarm job growth patterns from October 2018 to October 2019 follows.
 - Eight of Bay-Peninsula Region's 11 major industry sectors added jobs over the year in October 2019, two had small year-over job losses, and one (mining and logging) had no year-over change in employment. The largest year-over job gains were in professional and business services (18,100). Information, educational and health services, government, and leisure and hospitality each had year-over gains of over 8,000 jobs. Information, financial activities, government, professional and business services, leisure and hospitality, and educational and health services grew at a faster rate than the overall regional economy's 3.1 percent pace of year-over job growth. Other services and trade, transportation, and utilities had small year-over job losses.
 - Six of Middle Sierra Region's 11 major industry sectors added jobs over the year in October 2019, two had no change in employment, and three had small job losses. The largest year-over job gain was in government (530). Leisure and hospitality; construction; trade, transportation, and utilities; and other services each added over 100 jobs. Other services, construction, government, and leisure and hospitality added jobs at a faster pace than the 2.9 percent rate of the overall regional economy. Manufacturing, financial activities, and

educational and health services had very small year-over job losses.

- Seven of Inland Empire Region's 11 major industry sectors had year-over job gains in October 2019, three lost jobs, and one (mining and logging) had no change in employment. The largest year-over job gain was in educational and health services (14,200). Government; trade, transportation, and utilities; leisure and hospitality; and professional and business services each gained 3,800 jobs or more. Educational and health services, financial activities, government, professional and business services, and leisure and hospitality added jobs at a faster pace than the 2.1 year-over pace of the overall regional economy. The largest year-over job loss was in construction, followed by other services and manufacturing.
- Seven of East Bay Region's 11 major industry sectors had year-over gains in October 2019, three had year-over job losses, and one (mining and logging) had no change in employment. The largest year-over job gain was in professional and business services (7,900), followed by educational and health services (6,700). Construction; leisure and hospitality; and trade, transportation, and utilities each gained more than 4,000 jobs over the year. Construction, professional and business services, leisure and hospitality, and educational and health services grew at a faster rate than the overall regional economy's 2.1 percent year-over pace. Other services, manufacturing, and information were the industry sectors that had small year-over job losses of 2,200 jobs or less.
- Nine of San Joaquin Valley Region's 11 major nonfarm industry sectors had year-over job gains in October 2019, one (trade, transportation, and utilities) had no change in employment, and one (information) had a small year-over job loss. Government (11,500) had the largest year-over job gain of any sector, followed by educational and health services (9,600). Construction and leisure and hospitality were the only other industry sectors that added more than 2,400 jobs over the year. Educational and health services, construction, and government had a faster pace of year-over job growth than the overall regional economy's 2.1 percent pace.
- Eight of Southern Border Region's 11 major industry sectors had year-over job gains in October 2019 and three had small year-over job losses. Government (8,400) had the largest year-over job gain, followed by professional and business services (7,000), educational and health services (6,000), construction (5,400), and manufacturing (4,200). These same five industry sectors, mining and logging, and other services grew at a stronger year-over pace than the overall regional economy's 2.0 percent pace. However, trade, transportation, and utilities lost 1,900 jobs over the year and financial activities and information had small year-over job losses.
- Eight of Coastal Region's 11 major industry sectors had year-over job gains in October 2019, two had small job losses, and one (mining and logging) had no change in employment. Professional and business services (2,700) and educational and health services (2,700) had the largest year-over job gains among sectors, followed by government (2,500), leisure and hospitality (1,400), and manufacturing (1,000). These same five industries and financial activities added jobs at a faster year-over pace than the overall regional economy's 2.0 percent pace. Trade, transportation, and utilities; and information each had year-over job

losses of 500 jobs or less.

- Six of Humboldt Region's 11 major industry sectors gained jobs over the year in October 2019 and five had no change in employment. Government (500) had the largest year-over job gain of any sector, followed professional and business services (200) and construction (200). These three industry sectors and manufacturing had a faster pace of year-over job growth than the overall regional economy's 1.7 percent pace of job growth.
- Seven of Capital Region's 11 major industry sectors added jobs over the year ending in October 2019, three lost jobs, and one (mining and logging) had no change in employment. The largest job gain was in educational and health services (7,300), followed by construction (4,800), and trade, transportation, and utilities (2,100). These were the only sectors that gained more than 2,000 jobs over the year. Four industry sectors—construction, manufacturing, educational and health services, and financial activities—added jobs at a faster year-over pace than the 1.8 percent rate of the overall regional economy. However, government lost 2,500 jobs over the year, and information and other services had small year-over losses of 600 jobs or less.
- Nine of Los Angeles Basin Region's 11 major industry sectors gained jobs over the year ending in October 2019, one lost jobs, and one (mining and logging) had no change in employment. Educational and health services (34,600) had the largest year-over job gain of any sector, followed by leisure and hospitality (12,100), construction (9,700), professional and business services (7,900), and manufacturing (4,200). Construction, educational and health services, and leisure and hospitality grew at a faster year-over pace than the 1.4 percent rate of the overall regional economy. However, information had a year-over loss of 11,500 jobs, which dampened the region's overall job growth.
- Six of North Bay Region's 11 major industry sectors had year-over job gains in October 2019, four had year-over losses, and one (information) had no change in employment. The largest year-over job gain was in educational and health services (3,100), followed by manufacturing (2,000), construction (1,800), and leisure and hospitality (1,200). These same industries added jobs at a faster year-over rate than the 1.3 percent pace of the overall regional economy. Government; professional and business services; trade, transportation, and utilities; and other services had year-over job losses, none of which exceeded 300 jobs.
- Seven of North State Region's 11 major industry sectors had year-over job gains in October 2019, two lost jobs, and one (trade, transportation, and utilities) had no change in employment. Educational and health services (1,190) had the largest year-over job gain, followed by construction (640), professional and business services (580), and leisure and hospitality (250). These were the only sectors that had year-over gains of more than 180 jobs. Mining and logging, construction, professional and business services, educational and health services, other services, and financial activities were the industry sectors that grew at a faster year-over pace than the 1.2 percent rate of the overall regional economy. In contrast, manufacturing (120) and information (20) had small year-over job losses.
- Seven of Orange Region's 11 major industry sectors had year-over job gains in October

2019, three had small job losses, and one (mining and logging) had no change in employment. Leisure and hospitality (7,700) had the largest year-over job gain among sectors, followed by construction (4,100), professional and business services (3,700), and financial activities (3,100). No other major industry sector gained more than 900 jobs. Construction, leisure and hospitality, financial activities, and professional and business services grew at a faster pace than the overall regional economy's 1.1 percent rate of year-over growth.

- Six of Ventura Region's 11 major industry sectors gained jobs over the year in October 2019, four had small year-over losses, and one (mining and logging) had no change in employment. The largest job gain was in educational and health services (1,400), followed by leisure and hospitality (900), manufacturing (600), construction (600), and financial activities (400). These same industry sectors grew at a faster year-over pace than the 1.0 percent rate of the overall regional economy. Other services and trade, transportation, and utilities had no change in employment. Professional and business services; information; trade, transportation, and utilities; and other services each had year-over job losses, none of which exceeded 600 jobs.

California Gross Domestic Product

- According to the U.S. Bureau of Economic Analysis, California's real Gross Domestic Product (GDP), as measured in chained 2012 dollars, totaled nearly \$2.8 trillion dollars in the second quarter of 2019. California had by far the largest economy of any state in the country. Texas's nearly \$1.8 trillion GDP ranked a distant second among states. California alone accounted for nearly one-seventh (14.6 percent) of the U.S. GDP, which totaled \$19 trillion in the second quarter of 2019.
- Financial activities contributed the most to California's GDP in the second quarter of 2019, with a 20.1 percent share of total GDP. The real estate and rental and leasing subsector alone accounted for 16.0 percent of total GDP. The professional and business services share of total GDP was 14.2 percent, with the professional, scientific, and technical services subsector on its own contributing a 9.6 percent share to total GDP. Trade, transportation, and utilities; information; manufacturing; and government were the remaining major industry sectors that accounted for more than 10 percent of California's total GDP in the second quarter of 2019.
- From an annual perspective, California's real GDP grew by \$620 billion, or 30.1 percent, from 2010 through 2018. This translates to an increase of \$77 billion, or 3.8 percent, per year. California's economy pretty much sustained this rate of growth in 2017 and 2018, growing by 3.6 and 3.5 percent, respectively. California's real GDP grew by an additional \$81 billion in the first half of 2019, which translates to an annualized pace of growth of 6.0 percent.
- Information was the leading contributor to the state's overall GDP increase from 2010 through 2018, growing by \$177.6 billion over the period. Professional and business services increased by \$107.8 billion, with two-thirds of this increase coming from the professional, scientific, and technical services subsector. Financial activities increased by \$96.5 billion, with virtually all of

the increase coming from the real estate and rental and leasing subsector. Durable goods manufacturing (\$64.9 billion) and health care and social assistance (\$42.0 billion) were the next largest contributors to the eight-year growth in California's total GDP.

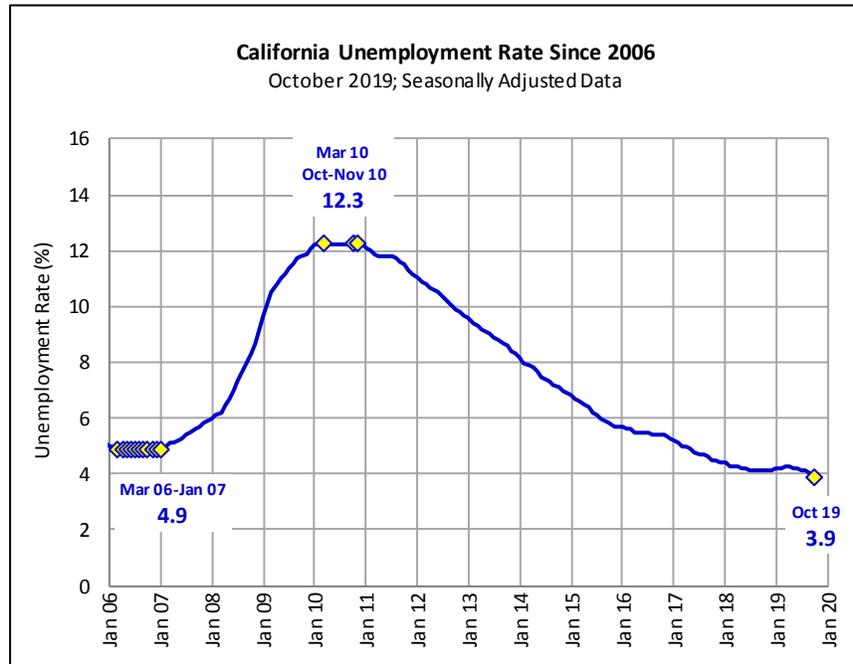
- In percentage terms, information (120.9 percent) had the largest increase over the 2010 through 2018 period, followed by management of companies and enterprises (70.8 percent); durable goods manufacturing (50.2 percent); and professional, scientific, and technical services (41.2 percent). Transportation and warehousing (34.9 percent), health care and social assistance (32.7 percent), and construction (32.7 percent) were the other industry sectors or subsectors that grew at a faster pace than overall GDP's 30.1 percent increase from 2010 through 2018.

Unemployment in California

Statewide

- California's unemployment rate rose from a low of 4.9 percent in March 2006 through January 2007 to a peak of 12.3 percent in March 2010 and again in October and November 2010 during the Great Recession. This was a record high unemployment rate for the state in a data series extending back to the beginning of 1976. However, the unemployment rate improved steadily over the course of the employment expansion to a record low of 3.9 percent in October 2019.

Figure 3



Source: Employment Development Department

- California’s unemployment rate equaled its pre-recession low of 4.9 percent in May 2017, and two months later in July 2017, tied what had been the record low unemployment rate of 4.7 percent that was established in December 2000. California’s unemployment rate fell ever deeper into record low territory thereafter.
- The number of unemployed Californians shot up from a low of 860,000 persons in September and October 2006 to 2,254,000 in October 2010 during the Great Recession. This was an increase of nearly 1.4 million persons. However, civilian unemployment fell steadily over the nine years from October 2010 through October 2019. California civilian unemployment equaled its pre-recession low of 860,000 persons in November 2017 and fell by an additional 95,000 persons to 765,000 persons through October 2019. Fewer Californians were unemployed in October 2019 than in any month since November 1989, a period that was just one month shy of 30 years.

Regional Unemployment Rates

- All regions of the state experienced substantial decreases in their not seasonally adjusted unemployment rates over the course of California’s long employment expansion. The unemployment rate fell by 10.0 percentage points or more in the Middle Sierra and Inland Empire Regions from October 2010 through October 2019. The unemployment rate fell by 6.9 percentage points in both the Coastal and Humboldt Regions, which had the smallest nine-year unemployment rate decreases among regions.

Table 3
Unemployment Rates in California Regional Planning Units (Regions)
Over the Course of the Expansion and the Last Year
 (October 2019; Not Seasonally Adjusted Data)

	October 2010	October 2018	October 2019	Change During the Expansion: Oct. 2010-Oct. 2019	Year-Over Change: Oct. 2018-Oct. 2019
California (Not Seasonally Adjusted)	11.9%	4.0%	3.7%	-8.2%	-0.3%
LARGEST REGIONS					
Los Angeles Basin	12.4%	4.6%	4.5%	-7.9%	-0.1%
Bay-Peninsula	9.3%	2.4%	2.1%	-7.2%	-0.3%
Orange	9.6%	2.8%	2.5%	-7.1%	-0.3%
Southern Border	11.7%	3.9%	3.7%	-8.0%	-0.2%
Inland Empire	13.7%	4.1%	3.7%	-10.0%	-0.4%
San Joaquin Valley	15.5%	6.2%	5.8%	-9.7%	-0.4%
East Bay	10.7%	3.0%	2.6%	-8.1%	-0.4%
Capital	12.4%	3.7%	3.3%	-9.1%	-0.4%
North Bay	10.4%	2.9%	2.6%	-7.8%	-0.3%
Coastal	10.1%	3.5%	3.2%	-6.9%	-0.3%
SMALLEST REGIONS					
Ventura	10.7%	3.7%	3.3%	-7.4%	-0.4%
North State	13.6%	4.2%	3.8%	-9.8%	-0.4%
Humboldt	9.8%	3.2%	2.9%	-6.9%	-0.3%
Middle Sierra	13.6%	3.9%	3.4%	-10.2%	-0.5%

Source: Employment Development Department, Current Employment Statistics

- Every one of California’s 14 regions also had a year-over decrease in its unemployment rate in October 2019. Year-over regional unemployment rate decreases ranged from 0.5 percentage point in Middle Sierra Region to 0.1 percentage point in Los Angeles Basin Region in October 2019.
- In October 2010, regional unemployment rates ranged from a high of 15.5 percent in San Joaquin Valley Region to a low of 9.3 percent in Bay-Peninsula Region. Eleven of California’s 14 regions had unemployment rates above 10.0 percent. In October 2019, regional employment rates ranged from a low of just 2.1 percent in Bay-Peninsula Region to a high of just 5.8 percent in San Joaquin Valley Region.
- Five California regions had unemployment rates below 3.0 percent in October 2019. Seven more regions had unemployment rates below 4.0 percent. In fact, the regional unemployment rate situation had improved by so much in October 2019 that every California region except Los Angeles Basin had its lowest unemployment rate on record for the month of October in a data series extending back to the beginning of 1990. Los Angeles Basin Region’s 4.5 percent unemployment rate in October 2019 tied October 2017 for the second lowest unemployment rate on record in the month of October.

Unemployment Rates of Demographic Groups in California

- Unemployment rates decreased substantially across all California demographic groups over the course of the employment expansion. The unemployment rates of demographic groups are calculated differently from the official unemployment rate in that they are derived solely from Current Population Survey (CPS) data and calculated on a 12-month average basis in order to minimize the statistical variability associated with California's comparatively small CPS sample size. According to these 12-month average CPS data, California's overall unemployment rate was 12.1 percent in October 2010, when the official unemployment rate was at its recessionary peak, and decreased 8.0 percentage points to 4.1 percent in October 2019. Only 0.1 percentage point of this decrease occurred over the year ending in October 2019.
- Generally speaking, the demographic groups which had the highest unemployment rates at the peak of the recession experienced the largest decrease in their unemployment rates over the nine years ending in October 2019. The largest unemployment rate decrease of any major demographic group was among youths age 16 to 24, whose unemployment rate fell 14.2 percentage points from October 2010 through October 2019, or from 23.3 percent to 9.1 percent. In contrast, the unemployment rate among Californians age 25 and older who had a Bachelor's degree or higher fell by 3.6 percentage points, or from 6.2 percent to 2.6 percent, over the same period. A summary of unemployment trends among key demographic groups follows.
 - The unemployment rate for men fell 8.9 percentage points from October 2010 through October 2019. The rate for women fell 7.0 percentage points over the same period. Whereas the unemployment rate for men ticked up 0.1 percentage point over the year in October 2019, it fell 0.4 percentage point among women.
 - Unemployment rates were strongly correlated with age, with younger workers having substantially higher unemployment rates than older workers. The 19.7 percentage point unemployment rate decrease among teens age 16 to 19 from October 2010 through October 2019 was the largest among age cohorts, followed by the 12.2 percentage point decrease among youths age 20 to 24. In contrast, the unemployment rate for Californians age 65 and older fell by 4.7 percentage points over the same period. The unemployment rate picture over the year ending in October 2019 was more of a mixed bag. Whereas the unemployment rate among those age 65 and older, youths age 20 to 24, and those age 45 to 54 ticked upwards, it fell among the teen, 25 to 34, and 35 to 44 age cohorts.
 - The unemployment rate among native-born Americans tended to be higher than that of foreign-born Californians over the October 2010 through October 2019 period. Among foreign-born Californians, the unemployment rate of naturalized U.S. citizens was consistently lower than that of foreign-born non-citizens. Unemployment rates across national origin groups fell substantially from October 2010 through October 2019, including the last year.

Table 4

Unemployment Rates By Demographic Group in California

(Unemployed As a Percent of the Labor Force; 12-Month Average of Current Population Survey of Households Data)

	October 2010	October 2018	October 2019	Change During Expansion: Oct. 2010 to Oct. 2019	Year-Over Change: Oct. 2018 to Oct. 2019
All Groups, Age 16 and Over	12.1%	4.2%	4.1%	-8.0%	-0.1%
<u>Gender</u>					
Male	12.9%	3.9%	4.0%	-8.9%	0.1%
Female	11.1%	4.5%	4.2%	-7.0%	-0.4%
<u>Age</u>					
16 to 24	23.3%	9.1%	9.1%	-14.1%	0.0%
16 to 19	34.4%	15.6%	14.7%	-19.7%	-0.9%
20 to 24	19.6%	7.1%	7.4%	-12.2%	0.4%
25 to 34	11.9%	4.6%	4.0%	-7.9%	-0.6%
35 to 44	10.5%	3.2%	2.8%	-7.7%	-0.3%
45 to 54	9.8%	3.1%	3.4%	-6.4%	0.2%
55 to 64	9.3%	3.3%	3.3%	-6.0%	0.0%
65 and Over	8.3%	2.8%	3.6%	-4.7%	0.8%
<u>National Origin</u>					
Native-Born	12.4%	4.3%	4.2%	-8.2%	-0.1%
Foreign-Born	11.6%	4.0%	3.8%	-7.8%	-0.2%
Foreign Born, Naturalized U.S. Citizen	9.3%	3.0%	2.8%	-6.5%	-0.2%
Foreign Born, Not a U.S. Citizen	13.6%	5.0%	4.7%	-8.9%	-0.2%
<u>Race</u>					
White	11.9%	4.2%	4.0%	-7.8%	-0.1%
African American	18.7%	6.6%	5.6%	-13.1%	-1.0%
Asian	9.3%	3.2%	3.3%	-6.0%	0.1%
<u>Ethnicity</u>					
Latino/Hispanic	14.7%	5.1%	4.7%	-10.0%	-0.3%
Non-Hispanic	10.7%	3.7%	3.7%	-7.0%	0.0%
<u>Educational Attainment (Age 25 and Older)</u>					
Less than a high school diploma	15.9%	6.1%	6.0%	-9.8%	-0.1%
High school graduates, no college	13.0%	4.4%	3.9%	-9.1%	-0.5%
Some college, no degree	12.4%	3.5%	3.3%	-9.1%	-0.2%
Associate degree	8.5%	3.4%	3.1%	-5.4%	-0.3%
Bachelor's degree or higher	6.2%	2.5%	2.6%	-3.6%	0.1%
<u>Disability</u>					
Has a Disability	16.2%	7.8%	8.9%	-7.3%	1.1%
Doesn't Have a Disability	12.0%	4.1%	3.9%	-8.0%	-0.2%
<u>Served in Armed Forces</u> (Age 18 and Over)					
Yes	9.2%	2.5%	3.6%	-5.5%	1.1%
No	12.0%	4.1%	4.0%	-8.0%	-0.1%

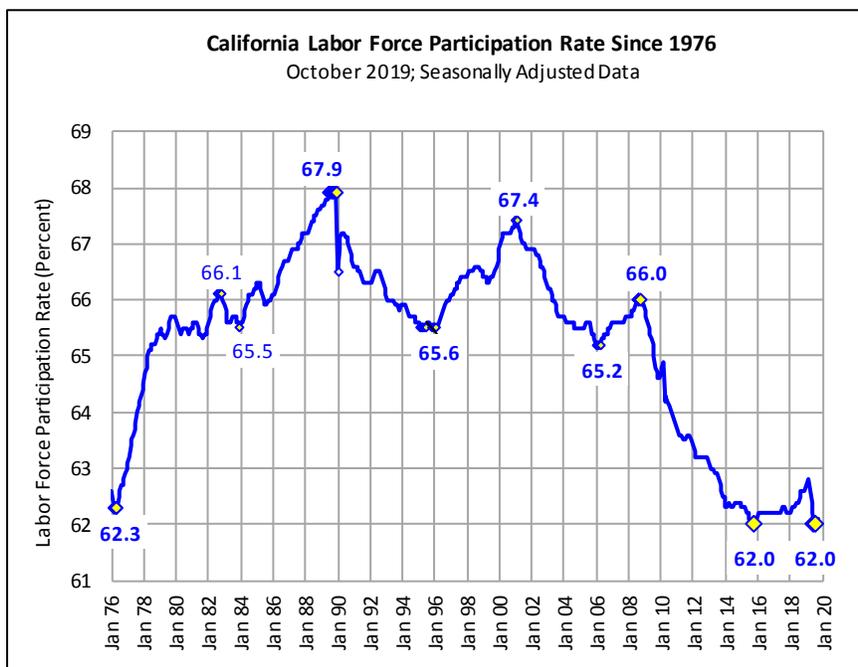
Source: U.S. Census Bureau; Employment Development Department

- The unemployment rates of African Americans and Latinos tended to be higher than those of Whites and Asians over the October 2010-October 2019 period. However, African Americans and Latinos experienced larger unemployment rate decreases than Whites and Asians over the October 2010-October 2019 period. The unemployment rate among African Americans and Latinos fell by 1.0 and 0.3 percentage point, respectively, over the year in October 2019, and by 0.1 percentage point among Whites. In contrast, the Asian unemployment rate ticked up by 0.1 percentage point. The 1.0 percentage point year-over rate decrease among African Americans was the largest of any major demographic group.
- Higher unemployment rates were also highly correlated with educational attainment. Groups with less education experienced higher unemployment rates than those with higher educational attainment. From October 2010 through October 2019, the largest unemployment rate decrease occurred among Californians age 25 and over who had not finished high school (9.8 percentage points), followed by those who graduated high school but did not attend college (9.1 percentage points) and those who attended some college but didn't receive a degree (9.1 percent). In contrast, the unemployment rate among Californians with a bachelor's degree or higher fell by 3.6 percentage points over the same nine-year period.
- The unemployment rate among Californians with disabilities fell by 8.4 percentage points from 16.2 percent in October 2010 to 7.8 percent in October 2018, before increasing to 8.9 percent in October 2019. This was one of the highest unemployment rates among demographic groups.
- The unemployment rate among California veterans age 18 and over fell from 9.2 percent in October 2010 to 2.5 percent in October 2018 before rising to 3.6 percent in October 2019.

Labor Force Participation in California

- The labor force participation rate (LFPR) is calculated as the number of persons in the labor force (those who are employed or unemployed but actively seeking work) divided by the working age population. Traditionally, labor force participation has tended to increase during times of economic expansion as increasing employment opportunities draw more people into the labor force and decrease during recessions as individuals with limited employment opportunities exit the labor force. However, labor force participation during the current expansion has behaved differently, with decreasing participation continuing long past the turnaround in total nonfarm employment, before stabilizing and essentially remaining flat at historically low levels over the three years ending in October 2019.
- Multiple factors influence an individual's decision to participate in the labor force or not, most notably perceptions of how likely it is that one will find employment, school attendance, having a disability, having to care for house or family (children or elders), personal choice, and being retired. However, demographics, and particularly retirements among the large and aging baby boomer population, have exerted a key influence on overall labor force participation in the current expansion and will continue to do so over the years to come.

Figure 4



Source: Employment Development Department

Demographic Characteristics of Labor Force Participation

- Men had a higher labor force participation rate than women in October 2019, 70.1 percent to 55.8 percent. The 2.5 percentage point LFPR decrease among women over the six-year period from October 2010 through October 2016 was larger than the 2.0 percentage decrease among men. In contrast, the LFPR of women increased by 0.8 percentage point over the three years ending in October 2019, but was unchanged among men.
- Labor force participation among prime working age cohorts, or Californians age 25 through 54, were consistently higher than those of other demographic groups. In October 2019, the 25 to 34, 35 to 44, and 45 to 54 age cohorts all had LFPRs of 79.7 percent or above. Although labor force participation decreased among these age cohorts from October 2010 through October 2016, it rebounded for the most part during the October 2016-October 2019 period. The same was largely true for those age 55 to 64.
- Labor force participation among younger and older workers was a different story. The LFPR among youths age 16 to 24 fell 1.3 percentage point from October 2010 through October 2016, with youths age 20 to 24 experiencing a larger decrease than teens. The LFPR among California youths age 16 to 24 decreased an additional 0.4 percentage point over the three years ending in October 2019. Whereas the LFPR rose 1.4 percentage points among youths age 20 to 24 it decreased 1.3 percentage points among teens. For teens, this was the continuation of a long-term decrease in their LFPR. At the beginning of 2001, the teen LFPR reached as high as 46.9 percent in March 2001, only to steadily decrease thereafter. In October 2019, the teen LFPR was just 27.0 percent. Similarly, the LFPR among youths age 20 to 24 reached as high as 76.4 percent in April 2001. It fell steadily thereafter and was 67.8 percent in October 2019.

Table 5

Labor Force Participation Rates By Demographic Group in California
(Labor Force As a Percent of Working Age Population; 12-Month Average of Current Population Survey Data)

	October 2010	October 2016	October 2019	Change From Oct. 2010 to Oct. 2016	Change From Oct. 2016 to Oct. 2019
All Demographic Groups	64.7%	62.4%	62.8%	-2.3%	0.4%
<u>Gender</u>					
Male	72.2%	70.2%	70.1%	-2.0%	0.0%
Female	57.5%	55.0%	55.8%	-2.5%	0.8%
<u>Age</u>					
16 to 24	51.7%	50.4%	50.0%	-1.3%	-0.4%
16 to 19	29.4%	28.4%	27.0%	-1.1%	-1.3%
20 to 24	69.0%	66.5%	67.9%	-2.5%	1.4%
25 to 34	81.6%	79.9%	81.6%	-1.6%	1.7%
35 to 44	81.3%	79.5%	81.6%	-1.8%	2.1%
45 to 54	81.0%	78.8%	79.7%	-2.3%	1.0%
55 to 64	65.2%	63.6%	64.8%	-1.6%	1.1%
65 and Over	17.1%	20.1%	20.1%	3.0%	0.0%
65-69	31.6%	32.7%	33.7%	1.1%	0.9%
70-74	18.4%	21.5%	19.7%	3.1%	-1.8%
75 and over	6.4%	8.2%	10.3%	1.9%	2.1%
<u>National Origin</u>					
Native-Born	64.7%	62.4%	62.5%	-2.3%	0.1%
Foreign-Born	67.4%	63.1%	63.4%	-4.3%	0.3%
Foreign Born, Naturalized U.S. Citizen	66.5%	61.8%	61.4%	-4.7%	-0.4%
Foreign Born, Not a U.S. Citizen	68.2%	64.5%	65.8%	-3.8%	1.3%
<u>Race</u>					
White	65.2%	62.4%	62.9%	-2.8%	0.5%
African American	60.0%	60.9%	61.1%	0.9%	0.2%
Asian	64.4%	62.6%	62.5%	-1.8%	-0.1%
<u>Ethnicity</u>					
Latino/Hispanic	67.4%	64.7%	66.1%	-2.7%	1.4%
Non-Hispanic	63.4%	61.2%	61.0%	-2.2%	-0.2%
<u>Educational Attainment (Age 25 and Over)</u>					
Less than a high school diploma	55.9%	52.4%	51.0%	-3.5%	-1.4%
High school graduates, no college	63.5%	59.4%	60.8%	-2.6%	1.5%
Some college, no degree	66.7%	64.3%	62.9%	-3.7%	-1.4%
Associate degree	72.3%	67.5%	68.1%	-4.1%	0.7%
Bachelor's degree or higher	75.4%	73.0%	72.9%	-2.5%	-0.1%
<u>Disability</u>					
Has a Disability	20.9%	18.6%	17.2%	-2.4%	-1.3%
Doesn't Have a Disability	69.2%	66.7%	66.8%	-2.5%	0.1%
<u>Served in Armed Forces</u> (Age 18 and Over)					
Yes	51.3%	50.7%	46.6%	-0.7%	-4.0%
No	67.5%	64.7%	64.8%	-2.8%	0.1%

Source: U.S. Census Bureau; Employment Development Department

- Labor force participation drops off dramatically as people age and retire. Only one out of every five (20.1 percent) Californians age 65 and over participated in the labor force in October 2019. The LFPR among Californians age 65 to 69 was 33.7 percent in October 2019, 19.7 percent among those age 70 to 74, and just 10.3 percent among those age 75 and over. Although labor force participation falls off dramatically among older workers, Californians age 65 and over were the age cohort that experienced an increase in their labor force participation from October 2010 through October 2016. The increase was most pronounced among Californians age 70 and over. Although the overall LFPR among Californians age 65 and older was unchanged over the three years ending in October 2019, it rose 0.9 and 2.1 percentage points respectively among those age 65 to 69 and those over the 75 and over, but fell 1.8 percentage points among those age 70 to 74.
- Foreign-born Californians had a slightly higher rate of labor force participation than native-born Americans in October 2019, despite experiencing a greater decrease in their labor force participation rate from October 2010 through October 2016. This was particularly true for foreign-born noncitizens. The LFPR of native-born Americans rose by just 0.1 percentage point over the three years ending in October 2019. It rose by 0.3 percentage point among foreign-born Californians on the strength of a 1.3 percentage point increase among foreign-born non-citizens.
- Latinos (66.1 percent) had the highest labor force participation rate among racial and ethnic groups in October 2019, followed by Whites (62.9 percent) and Asians (62.5 percent). Although African Americans (61.1 percent) had a lower participation rate, their LFPR increased over the entire October 2010 through October 2019 period, rising 0.9 percentage point from October 2010 through October 2016 period and an additional 0.2 percentage point from October 2016 through October 2019. Labor force participation among both Latinos and Whites rose from October 2016 through October 2019 after decreasing over the prior six years. The LFPR among Asians fell 0.1 percentage point over the October 2016-October 2019 period.
- Labor force participation was strongly correlated with educational attainment, with less educated groups participating in the labor force at a lower rate than groups with more education. The labor force participation rate among Californians age 25 and older who did not complete high school was just 51.0 percent in October 2019 compared to 72.9 percent among those who had a bachelor's degree or higher. Labor force participation fell across educational attainment groups from October 2010 through October 2016. However, it increased among high school graduates and associate degree holders over the three years ending in October 2019 and was little changed among those with a bachelor's degree or higher. Labor force participation continued to decrease among those who had attended some college but had not earned a degree and those who had not completed high school over the October 2016-October 2019 period.
- Less than one out of every five (17.2 percent) Californians with a disability participated in the labor force in October 2019. The LFPR among those with a disability decreased over the course of the entire October 2010 through October 2019 period. However, having a disability is

strongly associated with advancing age. In October 2019, over three-fifths (61.9 percent) of the nearly 2.9 million Californians with a disability was age 60 and older and nearly one-third was age 75 and older. In contrast, just one out of every seven (14.1 percent) Californians with disability was less than 40 years of age.

- The labor force participation rate among California veterans age 18 and older fell by a modest 0.7 percentage point from October 2010 through October 2016, but fell 4.0 percentage points from October 2016 through October 2019. Less than half (46.6 percent) of Californian veterans participated in the labor force in October 2019. However, veterans overall are an aging demographic group with the majority of California veterans having served in the Vietnam War era or earlier. Over three-fifths (62.9 percent) of California's 1.5 million veterans were 60 years or older in October 2019 and close to half (45 percent) were age 70 and older. In contrast, a little more than one out of every five (22.0 percent) of California's veterans was under the age of 50.

Aging Baby Boomers

- The baby boom generation refers to the large number of people who were born immediately after the end of World War II in 1946 through 1964. In 2010, the age of baby boomers ranged from 46 to 64. As discussed previously, labor force participation rates in this age range tend to be comparatively high. In contrast, baby boomers ranged in age from 55 to 73 in 2019. As baby boomers age and enter their retirement years, they also enter into those age cohorts in which labor force participation rates plunge. As they age past 70, their labor force participation rates will plunge further.
- Baby boomers leaving the labor force appears to be dampening overall labor force participation in California.
 - According to 12-month average wage data from the CPS, the population of Californians age 65 and older grew by a little over one million from October 2010 through October 2016, or by about 170,000 persons each year. Whereas the number of people age 65 and older in the labor force grew by nearly 350,000, or by 55,000 persons each year, the number of persons age 65 and older who did not participate in the labor force rose by nearly 700,000, or 116,000 per year.
 - Over the three years ending in October 2019, the number of Californians age 65 and older grew by 640,000 persons, or by an average of over 210,000 persons each year. The number of older workers in the labor force grew by around 125,000, or 42,000 persons a year. In contrast, the ranks of people age 65 and older who were not in the labor force grew by 513,000, or an average of 171,000 persons a year.
- The CPS tracks the reasons why people do not participate in the labor force, including: whether or not a person was disabled, in school, taking care of house or family, in retirement, ill, or something other. Retirement is typically the most frequent reason for not being in the labor force, followed by taking care of house or family, attending school, and having a disability. Illness and something other are typically much less frequently cited.
 - From October 2010 through October 2016, the number of Californians not in the labor

force grew by a little over 1.5 million persons. The number of people in retirement grew by 820,000 persons, the large majority of whom were age 55 and older. The number of persons not in the labor force due to school grew by 289,000 persons, primarily among youths age 16 to 24. The number of persons taking care of house or family grew by 238,000, primarily among prime working age persons, and the number of disabled grew by 190,000, with the increase occurring across age groups.

- In contrast, the number of Californians not in the labor force grew by 233,000 over the October 2016-October 2019 period. The number of persons not in the labor fell for every reason except retirement: in school decreased by 178,000, taking care of house or family by 117,000, and having a disability by 111,000. In sharp contrast, the number of persons not in the labor force due to retirement increased by 678,000, of whom nearly 600,000 was age 65 and older.
- The number of Californians not in the labor force increased by 34,000 persons over the year ending in October 2019. Once again, the number fell across all reason categories except in retirement, which increased by 187,000 persons. The number of those not in the labor force age 65 and older increased by 196,000 persons. A narrower age breakdown revealed that the number of Californians age 65 to 69 who were not in the labor force due to retirement fell by 51,000 persons over the year, but the number of those age 70 and older in retirement grew by 233,000 persons.
- The data for those not in the labor force suggest that California's strong economy did in fact draw more marginally attached workers into the labor force over the three years ending in October 2019, which is what one would expect in a labor market with record low unemployment and an ongoing 116-month employment expansion. However, the gathering wave of retiring baby boomers that averaged about 200,000 persons per year dampened overall labor force participation.
- The wave of retiring baby boomers will continue and possibly strengthen over the years to come. A rough estimate of how many baby boomers will leave the labor force from 2019 through 2024 can be derived by taking the October 2019 population of persons in the age 55 to 59, 60 to 64, 65 to 69, and 70 to 74 age cohorts, the full range of which captures the baby boom population, and multiplying that by the labor force participation rate of the next oldest five-year age cohort. For example, the population of 55 to 59 age cohort is multiplied by the LFPR of the 60 to 64 age cohort, the 60 to 64 population is multiplied by 65 to 69 LFPR, and so on. Applying this method yields an estimate that 2,666,000 baby boomers will participate in the labor market in five years' time compared to 3,924,000 in October 2019. In other words, around 1,250,000 baby boomers, or 250,000 persons per year, may be expected to leave the California labor force over next five years due to the normal interaction between of aging and retirement on labor force participation alone.
- Although this estimate of how many baby boomers will exit the labor force over the next five years will be lower if the recent trend of increasing labor force participation among older workers continues, the sheer numbers of retiring baby boomers will dampen overall labor force

participation in the years to come. At the same, their departure from the labor force will also mean that establishments will have to replace many of their work functions, creating demand for replacement workers.

Demand and Growth Industries

- Demand industries within the economy are identifiable by determining which industries added the most jobs over a specified time period. However, it is inherently difficult to identify emerging industries under the existing North American Industry Classification System (NAICS). Essentially an industry must already have emerged to receive its own unique NAICS classification. As a result of this limitation, this section identifies the fastest growing industries in California as those industries that added jobs at a rate that was at least 11.4 percent, or twice that of total nonfarm employment, over the three years ending in October 2019. This three-year period was chosen to capture more recent trends within the labor market.
- Individual and family services, which includes in-home health supportive services jobs, was the California industry that added the most jobs from October 2016 through October 2019, followed by limited-service eating, or fast food, eating places. Both of these industries are characterized by comparatively low skill and low wage jobs. Although individual and family services was among California's fastest growing industries over the October 2016-October 2019 period, limited-service eating places was not, but did grow at a faster rate than overall total nonfarm employment.
- Three of the California industries that added more than 20,000 jobs from October 2016 through October 2019 were high-skill and high-paying sectors with a high technology orientation, including: other information services, computer systems design and related services, and scientific research and development services. Architectural, engineering, and related services; software publishers; data processing, hosting and related services; electronic instrument manufacturing, and electronic computer manufacturing were among the other high technology industries that added more than 10,000 jobs over the period. These same high technology industries were among California's fastest growing industries over the October 2016-October 2019 period with the exception of architectural, engineering, and related services, which nevertheless grew at a faster pace than overall total nonfarm employment but not at over twice its pace.
- Several of California's existing demand industries were in the educational sector, including local government education (public schools); state government education; other schools and instruction; private colleges, universities, and professional schools; and private elementary and secondary schools. Of these industries, only other schools and instruction and elementary and secondary schools, both of which were in the private sector, were among California's fastest growing.

Table 6

California's Fastest Growing Industries From October 2016 Through October 2019
(Not Seasonally Adjusted Data)

<u>Industries That Gained the Most Jobs</u> (Three-Year Change in Number)		<u>Industries That Grew the Fastest</u> (Three-Year Change in Percent)	
Individual and Family Services	98,700	Motor Vehicle Manufacturing	105.2%
Limited-Service Eating Places	64,000	Other Information Services	40.9%
Other Information Services	38,400	Other Heavy and Civil Engineering Construction	32.9%
Computer Systems Design and Related Services	37,100	Data Processing, Hosting and Related Services	32.0%
Local Government Education	33,600	Warehousing and Storage	25.7%
Employment Services	31,900	Software Publishers	23.1%
Warehousing and Storage	31,000	Industrial Machinery Manufacturing	20.6%
Outpatient Care Centers	27,700	Other Schools and Instruction (Private)	20.0%
Building Equipment Contractors	26,600	Residential Building Construction	20.0%
Scientific Research and Development Services	23,800	Building Foundation and Exterior Contractors	19.6%
Management of Companies and Enterprises	22,700	Highway, Street, and Bridge Construction	19.5%
Building Foundation and Exterior Contractors	22,300	Scientific Research and Development Services	18.6%
State Government Education	22,000	Nonresidential Building Construction	17.3%
Residential Building Construction	20,900	Electronic Computer Manufacturing	17.1%
Architectural, Engineering and Related Services	18,400	Spectator Sports	16.0%
Investigation and Security Services	17,800	Couriers and Messengers	16.0%
General Medical and Surgical Hospitals	17,200	Individual and Family Services	15.8%
Accommodation	17,000	General Freight Trucking	15.8%
General Merchandise Stores	16,900	Commercial and Industrial Machinery Rental and Leasing	15.4%
Software Publishers	15,900	Special Food Services	15.0%
Services to Buildings and Dwellings	15,600	Offices of Other Health Practitioners	14.7%
Building Finishing Contractors	14,500	Outpatient Care Centers	14.1%
Other Schools and Instruction	13,200	Electronic Instrument Manufacturing	13.8%
General Freight Trucking	13,100	Beverage and Tobacco Product Manufacturing	13.2%
Data Processing, Hosting and Related Services	13,000	Specialty (not Psychological or Substance Abuse) Hospitals	12.9%
Couriers and Messengers	12,900	Social Advocacy Organizations	12.9%
Offices of Other Health Practitioners	12,800	Architectural and Structural Metals Manufacturing	12.7%
Nonresidential Building Construction	12,700	Computer Systems Design and Related Services	12.4%
Colleges, Universities and Professional Schools (Private)	12,200	Personal and Household Goods Repair	12.2%
State Government Excluding Education	11,700	Air Transportation	12.2%
Electronic Instrument Manufacturing	11,500	Investigation and Security Services	12.2%
County Government	11,100	Building Equipment Contractors	11.9%
City Government	11,000	Waste Management and Remediation Services	11.8%
Special Food Services	10,900	Hardware, Plumb and Heating Merchant Wholesalers	11.5%
Elementary and Secondary Schools (Private)	10,700	Home Health Care Services	11.4%
Activities Related to Real Estate	10,500	Elementary and Secondary Schools (Private)	11.4%
Electronic Computer Manufacturing	10,300		
Motor Vehicle Manufacturing	10,200		
Accounting, Tax Preparation and Bookkeeping Services	10,100		

Source: Employment Development Department

- Several of California’s existing demand industries were in the health care sector, including: outpatient care centers; general medical and surgical hospitals; and offices of other health practitioners. Outpatient care centers, offices of health practitioners, specialty (not psychological or substance abuse) hospitals, and home health care services were among California’s fastest growing. The job growth rate in general medical and surgical hospitals lagged well below that of total nonfarm employment.
- The construction industry played a key role in California’s employment expansion and construction workers were in strong demand over the October 2016–October 2019 period. The

construction industries that added the most jobs and grew at the fastest pace included: building equipment contractors, building foundation and exterior contractors, residential building construction, and nonresidential building construction. In addition, other heavy and civil engineering construction grew at the third fastest pace among California industry sectors, and highway, street, and bridge construction was among the fastest growing industries. Building finishing contractors was also a strong demand industry and its 10.9 percent growth rate only narrowly missed the fastest growing list.

- Warehousing and storage, couriers and messengers, and general freight trucking were among the California industries that added the most jobs and grew at the fastest pace. This presumably reflected the continued rapid growth in e-commerce and online shopping.
- Several of the industries that added the most jobs over the October 2016-October 2019 period were in professional and business services' administrative and support and waste services subsector, which tends to have lower skill and paying jobs. Employment services, investigation and security services, and services to buildings and dwellings were among the industries that added the most jobs over the period. Investigation and security services, and waste management and remediation services were among California's fastest growing.

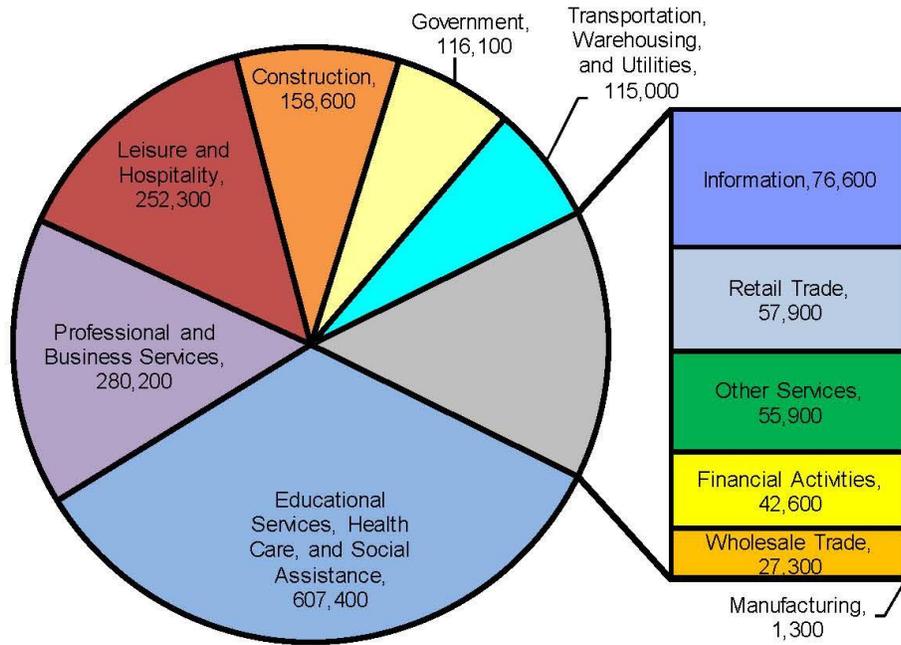
Future Job Growth Projections

Industry Employment Projections

- Information about future labor market trends is critical for developing programs that help meet employer needs and help residents get a job, a better job and an upward career pathway. Industry and occupational employment projections are provided for the nation by the Department of Labor's (DOL), Bureau of Labor Statistics (BLS) and translated into projections for the state and metro areas by the Employment Development Department's Labor Market Information Division (LMID).
- Total industry employment in California, which includes self-employment, private household workers, farm employment, and nonfarm employment, is expected to reach 20,022,700 by 2026, an increase of 10.7 percent during the 10-year projection period. Total nonfarm employment is projected to add 1,789,600 jobs during the period. Nearly 73 percent of projected nonfarm growth is concentrated in four sectors: educational services (private), health care, and social assistance; professional and business services; leisure and hospitality; and construction.
- The major industry sectors projected to have the largest job growth is educational services (private), health care, and social assistance, accounting for 33.9 percent of the projected growth. The projected growth for the sector is 607,400 jobs during the 2016-2026 projection period (see chart 1). The greatest concentration of job gains is projected to occur in the following educational services (private), health care, and social assistance subsectors:

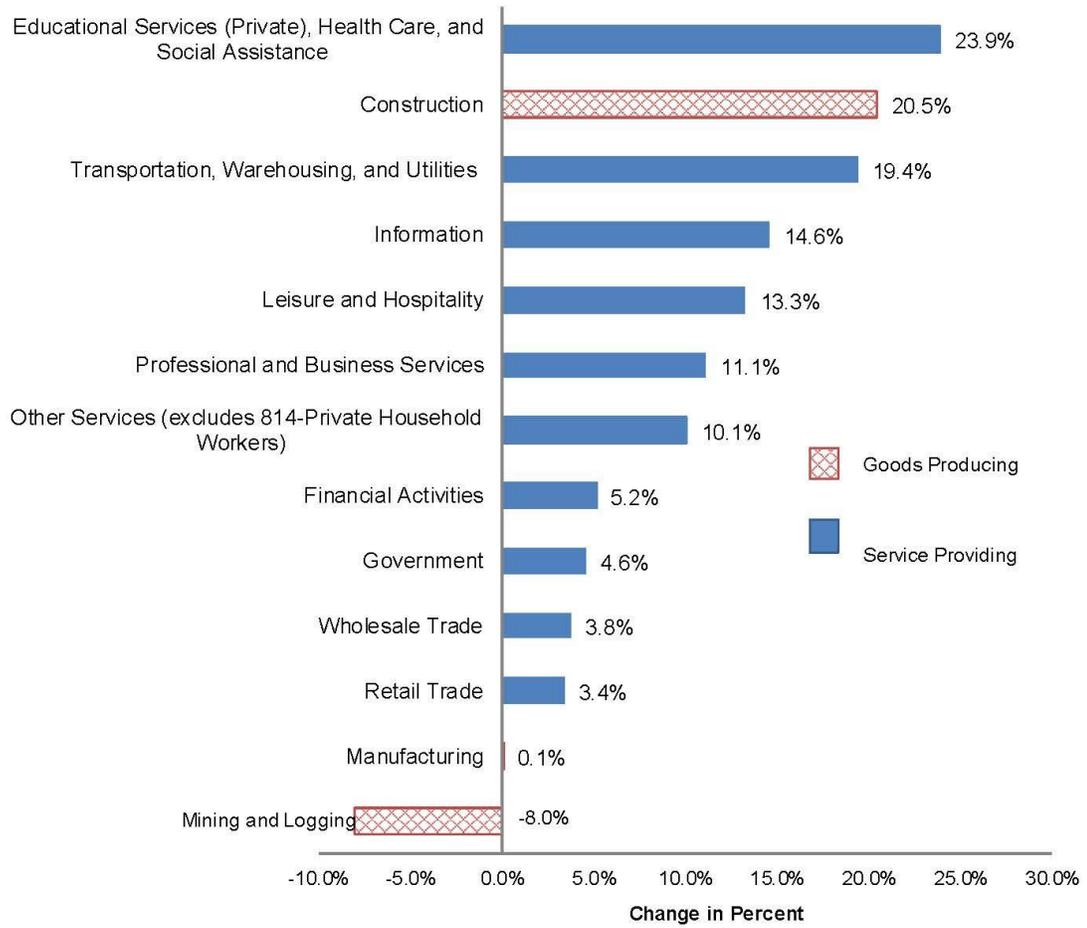
- Social assistance (246,300)
 - Ambulatory health care services (213,400)
 - Educational services (private) (62,000)
- The educational services (private), health care, and social assistance is also expected to be the fastest growing industry sector with an expected growth rate of 23.9 percent (see chart 2). As the population grows and demographics change, the demand for workers in this sector will remain high.
 - The top 25 industry groups that are expected to generate the most employment are projected to account for 1,222,500 jobs during the 2016-2026 projection period (see table 7).
 - Eight of the top 25 industry groups generating the most employment are within the health care and social assistance subsector. They are expected to generate 487,200 jobs during the 10-year projection period.
 - Individual and family services tops the list with a projected employment growth of 235,700 jobs during the 10-year projection period.
 - The top 25 industry groups by percentage growth are expected to grow a combined 35.5 percent (782,500 jobs) during the 2016-2026 projection period.
 - Eight of the top 25 fastest growing industry groups are within the health care and social assistance subsector.
 - Motor vehicle manufacturing top the list with an expected growth rate of 103.1 percent during the 10-year projection period.

Chart 1
Projected Job Growth by Nonfarm Industry Sector Between 2016-2026



Source: Employment Development Department

Chart 2. Projected Employment Percent Change by Nonfarm Industry Sectors Between 2016-2026



Source: Employment Development Department

Table 7: California Nonfarm Industry Groups With the Largest Projected Job Growth from 2016-2026

Industry Title	Projected 2016-2026 Job Growth	Industry Title	Projected 2016-2026 Job Growth (Percent)	Projected 2016-2026 Job Growth
Individual and Family Services	235,700	Motor Vehicle Manufacturing	103.1%	9,900
Full-Service Restaurants	100,300	Other Information Services	59.3%	53,900
Limited-Service Eating Places	85,500	Warehousing and Storage	58.2%	63,800
Outpatient Care Centers	66,800	Home Health Care Services	51.2%	40,100
Warehousing and Storage	63,800	Electronic Shopping and Mail-Order Houses	49.1%	21,900
Computer Systems Design and Related Services	55,100	Software Publishers	42.0%	28,000
Other Information Services	53,900	Data Processing, Hosting, and Related Services	41.0%	16,400
Local Government Education	48,900	Individual and Family Services	39.1%	235,700
Building Equipment Contractors	43,300	Specialty (except Psychiatric and Substance Abuse) Hospitals	36.8%	5,000
Management, Scientific, and Technical Consulting Services	42,800	Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly	35.1%	31,700
Offices of Physicians	40,500	Outpatient Care Centers	34.8%	66,800
Home Health Care Services	40,100	Medical and Diagnostic Laboratories	34.8%	11,900
Employment Services	36,400	Offices of Other Health Practitioners	30.7%	26,000
Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly	31,700	Other Ambulatory Health Care Services	26.6%	7,500
Other Local Government	31,500	Other Schools and Instruction	26.2%	17,100
Colleges, Universities, and Professional Schools	28,200	Utility System Construction	25.6%	11,100
Software Publishers	28,000	Other Personal Services	25.4%	12,500
Offices of Other Health Practitioners	26,000	Nonresidential Building Construction	23.5%	16,900
Building Finishing Contractors	25,000	Other Heavy and Civil Engineering Construction	22.7%	1,700
State Government Education	24,900	Personal Care Services	22.5%	17,700
General Merchandise Stores, including Warehouse Clubs and Supercenters	23,600	Management, Scientific, and Technical Consulting Services	22.2%	42,800
Nursing Care Facilities (Skilled Nursing Facilities)	23,500	Residential Building Construction	21.5%	22,200
General Medical and Surgical Hospitals	22,900	Used Merchandise Stores	21.2%	3,900
Residential Building Construction	22,200	Other Specialty Trade Contractors	20.6%	12,800
Electronic Shopping and Mail-Order Houses	21,900	Grantmaking and Giving Services	20.2%	5,200
Total	1,222,500	Total		782,500

Source: Employment Development Department

Middle-Skill Occupations Employment Projections

- Middle-skilled occupations are those that require more than a high school education but less than a four-year degree. The top 25 middle-skilled occupations (see table 8) are expected to generate 162,460 average annual job openings during the 2016-2026 period. These openings include approximately 67,750 due to those exiting the labor force, 77,990 transferring to a different occupation, and 16,760 due to job growth.
 - Bookkeeping, accounting, and auditing clerks top the list with 22,450 average annual job openings during the 2016-2026 period.
 - Seven of the top 25 occupations are in a health care related field and are expected to generate 47,130 average annual job openings during the ten-year period.
 - Median annual salaries range from \$25,782 for manicurists and pedicurists to \$104,295 for dental hygienists.
 - 16 out of the top 25 middle-skill occupations are at or above the median hourly and median annual wage for all occupations in California.
 - 9 out of the top 25 middle-skill occupations are below the median hourly and median annual wage for all occupations in California.

Table 8: California’s Top 25 Middle-Skilled Occupations with the Most Job Openings (2016-2026)

For the table below, middle-skilled occupations are defined as occupations that require some college, a postsecondary non-degree award, or an associate’s degree as defined by education levels provided by the BLS in 2018.

SOC Code*	Occupational Title	Average Annual Job Openings				2019 First Quarter Wages [5]	
		Exits [1]	Transfers [2]	Numeric Change [3]	Total Jobs [4]	Median Hourly**	Median Annual**
43-3031	Bookkeeping, Accounting, and Auditing Clerks	12,600	9,780	80	22,450	\$22.82	\$47,465
53-3032	Heavy and Tractor-Trailer Truck Drivers	6,630	9,820	1,760	18,200	\$22.82	\$47,482
25-9041	Teacher Assistants	8,990	7,470	1,250	17,710	N/A	\$35,182
31-1014	Nursing Assistants	6,720	5,590	1,580	13,890	\$16.41	\$34,131
31-9092	Medical Assistants	4,270	5,970	2,480	12,720	\$17.90	\$37,238
49-3023	Automotive Service Technicians and Mechanics	2,420	4,640	550	7,610	\$22.32	\$46,431
39-5012	Hairdressers, Hairstylists, and Cosmetologists	3,500	2,620	930	7,040	\$12.74	\$26,483
15-1151	Computer User Support Specialists	1,540	3,910	1,130	6,580	\$30.11	\$62,611
31-9091	Dental Assistants	2,710	3,050	810	6,570	\$19.23	\$39,983
29-2061	Licensed Practical and Licensed Vocational Nurses	2,660	2,620	1,180	6,450	\$27.28	\$56,741
25-2011	Preschool Teachers, Except Special Education	2,510	3,110	530	6,160	\$16.93	\$35,202
39-5092	Manicurists and Pedicurists	1,920	1,630	600	4,150	\$12.40	\$25,782
31-9011	Massage Therapists	2,020	1,110	780	3,900	\$16.96	\$35,277
23-2011	Paralegals and Legal Assistants	1,080	2,170	540	3,790	\$28.03	\$58,287
49-9021	Heating, Air Conditioning, and Refrigeration Mechanics and Installers	870	2,100	560	3,530	\$26.85	\$55,851
49-2022	Telecommunications Equipment Installers and Repairers, Except Line Installers	1,170	2,500	-150	3,520	\$28.50	\$59,275
15-1134	Web Developers	570	1,560	590	2,720	\$38.17	\$79,399
17-3023	Electrical and Electronics Engineering Technicians	810	1,340	180	2,330	\$31.88	\$66,295
33-2011	Firefighters	680	1,290	140	2,110	\$37.07	\$77,097
27-2011	Actors	940	980	50	1,970	\$21.30	N/A
31-9097	Phlebotomists	640	850	370	1,860	\$21.83	\$45,391
27-4011	Audio and Video Equipment Technicians	520	1,140	190	1,850	\$23.03	\$47,920
43-4161	Human Resources Assistants, Except Payroll and Timekeeping	700	1,110	30	1,840	\$20.74	\$43,133
15-1152	Computer Network Support Specialists	430	1,100	240	1,770	\$35.00	\$72,796
29-2021	Dental Hygienists	850	530	360	1,740	\$50.14	\$104,295
	Total	67,750	77,990	16,760	162,460		

Source: Employment Development Department

Notes:

*The Standard Occupational Classification (SOC) system is used by government agencies to classify workers into occupational categories for the purpose of collecting, calculating, or disseminating data.

**Cells highlighted in green are at or above the median hourly and median annual wage for all occupations in California. Cells highlighted in red are below the median hourly and median annual wage for all occupations in California. The median hourly wage for all occupations in California was \$20.86 and the median annual wage for all occupations in California was \$43,388 for the first quarter of 2019.

[1] Exits are the projected number of workers leaving an occupation and exiting the labor force entirely. Labor force exits are more common at older ages as workers retire, but can occur at any age. Labor force exits are not necessarily permanent exits from the labor force; for example, some workers exit the labor force to pursue additional education with the intention of returning to the labor force. They do represent permanent separations from an occupation.

[2] Transfers are the projected number of workers leaving an occupation and transferring to a different occupation. Transfers represent permanent separations from an occupation, not temporary movements where the worker is expected to return to the same occupation in the future.

[3] Numeric change measures the projected number of job gains or losses in an occupation for the projection period.

[4] Total job openings are the sum of exits, transfers, and numeric change.

[5] Median hourly and annual wages are the estimated 50th percentile of the distribution of wages; 50 percent of workers in an occupation earn wages below, and 50 percent earn wages above the median wage. The wages are from 2019 first quarter and do not include self-employed or unpaid family workers. An estimate could not be provided for wages listed as N/A.

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Economic Inequality

Demographic Inequality

- Unemployment rates by demographic group were discussed previously to demonstrate how labor market conditions in California improved across all demographic groups over the course of the employment expansion. Not only did the unemployment rates of all demographic groups fall substantially, but the gap between demographic groups with the highest and lowest unemployment rates also shrank considerably. At the outset of the expansion in October 2010, teens had the highest unemployment rate at 34.4 percent and persons age 25 and older who had a bachelor's degree or higher had the lowest unemployment rate at 6.2 percent, which was a difference of 28.2 percentage points. In October 2019, after nine years of expansion, the teen unemployment rate was still the highest at 14.7 percent and the 2.6 percent unemployment rate among persons with a bachelor's degree or higher degree holders was still the lowest. However, the gap between the two rates had narrowed to 12.1 percentage points.
- Despite this improvement, some demographic groups faced larger obstacles in the labor market than others in October 2019. This is seen in comparing the October 2019 unemployment rates of major demographic groups in California.
 - According to 12-month average data from the CPS, California's overall unemployment rate was 4.1 percent in October 2019.
 - The unemployment rate among youths age 16 to 24 was more than double the overall rate at 9.1 percent. The unemployment rate among teens (14.7 percent) was higher than that among youths age 20 to 24 (7.4 percent), but the rates of both groups were comparatively high.
 - The unemployment rate among Californians with disabilities was also more than double the overall rate at 8.9 percent.
 - Two major demographic groups had unemployment rates that were 1.5 percentage points or higher than the overall rate: Californians 25 and older who had not obtained a high school diploma (6.0 percent) and African Americans (5.6 percent).
 - Latinos (4.7 percent) and foreign-born non-citizens (4.7 percent) were the other major demographic groups with rates that were higher than the overall unemployment rate.
- The demographic groups with the highest unemployment rates in October 2019 are the groups who will be most vulnerable should economic conditions in California change and the economy tip into a recession. Based on an analysis of unemployment rates over the October 2010-October 2019 period, younger workers, and particularly youths, would likely fare worse than older workers if a recession were to occur, persons with disabilities would likely fare worse than those without disabilities, less well educated groups would like fare worse than more educated groups, African Americans and Latinos would likely fare worse than Whites

and Asians, and foreign-born noncitizens would likely fare worse than native born Americans and naturalized U.S. citizens.

Long-Term Unemployment

- According to 12-month average CPS data, just over one million of California's 2.2 million unemployed persons had been unemployed for 27 weeks or more in October 2010. The number of long-term unemployed fell by 828,000 persons to 189,000 from October 2010 through October 2019. The share of the long-term unemployed in total unemployment fell from 46.0 percent to 23.9 percent over the same period.
- Although small sample issues complicate any analysis of the long-term unemployed in October 2019, younger workers and less well-educated workers appear to have comprised a disproportionately high share of total long-term unemployment. Over two-fifths (44.6 percent) of long-term unemployed Californians was either under the age 35 or had attained a high school diploma or less (43.3 percent). This suggests that inexperienced persons with low educational attainment and undifferentiated skills face particularly large obstacles in the labor market.

Industry Wages

- Average monthly employment and average weekly pay data for California industries for the first quarter of 2019 are available from the Quarterly Census of Employment and Wages (QCEW). This section compares average weekly pay in major industry sectors and subsectors, or two-digit NAICS industries. The health care and social assistance subsector has been further subdivided into health care and social assistance components because of their large discrepancy in pay. High, middle, and low paying jobs are loosely defined with respect to the average weekly pay total for all industries and what seem to be natural break points in the data. Subsector data are provided because major industry sectors such as professional and business services and educational and health services have a mix of high, middle, and low paying jobs.

Table 9

Average Weekly Pay in California Industry Sectors and Subsectors: First Quarter of 2019

(Quarterly Census of Employment and Wages Data)

Major Industry Sector	Average Weekly Pay	Industry Subsectors	Average Weekly Pay
Total, all industries	\$1,405	<u>Highest Pay</u>	
<u>Highest Pay</u>		Management of Companies and Enterprises	\$3,066
Information	\$3,847	Finance and Insurance	\$3,062
Mining	\$2,606	Utilities	\$2,943
Financial Activities	\$2,496	Professional, Scientific, and Technical Services	\$2,512
Manufacturing	\$1,930	<u>Middle Pay</u>	
Professional and Business Services	\$1,905	Wholesale Trade	\$1,614
		State Government	\$1,581
<u>Middle Pay</u>		Federal Government	\$1,542
Government	\$1,378	Real Estate and Rental and Leasing	\$1,473
Construction	\$1,346	Transportation and Warehousing	\$1,329
Trade, Transportation, and Utilities	\$1,094	Health Care	\$1,326
Education and Health Services	\$1,014	Local Government	\$1,304
		<u>Lowest Pay</u>	
<u>Lowest Pay</u>		Educational Services	\$1,037
Other Services	\$798	Arts, Entertainment, and Recreation	\$924
Agriculture, Forestry, Fishing & Hunting	\$630	Administrative and Support and Waste Services	\$915
Leisure and Hospitality	\$565	Retail Trade	\$725
		Accommodation and Food Services	\$498
		Social Assistance	\$396

Source: Employment Development Department

- Information (\$3,847) had the highest average weekly pay among major industry sectors in California in the first quarter of 2019, followed by mining (\$2,606), financial activities (\$2,496), manufacturing (\$1,930), and professional and business services (\$1,905).
 - In the professional and business services sector, the management of companies and professional, scientific, and technical services subsectors were among California’s highest paying sectors and subsectors. However, the administrative and support and waste services subsector was among the lowest paying sectors and subsectors. This subsector accounted for two-fifths (39.4 percent) of all professional and business services jobs.
 - In the financial activities sector, the finance and insurance subsector was among California’s highest paying sectors and subsectors, but the real estate and rental and leasing sector was among the middle-paying industry sectors and subsectors.
- The government; construction; trade, transportation, and utilities; and educational and health services sectors were classified as middle pay range industry sectors. However, there were differences in pay in some subsectors.

- In the trade, transportation, and utilities sector, utilities had high average pay, wholesale trade and transportation and warehousing fell in the middle average pay range, and retail trade fell in the low range.
- In the educational and health services sector, health care fell within the middle average pay range sectors and subsectors, and educational services and social assistance fell within the low paying sectors. Educational services had the highest average weekly pay of all low paying sectors and subsectors.
- Other services; agriculture, forestry, fishing, and hunting; and leisure and hospitality had the lowest average weekly pay among California sectors in the first quarter of 2019.
- According to first quarter of 2019 employment totals from the Quarterly Census of Employment and Wages (QCEW), 4.1 million of California's nearly 17.4 million jobs were in high paying industry sectors and subsectors. These high paying sectors accounted for less than one-quarter (23.4 percent) of all California's jobs. Over three-quarters (76.6 percent) of all California's jobs were in middle and low paying industry sectors and subsectors.
- The number of middle and low paying jobs was roughly equal in the first quarter of 2019. Employment totaled 6.7 million jobs in low average pay sectors and subsectors 6.5 million jobs middle pay ones. Jobs in low-paying and middle-paying industry sectors and subsectors accounted for 38.8 and 37.8 percent, respectively, of total all industry jobs.

Median Wages by Major Occupational Group

- Occupational wage data are available for the first quarter of 2019 from the Occupational Employment Statistics (OES) Survey, as are occupational employment estimates from May 2018. According to the OES, the median hourly wage for all occupations in California was \$20.86 in the first quarter of 2019. Thirteen of California's 22 major occupational groupings had median hourly wages above the median and nine had median hourly wages that were below it.
- Employment in those occupational groups with hourly wages above the overall median wage totaled 7.3 million jobs in May 2018, compared to 9.7 million jobs in occupational groups with hourly wages that were below it. Expressed differently, 57.0 percent of Californians were employed in occupational groups that paid less than the overall median wage in the first quarter of 2019 compared to 43.0 percent who were employed in occupational groups that paid more.
- Differences in occupational wage levels were even more pronounced if one accounts for the seven major occupational groups that had median hourly wages above \$36 an hour, or more than \$15 an hour above the overall median hourly wage, in the first quarter of 2019. They were: management occupations; computer and mathematical operations occupations; legal occupations; architectural and engineering occupations; healthcare practitioners and technical occupations; life, physical, and social science occupations; and business and financial operations occupations. Employment in these seven occupational groups totaled 4.1 million

jobs in May 2018, accounting for just under one-quarter (24.2 percent) of total employment.

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Table 10**Median Hourly Wages By Occupational Group in California:
First Quarter of 2019**

(Occupational Employment Statistics (OES) Survey Results)

Major Occupational Group	Median Hourly Wage
Total, all occupations	\$20.86
<u>Wages Above the Median</u>	
Management Occupations	\$58.54
Computer and Mathematical Occupations	\$50.53
Legal Occupations	\$49.59
Architecture and Engineering Occupations	\$46.65
Healthcare Practitioners and Technical Occupations	\$43.35
Life, Physical, and Social Science Occupations	\$38.84
Business and Financial Operations Occupations	\$36.31
Arts, Design, Entertainment, Sports, and Media Occupations	\$28.88
Education, Training, and Library Occupations	\$27.59
Construction and Extraction Occupations	\$27.02
Community and Social Services Occupations	\$25.20
Installation, Maintenance, and Repair Occupations	\$24.51
Protective Service Occupations	\$23.22
<u>Wages Below the Median</u>	
Office and Administrative Support Occupations	\$19.38
Healthcare Support Occupations	\$17.61
Production Occupations	\$16.82
Transportation and Material Moving Occupations	\$16.32
Sales and Related Occupations	\$15.48
Building and Grounds Cleaning and Maintenance Occupations	\$15.22
Food Preparation and Serving-Related Occupations	\$12.60
Personal Care and Service Occupations	\$12.49
Farming, Fishing, and Forestry Occupations	\$11.95

Source: Employment Development Department

- In contrast, eight major occupational groups had median hourly wages of less than \$18 an hour,³ including: healthcare support occupations, production occupations, transportation and material moving occupations, sales and related occupations, building and grounds cleaning and maintenance occupations, food preparation and serving-related occupations, personal care and service occupations, and farming, fishing, and forestry occupations. Employment in these eight major occupational groups totaled nearly 7.3 million jobs in May 2018, accounting for over two-fifths (42.6 percent) of total employment.

³ The minimum wage in California rose to \$12 an hour on January 1, 2019.

Regional Inequalities: Coastal and Inland Areas of California

- California's labor market is characterized by regional inequalities, and more particularly, coastal and inland areas of the state. Coastal areas are narrowly defined as those California counties that border the Pacific Ocean or San Francisco Bay, and inland areas include those counties that do not. As such, coastal areas include large metropolitan areas such as San Diego, Los Angeles, San Jose, San Francisco, and Oakland. The Sacramento and Inland Empire metropolitan areas are included among inland areas even though their economies are interconnected with and share many of the same characteristics of the large, urban coastal areas of the state.
- According to annual average data from the Quarterly Census of Employment and Wages (QCEW), 12.4 million, or nearly three-quarters (73.3 percent), of California's nearly 17 million wage and salary jobs were in coastal areas of California in 2018. Employment in inland areas totaled 3.7 million jobs, of which close to two-fifths were in the Riverside-San Bernardino and Sacramento metropolitan areas combined.
- Inland areas experienced slightly faster job growth than coastal areas from 2010 through 2018. Whereas wage and salary jobs in inland areas grew by 21.7 percent over this eight-year period, they grew by 19.5 percent in coastal areas. Inland areas excluding the Riverside-San Bernardino and Sacramento metropolitan areas grew at a slightly slower rate of 20.2 percent.
- Annual average pay levels were much higher in coastal areas than inland areas of the state over the 2010 through 2018 period. The average annual pay in coastal areas was \$75,100 in 2018, compared to \$48,400 in inland areas. The pay discrepancy was even wider in inland areas if the Riverside-San Bernardino and Sacramento metropolitan areas are omitted from inland areas. Average annual pay in inland areas excluding these two areas was just \$33,100 in 2018. That said, the cost of living, and more particularly housing and lodging, tend to be much higher in coastal areas than inland areas of the state.
- Wages and salaries grew at a faster rate in coastal areas than inland areas over the 2010-2018 period. Average annual pay increased by \$18,000, or 31.5 percent, in coastal areas from 2010 through 2018, compared to \$7,700, or 18.8 percent, in all inland areas, and \$4,800, or 17.2 percent, in inland areas excluding the Sacramento and Riverside-San Bernardino metropolitan areas.

Comparative Unemployment By Industry Sector and Occupation

- In October 2010, when unemployment was near its peak, unemployment rates ranged from a high of 23.8 percent in construction to a low of 3.8 percent in public administration. This was a range of 20.0 percentage points. Unemployment rates improved across industry sectors over the October 2010-2019 period. In October 2019, unemployment rates ranged from a high of 13.5 percent in agriculture, forestry, and hunting to a low of 2.0 percent in financial activities. This was a range of 11.5 percentage points. The range was even narrower in nonfarm industries, from a high of 5.1 percent in mining to a low of 2.0 percent in financial activities, a difference of just 3.1 percentage points.

- In October 2010, seven industry sectors had unemployment rates higher than 10.0 percent. In contrast, the very seasonal agriculture, forestry, and hunting sector (13.5 percent) was the only industry sector that had an unemployment rate of over 10.0 percent in October 2019. Four nonfarm industry sectors had unemployment rates of 4.0 percent or higher: mining (5.1 percent), wholesale and retail trade (4.4 percent), construction (4.3 percent), and manufacturing (4.0 percent). Five nonfarm sectors had unemployment rates below 3.0 percent: other services (2.8 percent), public administration (2.7 percent), educational and health care services (2.6 percent), information (2.5 percent), and financial activities (2.0 percent).
- A comparison of October 2010 and October 2019 industry sector unemployment rates suggest that workers in goods producing industry sectors such as construction and manufacturing or consumer-spending sensitive industries such as leisure and hospitality and wholesale and retail trade are among the most vulnerable in times of recession.
- In October 2010, occupational unemployment rates ranged from a high of 27.0 percent in construction and extraction occupations to a low of 6.7 percent in professional and related occupations. This was a range of 20.3 percentage points. Unemployment rates improved across occupational groups over the October 2010-2019 period. In October 2019, occupational unemployment rates in the nonfarm economy ranged from a high of 5.6 percent in construction and extraction occupations to a low of 2.0 percent in management, business, and financial occupations, which was a difference of 3.6 percentage points.
- In October 2010, eight of the ten major occupational groups had unemployment rates higher than 10.0 percent. In contrast, farming, fishing, and forestry occupations (17.9 percent), which tend to be highly seasonal in nature, was the only occupational group with an unemployment rate over 10.0 percent in October 2019. Four additional occupational groups had unemployment rates of 4.0 percent or more: construction and extraction occupations (5.6 percent), transportation and material moving occupations (5.2 percent), production occupations (4.1 percent), and sales and related occupations (4.0 percent). In contrast, three occupational groups had unemployment rates below 3.0 percent: installation, maintenance, and repair occupations (2.9 percent); professional and related occupations (2.7 percent); and management, business, and financial occupations (2.0 percent). Generally speaking, unemployment rates were higher in lower-skill occupations and lower in higher skill ones.

Educational Attainment and the Labor Market

- Educational attainment plays a key role in determining labor market outcomes. Unemployment rates tend to be strongly correlated with educational attainment. As a rule, groups with lower educational attainment are more susceptible to unemployment than are more highly educated groups. Unemployment rates tend to get progressively higher the lower one's educational attainment and progressively lower the higher one's educational attainment. Those with lower educational attainment tend to cluster in low-wage and low-skill industry sectors and more highly educated persons cluster in higher paying and high-skill industries and occupations.
- In October 2010, when unemployment was near its peak, the highest unemployment rate of

Californians age 25 and older⁴ was among those who had not completed high school at 15.9 percent, followed by 13.0 percent among high school graduates who did not attend college, and 12.4 percent among those who had attended some college but had not earned a degree. In contrast, the unemployment rate among those with an associate degree was 8.5 percent and 6.2 percent among those who had a bachelor's degree or higher.

- The range between the educational attainment groups with the highest and lowest unemployment rates was 9.7 percentage points in October 2010. The unemployment rates of all educational attainment groups fell substantially over the course of the expansion to the point where just 3.4 percentage points separated the highest and lowest unemployment rates of the major educational attainment groups in October 2019. Nevertheless, those with less educational attainment experienced progressively higher unemployment rates than those with more educational attainment in October 2019. The unemployment rates of those who did not complete high school and those who were high school graduates only were 6.0 and 3.9 percent, respectively, in October 2019. In contrast, the unemployment rates of those with an associate Degree and those who had obtained a bachelor's degree or higher were 3.1 and 2.6 percent, respectively.
- About one-third (32.8 percent) of working Californians over the age of 25 had either not completed high school or had a high school diploma only in October 2019. These workers were clustered in six industry sectors. Wholesale and retail trade (14.1 percent) employed the largest share of workers with a high school diploma or less, followed by construction (13.3 percent), educational and health services (11.0 percent), professional and business services (10.9 percent), leisure and hospitality (10.9 percent), and manufacturing (10.8 percent). As a group, these six industry sectors employed 71.0 percent of all workers who had a high school diploma or less.
- Retail trade employed four-fifths of the workers with a high school diploma or less in the wholesale and retail trade sector. In the professional and business services sector, three-quarters of the workers with a high school diploma or less were employed in the low-wage administrative and support and waste services subsector. Although agricultural, forestry, fishing, and hunting employed just 5.6 percent of those with a high school diploma or less in October 2019, nearly four-fifths (78.3 percent) of the workers in this sector had a high school diploma or less. About half of the workers in this sector over the age of 25 had not completed high school.
- Nearly half (49.2 percent) of California workers age 25 and over with an associate degree or higher worked in either the professional and business services or educational and health care services sectors. The high wage financial activities and information sectors employed an additional 11.8 percent of all workers with an associate degree or higher. Four-fifths of the workers with an associate degree or higher in the professional and business services sector were employed in the high-wage professional, scientific, and technical services sector. Within

⁴ Persons under the age of 25 are excluded from the analysis to filter those who are still attending school from the analysis.

educational and health services, 46.2 percent of workers with an associate degree or higher worked in the health care industries, and 44.6 percent worked in educational services.

Outlook

- California's employment, unemployment, and GDP data painted a picture of a strong economy with healthy labor markets as of October 2019, with employment continuing to grow at a solid pace and unemployment continuing to fall. The state's year-over job growth was broad-based across regions and most industries, with little signs of weakening in any particular industry or region. Similarly, GDP data from the second quarter of 2019 showed that the prevailing trend of economic growth in California was continuing.
- Nevertheless, a growing number of economists were warning of increasing risks that the U.S. economy, and the California economy with it, would slow or even tip into recession in late 2020 or in 2021, citing a slowing global economy, weak business spending, and trade policy uncertainty as specific concerns. In other words, the economic outlook was more opaque than available labor market data might suggest.
- At 116 months of age, California's February 2010-October 2019 employment expansion was already the state's longest of the post-World War II era, exceeding the 113-month expansion that occurred during the 1960s. The third and fourth longest employment expansions in California lasted 92 and 91 months, respectively. Each economic downturn is caused by a unique combination of economic factors and not by its duration. However, if history serves as a guide, there would appear to be a significant possibility that the California economy will slow and even enter a downturn during the lifespan of this State Plan.

Workforce Analysis: Demographics and Target Populations

This section provides an overview of California's population, and more particularly its working age population, and the target populations that the WIOA is intended to serve.

Total Population

- According to 12-month average data from the CPS, California's population totaled 39.2 million in October 2019, making it the most populous state in the nation.
- Women made up over half (50.6 percent) of the state's population and men just 49.4 percent. Women made up 55.4 percent of Californians age 65 and over, compared to just 44.6 percent who were men.
- Whites, including Hispanics who self-identify as White, were the largest racial group, making up 72.2 percent of California's population in October 2019. Asians (16.0 percent) were the second largest racial group in October 2019, followed by African Americans (6.3 percent), persons with two or more races (3.5 percent), and American Indians, Alaskan Natives, Native Hawaiians, and Pacific Islanders (2.0 percent).
- Younger Californians tended to be much more racially and ethnically diverse than older Californians. Whites made up 75.7 percent of Californians age 65 and over, compared to 70.7 percent of youths age 16 to 24 and 72.4 percent of those age 0 to 15. Persons of two or more races made up 6.1 percent of the 0 to 15 age cohort, 5.7 percent of the 16 to 24 age cohort, and 3.2 percent of Californians age 25 to 34. In contrast, just 1.4 percent of persons age 65 and over was of mixed race. The share of African Americans was more or less consistent across age cohorts, as was the share among Asians, apart from the 0 to 15 age cohort, which had a lower (13.1 percent) share than those age 16 and over (16.8 percent).
- Nearly two-fifths (38.7 percent) of Californians were of Hispanic ethnicity, but there were large differences between younger and older workers. Latinos made up over half (51.8 percent) of all Californians age 0 to 15, nearly half (47.8 percent) of youths age 16 to 24, and two-fifths of those age 25 to 44. In contrast, only one out of five (19.7 percent) Californians age 65 and over was Latino as were 29.4 percent of those age 55 to 64.
- QuickFacts from the U.S. Census indicate that non-Hispanic Whites made up just 36.8 percent of Californians total population in July 2018.
- Asians were the fastest growing racial or ethnic group in California over the five year-period from October 2014 through October 2019. The Asian population grew by just over one million persons over this period, which was an increase 19.3 percent. In October 2014, 13.8 percent of Californians were Asian. This share rose to 16.0 percent in October 2019. People of more than one race were the next fastest segment of the population, growing by 11.4 percent (140,000 persons), followed by Hispanics at 3.2 percent (475,000), and African Americans at 1.7 percent (40,000 persons). In contrast, the number of White Californians fell slightly by 0.1 percent (34,000 persons) over the five-year period.

Table 11

Demographic Characteristics of Californians By Age
(October 2019; 12-Month Average of Current Population Survey Data)

	All Ages Number	0 to 15 Number	16 to 24 Number	25 to 34 Number	35 to 44 Number	45 to 54 Number	55 to 64 Number	65 and over Number
All Demographic Groups	39,203,000	7,949,000	4,556,000	5,916,000	5,295,000	5,050,000	4,657,000	5,781,000
Male	19,349,000	4,063,000	2,311,000	2,970,000	2,668,000	2,510,000	2,249,000	2,580,000
Female	19,854,000	3,886,000	2,245,000	2,946,000	2,628,000	2,540,000	2,408,000	3,201,000
Native-Born	28,951,000	7,949,000	4,556,000	5,916,000	5,295,000	5,050,000	4,657,000	5,781,000
Foreign-Born	10,253,000	7,645,000	4,008,000	4,380,000	3,221,000	2,787,000	2,944,000	3,967,000
Naturalized Citizen	5,375,000	304,000	547,000	1,536,000	2,074,000	2,264,000	1,713,000	1,814,000
Not a Citizen	4,877,000	54,000	149,000	480,000	942,000	1,272,000	1,109,000	1,369,000
White only	28,309,000	5,759,000	3,219,000	4,085,000	3,834,000	3,624,000	3,415,000	4,373,000
African American only	2,475,000	500,000	269,000	477,000	286,000	313,000	326,000	303,000
Asian only	6,279,000	1,040,000	709,000	1,027,000	915,000	902,000	739,000	947,000
American Indian, Alaskan Native, Hawaiian, Pacific Islander	773,000	166,000	99,000	136,000	128,000	84,000	82,000	78,000
More than One Race	1,366,000	483,000	259,000	191,000	132,000	128,000	95,000	79,000
Hispanic/Latino	15,165,000	4,118,000	2,178,000	2,395,000	2,141,000	1,823,000	1,371,000	1,139,000
Non-Hispanic	24,038,000	3,831,000	2,377,000	3,521,000	3,154,000	3,227,000	3,285,000	4,642,000
	All Ages Age Cohort Share (%)	0 to 15 Age Cohort Share (%)	16 to 24 Age Cohort Share (%)	25 to 34 Age Cohort Share (%)	35 to 44 Age Cohort Share (%)	45 to 54 Age Cohort Share (%)	55 to 64 Age Cohort Share (%)	65 and over Age Cohort Share (%)
All Demographic Groups	-	-	-	-	-	-	-	-
Male	49.4%	51.1%	50.7%	50.2%	50.4%	49.7%	48.3%	44.6%
Female	50.6%	48.9%	49.3%	49.8%	49.6%	50.3%	51.7%	55.4%
Native-Born	73.8%	96.2%	88.0%	74.0%	60.8%	55.2%	63.2%	68.6%
Foreign-Born	26.2%	3.8%	12.0%	26.0%	39.2%	44.8%	36.8%	31.4%
Naturalized Citizen	13.7%	0.7%	3.3%	8.1%	17.8%	25.2%	23.8%	23.7%
Not a Citizen	12.4%	3.1%	8.7%	17.9%	21.4%	19.6%	13.0%	7.7%
White only	72.2%	72.4%	70.7%	69.1%	72.4%	71.8%	73.3%	75.7%
African American only	6.3%	6.3%	5.9%	8.1%	5.4%	6.2%	7.0%	5.2%
Asian only	16.0%	13.1%	15.6%	17.4%	17.3%	17.9%	15.9%	16.4%
American Indian, Alaskan Native, Hawaiian, Pacific Islander	2.0%	2.1%	2.2%	2.3%	2.4%	1.7%	1.8%	1.4%
More than One Race	3.5%	6.1%	5.7%	3.2%	2.5%	2.5%	2.0%	1.4%
Hispanic/Latino	38.7%	51.8%	47.8%	40.5%	40.4%	36.1%	29.4%	19.7%
Non-Hispanic	61.3%	48.2%	52.2%	59.5%	59.6%	63.9%	70.6%	80.3%

Source: Employment Development Department

- California’s foreign-born population totaled nearly 10.3 million persons in October 2019. One out of every four (26.2 percent) Californians was foreign-born. Over half (52.4 percent) of foreign-born Californians were naturalized U.S. citizens, compared to 47.6 percent who were not citizens. The population of foreign-born persons of Central American origin totaled around 4.8 million, making up 46.5 percent of all California’s immigrants. The population of Mexican-born persons alone totaled around 4 million in October 2019, comprising nearly two-fifths (38.6

percent) of all foreign-born Californians. The population of persons of Asian and Middle Eastern origin totaled a little over 4 million, accounting for nearly two-fifths (39.1 percent) of California's foreign-born.

- Two-fifths (40.3 percent) of all Californians age 35 to 64 were foreign-born in October 2019, with persons in the 45 to 54 age cohort having the highest share of foreign-born at 44.8 percent. Persons over the age of 55 were slightly less likely to be foreign-born. The foreign-born share of persons in the 55 to 54 and 65 and over age cohorts was 36.8 and 31.4 percent, respectively. Younger Californians were less likely to be foreign-born. The foreign-born share among those age 0 to 15 was just 3.8 percent, 12.0 percent among youths age 16 to 24, and 26.0 percent in the 25 to 34 age cohort.
- California's foreign-born population grew faster than the native-born population over the five-year period from October 2014 through October 2019. Whereas the number of foreign-born grew by 598,000 persons, or 6.2 percent, over this period, the number of native-born Americans grew by 549,000, or 1.9 percent.

Educational Attainment

- Nearly two-fifths (37.5 percent) of Californians age 25 and older had a bachelor's degree or higher in October 2019 and an additional 9.1 percent had earned an associate degree. In numerical terms, nearly 10 million Californians had earned a bachelor's degree or higher and 1.3 million had earned an associate degree.
- In contrast, a little less than one-quarter (23.5 percent) of Californians over the age of 25 ended their education with a high school diploma and one out of every seven (14.2 percent) never graduated high school. The combined share of those who had not completed high school or graduated high school only was 37.4 percent in October 2019, or nearly identical to that of those with a bachelor's Degree or higher (37.5 percent).
- Educational attainment patterns varied considerably between racial and ethnic groups in October 2019.
 - Asians tended to have the highest educational attainment among California racial and ethnic groups. Two-thirds (66.2 percent) of California Asians over the age of 25 had an associate degree or higher. Nearly three-fifths (58.4 percent) had a bachelor's degree or higher.
 - Hispanics tended to have the lowest educational attainment among California racial and ethnic group, in large part due to immigration patterns. Over three-fifths (62.2 percent) of California Hispanics age 25 or older had not graduated high school or had only graduated high school. The shares of those who never completed high school (32.1 percent) and high school diploma holders (30.1 percent) were roughly similar.
 - The share of Whites and African Americans over the age of 25 who had an associate degree or higher were nearly identical at 42.8 and 42.9 percent, respectively, but a

slightly higher share of Whites than African Americans had a bachelor's degree or higher and a slightly higher share of African Americans than Whites had an associate degree.

- Native-born Americans tended to have higher educational attainment than foreign-born immigrants, but the story is much more complex below the surface. A little over half of native-born Americans over the age of 25 had an associate degree or higher. Two-fifths had a bachelor's degree or higher. In contrast, just 29.3 percent of native-born Americans had never completed high school or graduated high school only. In sharp contrast, over half (52.8 percent) of foreign-born Californians had either never completed high school or was a high school graduate only. Three out of every 10 (29.7 percent) had never completed high school. Yet at the same time, nearly two-fifths (38.7 percent) had an associate degree or higher.

Table 12

Demographic Characteristics of Californians By Educational Attainment (Age 25 and Over)
(October 2019; 12-Month Average of Current Population Survey Data)

	All Educational Attainment Groups	Did Not Complete High School	High School Diploma, No College	H.S. Graduate, Some College	Associate Degree	Bachelor's Degree or Higher
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
All Demographic Groups	26,689,000	3,785,000	6,184,000	4,303,000	2,419,000	9,997,000
Male	12,954,000	1,842,000	3,111,000	2,082,000	1,083,000	4,836,000
Female	13,734,000	1,943,000	3,073,000	2,221,000	1,336,000	5,162,000
White only	19,321,000	3,109,000	4,724,000	3,222,000	1,738,000	6,527,000
African American only	1,708,000	147,000	422,000	406,000	206,000	527,000
Asian only	4,528,000	367,000	715,000	448,000	353,000	2,645,000
American Indian, Alaskan Native, Hawaiian, Pacific Islander	507,000	73,000	181,000	105,000	62,000	87,000
More than One Race	624,000	89,000	143,000	122,000	60,000	211,000
Hispanic/Latino	8,862,000	2,843,000	2,667,000	1,322,000	652,000	1,823,000
Non-Hispanic	17,826,000	942,000	3,517,000	2,981,000	1,767,000	3,227,000
Native-Born	16,949,000	956,000	4,002,000	3,384,000	1,799,000	6,807,000
Foreign-Born	3,829,000	2,066,000	1,046,000	301,000	149,000	268,000
Mexico	3,829,000	2,066,000	1,046,000	301,000	149,000	268,000
Central America/Caribbean	820,000	319,000	232,000	97,000	57,000	114,000
Rest of the World	5,091,000	443,000	904,000	521,000	415,000	2,808,000
	All Educational Attainment Groups	Did Not Complete High School	High School Diploma, No College	H.S. Graduate, Some College	Associate Degree	Bachelor's Degree or Higher
	<u>Share (%) of Demographic Group</u>	<u>Share (%) of Demographic Group</u>	<u>Share (%) of Demographic Group</u>	<u>Share (%) of Demographic Group</u>	<u>Share (%) of Demographic Group</u>	<u>Share (%) of Demographic Group</u>
All Demographic Groups	--	14.2%	23.2%	16.1%	9.1%	37.5%
Male	--	14.2%	24.0%	16.1%	8.4%	37.3%
Female	--	14.1%	22.4%	16.2%	9.7%	37.6%
White only	--	16.1%	24.5%	16.7%	9.0%	33.8%
African American only	--	8.6%	24.7%	23.8%	12.1%	30.9%
Asian only	--	8.1%	15.8%	9.9%	7.8%	58.4%
American Indian, Alaskan Native, Hawaiian, Pacific Islander	--	14.4%	35.6%	20.7%	12.2%	17.2%
More than One Race	--	14.2%	22.9%	19.5%	9.6%	33.8%
Hispanic/Latino	--	32.1%	30.1%	14.9%	7.4%	15.6%
Non-Hispanic	--	5.3%	19.7%	16.7%	9.9%	48.4%
Native-Born	--	5.8%	23.6%	19.9%	10.5%	40.2%
Foreign-Born	--	29.7%	22.5%	9.1%	6.4%	32.4%
Mexico	--	54.0%	27.3%	7.9%	3.9%	7.0%
Central America/Caribbean	--	39.0%	28.3%	11.8%	7.0%	13.9%
Rest of the World	--	8.7%	17.8%	10.2%	8.1%	55.2%

Source: Employment Development Department

- More detailed analysis shows that the existence of a land bridge from an immigrant’s country of origin to the California plays an influential role in determining the educational attainment status of immigrant groups. The high costs associated with having to cross an ocean to enter California is a barrier to entry for lower educational attainment groups.
 - Over four-fifths (81.3 percent) of foreign born Californians over the age of 25 who were born in Mexico had a high school diploma or less in October 2019, compared to just 10.9 percent who held an associate degree or higher. Over half of Mexican-born Californians had not completed high school. Similarly, over two-thirds (67.3 percent) of foreign-born Californians of Central American or Caribbean origin had a high school diploma or less.
 - In sharp contrast, over three-fifths (63.3 percent) of Californians over the age of 25 who were born in the rest of the world (Asia, Middle East, Europe, South American and Africa) had an associate degree or higher in October 2019. Those with a bachelor’s degree or higher accounted for 55.2 percent of these immigrants. A little more than one-quarter (26.5 percent) had a high school diploma or less. Less one-tenth (8.7 percent) had not completed high school.
- The number of Californians age 25 and over who had a bachelor’s degree or higher grew by nearly 1.5 million, or 3.0 percent, over the five-year period from October 2014 through October 2019. This was the largest increase in both number and percent among the five major educational attainment share. The share of holders of a bachelor’s degree or higher amongst Californians age 25 and older grew from 34.5 percent in October 2014 to 37.5 percent in October 2019. The share of high school graduates with no college and associate degree holders each grew by 0.2 percentage point over the same five-year period.
- In contrast, the number of Californians age 25 and over who never completed high school fell by 152,000 persons, or 1.7 percent, from October 2014 through October 2019. Those who had graduated high school and had attended some college but did not receive a degree experienced a comparable decrease. Their number fell by 154,000 persons, or 1.8 percent, over the same five-year period.

Target Populations

Veterans

- According to the U.S. Census Bureau, 1.6 million veterans resided in California in October 2019. The state of California accounted for 8.5 percent of the nation’s 18.9 million veterans. In terms of year-over trends, the state experienced a decrease of roughly 121,000 veterans from October 2018 to October 2019.
- In October 2019, two out of every three veterans in the Golden State were 55 years and older. Two-fifths were age 70 and older. In contrast, 362,000 (22.7 percent) of the state’s veterans

were between the ages of 35 and 54. The 18 to 34 age group made up the smallest share of the state's veterans, numbering 157,000 (9.9 percent).

- Thirty percent (482,000) of California's veterans served during the Vietnam era (August 1964 to April 1975). About one-third of the state's veterans served in one of the two Gulf wars, including 228,000 veterans who served in the first Gulf War I (August 1990 to August 2001) and 297,000 who served in the second Gulf War and Afghanistan era (September 2001 or later). In addition, nearly 282,000 California veterans served between May 1975 and July 1990.
- California's 143,000 women veterans made up 9.0 percent of the state's veterans population in October 2019. Over one-third (34.5 percent) of women veterans served in the second Gulf War and over one-fifth (21.4 percent) served in the second Gulf War and Afghanistan era. Nine out of every ten military veterans in California were men in October 2019.

Immigrant (Foreign-Born) Workers

- California's civilian labor force included 6.3 million foreign-born workers in October 2019. The number of employed immigrants grew by 392,000 persons over the five-year period from October 2014 to October 2019), which was a byproduct of the state's current economic expansion. In addition, the number of unemployed immigrants fell 164,000 persons over the same five-year period and their unemployment rate dropped from 6.6 percent to 3.8 percent.
- The industry sectors and subsectors that employed the largest numbers of foreign-born workers in October 2019 were health care and social assistance, professional and technical services, accommodation and food services, and construction, each of which employed over 500,000 foreign-born workers. One out of every five (20.3 percent) foreign-born workers was employed in either the health care and social assistance (11.4 percent) or accommodation and food services (8.9 percent) subsectors. The retail trade; durable goods manufacturing; management, administrative and waste services; transportation and warehousing; other services; and educational services subsectors each employed over 300,000 foreign born workers as well.
- Six occupational groups employed more than 400,000 foreign-born workers held in October 2019, including: management occupations (553,000), office and administrative support occupations (514,000), building and grounds maintenance occupations (460,000), construction and extraction occupations (455,000), transportation and material moving occupations (453,000), and sales and related occupations (449,000). Nearly half (47.9 percent) of California's foreign-born workers held jobs in these six occupational groups combined. The types of jobs included in these occupational groups ranged from public relations manager to building cleaning workers to construction trades workers) to sales representatives to metal or plastic machinist workers, to name just a few.
- Four additional occupational groups employed over 300,000 foreign-born workers: production occupations (389,000), food preparation and serving related occupations (370,000), computer

and mathematical science occupations (368,000), and personal care and service occupations (360,000). One-quarter (24.7 percent) of the state's foreign-born workers held jobs in one of these four occupational groups.

Californians with Disabilities

- There were 2.9 million people with a disability in the state of California in October 2019. The U.S. Department of Housing and Urban Development defines a person with a disability as any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment. Examples of major life activities include: walking, talking, seeing, breathing, performing manual tasks, or caring for oneself.
- Based on a 12-month average of CPS data, the unemployment rate for disabled persons in California's civilian labor force was 8.9 percent in October 2019, which was more than twice as high as the overall unemployment rate of 4.1 percent. However, the unemployment rate for disabled persons decreased over the last six years, from 15.9 percent in October 2013 to 8.9 percent in October 2019. This was a decrease of 7.0 percentage points.
- In October 2019, 42.9 percent of the disabled persons over the age of 25 who participated in California's civilian labor force had an associate degree or higher. Nearly one-third (31.9 percent) had a bachelor's degree compared to 11.0 percent who had attained an associate degree. Disabled and non-disabled members of California's civilian labor force had comparable levels of educational attainment, with the largest difference being between the shares of those with a bachelor's degree or higher. The shares of disabled and non-disabled workers age 25 and above who had a bachelor's degree or higher were 35.2 and 31.9 percent, respectively, which was a difference of 3.3 percentage points.

Youth Employment Trends

- According to 12-month average CPS data from October 2019, workers between the ages of 16 and 24 made up 11.6 percent of California's civilian labor force. The youth age cohort's percent share of the labor force decreased by 2.0 percentage points over the five-year period from October 2014 to October 2019. This decline was the result of the increased shares of other age cohorts actively participating in the state's labor force.
- The unemployment rate for 16 to 24 year olds was 9.1 percent in October 2019. The youth unemployment rate was 10.6 percent in January 2007, which was before the start of the recession, it rose steeply during the recession and peaked at 23.4 percent in September 2010, after which it fell steadily over the course of the expansion. In October 2019, the youth unemployment rate was 14.3 percentage points lower than its recessionary peak.
- Two-fifths (40.3 percent) of California's 2.0 million working youths were employed in either the accommodation and food services (438,000 or 21.3 percent) or retail trade (388,000 or 18.9 percent) subsectors in October 2019. Younger workers were generally a good fit for the jobs in these subsectors such as retail salespersons, cashiers, or recreation attendants because they

acquired basic skills in mathematics and effective communication before entering the workforce.

- From an occupational perspective, close to half (48.7 percent) of California's younger workers held jobs in just three major occupational groups, each of which employed over 300,000 youths in October 2019. Office and administrative support occupations (16.7 percent) employed the largest share of youths, followed by sales and related occupations (16.5 percent), and food preparation and serving related occupations (15.5 percent). The types of jobs in these occupational groups included office assistants, cashiers, and fast food workers.
- Among the 2.3 million youth that did not participate in the state's labor force in October 2019, over four-fifths (83.4 percent) chose to attend school instead. An additional 6.4 percent cited the need to take care of house or family as the reason why they did not participate in the labor force. Less than five percent cited disability as the reason why they did not actively participate in the labor force.

In-Migration

- Migration is defined as the movement of people from one location to another permanent place of residence. The reasons why people migrate are due to push and pull factors. Push factors such as retirement, movement of a business, or lack of work often drive people from their current place of residence. A healthy economy and a pleasant climate are examples of pull factors that attract people to new locations.
- According to the most current data available from the U.S. Census Bureau's American Community Survey, 523,100 people migrated out of California in 2017 and 661,026 migrated in from another state. The number of people migrating out of the state increased by 8,400 people from 2016 to 2017. Migration into the Golden State increased 3,300 persons, from 657,700 in 2016 to 661,000 in 2017.
- In 2017, the Californians that moved out of the state tended to gravitate towards Texas (41,000), New York (34,300), and Washington (33,100). One out of every five (20.7 percent) Californians that migrated out of the state moved to one of these three states.
- California attracted 661,000 residents from across the country in 2017, the largest numbers of whom previously resided in the states of Texas (63,200), Arizona (59,200), Washington (52,500), and Oregon (50,100). One out of every three persons (34.0 percent) that migrated into California that year came from one of these four states.

Ex-Offenders

- Barriers to employment refer to the attributes of job candidates such as their skills, experience, and work history that may hinder their chances of finding gainful employment. The challenging barriers that California's ex-offenders often must overcome include a limited education, a lack of work experience, and negative stigmas when they try to find a job in today's economy.

- The Center for Economic and Policy Research contends that time behind bars often leads to a reduction in a worker’s human capital. In particular, it limits a worker’s ability to attain a formal education, gain on-the-job experience, and acquire and use soft skills such as customer relations in a work environment.
- In addition to these barriers, ex-offenders who seek a job often lack the social networking skills that are necessary to acquire employment. Moreover, a criminal record often subjects ex-offenders to legal restrictions that limit employment within specific industries as well as their ability to acquire professional licenses. Occupations that are often legally closed to ex-offenders typically include those that require contact with children, certain healthcare professions, and jobs that provide security services.
- The U.S. Bureau of Justice Statistics estimated that there were 1.5 million prisoners under jurisdiction of state or federal authorities in the United States in 2017. Just over 1.4 million of these prisoners were men (92.5 percent) and 111,400 (7.5 percent) were women. Among the 1.3 million prisoners under state jurisdiction, 131,000, or one out of ten was in the state of California.
- Data from the California’s Department of Corrections and Rehabilitation (CDCR) on parolees provides insight into the number of persons released from confinement in state prisons. This information helps to gauge the number of ex-offenders that may have sought entry into the state’s labor force within a given year. According to the latest data from CDCR, the total active parolee population increased from 43,814 to 47,370 from June 2016 to June 2018.
- According to the CDCR, nearly one out of every five (18.7 percent) parolees in California was 25 to 29 years old in June 2018. Parolees between the ages of 18 and 44 made up 70 percent of the active parolee population. Two out of every five parolees in the state were Hispanic in June 2018.
- The counties that had the largest concentrations of the state’s 47,370 parolees in June 2018 were: Los Angeles (28.6 percent), San Bernardino (7.3 percent), Riverside (6.4 percent), San Diego (6.2 percent), Orange (5.9 percent), and Sacramento (4.2 percent). All other counties in the state combined accounted for 41.4 percent of the parolee population.

Homelessness

- The U.S. Public Health Service Act defines a homeless individual as an individual who lacks housing (without regard to whether the individual is a member of a family), including any individual whose primary residence during the night is a supervised public or private facility such as a shelter that provides temporary living accommodations, or is a resident in transitional housing.
- The U.S. Department of Housing and Urban Development (HUD) estimated that there were 553,800 homeless individuals in the U.S. in 2018, of whom 64.8 percent (358,400) were sheltered and 35.2 percent (194,500) were unsheltered. Seven out of every ten (71 percent) of nation’s homeless, or 392,900 persons, were over the age of 24. Between 2010 and 2018, the

total number of homeless persons in the U.S. decreased by 13.2 percent, or 84,200 persons, from 2010 to 2018.

- HUD estimated that California’s homeless population was 129,970 in 2018, of whom 89,540 were unsheltered and 40,430 were sheltered. California accounted for 23.5 percent of the nation’s homeless population. Nearly half (46.0 percent) of all unsheltered homeless people in the U.S. were in California. The counties in the state that had the largest concentrations of homeless persons includes: Los Angeles (49,960), San Diego (8,580), and Santa Clara (7,250).
- According to HUD estimates, California’s 1,560-person decrease in the number of homeless persons from 2017 to 2018 was the largest decrease of any state in the nation. Florida (1,160), Michigan (700), Hawaii (690), and Georgia (680) had the next largest year-over decreases.
- HUD estimated that in 2018, 33 out of every 10,000 people in the state of California had experienced homelessness. Among this population, 109,000 were individuals and 20,960 were people in families with children. In addition, 10,840 were veterans and 32,660 were chronically homeless individuals. Chronically homeless individuals are persons with a disability who have been continuously homeless for one year or more or have experienced at least four episodes of homelessness in the last three years where the combined length of time being homeless in those occasions is at least twelve months.

Workforce Development, Education and Training Activities Analysis

Include an analysis of the workforce development activities, including education and training in the State, to address the education and skill needs of the workforce, as identified in (a)(1)(B)(iii) above, and the employment needs of employers, as identified in (a)(1)(A)(iii) above. This must include an analysis of—

The State’s Workforce Development Activities. Provide an analysis of the State’s workforce development activities, including education and training activities of the core programs, Combined State Plan partner programs included in this plan, and required and optional one-stop delivery system partners.

The Strengths and Weaknesses of Workforce Development Activities. Provide an analysis of the strengths and weaknesses of the workforce development activities identified in (A), directly above.

State Workforce Development Capacity. Provide an analysis of the capacity of State entities to provide the workforce development activities identified in (A), above.

Below is an overview of key workforce and education activities, the client populations served by the activities, and an assessment of the strengths and opportunities of the programs and departments that participate in the administration, oversight, and policy development of the activities.

California Workforce Development Board

The California Workforce Development Board (CWDB) is the Governor’s agent for the development,

oversight, and continuous improvement of California's workforce investment system. The members of the CWDB, which consist primarily of representatives from businesses, labor organizations, educational institutions, and community organizations, assist the Governor in designing a statewide plan and establishing appropriate program policy. The CWDB reports to the Governor through the Chair of the CWDB, Secretary of Labor and Workforce Development Agency, and Executive Director who provide oversight of the CWDB members and staff to ensure that policy recommendations are consistent with the Governor's vision for the state.

Clients/Service Population: The CWDB does not directly deliver services to a client population. The CWDB's primary responsibility is to set policy for Workforce Innovation and Opportunity Act (WIOA) Title I programs and to work with WIOA core program and other state plan partners to align programs and services to build a comprehensive system.

Strengths: Over the last several years CWDB has improved policy coordination and program alignment with WIOA core programs and other state plan partners at the state and local level.

Opportunities: The CWDB can increase internal capacity for industry engagement at the state, regional, and local level in order to drive demand driven career pathways.

Local Workforce Development Boards

The state workforce development system is comprised of 45 Local Workforce Development Areas (Local Area), each with its own business-led Local Workforce Development Board (Local Board). These Local Boards work in concert with their local Chief Elected Official to oversee the delivery of workforce services relevant to their local residents and businesses. Critical to their charge is their oversight of the local America's Job Centers of California (AJCC) which are the hub of the statewide service delivery vehicle for workforce, education, and business services. Workforce funds allocated to Local Boards support the job training, placement, and business services delivered through the AJCCs. These AJCCs, through partnerships with other local, state and federal agencies, education and economic development organizations provide services vital to the social and economic well-being of their communities.

Clients/Service Population: Local Boards provide services annually to millions of adult, dislocated worker, youth, and universal access clients through the AJCCs and CalJOBS labor exchange system. Local Boards are also required to engage with employers at the local and regional level to assist them in the hiring and retention of skilled workers.

Strengths: Local Boards have experience braiding resources and integrating service delivery through the AJCC system. Local Boards also have connections to their local communities, and have experience with administering state and local led regional initiatives, including sector and career pathway strategies

Opportunities: Local Boards can increase client access to training and education programs that align with regional labor market dynamics, including apprenticeship programs and career pathway programs that grant "stackable" credentials.

Employment Development Department

The Employment Development Department (EDD) administers WIOA Title I, Wagner Peyser, Labor Market Information Division, Disability Insurance, Paid Family Leave, Unemployment Insurance (UI), Trade Adjustment Assistance, and the Jobs for Veterans State Grant, among other programs. EDD is also California's major tax collection agency, administering the audit and collection of payroll taxes and maintaining the employment records for more than 17 million California workers. One of the largest departments in state government, handling over \$100 billion annually, EDD has nearly 9,000 employees providing services at more than 200 locations throughout the state.

Clients/Service Population: EDD processes over 1.5 million initial unemployment insurance claims per year, over half a million disability insurance claims, and provides job services to 1.5 million people through Wagner-Peyser programs. EDD also administers programs that are targeted towards youth, people with disabilities, veterans, and workers who lose their jobs or whose hours of work and wages are reduced as a result of increased imports.

Strengths: EDD's online labor exchange system, the California Job Openings Browse System (CalJOBSSM) is accessible to both employers and job seekers throughout the state. CalJOBSSM contains over half a million job listings and is accessed by more than a million job seekers every year.

Opportunities: EDD is continuing to work to more fully integrate Wagner-Peyser staff into the AJCC system and comply with mandatory partnership requirements pertaining to how Unemployment Insurance recipients are served.

Employment Training Panel

The Employment Training Panel (ETP) is a statewide business-labor incumbent worker training and economic development program. ETP supports economic development in California through strategic partnerships with business, labor, and government and through the provision of financial assistance to California businesses to support customized worker training programs that attract and retain businesses; provide workers with secure jobs that pay good wages and have opportunities for advancement; assist employers to successfully compete in the global economy; and promote the benefits of ongoing investment in employee training among employers.

Clients/Service Population: Since its inception in 1982, ETP has reimbursed employers well over \$1 billion for training workers in more than 80,000 businesses.

Strengths: The pay for performance nature of ETP contracts helps facilitate a 70 percent retention rate for trained employees, resulting in both layoff aversion and business expansion.

Opportunities: ETP will improve partnerships with Local Boards as part of regional organizing efforts around career pathways and sector engagement, as warranted by regional labor market needs.

California Community Colleges

California Community Colleges' Chancellor's Office (CCCCO) provides administration and direction for postsecondary Career Technical Education (CTE) programs. The Workforce and Economic Development

Division (WEDD), within the CCCCO, is responsible for postsecondary CTE administration and program oversight. The WEDD is responsible for implementing Perkins V, which includes conducting compliance reviews and providing technical assistance relating to career education programs at all 115 CCCs. The WEDD is also responsible for programs that bridge the skills and jobs mismatch and prepare California's workforce for 21st century careers through career education.

Clients/Service Population: California's 115 community colleges offer 350 different fields of study, 8000 certificate programs, and 4,500 associate degree programs. More than a quarter of the state's 2.1 million community college students enroll in a community college CTE course.

Strengths: Community colleges offer low cost education programs that are accessible to the public, including populations with barriers to employment. Many community colleges have strong partnerships with Local Boards and locally administered CalWORKs programs. Community colleges also have a variety of programs designed to serve populations with barriers to employment including Disabled Student Programs and Services, CalWORKs, Extended Opportunity Programs and Services, Cooperative Agencies Resources for Education Program, Foster and Kinship Care Education and Foster **Youth Success Initiatives**

Opportunities: The CCCCO can continue to improve CTE programs by aligning programs and curricula with regional labor markets, building stronger regional partnerships with K-12, workforce, and adult education providers; providing a more robust supportive services system to ensure student success; creating new and better data partnerships with other programs; improving professional development opportunities for faculty; and, adopting innovative funding strategies to ensure the sustainability of CTE programs.

California State Board of Education and Department of Education

The State Board of Education (SBE) is the K-12 policy-making body for academic standards, curriculum, instructional materials, assessments and accountability. The SBE adopts instructional materials for use in grades kindergarten through eight. The SBE also adopts regulations to implement a wide variety of programs created by the Legislature, such as charter schools, and special education. In addition, the SBE has the authority to grant local education agency requests for waivers of certain provisions of the state Education Code, and acts on petitions to unify or reorganize school district boundaries. Finally, the SBE is officially the designated "State Education Agency" that is charged with providing policy guidance to the state and local education agencies regarding all federal education policies and programs.

The California Department of Education (CDE) is the administrative and oversight body for K-12 programs, including career technical education and adult education and literacy programs in California. Four divisions within the CDE have program responsibilities associated, directly and/or indirectly, with WIOA. These divisions include the Career and College Transition Division, the Special Education Division, the English Learner and Support Division, and the Coordinated Student Support Division.

Clients/Service Population: Transition services are provided to 137,000 Students with Disabilities statewide, including 94,000 served by WorkAbility 1 programs; 18,314 at-risk students are served through county run juvenile justice facilities and county community schools; over three-quarters of a

million students are served under adult education including basic skills, English Language Acquisition, CTE, Adults with Disabilities, and family literacy programs. CDE also oversees CTE programs serving 970,000 secondary students and 59,000 adult CTE students.

Strengths: In both adult education and CTE, there is a focus on regional collaboration including K–12 programs, adult education, community college non-credit and credit programs, and partnerships with higher education to develop and integrate standards-based academics with career relevant, industry-themed pathways and work-based learning opportunities that are aligned to high-need, high-growth, or emerging regional economic sectors. The CDE has also developed a strong community of practice related to secondary transitions and has integrated work based learning approaches for students with disabilities; ensured WIOA Title II grantees have the flexibility to match curriculum with the goals and objectives of other WIOA funded programs; and implemented an evaluation process for the Coordinated Student Support programs.

Opportunities: Access to supportive services for students such as counseling, childcare, and transportation services could be addressed by better coordination at the state, local, and regional level between programs overseen by CDE, human service programs, and other workforce and education programs. CDE also lacks common student identifiers across educational segments which creates obstacles to data matching and tracking individuals into the labor market.

Governor’s Office of Business and Economic Development

The Governor’s Office of Business and Economic Development (GO-Biz) was created to serve as California’s single point of contact for economic development and job creation efforts. GO-Biz offers a range of services to business owners including: attraction, retention and expansion services, site selection, permit streamlining, clearing of regulatory hurdles, small business assistance, international trade development, and assistance in accessing state government programs. GO-Biz provides critical information on employer trends, in conjunction with local and regional economic development organizations, including Innovation Hubs (iHubs), Small Business Development Centers (SBDCs), and Economic Development Corporations (EDCs).

Clients/Service Population: GO-Biz works directly with businesses to help organizations understand opportunities to start, maintain, and grow operations in California. This assistance includes, but is not limited to: site selection, permit assistance, international trade development, connectivity to strategic partnerships, information on incentive programs, and referrals to local and state business assistance resources. In addition to direct business assistance, GO-Biz also administers and supports programs led by regional business assistance and economic development organizations.

Strengths: Through its direct interactions with California businesses of all sizes and industry sectors, GO-Biz helps California businesses communicate their workforce development needs to ETP, Local Boards, educational institutions and training providers. In conjunction with its local, regional and state partners, GO-Biz connects businesses with workforce needs to applicable resources. These partner organizations often possess unique knowledge of emerging economic sectors, entrepreneurial activity, strategic industry partnerships, and overlapping skills requirements across multiple industry sectors.

Opportunities: GO-Biz has the opportunity to increase its reach to a wider audience of business,

education and training partners and to coordinate business assistance activities with state, regional and local partners.

Department of Rehabilitation

The mission of Department of Rehabilitation (DOR) works in partnership with consumers and other stakeholders to provide services and advocacy resulting in employment, independent living, and equality for individuals with disabilities in California. The DOR administers the largest vocational rehabilitation (VR) program in the country and delivers VR services to persons with disabilities in offices throughout the state so that persons with disabilities may prepare for and engage in competitive integrated employment and achieve economic self-sufficiency. In addition, DOR has cooperative agreements with state and local agencies (secondary and postsecondary education, mental health, and welfare) to provide services to consumers. The DOR operates under a federal Order of Selection (OOS) process, which gives priority to persons with the most significant disabilities.

Client/Service Population: In federal fiscal year 2019, DOR provided a range of VR services to approximately 111,000 individuals with disabilities, of which approximately 29,600 were students with disabilities. The disability types of those individuals determined eligible for VR services includes: 4,900 who were blind or visually impaired; 6,500 with cognitive disabilities; 15,100 with learning disabilities; 13,600 with intellectual or developmental disabilities; 5,600 deaf or hard of hearing individuals; 16,100 with physical disabilities; 25,700 with psychiatric disabilities; 1,100 with traumatic brain injury; and 1,900 individuals with other disabilities.

Strengths: DOR employs qualified VR professionals and paraprofessionals who work with individuals with disabilities to find a career track with upward mobility offering sustainable living wages. The VR professionals are trained in assessment, career planning, job placement, and assistive technology services to meet the employment needs of eligible individuals with disabilities. DOR utilizes a consumer-centered approach to service delivery by employing VR professionals and VR paraprofessionals to deliver effective and timely consumer services throughout the state, including students with disabilities. DOR also maintains a network of partnerships with community-based disability organizations and other public agencies, including high schools, community colleges, universities, and county mental health agencies to provide a greater range of employment services and opportunities to DOR consumers than would otherwise be available through any single agency.

Opportunities: Under federal law, VR programs must redirect 15% of funds from traditional VR services to pre-employment transition services for students with disabilities. There is an active risk that DOR will not have sufficient funds and human resources to provide VR services to all individuals with significant disabilities who apply for services. Insufficient funding may mean further limiting the OOS and access to VR services.

CalWORKs

The Temporary Assistance to Needy Families (CalWORKs) program operates in all fifty-eight counties providing temporary cash assistance to meet family basic needs and welfare-to-work services to help families become self-sufficient. CalWORKs programs are able to provide a wide array of services, including education and training, ancillary supportive services such as childcare and transportation

support, and help with domestic violence and substance abuse issues.

Clients/Service Population: The CalWORKs caseload is approximately 530,000 cases, which equates to about 1.2 million Californians. Approximately 270,000 of these cases are eligible for welfare-to-work programs.

Strengths: CalWORKs has a robust subsidized employment program and has a lot of flexibility in the types of services it can provide. CalWORKs has an existing relationship with community colleges to provide support for CalWORKs recipients enrolled in academic and career pathway programs. While maintaining the work-first policies of TANF, recent changes in CalWORKs have increased the emphasis towards a work-focused, skills attainment, and barrier removal agenda to ensure that TANF recipients are positioned to achieve long-term successful outcomes and upward mobility.

Opportunities: CalWORKs serves a higher percentage of needy families than the rest of the nation. CalWORKs is designed primarily to combat child poverty by continuing to aid children even when the adults cannot (e.g., due to time limits or exemptions) or do not participate in the welfare-to-work program. CalWORKs serves many exempt adults with significant barriers to employment.

CalFresh Employment & Training (E&T)

The Supplemental Nutrition Assistance Program Employment and Training program (CalFresh E&T) is a state-supervised program of employment and training services offered voluntarily at the county level to CalFresh recipients. CalFresh E&T's strategic goals are focused around a central vision to increase the employment and earning capacity of CalFresh recipients by maximizing their access to CalFresh E&T, supportive services, and skills and credentialing.

Client/Service Population: CalFresh E&T is made available to counties who voluntarily decide to provide CalFresh E&T services to eligible participants. Eligibility for CalFresh E&T is determined by the administering county. A participant is eligible for CalFresh E&T if they meet these requirements:

- Is a CalFresh reversal referral.
- Is an active CalFresh Recipient. Eligibility must be verified for each month of participation. In other words, you must be an active CalFresh recipient in order to receive services through CalFresh E&T.
- Is not actively receiving CalWORKs (also referred to as non-assistance CalFresh recipients).

Strengths: Counties have flexibility in designing their respective CalFresh E&T program, including who the counties partner with. Definitions and descriptions often align and are derived from WIOA language so that program alignment can be made easier at the local level.

Opportunities: The intensity of services can vary between counties resulting in lack of consistency in service quality depending on localized efforts and integrated partnership. There are also potential partners already providing E&T allowable services to eligible clients who are not able to access reimbursement funds due to contracting restrictions.

Department of Industrial Relations – Division of Apprenticeship Standards

The Department of Industrial Relations (DIR)-Division of Apprenticeship Standards (DAS) administers California apprenticeship law and enforces apprenticeship standards for wages, hours, working conditions and the specific skills required for state certification as a journey person in an apprenticeable occupation. DIR-DAS promotes apprenticeship training through creation of partnerships, consults with program sponsors and monitors programs to ensure high standards for on-the-job training and supplemental classroom instruction. Through this effort, the retiring skilled workforce is replenished with new skilled workers to keep California's economic engine running strong.

Clients/Service Population: DIR-DAS serves industry, educational institutions, government, and apprentice and journey level workers. California continues to lead the nation in apprenticeship, with 93,955 apprentices registered in 1,168 DAS-approved programs represented by 473 sponsors.

Strengths: The apprenticeship model has a proven track record of placing workers in high-wage, middle-skills career pathways. The apprenticeship system of training is efficient and cost-effective and results in higher retention rates, lower turnover, and reduced costs for recruitment of new employees. The curriculum and on-the-job training are guided by industry and meet industry needs. Apprenticeship connects employers with public education facilities for related classroom instruction.

Opportunities: The majority of existing apprenticeship programs are established for occupations in the construction and building trades. Women and minorities continue to be underrepresented in many apprenticeship programs.

Department of Child Support Services

The Department of Child Support Services (DCSS) works with parents, custodial and non-custodial, and legally acknowledged guardians to ensure children and families receive court-ordered financial and medical support. DCSS' mission is to promote parental responsibility to enhance the well-being of children by providing child support services to establish parentage and collect child support, with the vision that all parents are engaged in supporting their children.

Clients/Service Population: DCSS works with parents, custodial and non-custodial, and legally acknowledged guardians to ensure children and families receive court-ordered financial and medical support.

Strengths: DCSS is exploring the use of behaviorally informed interventions to improve child support outcomes by focusing on areas to improve establishment and enforcement outcomes. The areas of focus are early engagement, right-sizing orders, reliable payment, family-centered services, and potentially customizing enforcement actions to accommodate parents taking advantage of workforce activities.

Opportunities: Local county child support agencies currently have limited access to data for clients that are referred to the workforce system. Increasing access will allow staff to assist individuals with child support obligations in obtaining permanent employment.

Senior Community Service Employment Program (SCSEP)

The California Department of Aging (CDA) administers programs that serve older adults, adults with disabilities, family caregivers, and residents in long-term care facilities throughout the State. CDA contracts with the network of 33 Area Agencies on Aging, who directly manage a wide array of federal and state-funded services. The Senior Community Service Employment Program (SCSEP) provides eligible individuals part-time, subsidized job training through community service assignments at non-profit organizations or governmental entities. SCSEP aims to foster individual economic self-sufficiency and increase the number of persons who may benefit from unsubsidized employment in both public and private sectors, as well as strengthen self-sufficiency and provide support to organizations that benefit from increased civic engagement.

Client/Service Populations: Program-eligible older workers must be residents of California, 55 years of age or older, unemployed, and have total annual family income that does not exceed 125 percent of the federal poverty guidelines, currently \$15,613 for an individual. Service priority is given to individuals meeting one or more of the following criteria:

- Is a veteran or a spouse of a veteran
- Is 65 years of age or older
- Has a disability
- Has limited English proficiency
- Has low literacy skills
- Resides in a rural area
- Has low employment prospects
- Has failed to find employment after utilizing services under WIOA Title I
- Is homeless or at risk for homelessness

Strengths: California is the most populous state in the country and has the highest number of SCSEP-eligible older individuals. Demographic shifts in the population mean that the demand for SCSEP services will likely increase. As the only federally mandated job training program targeted towards serving low-income workers age 55 years and older, SCSEP serves a dual purpose as a training program for low-income older workers and a source of subsidized staff trainees for community-based organizations.

Opportunities: California's SCSEP has insufficient funding to support the program's allocated positions due to the disparity between the federal minimum wage of \$7.25 per hour and the California state minimum wage of \$13.00 per hour. State minimum wage increases have reduced or modified the number of CDA's allocated SCSEP positions by 40 percent, further destabilizing the program, reducing service capacity, and serving fewer older adults.

WIOA Section 166 Indian/Native American Programs

The WIOA Section 166 Indian/Native American (INA) Program supports employment and training activities for Indian, Alaska Native, and Native Hawaiian people, helping more fully develop their academic, occupational and literacy skills to help them compete more effectively in the job market and achieve personal and economic self-sufficiency. There are eight WIOA Section 166 INA Employment and Training grantees in California that receive over funding to provide services to Indian and other Native American populations in California

Clients/Service Population: WIOA Section 166 INA Program serves Indians, Alaska Natives, and Native Hawaiians who are unemployed, or underemployed, or low-income individuals, or a recipient of a lay-off notice.

Strengths: The INA programs promote the economic and social development of Indian communities. Services are provided in a culturally appropriate manner, consistent with the principles of Indian self-determination.

Opportunities: The funding allocated to INA programs is insufficient to meet the needs of the population and improvements can be made in relation to co-enrolling the INA population through the AJCC system. Many INA grantees are located in rural areas and lack access to technology and support services, including transportation.

Section 167 Farmworker Service Programs

The National Farmworker Jobs Program is a nationally-directed, locally-administered program of employment and training services for migrant and seasonal farmworkers. Created under the Economic Opportunity Act of 1964, and currently authorized under WIOA Section 167, the program seeks to counter the chronic unemployment and underemployment experienced by migrant seasonal farmworkers (MSFW) who depend primarily on seasonal jobs in California's agricultural sector. There are five WIOA Section 167 farmworker service programs represented statewide by La Cooperativa Campesina de California.

These programs provide services throughout California but especially in rural areas where farmworkers live and work. Training services include English as a Second Language, General Education Development, adult and family literacy, basic education, vocational education, and employer-based training. Related services such as childcare, transportation, emergency services, housing, counseling, job placement, and follow-up services enhance these training efforts.

Clients/Service Population: WIOA Section 167 grantees serve eligible migrant/seasonal farmworkers and their dependents. Eligible farmworkers are those individuals who primarily depend on employment in agricultural labor that is characterized by chronic unemployment and underemployment.

Strengths: WIOA Section 167 grantees have well-developed relationships with Local Boards and the AJCC system, provide occupational skills training, related supportive services, and housing assistance to the MSFW population. Many Section 167 grantees also list programs on the State Eligible Training

Provider List and receive referrals from AJCCs.

Opportunities: The funding allocated to MSFW programs is insufficient to meet the needs of the population and many MSFWs have limited English language capacity and do not have access to supportive services, including transportation and child care, which limits opportunities for them to attain skills, credentials, and degrees from the “mainstream” educational system.

Job Corps

Job Corps is the nation's largest and most comprehensive residential education and job training program for at-risk youth, ages 16 through 24. Through a nationwide network of campuses, Job Corps offers a comprehensive array of career development services to prepare young people for successful careers. Job Corps employs a holistic career development training approach which integrates the teaching of academic, vocational, and employability skills, as well training in social competencies, through a combination of classroom, practical and work-based learning experiences to prepare youth for stable, long-term, high-paying jobs.

Clients/Service Population: Job Corps serves young men and women age 16-24 who are out of school and have barriers to employment.

Strengths: Job Corps is a comprehensive program which provides high school diploma and equivalency programs, occupational skills training, work readiness, and housing and supportive services to young men and women enrolled in the program.

Opportunities: Since Job Corps Centers are only located in some Local Areas, not all AJCCs can access and provide referrals to the services they provide.

State Vision and Goals

Describe the State's strategic vision for its workforce development system.

Under the leadership of the Governor and Secretary of Labor and Workforce Development, California's vision for the future of workforce development is centered on the establishment and growth of a High Road workforce system. This High Road system will be focused on meaningful industry engagement and placement of Californians in quality jobs that provide economic security. California is committed to developing a workforce system that enables economic growth and shared prosperity for employers and employees, especially those with barriers to employment, by investing in industry partnerships, job quality, and meaningful skills attainment rather than low wages, contingent employment, and minimal benefits.

Need for High Road Workforce Development Agenda

Despite positive macroeconomic indicators such as record low unemployment and increasing economic growth as measured by Gross Domestic Product (GDP), key economic trends such as wage stagnation and growing income inequality indicate that not all Californians are benefiting from the

state's bustling economy.

For instance, median hourly earnings for workers in California increased by merely one percent from 1979 to 2018 after adjusting for inflation, while low-wage workers in the 10th percentile of hourly earnings fared only slightly better, experiencing a four percent increase over the same period. As concerning as this trend is at the aggregate level, data further reveals unequal impacts among different populations in California, such as women and people of color. The figures below compare the median hourly earnings of different racial and ethnic groups relative to white workers and of women relative to men, showing marked wage disparity by race, ethnicity, and gender:

- Race and ethnicity:
 - Hispanic or Latino - 60%
 - Black or African-American (non-Hispanic) - 69%
 - American Indian/Alaska Native (non-Hispanic) – 75%
 - Hawaiian/Pacific Islander (non-Hispanic) - 75%

Median hourly earnings for workers identifying as Asian are, in the aggregate, 99% of those of white non-Hispanic workers. However, this statistic masks considerable internal heterogeneity within this population, with recent research from the Pew Center finding that income is more widely stratified among Asians than among any other racial or ethnic group in the country.

- Gender: Women, 85%. The disparity is higher at the upper end of the pay scale (81% for women workers in the 90th percentile of earners) and lower at the bottom end of the pay scale (89% for women workers in the 10th percentile of earners).

In regards to income inequality, at the aggregate level, workers in California are realizing a smaller share of the economic gains in the state over the past two decades. The share of California's state GDP going to income for worker compensation declined from about 53 percent in 2001 to around 47 percent in 2017 while the opposite is true for income going to owners of capital which increased from 41 percent in 2001 to 46 percent in 2017. This trend suggests a loss of workers' bargaining power relative to employers, which can make a lasting negative impact on California's economy and workforce.

A similar pattern of inequality appears when looking at average inflation-adjusted incomes for different California households. The bottom quintile of California households saw their average real income decrease from \$16,441 in 2006 to \$15,562 in 2018, while in the same time period the top five percent of California households experienced a significant increase in average income from \$426,851 in 2006 to \$506,421 in 2018.

Though median household income also rose from 2006 to 2018, the rate of increase was 6.4 percent, roughly one-third the growth rate for the wealthiest five percent of Californian households. When understood in the context of rising costs of living in California – for housing in particular – the modest and negative growth in average real income means greater difficulty in supporting a family and

maintaining a decent quality of life.

These economic trends warrant attention and consideration on the part of the state's workforce development system given the significant consequences and repercussions throughout California's economy. Wage stagnation, for example, constrains households' ability to achieve or maintain a decent standard of living, which could push more and more Californians into poverty and deplete limited public assistance funds. Likewise, the negative effects of income inequality extend beyond a single household or population: research shows that regions that work to reduce inequality experience higher rates of economic growth for longer periods of time, suggesting that greater inequality jeopardizes growth.

With the right combination of thought, policy, and practice – based on principles of job quality, worker voice, equity and inclusion, and environmental sustainability – California's workforce system can ensure that its programs and resources measurably improve working conditions and economic health in California. At the least, this kind of high road workforce development agenda can avoid repeating and reinforcing existing and systemic problems affecting workers and job-seekers.

Principles of a High Road Workforce Development Agenda

California is committed to a high road vision for the state's workforce development system that embodies the principles of job quality, worker voice, equity, and environmental sustainability. Implementing this vision through policy, programs, and other practices will benefit workers, job-seekers, and industry as well as the state's workforce development system.

Job Quality

In principle, job quality aims to deliver skills for the state's high road employers, by building the skills of the existing workforce and bringing new workers to the associated industry sector(s). High road employers provide quality jobs, compete based on the quality of their services and products, invest in a skilled workforce, and engage workers and their representatives in the project of building skills and competitiveness. At a minimum, quality jobs are characterized by: family-supporting wages, benefits, safe working conditions, fair scheduling practices, and career advancement opportunities that are transparent.

In practice, job quality means strategically supporting California's leading high road employers and connecting individuals to the greatest extent feasible to the best jobs. This includes supporting industry sectors where low-wage jobs are predominant as long as there are high road employers willing to invest in workers' skills and/or develop career pathways.

Orienting the workforce development system toward job quality serves job seekers and workers by placing them in employment that allows them to sustain a high quality of life for themselves, their families, and broader community that depends on their earnings. It also levels the industry playing field by rewarding employers that follow the rules (e.g., no wage theft or worker misclassification) and compete based on quality and respect for those who help create value.

Lastly, job quality serves the workforce development system and broader public sector by protecting

investments in training – i.e., ensuring that money spent on training workers is not lost as a result of turnover, an endemic problem in low-road industries and sectors.

Worker Voice

Worker voice is distinct from, but closely related to, job quality. It begins with a recognition of the wisdom of workers who know their jobs best and by building an industry-driven skills infrastructure where industry means both employers as well as workers and their representatives. By investing in and promoting planning with workers and management at the table, California is supporting partnerships that develop industry-led solutions to critical challenges and opportunities such as:

- Assessing current workforce gaps due to forthcoming retirements, job quality concerns, and/or insufficient training capacity;
- Addressing expected changes as a result of technology deployment including, but not limited to, automation and artificial intelligence; and
- Maintaining or increasing competitiveness in anticipation of, or in response to, market forces such as new laws and regulations as well as global trade effects.

Worker voice is also essential to workforce development policy and practice in order to ensure that investments in training and credentialing are connected to meaningful career advancement. In addition to benefitting workers and employers, career advancement is necessary to create opportunities for new, entry-level workers which is the basis for equity and inclusion within the California's high road vision.

The benefits and impact associated with worker voice are multiple and shared broadly. Workers can experience better working conditions and a greater sense of value and ownership on the job and within the firm by helping to make decisions that affect their livelihoods, both present and in the future. Individual firms and whole industry sectors benefit from development of new standards that can improve consistency in work and training and can support higher productivity. By focusing on developing robust solutions to critical issues identified by the industry, worker voice helps build a culture of continuous learning and collaboration, which is critical as industries change and advance over time.

Decision-makers and the public sector also gain from more widespread practice of joint labor-management planning and partnership, such as improved ability to manage limited resources for enforcement of employment laws (e.g., laws pertaining to wage and hour as well as health and safety) and deeper input and institutional investment in developing safeguards for workers and communities coping with disruption linked to environmental constraints, technological change, and other forces affecting employment, skills, and competitiveness.

Equity

Existing social, economic, and institutional bases of inequality mean that economic outcomes are stratified according to race, ethnicity, and gender. The high road vision and agenda therefore

emphasizes equity in workforce development, with the aim of systematically generating greater opportunity for Californians who have been locked out of the mainstream economy, are under-represented in high-wage occupations and industries, and/or face multiple barriers to quality employment. A number of strategies and practices are required to achieve greater equity in labor market outcomes.

Equity also means respecting and valuing the work done by immigrants, people of color, and other populations facing marginalization that is often overlooked by workforce development resources. Particularly in industries where low-wage jobs are predominant, equity strategies emphasize upskilling and professionalization that helps to standardize the work and training as well as value and compensate workers for new skills acquired through training and certification.

Environmental Sustainability

In addition to job quality, worker voice, and equity, California’s high road vision for workforce development addresses issues pertaining to environmental sustainability, particularly climate change. This is based on a recognition that climate change has serious implications for the state’s economy, and that the impacts of climate change disproportionately impact low-income communities and communities of color.

With respect to economy-wide implications, every occupation and industry – to varying degrees – is impacted by climate change and/or has an effect on the environment and climate. Moreover, California’s transition to a carbon neutral economy is reshaping whole industry sectors, including the occupations and employment within those sectors as well as the knowledge and skills required. Accordingly, high road workforce development – through sector-based high road training partnerships – considers job growth, job loss, and changes in the nature of work associated environmental change and related policies and investments. To this end, special attention must be paid to industry sectors that are on the frontlines of the transition to a carbon neutral economy (e.g., energy generation and distribution, buildings and construction, vehicle and components manufacturing, and forestry services and agriculture) while ensuring that programs and investments continue to address workforce development economy wide.

Implementing a High Road Workforce Development Agenda

California will employ three main strategies to operationalize these high road principles, this includes leveraging the state’s power of public investment, establishing policy and providing guidance to the workforce development field, and raising awareness in multiple forums.

1. Public Investment in High Road

The first strategy is to directly invest funds in CWDB-designed high road workforce development programs and training partnerships. This includes CWDB’s High Road Training Partnerships (H RTP) and High Road Construction Careers (HRCC) initiatives, which together represent \$175 million in state investment over the next seven years. These initiatives are shaped and driven by the following essential elements:

- **Industry-Led Problem Solving:** Foundational is that the industry – including leaders representing both employers and workers – lead the problem solving for the workforce demands unique to that industry.
- **Partnerships as a Priority:** It is key to have strong and durable industry partnership as a goal in and of itself. Here it means a formal relationship that is neither loose nor ad hoc, but forms the basis of sustained problem-solving.
- **Worker Wisdom:** Existing HRTPs in California have developed innovative ways to explicitly bring worker voice into their strategies and tactics as a core value undergirding the partnership.
- **Industry-Driven Education & Training Solutions:** Partnerships can tap into training that already exists, develop and deliver their own programs, or use a hybrid approach specific to their particular workforce needs.

Additionally, CWDB is providing technical assistance to other California state agencies to support integration of high road workforce development in those agencies’ major investments that have significant effects on employment and training needs across industry sectors. This includes, but is not limited to, agencies responsible for state building construction and maintenance; energy, transportation, and water infrastructure development and operations; and for reducing pollution from major industrial and agricultural sources. Potential state agency partners may include the California Air Resources Board, California Energy Commission, California Public Utilities Commission, California Natural Resources Agency, California State Transportation Agency, and the California Department of General Services.

2. Development of High Road Policy

The second strategy emphasizes policymaking as a means to establish measures either mandating or encouraging that high road practices are implemented and meaningful outcomes are achieved. In practice, CWDB translates high road principles and practices in state legislation and regulations, as well as developing policy directives and guidance for public agencies and the local workforce development system.

3. Increasing Education and Awareness of High Road

Lastly, CWDB advances the high road vision through education – by raising awareness of high road principles, practices, and programmatic successes – in order to change the culture of workforce development statewide. This is done through presentations at conferences on labor, workforce development, and education; regular and deep communication with, and technical assistance provided to, Local Boards and other practitioners; and producing reports and other educational materials for the diverse workforce development field in California.

Goals

Describe the goals for achieving this vision based on the analysis in (a) above of the State’s economic conditions, workforce, and workforce development activities. This must include—

- *Goals for preparing an educated and skilled workforce, including preparing youth and individuals with barriers to employment⁸ and other populations*
- *Goals for meeting the skilled workforce needs of employers.*

California intends to use the high road workforce development agenda identified above, to advance progress on three main policy objectives. These objectives affect both state-level policy and administrative practices across programs as well as local policy and service delivery.

1. *Fostering demand-driven skills attainment:* Workforce and education programs need to align program content with the state’s industry sector needs so as to provide California’s employers and businesses with the skilled workforce necessary to compete in the global economy.
2. *Enabling upward mobility for all Californians:* Workforce and education programs need to be accessible for all Californians, especially populations with barriers to employment, and ensure that everyone has access to a marketable set of skills, and is able to access the level of education necessary to get a good job that ensures both long-term economic self-sufficiency and economic security.
3. *Aligning, coordinating, and integrating programs and services:* Workforce and education programs must economize limited resources to achieve scale and impact, while also providing the right services to clients, based on each client’s particular and potentially unique needs, including any needs for skills-development.

Fostering Demand-Driven Skills Attainment

California recognizes the critical importance of improving the workforce and education system’s ability to meet the skill demands of employers in industry sectors that are driving regional employment. This includes identifying opportunities to move workers up a career ladder using targeted incumbent worker training while also moving new hires into jobs using strong employer engagement practices, relevant training investments, and supportive services.

Governor Newsom has set an aspirational goal of 500,000 apprenticeships in California by 2029. To reach the goal, the state must re-imagine how apprenticeships are developed, approved, and executed, and must ensure that employers and the workforce system are aligned. It is important to note that an apprenticeship is a job, therefore, to create an apprenticeship an employer must be willing to hire, and then train a worker in a structured program while also paying wages. While federal and state funds can cover some of the expenses for establishing new earn-and-learn opportunities, the costs of on-the-job training are primarily borne by the employer in the form of wages paid. Therefore any effective strategy for scaling apprenticeship must put industry at the center.

California will continue to invest in programs that have achieved an industry-led approach in order to scale them up, while also creating new programs that involve meaningful partnerships between employers, workers, and the workforce system.

Enabling upward mobility for all Californians

California believes that diversity is a strength, and advancing equity is an economic and moral imperative. Creating a workforce and education system that provides upward mobility for all Californians benefits the economy and fulfills the state's promise to recognize the ability of everyone who lives here to participate and thrive. In order to ensure that everyone has access to a marketable set of skills and the level of training necessary to get a job that provides long-term economic security, the services provided must be centered on each individual's unique needs.

For some individuals served by the workforce system, especially dislocated workers with an in-demand skillset, finding a good job may require only access to information about which employers are hiring in their Local Area or region. However, California recognizes that individuals with significant barriers to employment may need multiple interventions and access to a variety of services provided over an extended period of time in order to find and enter a good job. In alignment with the Governor's priorities, California will continue to invest federal and state funds to support the provision of wraparound services for individuals with barriers to employment, with an increased emphasis on the following populations.

Immigrants

California is home to almost 11 million immigrants, however, immigrants are particularly susceptible to forces barring them from economic opportunity. Common barriers include language access, childcare and transportation services, work authorization requirements, and the cultural competency of staff. Consequently the state workforce and education system must acknowledge, value and invest in the full potential of the immigrant community.

Justice-Involved

California releases approximately 36,000 people from the state prison each year, a portion of whom have received in-prison job-training rehabilitative services. While there is some, often informal, coordination between the corrections and workforce system, a formal and sustained relationship is needed to better integrate services operating in isolation, and to fill gaps and provide holistic and long-term outcomes to reduce recidivism.

Homeless or Housing-Insecure

California is facing a homelessness epidemic across the state. According to the 2019 Homeless Point in Time count, more than half of the 43 Homeless Continuum of Care (CoC) in the state reported double-digit increases in the number of people experiencing homelessness. While additional state resources have been allocated to stem the increase in homelessness, opportunities to deliver a comprehensive cross-system response remain. For people experiencing or at risk of homelessness, creating a continuity of services between workforce and CoC programs could provide the critical link necessary for long-term stability and success.

Aligning, Coordinating, and Integrating Programs and Services

California is experiencing fundamental shifts as a result of rapid advancements in technology along with the demands of combatting climate change. This has prompted California to reimagine how government can align its workforce and training programs at the state level to economize limited resources and creating a pipeline of qualified workers for the jobs of the future.

Governor Newsom is engaged in collaborative conversations with the Legislature and other state leaders on a proposal to better align workforce services and training programs through the establishment of a new department centered on the following standards:

- **Equity** – Despite productivity gains and increased prosperity over the last 40 years, we have also witnessed a steady deterioration of job quality and an abiding sense of economic insecurity. We can help shape the future of work in a proactive way, formulating new policies for connecting workers, students, and jobseekers – regardless of race, gender, disability, economic background, or prior education - with a chance at reskilling, upskilling, and training for something better.
- **Efficiency** – Workforce development programs are currently too fragmented across state government and reactive in nature to achieve sufficient scale and impact. Bringing current resources, programs, and training together in a well-coordinated system will enhance their impact. The plan calls for unifying these four organizations under one proactive vision:
 - California Workforce Development Board
 - Employment Development Department’s Workforce Services Branch
 - Employment Training Panel
 - Department of Industrial Relations Division of Apprenticeship Standards
- **Customer Service** – Both job seekers and employers today face a system of services that can be time-consuming and difficult to navigate. The proposed new department would be intended to benefit all by actively engaging employers big and small, expanding apprenticeship opportunities, and creating easy-to-navigate job seeker assistance among other innovative workforce approaches.

Assessment

Describe how the State will assess the overall effectiveness of the workforce development system in the State in relation to the strategic vision and goals stated above in sections (b)(1), (2), and (3) and how it will use the results of this assessment and other feedback to make continuous or quality improvements.

Current and Ongoing Workforce System-wide Assessment

The Cross-Systems Analytics and Assessment for Learning and Skills Attainment (CAAL-Skills) program serves as the main tool for assessing the overall effectiveness of the state workforce development

system. CAAL-Skills is an interagency and multi-departmental data-sharing and program-evaluation initiative led by CWDB that utilizes the common performance measures to evaluate the outcomes associated with California’s investment in workforce development, training, related education and supportive service programs.

The data system includes participant-level information that is used to systematically link individuals across the workforce system and participating programs. The program has developed a pooled administrative data set which can also be used to evaluate and assess participating programs’ efficacy so that program administrators and policymakers can develop evidence-based and data-driven policies to improve program participant outcomes.

For each program in the CAAL-Skills database, participant data is collected on the following variables:

- Participant characteristics, including demographic information (age, gender, race, ethnicity); veteran status; and existence of employment barriers (disabilities; cultural, linguistic, literacy or income barriers; and ex-offender status).
- Treatment(s) received: type of service (whether career, training, or supportive; and by within-category disaggregation) and whether the participant received a combination of services.
- Location(s) where service(s) were received.
- Time of program entry, exit, and (if applicable) training completion.
- Whether a participant obtained a recognized credential(s) within one year of exit, and type(s) of credential obtained.

Participant data is then associated to employer-provided data in the Unemployment Insurance base wage file, to generate additional information on participant outcomes, including:

- Participant employment status two and four quarters after program exit.
- Participant earnings two and four quarters after program exit.
- The industry sector in which that participant was employed, two and four quarters after exit.

The pooling of participant data among the data-sharing partners also provides information on the frequency, extent, and patterns of participation in multiple workforce education and training programs.

Finally, availability of pre-treatment earning information is expected to provide a more rigorous baseline with which to assess changes to earnings following workforce program participation.

California Policy Lab Evaluation Using CAAL-Skills Data

The CWDB has engaged the University of California Regents (working under the name of California Policy Lab) to perform a statistically rigorous evaluation and assessment of California’s workforce

system partners as required by WIOA Section 116.

The California Policy Lab evaluation will use data in the CAAL-Skills database to assess if and how particular workforce programs and services are associated with improvements in labor market outcomes. The non-experimental evaluation will utilize methods of control to rigorously estimate impacts from program participation itself, eliminating or reducing the effect of confounding factors (such as unmeasured differences between participants). The evaluation may additionally reveal whether impacts differ for different participant groups (e.g. by gender, race, disability etc.), which may provide information on the effectiveness of the workforce system in reducing or eliminating barriers.

Using CAAL-Skills data and associated evaluations, the state will assess the extent to which specific workforce programs and services mitigate such inequalities (or fail to), and identify the specific barriers to access, completion, or success, that participants face, in addition to evaluating performance on statewide measures in WIOA Section 116.

Future Workforce System-wide Assessment

Besides the current and ongoing assessment efforts outlined above, California will explore ways to objectively assess implementation of its High Road workforce development agenda. Potential indicators of success or measurements of progress could include, but are not limited to, the following:

- California's capacity to grow sector-based, high road training partnerships

Evaluation criteria could focus on measurable outcomes for workers. Examples include: retention, wage progression, job quality; for employers (productivity gains, reduction in turnover); and durability and scalability of partnerships themselves.

- California's impact on industry standards

Evaluation criteria could focus on positive within-industry changes that result from expansion of the high road model within an industry. Examples include: growth in prevailing wage levels and improvements to scheduling predictability, benefits, safety standards, etc.

- California's ability to improve equity through participant outcomes

Evaluation could focus on investment in retraining and creation of meaningful career pathways for workers who are currently employed in sectors which produce environmental pollution as well as for low income communities and communities of color that are disproportionately impacted by environmental pollution and the effects of climate change.

State Strategy

The Unified or Combined State Plan must include the State's strategies to achieve its strategic vision and goals. These strategies must take into account the State's economic, workforce, and workforce development, education and training activities and analysis provided in Section (a) above. Include discussion of specific strategies to address the needs of populations provided in Section (a).

- *Describe the strategies the State will implement, including industry or sector partnerships related to in-demand industry sectors and occupations and career pathways, as required by WIOA section 101(d)(3)(B), (D). “Career pathway” is defined at WIOA section 3(7) and includes registered apprenticeship. “In-demand industry sector or occupation” is defined at WIOA section 3(23).*
- *Describe the strategies the State will use to align the core programs, any Combined State Plan partner programs included in this Plan, required and optional one-stop partner programs, and any other resources available to the State to achieve fully integrated customer services consistent with the strategic vision and goals described above. Also describe strategies to strengthen workforce development activities in regard to weaknesses identified in section II(a)(2)*

In order to ensure ongoing alignment between the various government agencies that are responsible for administration of the state’s workforce and education system, the CWDB and its state partners will utilize the following seven strategies to frame, align, and guide program coordination at the state, regional, and local levels.

Seven Strategies

1. Sector Strategies
2. Career Pathways
3. Regional Partnerships
4. Earn and Learn
5. Supportive Services
6. Creating Cross-System Data Capacity
7. Integrated Service Delivery

These seven policy strategies are evidence-based and have been shown to ensure effective delivery of services and increase the likelihood that those who receive services obtain gainful employment. Bilateral partnership agreements will be used to implement these strategies as the state level and the WIOA Regional and Local Plans will be the mechanism for operationalizing regional coordination and aligning service delivery at the local level.

Sector Strategies

Sector strategies are policy initiatives designed to promote the economic growth and development of a state’s competitive industries using strategic workforce investments to boost labor productivity. The strategic focus is on prioritizing investments where overall economic returns are likely to be highest, specifically in those sectors that will generate significant gains in terms of jobs and income.

Targeting the right sectors is essential and requires that policy makers use economic and labor market data to determine which industry sectors are best positioned to make gains if investments in workforce development are made. Investment decisions are typically also contingent on the degree to which a sector faces critical workforce supply problems, for example, whether the industry faces or will face a shortage of skilled workers in a particular occupation, whether these shortages are a consequence of either growth or retirements.

A key element of sector strategies is the emphasis on industry and sector partnerships. These partnerships bring together multiple employers within a sector to find shared solutions to their common workforce problems. When done successfully, sector strategies can lead to mutually beneficial outcomes for business, labor, and the state by increasing competitiveness and growth, improving worker employability and income, and reducing the need for social services while also bolstering government revenues generated by both business and workers.

Career Pathways

Career pathways are designed to facilitate incremental and progressive skills attainment over time, in clearly segmented blocks, such that those who move through the pathway obtain education or training services built on the foundation of prior learning efforts. The objective is to provide a packaged skill set which has demonstrable labor market value at each stage of the learning process. Key elements of successful pathway programs include the following:

- Varied and flexible means of entry, exit, and participation through multiple “on and off ramps” and innovative scheduling practices.
- Entry and exit points are based on student, worker, or client needs as well as educational or skill levels, allowing those with different skill levels to participate where appropriate.
- Flexible exit allows those who cannot complete a longer term program the ability to build longer term skills through short term serial training efforts.
- Pathways programs are characterized by a high degree of program alignment and service coordination among relevant agencies, which can typically include adult education and basic skills programs, community colleges CTE programs, high school CTE programs, workforce development board programs, as well as social services agencies.
- The receipt of industry-valued credentials at each stage of training.
- Employer engagement to ensure that training and education are relevant to the labor market.

Career pathways programs are particularly useful in serving populations with barriers to employment because they can be packaged in a way that responds to client population needs. Combining career pathway programs with sector strategies has the potential to help move populations with barriers to employment into the labor force while also meeting employer’s workforce needs, by providing disadvantaged individuals with a tangible and marketable skillset that is in-demand

Earn and Learn

Earn and learn policies are designed to facilitate skills attainment while also providing those participating in these programs with some form of compensated work experience, allowing them to “earn” income while they “learn” to do a job. Because many WIOA customers have barriers to employment and cannot afford to attend an education or training program full time because time spent in the classroom reduces time that can be spent earning income, earn and learn opportunities are an important strategy for success.

These programs include, but are not limited to, the following:

- Apprenticeships
- Pre-apprenticeships
- Incumbent worker training
- Transitional and subsidized employment
- Paid internships and externships
- Project-based compensated learning

The principles of earn and learn are broad enough to allow for flexible program design. As such, programs may be customized to serve clients on the basis of their given level of skills and their particular educational or training needs. Transitional and subsidized employment programs can be used to provide work experience to those who have none, facilitating the hiring of individuals that employers might not otherwise employ. Incumbent worker training serves the purpose of keeping the state’s workforce productive and its businesses competitive. Similarly, pre-apprenticehip and apprenticeship programs can provide access to formal skills training opportunities in a variety of occupational fields that typically provide good wages and a middle class income.

Regional Partnerships

Labor markets and industry are both organized regionally. Organizing workforce and education programs regionally increases the likelihood that workforce and education programs can be aligned to serve the needs of labor markets. Regional organizing efforts should aim for the development of value-added partnerships that not only help achieve the policy goals of the partnership but also help partners achieve their organizational goals.

Regional partnerships can be mutually beneficial when they are set up to leverage each partner program’s core competencies and subject matter expertise. When shaped in this manner, regionally organized programs economize the use of scarce resources, while also allowing program operators to take programs to scale, reduce administrative costs, and package and coordinate services on the basis of specialization.

The objective of regional organizing efforts is not to create monolithic one-size-fits-all uniform

workforce and education programs, but rather to coordinate service delivery on the basis of program strengths while also aligning partner programs with each region’s particular labor market needs. The exact manner in which these partnerships come together will vary from region to region based on the unique set of circumstances that shape each region’s workforce needs.

Supportive Services

Many of the clients served by the state’s workforce and education programs face barriers to employment that also undermine their ability to complete a training or educational program which could help them upskill or reskill in a manner that increases their labor market prospects. Individuals often need access to a broad array of ancillary services in order to complete training or education programs and successfully enter the labor market.

Supportive services provided through the state’s workforce and education programs include everything from academic and career counseling, to subsidized childcare and dependent care, to transportation vouchers, to payment for books, uniforms, and course equipment, to substance abuse treatment, as well as the use of assistive technology for California’s disabled population. Supportive services may also include licensing fees, legal assistance, housing assistance, emergency assistance, and other needs-related payments that are necessary to enable an individual to participate in career and training services.

The combination of supportive services provided should depend on each particular individual’s needs and background, as well as the eligibility criteria for various programs. The exact menu of services offered to program participants will vary from region to region and locality to locality, but should always be centered on what is best for the individual.

Cross System Data Capacity

Diagnostic data is intended to steer investment to help ensure that programs align with labor market trends and needs by looking at patterns of job growth as well as aggregate education and training program output with respect to the number of degrees and certificates received and industry-recognized credentials awarded. Performance data is intended to measure typical program outcomes for individuals receiving services while helping quantify skills attainment and degree and credential production. The following types of data are used to guide the design and evaluation of workforce and education programs in California:

Diagnostic data pertaining to the relative importance of the different industries, sectors, and occupations throughout California.

Diagnostic data analyzing the extent to which state education and training programs are preparing students and workers with the requisite industry-recognized skills and credentials to meet employer’s skills needs and future industry demand for trained workers in relevant sectors and occupations across the state’s regions.

Performance data on workforce and education programs, including required WIOA performance data.

Impact analyses and return on investment studies that allow one to assess the value of the state's workforce and education programs, as well as the ability to track outcomes longitudinally to assess and evaluate the effectiveness of career pathways.

Integrated Service Delivery

Integrated service delivery is when multiple partners work together to collaborate and coordinate their support, services and interventions. The focus is generally on individuals, or target groups, who have complex needs that require services from a variety of partners. Integrated services delivery also results in program alignment and provides access to the broad array of services funded across the state's workforce and education programs. This approach supports the workforce systems' ability to focus on skills development, attainment of industry recognized credentials and degrees, and prioritization of career pathways in high demand sectors.

Integrated service delivery also provides staff with the flexibility to provide customized services based on the needs of the job seeker. Services should provide job-seeking individuals with skills and supports necessary for successful participation in education and training programs that lead to employment in in-demand occupations. This can occur in a variety of ways depending on the needs of both employers and the client base in each regional and local area.