

Board of Governors - September 2014 Retreat

Recommendation:

It is recommended that the Board of Governors commission the:

Task Force on Workforce, Job Creation and a Stronger Economy.

The Task Force will be asked to consider strategies and recommend policies and practices that would:

- 1) Prepare students for high-value jobs that currently exist in the State,
- 2) Position California's regions to attract high-value jobs in key industry sectors from other states and around the globe,
- 3) Create more jobs through workforce training that enables small business development, and
- 4) Finance these initiatives by braiding existing state and federal resources.

The Task Force would be comprised of knowledgeable leaders from across the community college system, the business community, labor, public agencies involved in workforce training, community based organizations, and other groups.

The Challenge:

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



Too many Californians face substantial challenges in finding good jobs and supporting themselves and their families in an era with volatile, rapidly evolving labor markets. Too often, they lack the skills, credentials and work experiences they need to obtain high-value jobs. At the same time, in regions across California, employers in key industries require workforce skills and aptitudes that are in short supply. Without creative, aggressive action, that gap is likely to worsen in the years to come, threatening economic growth and the ability of thousands of Californians to succeed. Other states are not sitting still¹.

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

- Between 2010 and 2020, 60% of all job openings will be from replacements as Baby Boomers retire.³

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

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

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

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

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

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

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

California is a set of regional economies, not a monolithic one.

Different industry sectors serve the base for each regional economy, yet one commonality remains the same. Today, human capital is the best predictor of a region’s success. California’s regions differ in their capacity to generate jobs.

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

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



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

⁴ Bureau of Labor Statistics, U.S. Department of Labor, The Editor’s Desk, Youth labor force participation rate in July 2013 same as a year earlier. Accessed from: http://www.bls.gov/opub/ted/2013/ted_20130823.htm

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

⁶ http://cdn.americanprogress.org/wp-content/uploads/2013/11/apprenticeship_report2.pdf

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

⁸ Small Business Administration, Frequently Asked Questions, http://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf.

⁹ BLS Business Employment Dynamics, 2013.

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

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

The Goal

We need to create the opportunity for Californians to embark on accelerated paths to new skills, quality credentials, and careers that truly match employer and regional needs. We need the policies and practices that enable the California Community Colleges to significantly increase the number of student completions with workforce value over the next ten years.

We Must Ask Ourselves the Hard Questions:

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

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

According to the [Association for Career and Technical Education](#), the term "industry-recognized," used with respect to a credential, means a credential that—

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

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

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

Task Force Reading List:

- **Linking Business and Budgets** (Inside Higher Education, August 7, 2014):
<https://www.insidehighered.com/news/2014/08/07/new-workforce-fund-louisiana-ties-money-jobs-and-private-donations>
- **Help Wanted: Projections of Jobs and Education Requirements Through 2018** (Georgetown Center on Education and the Workforce, 2010):
<https://georgetown.app.box.com/s/ursjbxaym2np1v8mgrv7>
This landmark report shows where the jobs will be, by education level, occupation and industry through 2018, and how postsecondary education is increasingly essential to middle class earnings.
- **In This Together: The Hidden Cost of Young Adult Unemployment** (Young Invincibles, 2014):
<http://younginvincibles.org/wp-content/uploads/2014/01/In-This-Together-The-Hidden-Cost-of-Young-Adult-Unemployment.pdf>
Breakdown of lost revenues due to unemployed young adults. Includes state breakouts showing per-unemployed cost and total cost to state. California loses \$219 million a year from unemployed young adults. One of our policy recs includes expanding Apprenticeships.
- **Workforce Investments: State Strategies to Preserve Higher-Cost Career Education Programs in Community and Technical Colleges** – (Institute for Higher Education Leadership & Policy, 2013)
http://doingwhatmatters.cccco.edu/portals/6/docs/IHELP_Workforce_Invest_FINAL_Aug30.pdf Overviews how California compares against 20 states that have finance mechanisms to preserve valuable CTE/workforce programs for students even when these programs entail higher costs.
- **Youth and Work** (Annie E. Casey Foundation, 2012):
http://www.childrennow.org/uploads/documents/casey_youth_report_2012.pdf
Explains what disconnected youth are and includes a state breakdown. CA has about 1.9 million disconnected youth ages 16-24. Policy recs include: a national employment strategy promoting multiple pathways and collaborative community efforts.
- **Students paying extra for business skills they say they haven't learned on campus. Critics wonder: Why don't colleges teach this?** (The Hechinger Report, 2014) http://hechingerreport.org/content/students-paying-extra-business-skills-say-havent-learned-campus_16334/
More and more students are paying extra to learn career skills before starting their first jobs, forking over thousands of dollars on top of the already high price of higher education.
- **Ready to Work: New Actions to Expand Job-Driven Training and Broaden the Pathways to the Middle Class** (The White House, 2014)
http://www.whitehouse.gov/sites/default/files/docs/ready_to_work_factsheet.pdf
Vice President Biden was commissioned by President Obama to review all \$15B of federal employment and training programs. This newly released report contains the recommended actions that will reshape those federal investments.