

# Left Out, Left Behind

## California's Widening Workforce Training Gap



Based on research from Encina Advisors



ENCINA ADVISORS, LLC

2013

# Introduction

For more than 150 years, California has represented the fulfillment of the American Dream. From early pioneer days to the technology boom at the turn of the 21st century, the state has led the nation and the world with its entrepreneurial spirit and economic vitality.

For roughly seven years, California has been impacted by the national recession. Sluggish growth and increased unemployment have taken their toll on our once vibrant economy. However, there are some encouraging signs that our economy may be in recovery. Not surprisingly, employment growth is essential to making our economy robust again.

In response to economic, societal and technological changes, California has begun a transition to a new economy that requires post-secondary education and skills in healthcare, education, service industries and management. The new economy has created jobs which are yet to be filled, and the state lacks trained, qualified individuals to fill them. *This gap between educational and vocational training “demand” versus “supply” represents a significant barrier to further economic recovery and growth.*

**This gap between educational and vocational training “demand” versus “supply” represents a significant barrier to further economic recovery and growth.**



# Executive Summary

## **Career and technical education supports business growth, reduces unemployment and stimulates California's economy.**

Increasingly, individuals need post-secondary education and training to secure and maintain employment and to advance in their careers. These degrees, certifications and skills are also necessary to support sectors with the largest projected job growth in the next decade.

## **There is a significant gap between demand and supply for career education in California.**

Post-secondary career education, which teaches occupational skills, is increasingly unavailable at traditional institutions. In the past, career education has been the role of California's community colleges, but enrollment demand far exceeds the available capacity. Furthermore, as of Fall 2011, community college occupational course offerings had been cut back to 2006-07 levels. Community colleges will be unable to close the demand/supply gap over the next decade.

## **Given the need for career training to fill jobs, the demand/supply gap will have a significant effect on California employment into the foreseeable future.**

Currently, the demand for a community college education in California exceeds capacity by 591,000 full-time students. Over the next ten years, more than two million Californians will go unserved by the state's community colleges, limiting their ability to gain the career skills they need to secure employment.

## **The gap in career education hurts employers who have jobs available but not enough skilled workers to fill them.**

If the gap is not closed, there will be an insufficient number of skilled workers to fill the available jobs. A dependable pool of educated, trained and available workers is critical to the successful functioning of all businesses. Companies with available positions but no qualified applicants are at a significant disadvantage in the marketplace, putting their viability at risk. Businesses that do not thrive cannot contribute to the state's economy.

**Ignoring the demand/supply gap will cost California billions of dollars in foregone income.**

Vital economies are built by thriving businesses, which provide employment opportunities and economic security for individuals and families. Individuals who lack access to proper education and training face major barriers to employment and suffer financially. On average, the typical 25- to 34-year-old makes \$6,432 more per year with an associate degree than with a high school diploma. State and local governments, funded by taxpayers, will face a tremendous loss of potential revenue. Counties could forgo potential income of \$1.4 billion to \$17.1 billion cumulatively over the next ten years.

**Recommendations.**

Increasing offerings to education will decrease the state's unemployment rate by bringing new qualified workers into the workforce. (For full list of recommendations, see page 12).

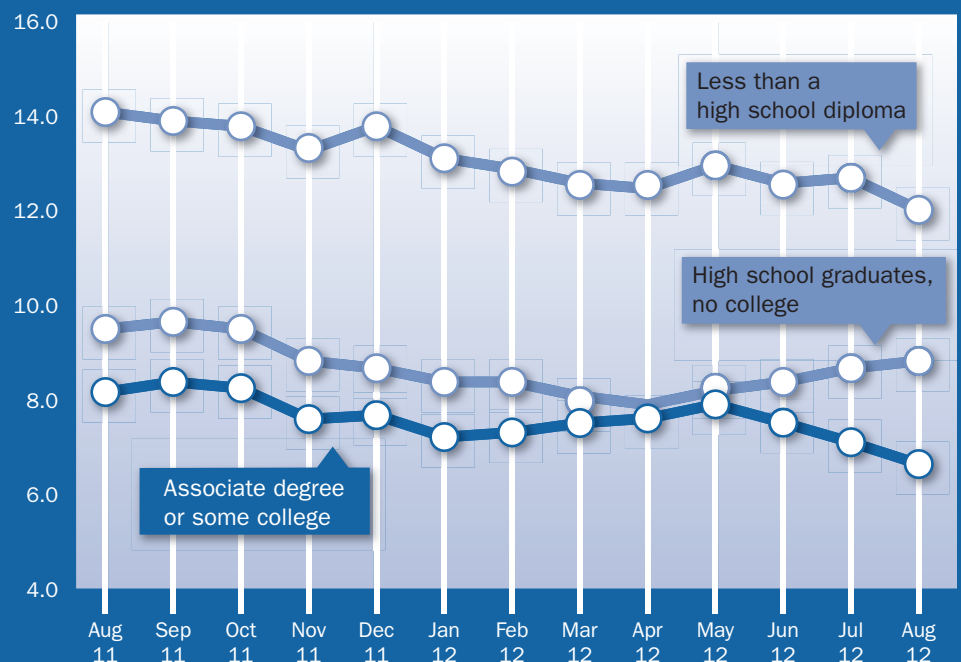


# An overview of employment in California

**Increasingly, individuals need post-secondary education and training to secure and maintain employment and to advance in their current positions. These degrees, certifications and skills are necessary to support sectors with the largest projected job growth in the next decade.**

- In recent years, California's unemployment rate has been higher than the nation's, demonstrating a need for heightened focus on how to encourage and support robust economic growth and job creation.
- Workers need specialized skills to gain and maintain employment, especially in challenging economic times.
- Post-secondary education increases the likelihood of being employed.

## Career Education Can Help Reduce Unemployment in CA: Comparative Rates of the U.S. Civilian Population By Education Level\*



SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey, Table A-5," September 7, 2012, <http://www.bls.gov/web/empsit/cpseee05.htm>.

\*Employment status of the civilian noninstitutional population 25 years and over by educational attainment, seasonally adjusted



- Younger workers, who experience the highest rates of unemployment, need greater access to higher education.
- Associate degrees and other post-secondary non-degree credentials will be necessary to support California occupational areas with the largest projected job growth.
- Skill requirements are increasing in most existing occupations in areas including management, healthcare and the service industry.



## California Unemployment Rate by Age\*

	July 2011	June 2012	July 2012
Age 16-19	34.2%	35.9%	35.4%
Age 20-24	17.8%	16.6%	16.4%
Age 25-34	11.7%	11.1%	10.8%
Age 35-44	9.9%	8.9%	8.8%
Age 45-54	10.6%	9.0%	8.7%
Age 55-64	9.7%	9.1%	9.0%
Age 65+	10.4%	9.4%	9.7%
California Statewide Total	12.0%	11.2%	11.0%

SOURCES: California Employment Development Department, "California Demographic Labor Force, Summary Tables – July 2012," September 2012, [http://www.calmis.ca.gov/specialreports/CA\\_Employment\\_Summary\\_Table.pdf](http://www.calmis.ca.gov/specialreports/CA_Employment_Summary_Table.pdf). California Postsecondary Education Commission (CPEC), "Community College Enrollment Demand Projections, 2009-2019," Report 09-28, December 2009, pp. 18-19

\*Data are compiled from 12-month moving averages

# Significant shortages in training for career education

**Post-secondary career education, which teaches occupational skills, is increasingly hard to obtain through traditional public institutions in California. Career education has traditionally been the role of California's community colleges, but enrollment demand far exceeds the available capacity, and career education offerings are limited. California community colleges will be unable to close the gap over the next decade.**

- Career education used to be the primary charge of California's community college system.
- Community colleges have shifted their main focus to serve students who seek to transfer to traditional four-year colleges.
- California community colleges are experiencing capacity shortages, which are projected to continue for the next ten years.
- The California Community Colleges Chancellor's Office reports that over 70% of its colleges are decreasing enrollment of full-time equivalent students (FTES) and reducing staffing levels and occupational course offerings back to 2006-07 levels.

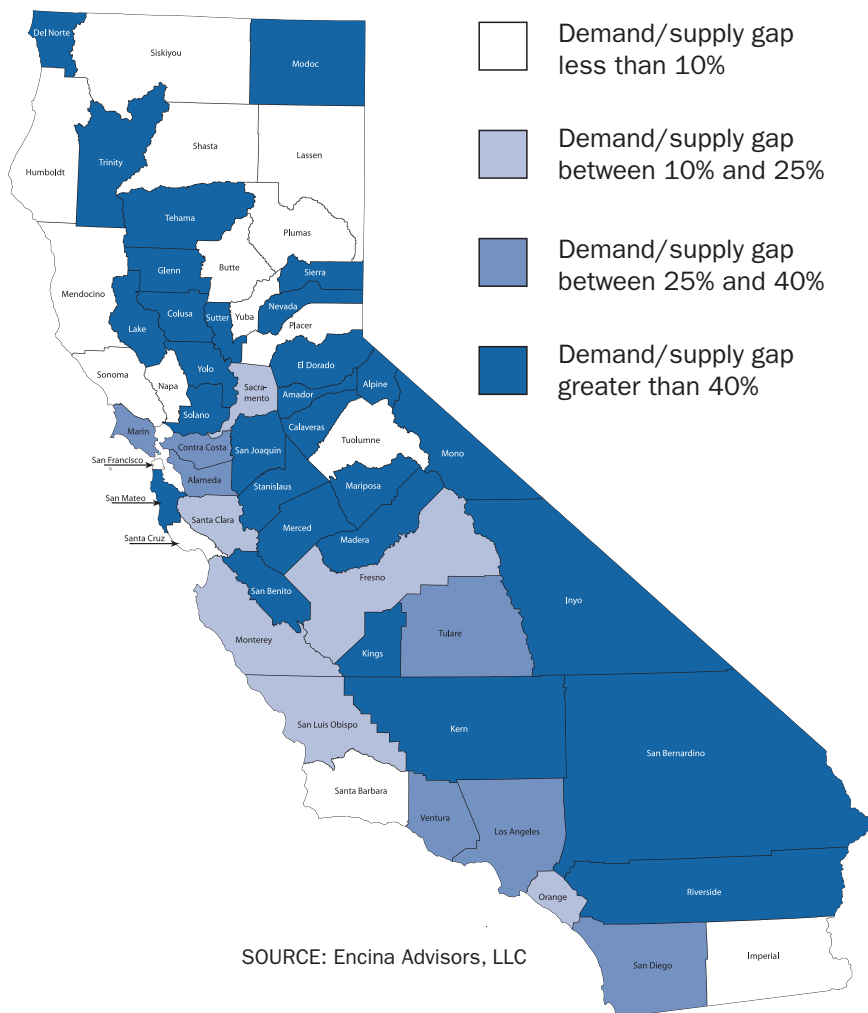
## Limited California Community College Capacity (FTES), 2012-13 to 2021-22



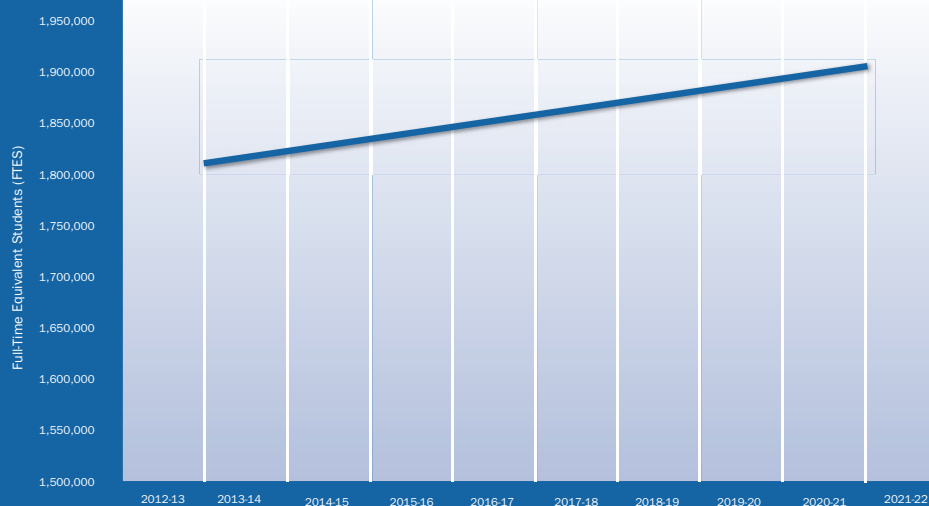
2021-22		
County	Capacity	Percent of Total Statewide
Los Angeles	368,535	24.2%
Orange	145,016	9.5%
San Diego	143,618	9.4%
Santa Clara	88,333	5.8%
Sacramento	69,648	4.6%
Riverside	67,810	4.5%
San Bernardino	61,221	4.0%
Alameda	59,881	3.9%
San Francisco	54,690	3.6%
Fresno	44,574	2.9%
All Others	416,488	27.4%

SOURCES: California Department of Finance (DoF), "2010 Census Summary File 1, Table PCT12 by Race/Ethnicity, California and Counties," July 22, 2010; DoF, "Interim Projections for California: July 1, 2015 to 2050 in 5-year Increments," May 7, 2012; CPEC, "Community College Enrollment Demand Projections, 2009-2019," Report 09-28, December 2009; Encina Advisors, LLC

- In half of California's 58 counties, the demand for community college education exceeds available supply by over 40%. In seven counties, the gap is between 25% and 40%, and in six counties, the gap is between 10% and 25%. In only 16 counties is the demand/supply gap lower than 10%.
- Overall, the demand for a community college education in California exceeds capacity by 591,000 full-time equivalent students.
- However, enrollment at private career colleges has been increasing for seven years. Career colleges help provide access to career education, particularly for non-traditional students.



## Higher California Community College Demand (FTES), 2012-13 to 2021-22



SOURCES: California Department of Finance (DoF), "2010 Census Summary File 1, Table PCT12 by Race/Ethnicity, California and Counties," July 22, 2010; DoF, "Interim Projections for California: July 1, 2015 to 2050 in 5-year Increments," May 7, 2012; CPEC, "Community College Enrollment Demand Projections, 2009-2019," Report 09-28, December 2009; Encina Advisors, LLC



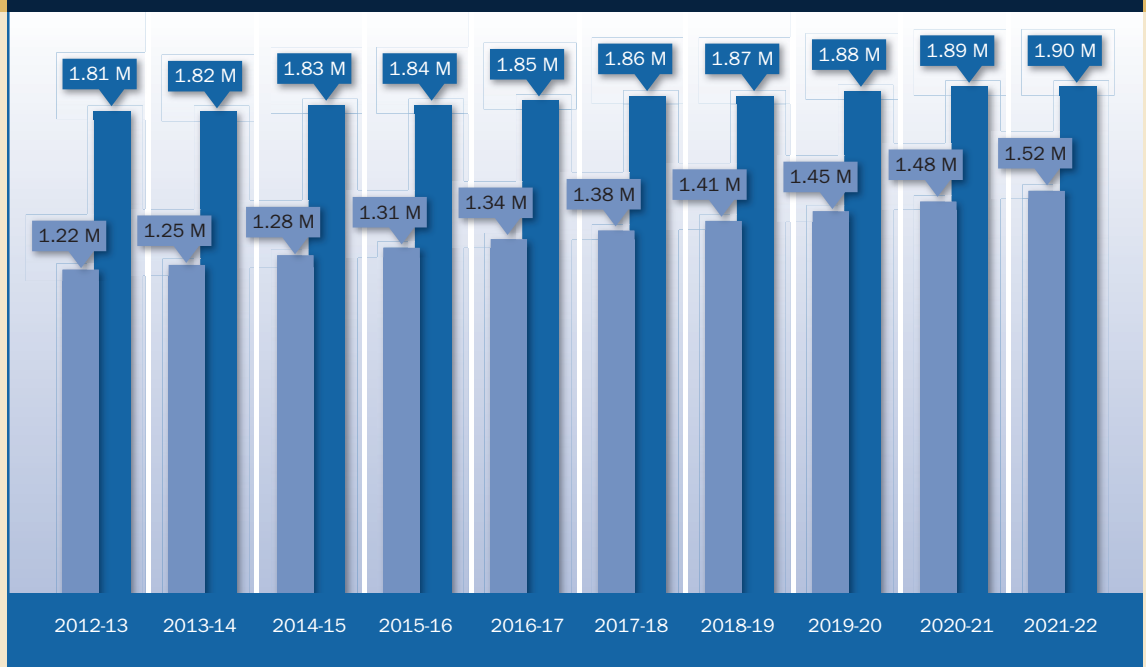
# Career education gap hurts residents

**Given the vital link between career training and jobs, the demand/supply gap will have a significant effect on California employment well into the future. Over the next ten years, more than two million Californians will go unserved by the state's community colleges, limiting their ability to gain the education and career skills necessary to secure employment.**

- While the demand/supply gap at community colleges is projected to decrease somewhat over the next decade, access will remain elusive for hundreds of thousands of California residents.
- Over the next ten years, about 2.45 million Californians who seek a community college education will be unable to do so.
- Nationally, individuals with less than a high-school diploma experienced an unemployment rate of 12%; high school graduates, 8.8%; individuals with associate degree or some college, 6.6%.

## Statewide Community College Capacity and Demand (FTES)

Supply  
Demand



SOURCE:  
Encina Advisors, LLC

# Career education gap hurts employers

**A dependable pool of educated, trained and available workers is critical to the successful functioning of all businesses. Companies with available positions but no qualified applicants are at a significant disadvantage, and businesses that do not thrive cannot contribute to the state's economy.**

- According to the California Employment Development Department, many of the fastest-growing occupations in the state will require an associate degree or post-secondary non-degree award.
- Without career colleges, healthcare workers in particular will not be available for hospitals, nursing homes, medical and dental offices and other care institutions.

## Largest Occupations Requiring Associate Degree or Post-Secondary Non-Degree Award, Projected Absolute Job Growth 2008-2018

Occupation	Jobs
Registered Nurses	102,100
General and Operations Managers	72,700
Nursing Aides, Orderlies, and Attendants	33,600
Licensed Practical and Licensed Vocational Nurses	33,400
Dental Assistants	20,600
Preschool Teachers, Except Special Education	17,700
Firefighters	16,300
Hairdressers, Hairstylists, and Cosmetologists	11,800
Construction Managers	9,900
Paralegals and Legal Assistants	8,700
<b>Total</b>	<b>326,800</b>

SOURCE: California Employment Development Department, Labor Market Information Division, "California Labor Market and Economic Analysis 2012," May 2, 2012, p.33.

# Career education gap hurts the economy

**Vital economies are built by thriving businesses, which provide employment opportunities and economic security for individuals and families. Individuals who lack access to education and training face major barriers to employment and suffer financially. State and local governments, funded by taxpayers, face indirect losses.**

- On average, the typical 25- to 34-year-old makes \$2,272 more each year with some college, and \$6,432 more annually with an associate degree.
- Insufficient access to career education translates into foregone income of thousands of dollars annually for each Californian denied access.
- Statewide, over the next decade, the gap will result in a projected loss of foregone personal income of \$52.2 billion.

## Total projected foregone personal income in California resulting from demand/supply gap, cumulative from 2012-13 to 2021-22

County	Foregone Income	County	Foregone Income	County	Foregone Income
Alameda*	\$2,803 M	Marin	\$286.5 M	San Mateo	\$1,652.8 M
Alpine	\$4.7 M	Mariposa	\$72.2 M	Santa Barbara	-\$1,141.2 M
Amador	\$152.7 M	Mendocino	-\$95.3 M	Santa Clara*	\$1,373.0 M
Butte	-\$149.0 M	Merced	\$599.7 M	Santa Cruz	-\$11.3 M
Calaveras	\$176.5 M	Modoc	\$38.4 M	Shasta	-\$167.2 M
Colusa	\$88.5 M	Mono	\$66.1 M	Sierra	\$12.0 M
Contra Costa*	\$1,659.1 M	Monterey*	\$387.5 M	Siskiyou	-\$173.9 M
Del Norte	\$133.1 M	Napa	-\$114.2 M	Solano	\$1,096.9 M
El Dorado	\$408.6 M	Nevada	\$394.3 M	Sonoma	-\$111.1 M
Fresno*	\$766.6 M	Orange*	\$2,438.7 M	Stanislaus*	\$891.8 M
Glenn	\$120.4 M	Placer*	-\$262.1 M	Sutter	\$444.7 M
Humboldt	\$32.8 M	Plumas	-\$89.0 M	Tehama	\$267.2 M
Imperial	-\$212.3 M	Riverside	\$4,342.3 M	Trinity	\$54.0 M
Inyo	\$76.7 M	Sacramento*	\$1,232.5 M	Tulare	\$435.0 M
Kern	\$1,710.3 M	San Benito	\$231.4 M	Tuolumne	-\$112.1 M
Kings	\$427.1 M	San Bernardino*	\$4,543.8 M	Ventura	\$928.9 M
Lake	\$265.3 M	San Diego	\$3,604.8 M	Yolo	\$1,031.2 M
Lassen	-\$57.4 M	San Francisco*	-\$174.7 M	Yuba	-\$292.1 M
Los Angeles*	\$17,073.0 M	San Joaquin*	\$2,227.8 M	California Total	\$52,272.4 M
Madera	\$664.0 M	San Luis Obispo	\$219.5 M		

SOURCE: Encina Advisors, LLC

- Counties with the largest demand/supply gap will face potential cumulative personal income losses ranging from \$1.4 billion to \$17.1 billion.
- Additionally, the loss of investment in local businesses within each county due to lack of qualified applicants will have a significant effect on counties' ability to fund local services, schools and government operations.



## Foregone Personal Income, 2012-13 to 2021-22

County	Career Education Gap (FTES in 2012-13)	Potential Foregone Cumulative Income
Los Angeles County	187,733	\$17.1 B
San Bernardino County	48,533	\$4.5 B
Riverside County	46,730	\$4.3 B
San Diego County	42,397	\$3.6 B
Orange County	30,811	\$2.4 B
Alameda County	30,712	\$2.8 B
San Joaquin County	23,016	\$2.2 B
Kern County	18,386	\$1.7 B
Contra Costa County	18,254	\$1.7 B
Santa Clara County	17,534	\$1.4 B

SOURCES: U.S. Census Bureau, "Current Population Survey, 2011 Annual Social and Economic Supplement, PINC-04," [http://www.census.gov/hhes/www/cpstables/032011/perinc/new04\\_001.htm](http://www.census.gov/hhes/www/cpstables/032011/perinc/new04_001.htm), accessed September 20, 2012; Encina Advisors, LLC

# Recommendations

- California should develop an employer-driven blueprint that embraces all modes of career training, including both public and private institutions, to reach and impact individuals who are preparing for employment in the coming decades.
- Employment sectors should develop pathways for traditional and non-traditional students to enter the workforce, and should work with public and private entities to publicize those pathways.
- Higher education must evolve and respond to changing professional, economic and technological circumstances.
- Californians seeking employment now and in the future should be aware of gaps in workplace training and consider post-secondary options that will allow them to pursue careers, achieve financial security and contribute to the state's economy.
- Partnerships should be developed between community colleges and career and vocational colleges, which have the distinctive mission of preparing students for a 21st century workplace.



## Postscript

Many of the observations in the study are based on research by Encina Advisors, LLC, one of California's most respected economic consulting firms. Corinthian Colleges, Inc. (CCi), as part of its mission to "change students' lives," funded the Encina research. CCi offers diploma and degree programs that prepare students for careers in demand or for advancement in their chosen field. With 23 campuses in California, CCi is committed to working with the employer community and policymakers to help "bridge the gap."



