

Securing a strong economic future for all Californians

A state workforce development policy agenda

Supporting Organizations

The Anti-Recidivism Coalition
 Bay Area Council
 Building Skills Partnership
 California Competes
 California EDGE Coalition
 California Forward
 California Immigrant Policy Center
 California Labor Federation
 – Workforce and Economic Development Program
 California Workforce Association
 Center for Employment Opportunities
 Chaffey College
 East Bay Economic Development Alliance (East Bay EDA)
 Goodwill Southern California
 Grove Action Fund
 Hope Builders
 Inland Empire Economic Partnership
 International Rescue Committee
 The James Irvine Foundation
 JobTrain
 JVS San Francisco Bay Area
 JVS SoCal
 LeadersUp
 Learn4Life
 Los Angeles / Orange County Regional Consortium
 Los Angeles Area Chamber of Commerce
 National Skills Coalition
 Norco College
 North Bay Leadership Council
 Proteus Inc.
 Regional Economic Association Leaders (R.E.A.L.) Coalition
 Rise Together
 The Roberts Enterprise Development Fund (REDF)
 San Diego Workforce Partnership
 San Francisco Foundation
 San Gabriel Valley Economic Partnership
 Santa Rosa Metro Chamber
 SEIU United Healthcare Workers West
 Silicon Valley Leadership Group
 Small Business Majority
 TechEquity Collaborative
 Year Up



Summary

California's economy is at a crossroads. The state's GDP is now the fifth largest in the world,¹ but with one in four Californians living in or near poverty,² the state's prosperity stands on shaky ground. California's policy leaders can secure an economic future that works for all of California by investing in the state's greatest asset: its people. A stable, well-paying job is a top priority for Californians who struggle to make ends meet.³ Meanwhile, a skilled and diverse workforce is a key asset to California companies competing in the global marketplace. A world-class workforce development system that helps more workers build in-demand skills and connect to good jobs can support the economic aspirations of Californians while boosting the capacity of the state's businesses. This agenda lays out innovative workforce development strategies that the state's policymakers can deploy to drive economic growth through equity, opportunity, and innovation.



The majority of working Californians who are struggling with poverty say that having a stable, well-paying job is the most important goal in their life.

Creating a stronger economy for all Californians

Every day, in communities across the state, millions of people are striving to improve their economic circumstances. For many, a good job — one that pays well and gives them the stability, predictability, and support they need to care for their families and take the next step in their careers — is a key part of this quest. Meanwhile, businesses from Oakland to San Bernardino are looking for new ways to grow a skilled and diverse workforce to compete within a rapidly changing and increasingly global economy.

California's policy leaders have the chance to support the economic ambitions of its people and boost the capacity of its businesses by forging a new strategy for economic growth, one that is fueled by equity, opportunity, and innovation. In fact, California's economic future depends on it.

Nearly one out of every four Californians lives in or near poverty, relying on a yearly income of less than \$31,000 to support a family of three.⁴ When housing costs and other expenses are factored in, California has the highest poverty level of any state in the country.⁵ Moreover, generations of policies that have systemically limited economic opportunity for communities of color have resulted in stark racial disparities. Californians of color have higher rates of poverty and unemployment and lower average earnings than whites.⁶ In a state where the majority of residents are people of color, and over one-quarter are immigrants,⁷ these inequities put California's economic future at risk.

It's time for our leaders to reverse these trends and secure a vibrant economic future for all Californians. California's diversity provides the state and its businesses with a big advantage. Policies that create more opportunities for people of color,

immigrants, and low-income Californians to share in the state's prosperity will be key to realizing the full benefits of California's workforce, increasing the competitiveness of the state's companies, and unleashing greater economic growth. In fact, California's economy could grow by as much as \$872.85 billion if racial gaps in income were eliminated.⁸ Such policies can also put California at the vanguard of developing strategies that can benefit the rest of our nation's economy given the U.S.'s growing diversity.

An economy in which growth is built on equity, opportunity, and innovation should address discrimination and bias in employment, harness changes in the labor market to create a greater number of good jobs, and expand opportunities for all Californians to connect to those jobs. It should also seize the opportunity to partner with the thousands of businesses throughout the state who want to grow a skilled and diverse workforce in order to increase their competitive edge in the global economy. A world-class workforce development system that reflects the assets and career aspirations of all Californians and the needs of its businesses should be a centerpiece of this economy.

World-class workforce development: Key to a stronger economic future

While it cannot be the only lever for economic mobility, a world-class workforce development system that helps more workers build in-demand skills and connect to good jobs should be a key element of any economic opportunity strategy. Workforce development efforts should focus on creating pathways to "good jobs" — those jobs that pay family supporting wages, provide for worker advancement, and give workers the stability, predictability, and support necessary to take care

of family needs that arise outside of the workplace. In fact, the majority of working Californians who are struggling with poverty say that having a stable, well-paying job is the most important goal in their life.⁹ In addition to lifting up workers and increasing economic mobility for more Californians, investments in worker training would enhance and expand a skilled workforce that can fuel California's businesses and increase their productivity.

A high-quality workforce development system will make a greater contribution to economic opportunity if it works in tandem with other public policies that are essential to increasing economic mobility and equity. These include policies that expand access to affordable child care, housing, transportation, food, and health care; policies that address labor market barriers, such as employment discrimination and barriers associated with criminal convictions; and policies that create more good jobs and make sure the workplace is fair.

Skills and job training are critical to a strong economy — the majority of jobs in California's labor market demand education and training beyond high school,¹⁰ and skills and credentials are a key factor in employment and earnings outcomes. Most good jobs that pay family supporting wages require education or training beyond a high school degree, but not all require a Bachelor's degree.¹¹ Middle-skill jobs, which require education or training beyond high school but not a four-year degree, will account for 43 percent of California's job openings during the next decade.¹² In California, many middle-skill jobs are good jobs, paying an average annual salary of \$59,000.¹³ Lots of these good middle-skill jobs are in key industries like manufacturing, health services, information, financial activities and real estate, construction, and retail trade.¹⁴

California has made significant strides in building a better workforce development system over the past several years. The state has worked to align publicly funded education and training strategies with the needs of growth industries, created vehicles for regional collaboration, and invested in new programs that expand training for a broader range of workers and employers. But there's more work to do. In many communities across the state, businesses are facing a critical shortage of middle-skill workers, even as low-income Californians, people of color, and immigrants face challenges accessing and completing education and training for these jobs. To close this gap, California's Workforce Development Board and community colleges have set a goal of equipping 1 million workers with middle-skill training and credentials.¹⁵

Meeting that goal will require a world-class workforce development system that supports the success of more Californians. For example, many low-income Californians are already working in low-wage jobs but want to increase their skills to move into higher-paying jobs with better opportunities for career advancement. Young people who are neither in school

In California,
many middle-skill
jobs are good jobs,
paying **an average
annual salary of
\$59,000**.



Georgetown University Center on Education and the Workforce

nor working — opportunity youth — need more opportunities to connect to education, training, and the workplace. And many low-income Californians face roadblocks — from financial constraints to literacy, numeracy, digital skills, and English language skills — that must be removed so they can participate in job training and the workforce. In particular, decades of past criminal justice policies substantially increased the number of Californians with criminal records, which creates training and employment challenges.

To better realize the economic potential of workers and businesses, California must further develop an inclusive workforce development system that builds on the assets of all of its people, including workers of color, immigrants and refugees, opportunity youth, individuals with disabilities, people who were formerly incarcerated, and others who face barriers to economic opportunity and mobility.

As California's leaders build on the strengths of the existing system to take workforce development to the next level, they should do so in full conversation and partnership with workers and students, industry, labor, and community leaders, and education and training providers who are committed to ensuring that workforce development is one of multiple levers for equity, economic opportunity and growth.

Principles and strategies for a world-class workforce development system

This agenda lays out principles that should guide California's leaders as they develop a world-class workforce development system. It also lists nine innovative policy strategies — aligned with the principles — that a world-class workforce development system should deploy to increase equity, opportunity, innovation, and economic growth. California's policy leaders can support these strategies by maximizing existing resources and leveraging the use of public and private funds across the workforce development system, in addition to making new investments. While these strategies will require new public investments, those investments will pay off, not just for workers and businesses, but also for California's economy as a whole. With more Californians working at good jobs, the state's tax base will broaden, and more dollars will be spent in local economies, supporting even greater economic growth.

Principles for a world-class workforce development system to increase equity, opportunity, innovation, and economic growth

- Focus on removing barriers to training and good jobs so that all workers can participate and thrive in the labor force.
- Ensure that public investments in job training put all workers on pathways to good jobs, are aligned with labor market demand, engage businesses as employer partners, and work in tandem with other economic mobility policies.
- Engage industry leaders to shape training programs and create stronger connections among businesses, workers, organized labor, and training providers.
- Support upskilling for California's frontline workers who want additional training to move into better-paying careers.
- Use data to set and measure progress toward goals for creating a skilled, inclusive, and competitive workforce.
- Prepare California for the current realities of the changing labor market and the future of work by creating new opportunities for low-wage workers and businesses in the changing economy.
- Align workforce, education, human services, and corrections systems to move state policy to regional implementation.

Policy strategies:

1. Create a cross-Secretariat Governor's Workforce and Economic Mobility Cabinet to ensure that public investments in workforce development put workers on pathways to good jobs and work in tandem with other economic mobility strategies.

California's workforce development investments should create pathways not just to any job but to good jobs. Doing so will be critical to closing California's equity gaps, as workers of color and immigrant workers are disproportionately concentrated in low-wage jobs.¹⁶ Moreover, job training policies should work in concert with other public policies – from housing to criminal justice reform – that are essential to increasing economic mobility for Californians. Because increasing economic mobility requires a multi-pronged solution, leadership in multiple agencies must work together to deliberately coordinate their agency's actions around shared and intentional strategies and outcomes.

A cross-Secretariat Governor's Workforce and Economic Mobility Cabinet could create a mechanism for intentional cross-agency action. The cabinet should comprise multiple agency secretaries who directly report to the Governor and are charged with developing and executing innovative yet concrete cross-agency strategies for increasing economic mobility. The Cabinet should include secretaries from lead agencies who set policy in the areas of education, labor and workforce development, health and human services, economic development, housing, corrections, civil rights, and immigrant inclusion and integration, and should leverage the expertise and authority of other state-level bodies, such as the California Workforce Development Board and the California Community College Chancellor's Office. The Governor should work with the Cabinet to adopt shared impact goals for moving the needle on economic mobility, as well as shared metrics that can be used to assess the Cabinet's progress on those goals. As it develops and executes new cross-agency strategies, the Cabinet should align funding streams across agencies and

ensure that public funding supports workforce programs that produce good employment and earnings outcomes, use an equity assessment process to inform cross-agency strategies and spending, and develop mechanisms for working with regions to inform and implement Cabinet strategies. The Cabinet should also have a process for developing strategies based upon the needs of workers, industry and community leaders, and a range of service providers.

2. Develop and fund data systems that work across the state's workforce, education, human services, and corrections systems, along with publicly available data tools that can be used to guide decision-making.

California will only know if its workforce development system, and its broader economic mobility strategies, are succeeding if it has comprehensive data for key programs across agencies. In recent years, the California Workforce Development Board and the California Community College Chancellor's Office have made substantial progress in developing data systems that measure outcomes, such as credential attainment, employment, and earnings, for many programs. However, California is one of the few states in the country without a state longitudinal data system that can be used to assess student progress toward higher levels of education and employment. With better data, California could help policymakers and the public make informed and transparent decisions about education, training, and economic mobility strategies. Data disaggregated by race, gender, geographic region, language spoken at home, income status, and other population characteristics is also critical for helping policymakers and others understand equity gaps and develop strategies for addressing them.

California should develop and fund a state longitudinal data system that links data across educational programs and should continue to support the development of the data systems created by the California Workforce Development Board and community colleges. These data systems should be able



To better realize the potential of workers and businesses, California must have an inclusive workforce development system that builds on the assets of all of its people.

to “talk” with one another and with data from human services and corrections programs. The data systems should provide program-specific information on outcomes such as credential attainment, employment, and earnings, as well as aggregate performance outcomes across institutions and programs. California’s policymakers and in particular, the Workforce and Economic Mobility Cabinet, should use this data to invest in what works, and to inform workforce development strategies for increasing equity and economic mobility. California should also develop publicly available data tools that families, legislators, administrators, training providers, and other stakeholders can use to guide their decision-making about postsecondary education and training. The data systems and tools should not report personally identifiable information, should protect the privacy of individuals, and maintain data security.

3. Support an infrastructure of community-based organizations capable of expanding high-quality, industry-based job training and support services.

Community-based organizations that are well-known and respected in local communities play a critical role in recruiting people for training, providing culturally competent services, and supporting people as they work to fulfill their career aspirations. Some community-based organizations also conduct high-quality skills training. California has invested in regional strategies that drive community colleges, workforce boards, school districts and other public agencies to develop education and job training programs that respond to industry needs. California can do a better job of making sure that all residents can access and succeed in training by more fully incorporating community-based organizations into these regional efforts.

To make this happen, California should provide more funding for community-based organizations to partner with workforce

boards, community colleges, and others to conduct outreach and recruitment, worker-centered case management, and supportive services in addition to skills training. The Workforce and Economic Mobility Cabinet should identify ways that the state can better utilize key federal programs to support partnerships between education and training entities and community-based organizations. This infrastructure of community-based organizations could be tapped to ensure the success of other key strategies, from upskilling to apprenticeship and work-based learning. In all cases, California policymakers should ensure that publicly funded training partnerships improve employment and earnings outcomes for people who are participating in training.

4. Provide dedicated resources to cover the *non-training* costs of postsecondary education and training so that more low-income Californians can build in-demand skills.

The costs of attending community college or participating in a job training program go well beyond tuition. For too many low-income people, costs associated with books and supplies, child care, transportation, and housing stand in the way of pursuing a college credential or training for an in-demand job. Low-income college students can receive state financial aid from the Cal Grant Program to help cover costs associated with books, supplies, housing, and transportation; however access to these grants is limited. Meanwhile, few financial supports exist for workers who need help covering these costs in order to participate in skills training that happens outside of community colleges.

California can address this challenge by increasing access to the Cal Grant B Entitlement award for low-income students who are pursuing short-term career and technical education certificates and by increasing the number and size of Cal Grant B competitive awards. California should also preserve

access to Cal Grants under its 2011 Dream Act. Finally, the state should create a support services fund to help low-income Californians in training provided through pre-apprenticeship and apprenticeships, workforce boards, adult education, and community-based organizations. Workers in training would be able to tap into this fund to help cover expenses associated with child care, transportation, housing emergencies, training supplies, or test and licensure fees.

5. Invest in industry-led sector partnerships so that businesses, labor, education, workforce, and community partners are aligning training with industry skill needs.

Businesses and other institutions that are creating good jobs and hiring for them should be engaged in training and upskilling efforts. Sector partnerships can engage multiple business leaders – particularly small- and medium-sized businesses – and labor leaders within an industry with a range of education, training, and service providers to address common skill needs, shape job training, and create worker advancement strategies. These partnerships can benefit businesses by helping them hire a skilled and diverse workforce to meet immediate workforce shortages while laying the foundation for working with training organizations to address evolving skill needs in the future. They can also benefit workers by providing training closely tailored to industry needs and thus increasing access to good jobs across firms in growth industries. The state’s High Road Training Partnerships, an initiative of the California Workforce Development Board, provides an example of how the state is funding and supporting such sector partnerships.

California should build on existing efforts to create regional industry-led sector partnerships and should use them to expand strategies such as apprenticeship and work-based learning. To do so, California should create a funding stream for regions to specifically develop sector partnerships focused on high-growth sectors in that region, and implement training programs that respond to employment needs identified by industry leaders. Regions should have the flexibility to choose the organization that convenes the partnership, based on its industry expertise, capacity, and credibility across partners, which should include multiple industry leaders and a range of training providers. Sector partnerships should receive technical assistance to ensure that they are developing services that meet the needs of both businesses and workers, and drive toward an inclusive and growing industry. There should also be opportunities for these sector partnerships to leverage the community college system’s industry-specific infrastructure.

6. Seed and spread new innovations for removing barriers to work for Californians exiting incarceration, homelessness, or overcoming other significant challenges.

For too many Californians, challenges like criminal records, limited work experience, immigration status, and foundational skill needs associated with literacy, numeracy, digital skills, and

English language skills stand between them and a good job. California should make a major push to remove these barriers so that workers are no longer prevented from fully participating in and advancing in the workforce.

California can take steps to do so by using federal and state funds to seed and spread new training and employment strategies for target populations in high-demand industry sectors. California is already using workforce funds to pilot new strategies for workers who face barriers.¹⁷ California should assess how these strategies are producing positive outcomes for workers with barriers, continue to invest in what works, and use lessons learned from these grants to drive new investments. In addition to building on existing pilots, new innovations should include strategies that help people build skills while establishing a work history. This could include investments in transitional job programs and work-based learning, as well as employment-focused social enterprises that combine a paying job with supportive services and produce evidence-based results. Training innovations should be accompanied by regulatory action to remove barriers to occupational licenses for people with arrest or conviction records, and to increase the amount that workers can earn before they lose public benefits, such as cash, food, housing, and child care assistance.

7. Develop public-private partnerships with employers to increase training for low-wage frontline workers in the changing economy.

Thousands of Californians who are working in low-wage jobs want additional training to move into a better-paying career. In addition to learning new technical skills, some of these workers need to upgrade their reading, math, digital literacy, or English language skills to move up the career ladder, particularly as technological advances change the ways people work across a wide variety of industries and heighten the upskilling needs of workers and businesses.

California’s education and training systems should partner with employers to invest in upskilling opportunities for frontline workers by providing training that helps workers increase a range of skills – foundational skills, digital literacy, English language, and occupational skills — in the workplace. Public investments in these partnerships should reflect the particular needs and interests of workers and should be guided by standards that ensure that workers gain new skills, increase their earnings, and advance within their careers. California can also make it easier for frontline workers to earn postsecondary credentials by awarding course credit for skills developed in the workplace and by identifying opportunities for businesses and their workers to use California’s planned online community college for remote upskilling. Finally, California should create a performance-based incentive fund for its Adult Education Program. The fund should provide incentives for programs to help adult education students transition into postsecondary



Businesses and other institutions that are creating good jobs and hiring for them should be engaged in training and upskilling efforts.

education and industry-driven training. It should also incentivize the development of new program models that support adult education students who want to build their foundational and occupational skills at the same time.

8. Expand apprenticeship to new industries and new workers while also creating new opportunities for paid work-based learning.

Apprenticeship and other forms of paid work-based learning give workers the chance to train for a good job and get an in-demand license or postsecondary credential, all while earning a paycheck. Businesses also benefit from work-based learning because they can use it to train workers onsite to meet the specific skill needs of both their firm and the broader industry. Despite these advantages, California faces challenges in bringing apprenticeship and work-based learning to scale for new industries and new workers. Businesses, particularly small- and medium-size ones, in industries where apprenticeship is not common (such as IT and healthcare) may need help understanding, developing, and starting these programs. And workers often need better access and support to take full advantage of these programs.

Through the recently established Interagency Advisory Committee on Apprenticeship (IACA), California should make it easier for more businesses to adopt apprenticeship and other forms of work-based learning in new industries and should expand these programs to more workers. First, the IACA should work with training providers, as well as business and labor leaders in new industries, to determine how to create more flexibility within program models, identify incentives to offer to workers and businesses to expand models, and explore additional forms of paid work-based learning that can benefit work-

ers and businesses. Second, the IACA should utilize a network of regional sector partnerships to expand apprenticeship and work-based learning to new industries. Sector partnerships that maintain relationships with multiple businesses in an industry can add value in a number of ways: they can market earn-and-learn strategies to employers; provide locally-based, industry-driven assistance with program start-up, sponsorship, and administration; offer shared resources to create efficiencies of scale for small firms; align apprenticeship expansion efforts with broader regional workforce and education initiatives; and engage a range of education and training providers. Third, as the IACA creates pre-apprenticeship programs, it should tap into an infrastructure of community-based organizations that serve underrepresented communities to provide recruitment, pre-apprenticeship training, barrier remediation, and access to financial assistance for support services like transportation and child care.

9. Train more Californians to build and maintain the state's next generation of infrastructure.

As California expands transportation, affordable broadband, energy, and water infrastructure, as well as infrastructure to address climate change, it should also invest in the workforce that will be critical to building and maintaining this infrastructure. Tens of thousands of jobs are created for every billion dollars spent on infrastructure.

California can make sure these investments create economic opportunities for all residents by training a diverse set of workers to fill new infrastructure jobs. To meet this need, California should include targeted resources for job training in any legislation that invests in infrastructure and should include goals for training underrepresented populations.

Endnotes

- 1 State of California Department of Finance, Gross State Product available at http://www.dof.ca.gov/Forecasting/Economics/Indicators/Gross_State_Product/
- 2 American Community Survey data, 2012-2016 5-year estimates. Based on the number of Californians with family incomes below 150 percent of the federal poverty line.
- 3 Robert P. Jones et al. "A Renewed Struggle for the American Dream" PRRI 2018 California Workers Survey.
- 4 American Community Survey data, 2012-2016 5-year estimates. Based on the number of Californians with family incomes below 150 percent of the federal poverty line.
- 5 The U.S. Census Bureau develops a supplemental poverty measure (SPM) that accounts for income and expenses not included in the official poverty measure. California has the highest state SPM at 20.4 percent (3-year average of 2014, 2015, 2016). *The Census Bureau* notes that higher SPM rates may be due to geographic adjustments for housing costs/and or different mixes of housing tenure, as well as higher nondiscretionary expenses.
- 6 PolicyLink and PERE. "National Equity Atlas Data Summary for California," available at <http://nationalequityatlas.org/data-summaries/California/>
- 7 American Community Survey data, 2012-2016 5-year estimates.
- 8 PolicyLink and PERE. "National Equity Atlas Data Summary for California," available at <http://nationalequityatlas.org/data-summaries/California/>
- 9 Robert P. Jones et al. "A Renewed Struggle for the American Dream" PRRI 2018 California Workers Survey.
- 10 National Skills Coalition, "California's Forgotten Middle."
- 11 For more, see Anthony Carnevale, Jeff Strohl, and Neil Ridley, "Good Jobs that Pay without a BA" Georgetown University Center on Education and the Workforce, 2017. "Good jobs" are those that have a median salary of \$55,000.
- 12 National Skills Coalition, "California's Forgotten Middle."
- 13 Carnevale et al., 2017.
- 14 Carnevale et al., 2017.
- 15 California's Strategic Workforce Development Plan: *Skills Attainment for Upward Mobility; Aligned Services for Shared Prosperity*. (2016) Viewable at: https://cwdb.ca.gov/plans_policies/wioa_unified_strategic_workforce_development_plan/
- 16 PolicyLink and PERE. "National Equity Atlas Data Summary for California," available at <http://nationalequityatlas.org/data-summaries/California/>
- 17 The California Workforce Development Board is using federal Workforce Innovation and Opportunity Act (WIOA) funds to provide "Workforce Accelerator Grants" and "English Language Learner Navigator Grants." Workforce Accelerator Grants provide funds to pilot programs for with people with disabilities, low-income workers, CalWORKs participants, opportunity youth, formerly incarcerated Californians, and immigrant job seekers and ELL Navigator grants use regional community-based partnerships to improve English language learners' access to public workforce services.

**This report was made possible by the generous support
from The James Irvine Foundation and The Ballmer Group.**



NATIONAL SKILLS COALITION
Every worker. Every industry. A strong economy.

1730 Rhode Island Avenue NW, Suite 712
Washington DC 20036
Phone: 202.223.8991
Fax: 202.223.8354