



# REPORT OF THE JOB TRAINING TASK FORCE

June 22, 1999

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## REPORT OF THE JOB TRAINING TASK FORCE

**EXECUTIVE SUMMARY**

On February 10, 1998, the Santa Cruz County Board of Supervisors formally convened the Job Training Task Force (JTTF). This Task Force was created for the express purpose of addressing the issue of limited liveable wage opportunities that exist throughout the County for local residents. In creating the Task Force, the Board of Supervisors initiated a call to action to undertake additional efforts to address local unemployment and underemployment and to promote the attainment of liveable wage jobs for Santa Cruz County residents.

Composition of the Task Force was one of broad based representation consisting of twenty-five representatives from the business community, local government, economic development organizations, social service agencies, the Private Industry Council, community based organizations, the local labor council, community development corporations, schools, and the local workforce preparation community.

To provide a sound basis for informed decision making, the Task Force devoted nine-months to researching and analyzing the critical issues relevant to their charge. In so doing, several findings emerged:

- Despite the strongest economy our nation has seen this century, we continue to experience pockets of high unemployment and underemployment in certain regions of the County
- The enactment of Welfare Reform continues to have the potential to exacerbate this problem by infusing an additional 2,360 job seekers into the local labor market over a relatively short period of time
- In Santa Cruz County the problem is not necessarily too few jobs. Rather, over two-thirds of the top ten occupations projecting the most openings through the year 2002<sup>1</sup> pay less than liveable wages<sup>2</sup>
- While liveable wage jobs do exist in the County, the skills required to obtain them are well beyond those possessed by many of the unemployed and underemployed,<sup>3</sup> highlighting critical challenges faced by our educational, employment and vocational training systems
- Despite the infusion of available workers into the local labor market as a result of Welfare Reform, local employers continue to express considerable difficulty in finding qualified, reliable and conscientious employees

<sup>1</sup> Top Ten Occupations, Santa Cruz County 1995-2002, EDD State Labor Market Information Division

<sup>2</sup> For the purposes of this report, the Task Force adopted the definition of liveable wage as calculated by Dr. Diana Pearce, Director of The Women and Poverty Project of Wider Opportunities for Women, in her publication *The Self-Sufficiency Standard for California* in which she used Santa Cruz County as a case study

<sup>3</sup> Santa Cruz County, Human Resources Agency, Profile of Welfare Recipients, February 1997

- In the new millenium, lifetime employment characterized by steady upward mobility through vertical career ladders is a thing of the past. Once employed in entry-level jobs welfare recipients and other low-income individuals experience limited opportunity for growth into higher paying liveable wage jobs
- The high cost of living in Santa Cruz County combined with the prevalence of non-liveable wage jobs compounds the challenges faced by the unemployed and underemployed to meet basic living expenses including costs associated with housing, child care, transportation and healthcare

The challenges therefore are significant and the solutions complex.

Task Force recommendations range from:

- Revising K-12 curriculum to elevate the basic skills of our local workforce, to instituting shifts in public policy that foster flexible strategic alliances with key partners, particularly in the private sector
- Strong emphasis is placed on integrating school with work more effectively to begin our youths' career preparation early on. Recommendations also encourage support for initiatives already underway including an Industry Cluster Analysis in cooperation with a Workforce Education Master Plan and the Coalition for Workforce Preparation's LADDERS Project
- Likewise, the high cost of living in Santa Cruz County is a focal point for several recommendations surrounding basic workforce needs such as housing, child care and transportation. Throughout this report, Task Force members strongly urge the Board to institute policies that work towards lowering the cost of living in these areas thereby reducing what constitutes a liveable wage

The highest ranking Task Force recommendations are elaborated throughout the report addressing a variety of workforce preparation issues. Perhaps most emphatically, the Job Training Task Force recommends capitalizing on the local 5-Year Strategic Plan required under the newly enacted Workforce Investment Act as a means of formally incorporating recommendations into the guiding principles of the workforce development system in its entirety. Task Force Members caution that a failure to do so will undermine even the most aggressive attempts at addressing the Board's concerns and promoting the attainment of liveable wage jobs in Santa Cruz County.

In looking forward, the Job Training Task Force recommends that the Board:

- Direct the local Economic Development Coordinator to incorporate the Job Training Task Force recommendations into the Job Creation Plan which targets CalWORKs participants; and
- Direct the Human Resources Agency Administrator to incorporate the Job Training Task Force recommendations into the local 5-Year Strategic Planning Process required under the 1998 Workforce Investment Act.

## REPORT OF THE JOB TRAINING TASK FORCE

### *LEGISLATIVE IMPACTS*

#### Welfare Reform

As your Board is aware, the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 at the federal level and the subsequent California Welfare-to-Work Act of 1997 at the State level, dramatically shifted the focus of our nation's welfare system. Together these two pieces of legislation ended the previous entitlement based welfare system and mandated its restructuring to a system that requires work in exchange for time-limited assistance'. Among other elements, the laws contain strict work requirements and incentives to states that rapidly move welfare recipients into jobs.

More recently under the Welfare-to-Work Act, the California Work Opportunity and Responsibility to Kids (**CalWORKs**) Program was established with an effective date of January 1, 1998. In preparation for this transition and in accordance with legislative requirements, your Board approved the proposed **CalWORKs** Plan for Santa Cruz County on December 16, 1997, and subsequently directed the Human Resources Agency Administrator to move forward with full implementation of the **CalWORKs** Program. As opposed to previous welfare programs that guaranteed cash aid for families, the **CalWORKs** program imposed a 'work-first' model. This program continued the mounting pressure on counties to transition recipients of welfare into employment and ultimately towards economic self-sufficiency.

Fiscal incentives at the local level countered by federal penalties at the national level send a strong message that while counties will be rewarded for their successes, they will likewise bear the costs of failure\*.

The paradigm shift from welfare entitlements to strict work requirements has, and will, continue to translate into the infusion of approximately 1,600 additional job seekers into Santa Cruz County's local labor market over a relatively short time span. Given the challenges associated with welfare reform, including matching the skills of welfare recipients with available jobs in an attempt to foster economic self-sufficiency, there is an unprecedented need for collaboration on several fronts.

#### One-Stop Service Delivery

On November 17, 1996, the U.S. Department of Labor announced funding to the State of California for the purpose of beginning the process of implementing a comprehensive One-Stop Career Center System throughout the State.

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<sup>1</sup> The welfare program formerly known as Aid to Families with Dependent Children (AFDC) became Temporary Assistance to Needy Families (**TANF**) to reflect this shift in policy

<sup>2</sup> Counties will retain 75% of the cost savings from reduced welfare rolls and be charged their share of one-half the penalty incurred by the State if the County does not make federal goals

As your Board is aware, the ‘underlying notion of a “One-Stop” system is the integration of a variety of **programs, services** and governance structures **in strategic** locations **throughout** local jurisdictions to avoid duplication and increase access for customers. Whereas **previously** customers may have had to visit five or six different agencies to address a variety of public assistance, employment and training needs; One-Stop Career Center’s are designed to offer equivalent services seamlessly under one roof thereby reducing duplication and capitalizing on partner resources.

Through a series of actions approved over the last two years, your Board has directed the implementation of a comprehensive One-Stop Career System countywide. As of this date, two Workforce Santa Cruz **Career** Centers are fully operational in serving job seekers and employers alike, in Watsonville and Santa Cruz. The third Career Center, located in Capitola, is in the final development phase.

#### Workforce Investment Act 1998

Public Law 105-220, the Workforce Investment Act (**WIA**), was signed by President Clinton on August 7, 1998. This act represents the first major reform of the nation’s employment and training system in over fifteen years and consolidates more than sixty federal training programs through block grants to the States. On July 1, 2000, WIA will effectively replace the Job Training Partnership Act (JTPA). Under WIA, the Governor, in consultation with a State Workforce Investment Board and local Chief Elected Officials, is required to designate local Workforce Investment Areas within the State. Likewise, the Chief Elected Officials for each local Workforce Investment Area must appoint a local Workforce Investment Board and work in partnership with this board to develop a local **5-Year** Strategic Plan designed to provide the foundation on which to comprehensively address local workforce preparation issues throughout the County. WIA continues to place strong emphasis on full implementation of the One-Stop Career Center System.

On **April 27**, 1999, your Board was appraised of the initial legislative requirements relevant to the Workforce Investment Act and, as a result, approved a series of recommendations surrounding preparation for local implementation of the Act. In addition to designating the local Private Industry Council as the interim Workforce Investment Board, your Board agreed to request the certification of Santa Cruz County as a local Workforce Investment Area once guidelines for such certification are issued by the Governor.

In light of the recent enactment of legislation outlined above, the Job Training Task Force makes the following recommendations:

#### RECOMMENDATIONS:

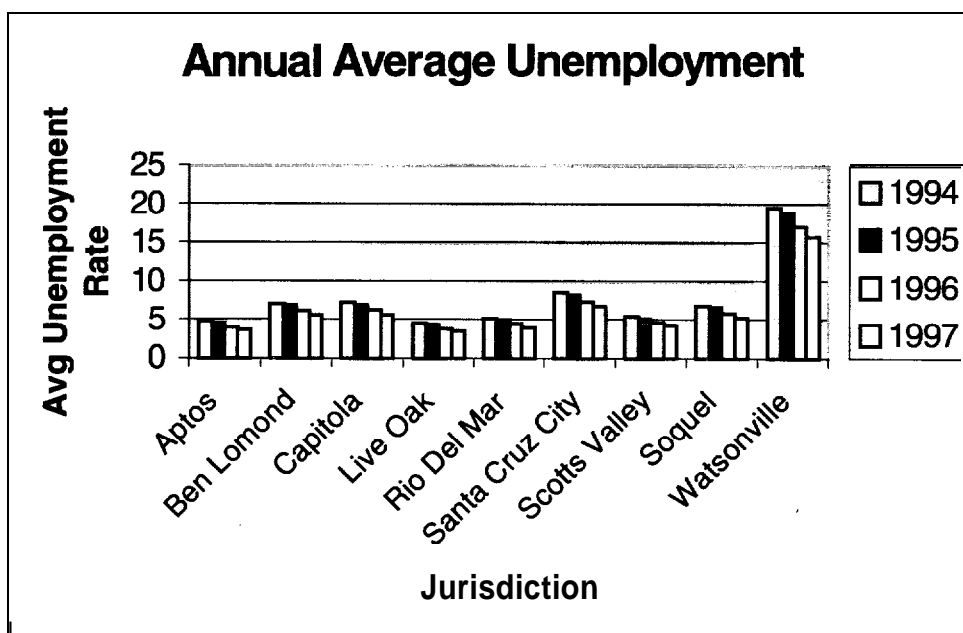
- Direct the Human Resources Agency Administrator to incorporate the Job Training Task Force recommendations into the local **5-Year** Strategic Planning Process required under the 1998 Workforce Investment Act

- Incorporate the goals of reducing unacceptably high rates of unemployment and underemployment for local residents and promoting the attainment of **liveable** wage jobs as prominent features of the local **5-Year Strategic Plan**
- Link the Monterey Bay Regional School-to-Career Partnership with the Workforce Investment Act Youth Council
- Insure that the local **5-Year Strategic Plan** required under the Workforce Investment Act incorporates joint planning of youth development organizations (including the Probation Department, Independent Living Skills, and the Department of Parks and Recreation) at both the policy and implementation levels to insure universal access for all youth

#### AREAS OF HIGH UNEMPLOYMENT AND UNDEREMPLOYMENT

Using data collected from the Employment Development Department (EDD) and the County's Human Resources Agency (HRA) the Task Force sought to define more clearly the areas most significantly impacted by high rates of unemployment and underemployment. EDD unemployment data demonstrates that in relation to other areas of the County, the cities of Watsonville and Santa Cruz experience higher levels of unemployment (see Figure 1, Annual Average Unemployment, below).

Figure 1.

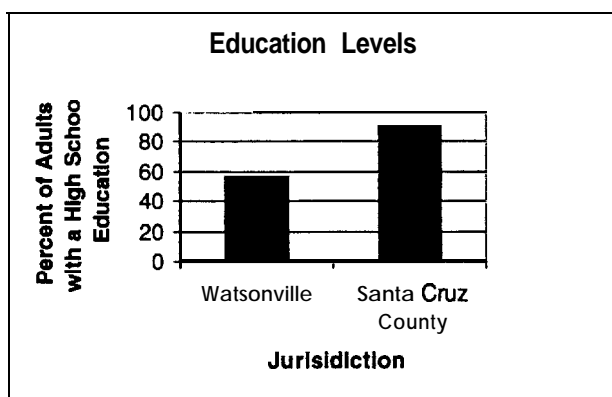


DATA SOURCE: EDD/LMID

While unemployment rates have consistently dropped across all areas of the County, high pockets of unemployment persist. Watsonville in particular experiences much higher levels of unemployment than all other areas of the County.

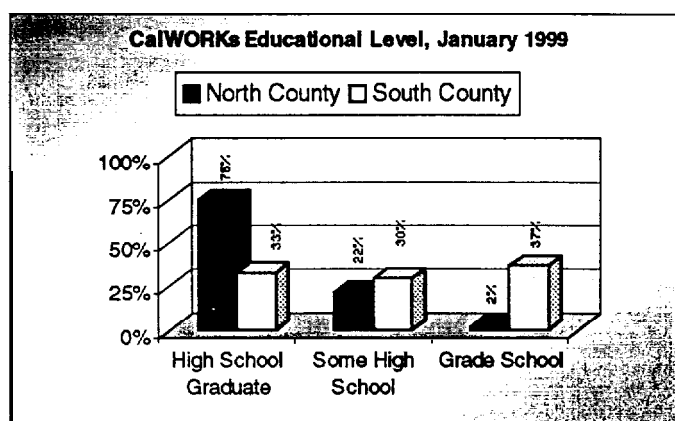
This disparity may be attributed to the gap between existing skills and those in demand by industry<sup>3</sup>. Studies comparing both the general population, and a subset of CalWORKs recipients, demonstrate that overall 33% fewer of Watsonville adults have a high school education as compared to Santa Cruz County, a fact that likely contributes to the mismatch in available jobs and the community's ability to compete for them (see figures 2, Education Levels, and 3, CalWORKs Educational Level, January 1999, below).

Figure 2.



DATASOURCE: CITY OF WATSONVILLE

Figure 3.



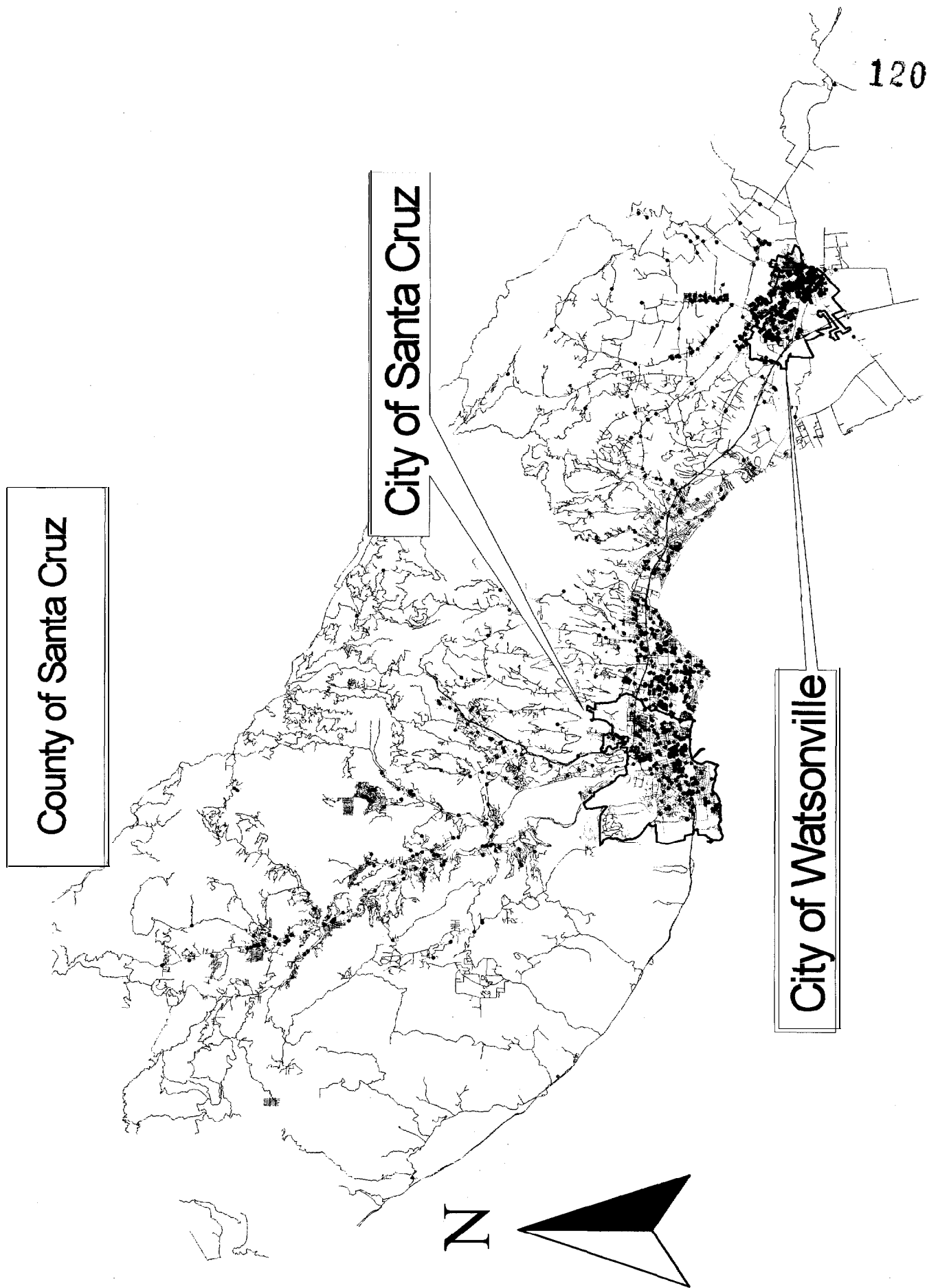
DATASOURCE: HUMANRESOURCESAGENCY

Data obtained from the Human Resources Agency, indicates that these two jurisdictions also represent the locations where the largest numbers of CalWORKs recipients reside suggesting that an overall strategy to address the problem of pockets of high unemployment and underemployment in the County must include addressing the needs of CalWORKs recipients in addition to others who face barriers in obtaining employment and subsequent economic self-sufficiency (see figure 4, Distribution of Active CalWORKs Cases, next page).

<sup>3</sup> The Area and It's Economy, September, 1998, a joint effort of the Central Coast Labor Market Consultant, State of California Labor Market Information Division and the County's Economic Development Coordinator



# Distribution of Active CalWORKs Cases

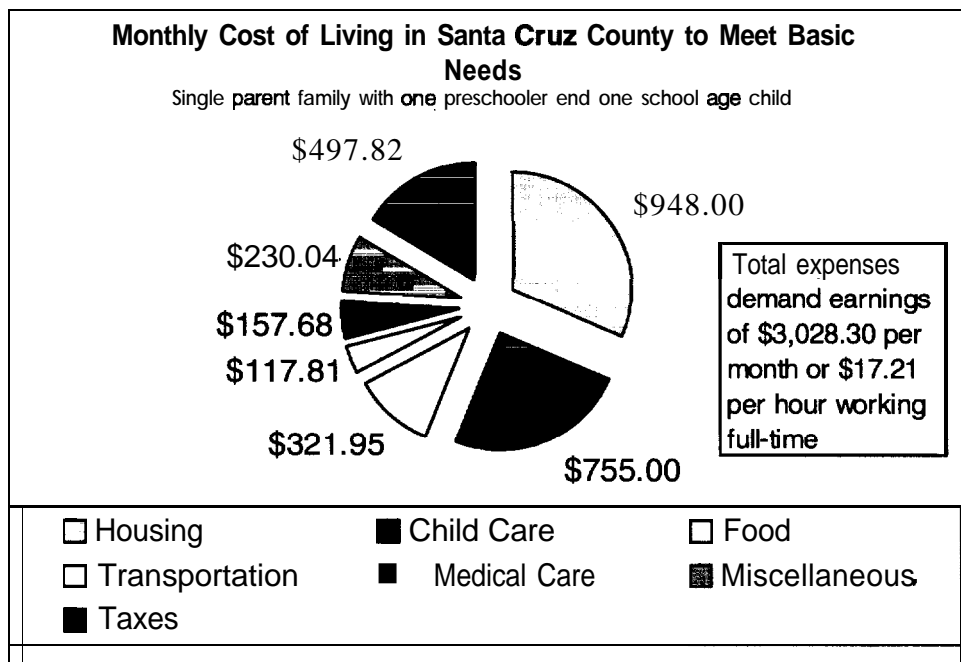


## WHAT CONSTITUTES A LIVEABLE WAGE?

Clearly the definition of what constitutes a **liveable** wage in Santa Cruz County varies by family type and will likely be higher for **CalWORKs** recipients than for other unemployed or underemployed individuals in the County. The **liveable** wage for a single parent with two children, for example, is much higher than that of a single adult with no children.

For the purposes of this report the Job Training Task Force adopted the definition of **liveable** wage as outlined in *The Self-Sufficiency Standard for California*<sup>4</sup>. This study looked at Santa Cruz County as one of several case studies in which the **liveable** wage for seventy different family types was calculated. The research, conducted in 1996, estimates the level of income necessary for a given family type to become independent of welfare or other public and/or private subsidies. **Liveable** wages in the study range from a low of \$5.11 per hour (family consisting of two adults with no children<sup>5</sup>) to a high of \$29.72 per hour (single parent family with three infants). The following analysis defining \$17.21 per hour as a **liveable** wage is based on the profile of an average **CalWORKs** recipient in Santa Cruz County: a single mother, with one pre-schooler and one school age child<sup>6</sup> (see figure 5, Monthly Cost of Living in Santa Cruz County to Meet Basic Needs, below).

Figure 5.



DATA SOURCE: THE SELF-SUFFICIENCY STANDARD FOR CALIFORNIA

<sup>4</sup> The Self-Sufficiency Standard for California, Dr. Diana Pearce, Director of The Women and Poverty Project of Wider Opportunities for Women, 1996.

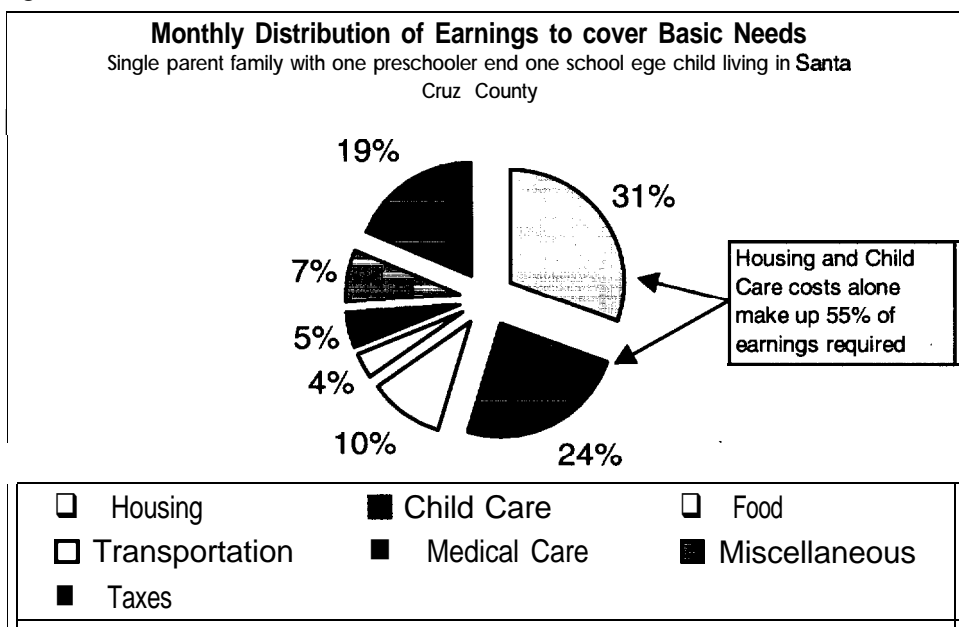
<sup>5</sup> Each of the two adults must earn \$5.11 respectively

<sup>6</sup> Human Resources Agency, **CalWORKs** Recipient Profile, January 1999

Although initially this amount may appear high, your Board is cautioned that this is the base wage a person in this family type would need to earn in order to subsist *without* subsidies of any kind. This wage for example, includes costs for health care that if covered by an employer, would reduce the required earnings. Depending on the profile of the unemployed or underemployed individual or family, therefore, this wage would vary and could be more, or less.

The *Self-Sufficiency Standard's* calculation of the local cost of living also reveals that in our County, housing and child care consume disproportionately high ratios of total earnings, constituting upwards of 24% and 31% respectively (see figure 6, Monthly Distribution of Earnings to cover Basic Needs, below).

Figure 6.



DATA SOURCE: THE SELF-SUFFICIENCY STANDARD FOR CALIFORNIA

While the *Self-Sufficiency study* is based on data collected in 1996, more recent studies specifically pertaining to the costs of child care, indicate that this figure may be much higher. According to the Child Development Resource Center, unsubsidized child care consumes an average of 40% of the total earnings of welfare recipients who have made the transition into entry-level employment.<sup>7</sup>

In contrast to the \$17.21 per hour outlined above as the **liveable** wage for a single parent family with one preschooler and one school age child in Santa Cruz, statistics gathered by the Human Resources Agency reveal that the average placement wage for a **CalWORKs** parent is presently closer to \$7.27 per hour\*. The gap between actual earnings relative to those required to meet basic living expenses therefore is profound.

<sup>7</sup> For individuals earning \$7.80 per hour and working full-time.

<sup>8</sup> 40% of the **CalWORKs** population, despite having made the initial transition to work, are not earning enough to go off cash aid. Human Resources Agency, **CalWORKs** Recipient Profile, January 1999.  
Report of the Job Training Task Force

Clearly not all unemployed or underemployed individuals in Santa Cruz County need to earn \$17.21 per hour to survive without subsidies of any kind. However, the prevalence of non-liveable wage jobs in the County poses a challenge even for a single adult with no children for whom the liveable wage is \$7.90 per hour; a much more attainable wage goal. As is demonstrated further on, two-thirds of the top ten occupations with the most projected openings pay an average of only \$7.05 per hour.

#### RECOMMENDATIONS:

- 9 Lower the cost of living in these areas: housing, child care, transportation, in order to reduce what constitutes a liveable wage; thereby creating a more tenable wage goal
- 9 Expand the capacity to provide social capital, i.e., housing, health care, child care, and transportation
- 9 Expand efforts to develop liveable wage jobs
- 9 Expand the creation of both entry and transitional level jobs

#### ASSESSMENT OF THE ECONOMIC LANDSCAPE

In Santa Cruz County, the issue is not strictly too few jobs. Between 1995-2002 the number of new jobs is expected to increase by 13.1%, constituting roughly 11,300 new openings countywide<sup>9</sup>. This excludes openings due to separations, projected to add an additional 15,530 positions through the same time period.

On the surface, this trend represents a healthy economic outlook for jobseekers. However, challenges persist. At the occupational level, two-thirds of the top ten occupations projected to have the most openings pay less than liveable wages, averaging approximately \$7.05 per hour (see figure 7, Top 10 Occupations with the Most Openings, 1995-2002, below).

Figure 7. TOP 10 OCCUPATIONS WITH THE MOST OPENINGS  
SANTA CRUZ COUNTY 1995-2002

OCCUPATION	JOB OPENINGS	MEDIAN WAGE PER HOUR
Cashiers	1400	\$6.30
Sales, Retail	1150	\$7.05
Waitpersons	840	\$5.35
General Managers, Top Executives	740	\$27.60
General Office Clerk	640	\$9.33
Counter-Food	630	\$6.43
Secretary, General	340	\$12.16
Computer Engineers	270	\$33.70
Receptionists, Information Clerks	260	\$9.69
Electronic Assemblers	260	\$10.73

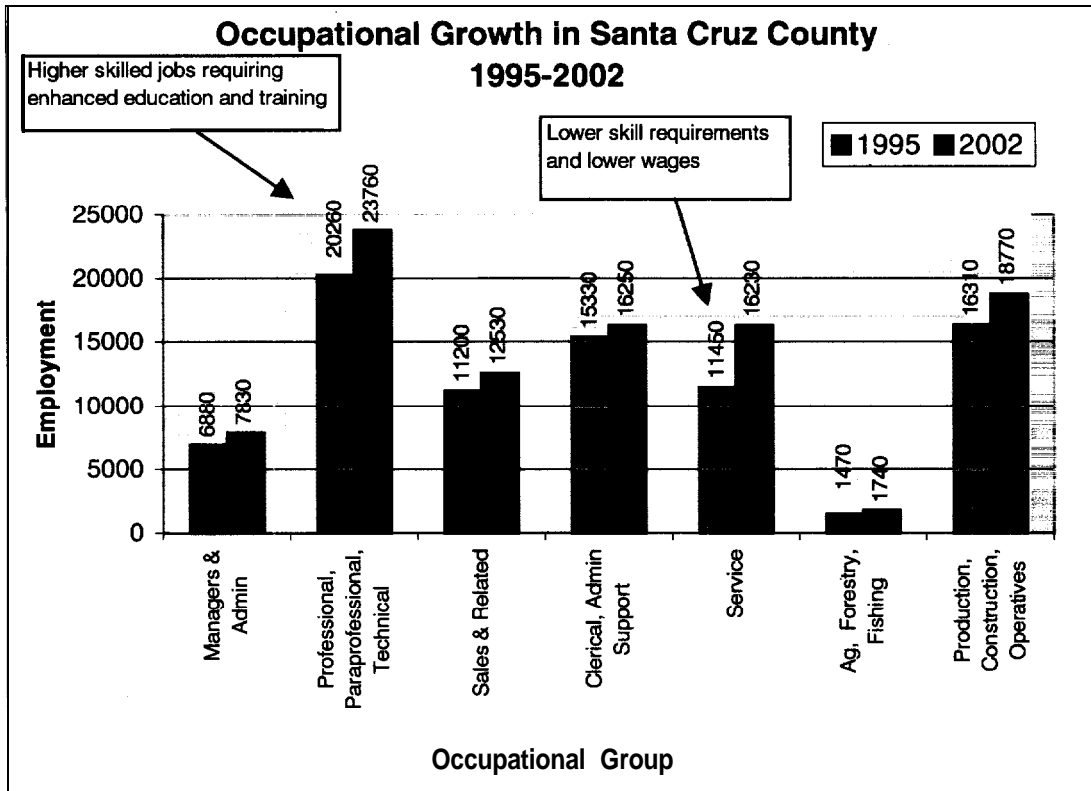
DATA SOURCE: EDD/LMID DATA

<sup>9</sup> Employment Development Department, Labor Market Information Division  
Report of the Job Training Task Force

Even if welfare recipients and other low-income individuals successfully competed for one of these positions, surviving on the salary would be difficult. Not only do the wages represent a dramatic contrast to the \$17.21 per hour self-sufficiency standard for the average CalWORKs recipient; but most fall short of the **liveable** wage required for all but two of the seventy family types outlined in the *Self-Sufficiency Standard for California*.

Clearly, not all of Santa Cruz County's economic growth is made up of entry-level low wage jobs. In fact, local trends reflect those occurring statewide; the County's job base is steadily shifting to higher paying knowledge and information based industries. The professional, paraprofessional and technical occupation group is projected to add the highest number of new jobs (3,500) over the period 1995-2002. While on the one hand these positions pay **liveable** wages; they likewise require enhanced levels of education and training, translating into skills beyond those possessed by many welfare recipients and other low-income individuals (see figure 8, Occupational Growth in Santa Cruz County, 1995-2002, below).

Figure 8.



DATA SOURCE: EDD/LMID

The challenge therefore, is not strictly the development of new jobs. Rather we are faced with the responsibility of working to bridge the gap between entry-level jobs that pay non-liveable wages and offer little opportunity for growth; and higher paying knowledge based jobs that pay well, but require enhanced levels of education and training beyond those currently possessed by welfare recipients and others struggling to attain economic self-sufficiency.

## RECOMMENDATIONS:

- Expand capacity to train for skills required for technical jobs both at the entry-level and to continuously upgrade existing skills
- Focus training on specific skill sets so the community can use this as an asset to expand business in the preferred wage sectors
- Support the Coalition for Workforce Preparation's LADDERS project to create opportunities for advancement through career ladders, to work that pays family supporting wages
- Provide low-income individuals with training and support in starting small businesses

### GAP BETWEEN HIGH WAGE JOBS AND EXISTING SKILLS

Through employer panels the Task Force heard first-hand that finding qualified candidates to fill local job openings has become increasingly difficult. Many employers agreed that only about 20% of candidates are qualified for positions with their organizations, while others felt this percentage was actually lower. Local employers emphasized the need for basic reading, writing, computation and comprehension skills even for entry-level positions in their organizations. Also emphasized was the need for work-maturity skills such as punctuality, reliability and integrity. Growing concern was raised over the level of basic skills possessed by the local workforce. This feedback from local employers mirrors trends in the County's Title III Dislocated Worker Program that suggest a correlation between a lack of basic skills and unemployment, as well as, underemployment. Over the last three program years<sup>10</sup>, an average of 37% of participants in the Title III Dislocated Worker program were tested as deficient in basic skills<sup>11</sup>. Eligibility for this program is based on dislocation from the labor market (including long-term unemployment<sup>12</sup>).

This correlation is further substantiated when focusing more specifically on welfare recipients. In the County's Title IIA Disadvantaged Adult Program, the percentage of participants deficient in basic skills increases to 55%. These are individuals who are both economically disadvantaged and have experienced a dislocation from work and/or long-term unemployment.

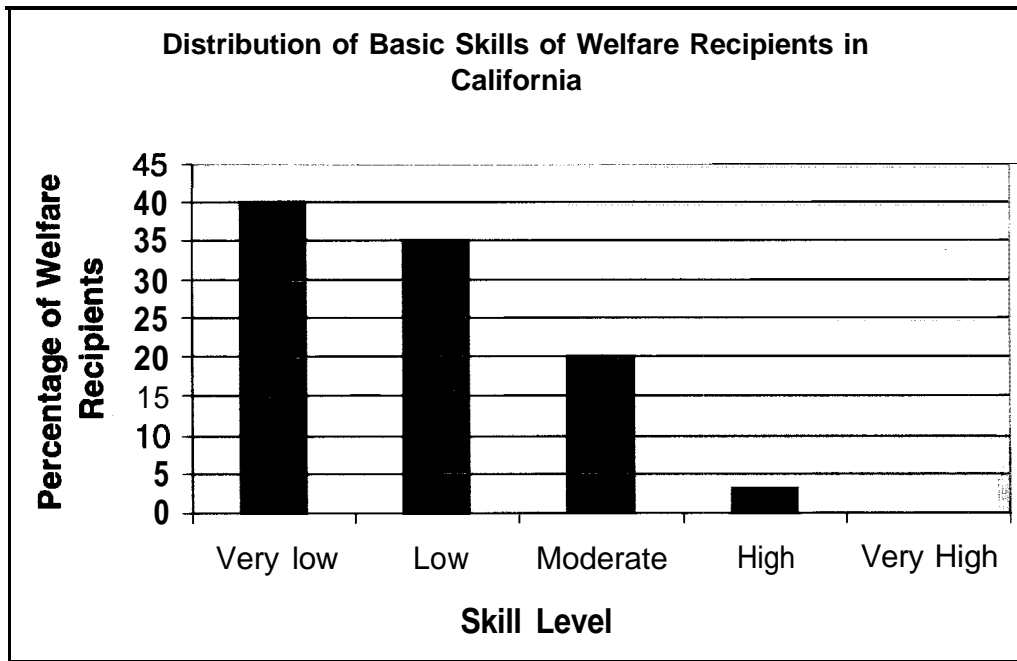
Furthermore, a recent profile of CalWORKs recipients conducted by the County's Human Resources Agency in January, 1999, demonstrates a clear divide between the educational and work experience background of many welfare recipients and the skills, training and education required in the growth occupations. This reflects State and national level research outlining the basic skills of welfare recipients (see Figure 9, Distribution of Basic Skills of Welfare Recipients in California, below).

<sup>10</sup> Program years 1996/97, 1997/98, 1998/99

<sup>11</sup> Scored below the 9<sup>th</sup> grade level in reading and math on the CASAS Test

<sup>12</sup> Under Title III of the Job Training Partnership Act, long-term unemployment is defined as unemployed at least 15 out of the prior 26 weeks

Figure 9.



DATA SOURCE: THE BASIC SKILLS OF WELFARE RECIPIENTS, IMPLICATIONS FOR WELFARE REFORM

It is now a well-established fact that the basic skills of welfare recipients, in particular, are significantly lower than individuals not receiving public assistance. Through their study entitled *The Basic Skills of Welfare Recipients: Implications for Welfare Reform*, Hans P. Johnson and Sonya M. Tafoya reveal that not only do welfare recipients in California tend to have substantially lower basic skills than non-welfare recipients, but they possess even lower basic skills than welfare recipients across the rest of the nation<sup>13</sup>.

Perhaps even more troubling is the fact that this study demonstrates that many welfare recipients with the equivalent educational level as other adults, still possess lower basic skills. According to Johnson and Tafoya, only about 40% of the difference in basic skills between welfare recipients and other adults can be attributed to lower educational attainment. Many recipients even though they have graduated from high school, are unable to perform simple tasks commonly encountered in the workplace. These results substantiate the general impressions of local employers.

The Coalition for Workforce Preparation's Career LADDERS project summarizes the issue this way, "our challenge locally is to achieve parity in matching the skills possessed by the local workforce with those that available jobs require".

<sup>13</sup> *The Basic Skills of Welfare Recipients: Implications for Welfare Reform*, Hans P. Johnson and Sonya M. Tafoya. 41% of California's welfare recipients have very low basic skills as compared to 24% nationwide report of the Job Training Task Force

## RECOMMENDATIONS:

- Expand capacity to train for skills required for technical jobs both at the entry-level and to continuously upgrade existing skills
- Integrate school with work more effectively by supporting the implementation of School-to-Career in the public primary, secondary and post-secondary school systems
- Revise K-12 curriculum to include basic job skills in the form of reading, computation, English, job readiness and money management skills
- Create more job mentoring partnerships
- Expand after-school work opportunities for all youth
- Support the efforts of *Your Future is Our Business* to provide work-based learning opportunities for students in our secondary and post-secondary schools
- Expand Regional Occupational Program (ROP) capacity for adults
- Conduct a survey of employers to determine their specific needs and challenges; incorporate these needs into public sector **programs** to enhance employability

## THE DISAPPEARANCE OF RUNGS ON THE VERTICAL CAREER LADDER

In the new millenium, the average worker will change jobs over six times. Each of these changes is likely to require new and/or expanded skills sets. Labor market trends clearly demonstrate that lifetime employment characterized by steady upward mobility through vertical career ladders is a thing of the past. CalWORKs participants and other low-income residents seeking to move beyond entry-level jobs will require additional training or retraining, emphasizing the need to shift our focus from traditional employment to lifelong learning and “employability”. Since the majority of these individuals will not have the luxury of leaving work to upgrade skills, it is critical that training be compatible with work. This highlights an unprecedented need for open entry/open exit options, courses beyond regular working hours and condensed modules of training that maintain a level of effectiveness but are more responsive to the time constraints of the employed.

Locally, early recognition of the reduction in vertical career ladders and the subsequent impact on liveable wage jobs has led to innovative projects with new sources of funding. For example, the Coalition for Workforce Preparation’s Career LADDERS Project, funded in part by the David and Lucile Packard Foundation seeks to coordinate existing resources and relevant partners to develop new career ladders that facilitate the transition of approximately 1,500 CalWORKs recipients and other low-income family members into liveable wage jobs.



## RECOMMENDATIONS:

- Support the Coalition for Workforce Preparation's LADDERS project to create opportunities for advancement through career ladders, to work that pays family supporting wages
- Support an Industry Cluster Analysis in cooperation with a Workforce Education Master Plan in an effort to bring all players to the table. The analysis should include cottage industries and emerging careers
- Refocus existing education funding streams to bring Career Pathways to High Schools

## IMPLICATIONS OF NON-LIVEABLE WAGE JOBS

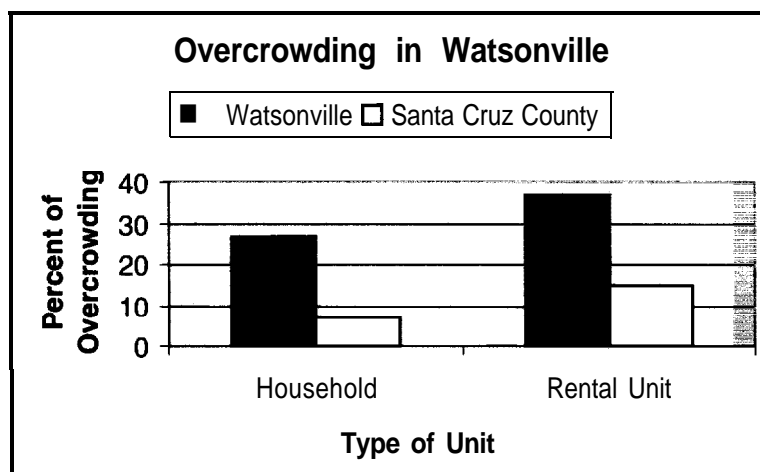
### *Housing*

Clearly the wages earned by CalWORKs recipients and other low-income individuals directly affects the ability to pay for housing. Similarly, a lack of affordable housing places higher demands on what the unemployed and underemployed must earn to survive. Access to affordable housing presents one of the most profound barriers to employment faced by local residents, particularly those who are unemployed or underemployed. Current workforce housing issues in the County include the following:

- ❏ The Santa Cruz County Housing Authority presently faces a waiting list of 6,452 applicants representing a six to seven year wait for those in need of affordable housing
- ❏ The demand for affordable workforce housing in the County critically exceeds the supply
- ❏ The reality of a **fixed** amount of land in the County means building additional affordable workforce housing units is not always feasible
- ❏ The costs associated with building new units are extremely high and funding is scarce

Not surprisingly, a lack of affordable workforce housing is more profoundly felt in areas with the highest unemployment. The inability to earn a liveable wage often leads to housing arrangements that are overcrowded as is demonstrated in the case of Watsonville (see figure 10, Overcrowding in Watsonville, below).

Figure 10.



DATA SOURCE: CITY OF WATSONVILLE

The Pajaro Valley Housing Corporation (PVHC) points out specific chain reactions that arise when the demand for housing exceeds the supply. According to PVHC, in an ideal scenario, a 5% vacancy rate allows renters a reasonable amount of “choice” in the search for housing. When demand exceeds supply as it currently does in Watsonville for example, where the vacancy rate is closer to 1.3%, rental rates increase even more. The extremely low rental vacancy rates in the County drive up the costs of workforce housing, placing further demands on what constitutes a **liveable** wage.

Affordable workforce housing in general, cannot be underestimated in the equation of transitioning the unemployed and underemployed to economic self-sufficiency. The absence of affordable workforce housing precludes many individuals in the County from full participation in job search and vocational training activities. The dilemma comes full circle in the fact that without participation, one is unable to meet the high costs associated with housing. As one workforce preparation professional points out, assistance with affordable workforce housing is essentially a ticket to participation in employment and training activities; critical factors in gaining economic self-sufficiency.

### *Child Care*

As with housing and other workforce support services, non-liveable wage jobs make basic necessities such as child care unaffordable. The issue is not necessarily that the cost of child care in Santa Cruz County is too high, rather the inability of many welfare recipients and other unemployed and underemployed individuals to earn **liveable** wages directly impacts the ability to pay for child care. Currently, the costs associated with child care pose a significant barrier to employment for welfare recipients and other low-income populations. While Welfare Reform has brought about new streams of funding to assist the welfare population with subsidized child care, relatively little funding is available to assist other low-income families, not a part of the welfare population, but experiencing many of the same difficulties.

One of the direct impacts of transitioning welfare recipients and other low-income individuals to work is an increased demand for affordable, quality child care. Under Welfare Reform the child care system has had to respond to increased demands as more parents, specifically single mothers, enter the workforce. Increased demands have been noted in the following areas:

- ❖ infant care
- ❖ before and after school care
- ❖ second and third shift care for those working outside of regular business hours
- ❖ care for children of teenagers who must attend school

Local data gathered as recently as March, 1999, outlining the day care costs of working welfare recipients depicts an even higher percentage of earnings devoted to child care than previously thought, ranging from 32% to 49% of total earnings depending on the age of the child/children (see figures 11, Family Child Care, and 12, Center Based Child Care, below).

#### COST OF CHILD CARE IN SANTA CRUZ COUNTY

Figure 11.

FAMILY CHILD CARE Case study of a CalWORKs participant working full-time earning \$7.80 per hour			
Type of Child Care	Age of Children	Average Cost per Year	Percent of Income
Infant/Toddler	0 to 23 months	\$7,124.00	44%
Pre-Schooler	2 to 5 years	\$6,864.00	42%
School age	6+ years	\$6604.00	41%

DATA SOURCE: CHILD DEVELOPMENT RESOURCE CENTER

Figure 12.

CENTER BASED CHILD CARE Case study of a CalWORKs participant working full-time earning \$7.80 per hour			
Type of Child Care	Age of Children	Average Cost per Year	Percent of Income
Infant/Toddler	0 to 23 months	\$7,956.00	49%
Pre-Schooler	2 to 5 years	\$6,864.00	39%
School age	6+ years	\$5,200.00	32%

DATA SOURCE: CHILD DEVELOPMENT RESOURCE CENTER

In addition to addressing the child care needs of welfare recipients and other unemployed and underemployed individuals; Task Force Members emphasize. addressing the second half of the equation; child care providers. In its 1997 Child Care Facilities and Business Development Project report, the Child Development Resource Center (CDRC) outlined the following obstacles faced by local providers of child care:

- ❖ Child care facilities are expensive to build and maintain
- ❖ Locating suitable land and financing for the expansion of existing facilities is a tremendous barrier in our County
- ❖ Since child care businesses typically have almost no profit margin, the ability to finance facilities improvements and other routine business costs is a barrier
- ❖ There is a critical need for micro-loans and other low-interest loan programs with alternative payment structures
- ❖ There is a need for assistance with business plans, marketing strategies and loan applications
- ❖ Conflicting facilities requirements on the part of government agencies overly complicates the business of child care

In addition to all of the above, there is little incentive for potential employees to seek a future in the child care industry. A recent national study performed by Edelman Financial Services, Inc. listed the average child care worker's salary at an alarmingly low \$13,000 per year, just above that of a housekeeper. Local statistics depict an even lower annual salary for child care workers in Santa Cruz County at \$11,493 per year<sup>14</sup>.

Task Force members agree with the CDRC's assessment that the potential of the child care industry in Santa Cruz County has yet to be realized, both in terms of economic benefits to the community and the creation of additional jobs. The child care industry is unique in that the implementation of Welfare Reform simultaneously increased the demand for quality child care while at the same time providing potential employees by infusing large numbers of individuals into the workforce. Critical pieces of this equation include: a comprehensive assessment to determine suitability for employment in the child care industry, effective training programs that insure a qualified workforce, and advocacy for liveable wages for those employed in the industry.

Members of the Job Training Task Force believe yet another reason exists for focusing on the potential of the local child care industry. Based on feedback from local employers, Task Force members targeted high quality licensed child care as an effective economic development tool that will both attract employers and retain qualified employees. The potential for an undertaking that has the potential to meet increasing child care demands, provide additional jobs, attract employers and retain highly skilled local employees is one worthy of researching further.

<sup>14</sup> Child Development Resource Center, 1997 Child Care Facilities and Business Development Project.

## Transportation --

For many unemployed and underemployed individuals attempting to make the transition to work, getting there is half the battle. While many point to the use of the public transportation system as the answer to this dilemma, the solution itself is riddled with problems. Use of the public transportation system for example, often leads to exceptionally long commutes that require complicated transfers and circuitous routes, not to mention a high probability of missing connections. Such uncertainty in a commute can quickly lead to problems with employers. Likewise, public transportation does not effectively accommodate those for whom getting to and from work requires more than one stop. Locally, 71% of CalWORKs participants stop at an average of three different destinations on their way to work. 80% of participants stop an average of four times after work to pick up children (sometimes at multiple sites), participate in employment workshops, attend training, etc.

While nationally, some estimate that fewer than one in ten welfare recipients own a car, in Santa Cruz the percentage is much higher at 58%, leaving the remaining 42% with no means of transportation. For those who do own vehicles, a local survey demonstrates an exorbitant amount of costs associated with maintenance and repair, primarily due to the fact that 77% of the cars owned by welfare recipients need repairs between one and six times per year<sup>15</sup>.

Some transportation issues can be addressed on an individual level through bus passes, vouchers, donations and volunteers. Locally, almost all of these strategies are in place. However, better coordination of existing resources like transportation computer mapping systems, interdepartmental task forces involving human service agencies in transportation planning, and developing business/community partnerships are critical to solving the problem on a more global and sustainable scale.

The local Coalition for Workforce Preparation has formed a Transportation Task Force focusing on the challenges faced by job seekers in their attempts to get to work. This group has highlighted several transportation projects being undertaken locally, of which there are many. The challenge is not necessarily a lack of creative solutions, rather it is to avoid duplication, capitalize on the sharing of resources and develop a strategy to address systemic issues in a well orchestrated manner. The failure to do so risks a fragmented system that will meet the needs of a few, while failing to address the problem as a whole.

Key partners in this endeavor must include public and private sector employers, transit authorities, non-profit transportation agencies, auto insurance agencies, State agencies, and economic development planners at a minimum.

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<sup>15</sup> Human Resources Agency, Transportation Survey of all HRA customers

## RECOMMENDATIONS: Workforce Support Services: housing, child care and transportation

- Explore local and other funding sources to provide housing assistance to low-income wage earners. Programs could include down payment assistance for mobile homes and/or rental subsidies
- Create more affordable housing while at the same time increasing the affordability of existing housing
- Expand the capacity to provide social capital, i.e., housing, health care, child care and transportation
- Clearly identify the barriers to job creation i.e., child care, and look at the opportunities that exist to create jobs while at the same time eliminating these barriers
- Develop and market the growth of a quality child care industry in order to attract employers and retain employees
- Support a paradigm shift in redefining housing and child care as basic, not support services
- Research the possibility of tapping insurance companies to assist low-income individuals with meeting auto insurance costs

## CONCLUSION:

This report outlines a series of workforce preparation challenges, the implications of which are profound and the solutions complex. As stated throughout, addressing the issues of unemployment and underemployment in the County along with the attainment of liveable wage jobs for local residents, will require unprecedented levels of collaboration on several fronts. No one agency, acting alone can hope to reach viable long-term solutions.

The Job Training Task Force is optimistic about this endeavor. The time to address these issues could not be better. Collaborative efforts in the County have reached unparalleled heights. Never before have so many agencies come together as often, to jointly craft universal strategies aimed at resolving the issues that affect us all. This is evidenced by the numerous coalition, task force and work group's all working together to design more effective programs, services and systems. Your Board is to be commended for having led the way in this effort to increase collaboration countywide.

The findings and recommendations contained in this report provide the platform for moving solutions from the planning stages into reality. Including these recommendations in the local 5-Year Strategic Plan required under the Workforce Investment Act is a critical component of their success. Task Force Members look forward to putting this plan in motion with the end goal of reducing unacceptably high pockets of unemployment and underemployment in the County and promoting the attainment of liveable wage goals.

## A COMPENDIUM OF TASK FORCE RECOMMENDATIONS

### **WORKFORCE PREPARATION ISSUE: BASIC SKILLS/ENGLISH PROFICIENCY**

- Revise K-12 curriculum to include basic job skills (reading, computation, English, job readiness skills, money management skills)
- Develop a long-term strategy to integrate the English as a Second Language (ESL) and Vocational English as a Second Language (VESL) efforts of the adult schools, Cabrillo College and other providers
- Introduce an English tutoring program countywide and link to CalWORKs

### **WORKFORCE PREPARATION ISSUE: WORK BASED LEARNING**

- Integrate school with work more effectively by supporting the implementation of School-to-Career in the public primary, secondary and post-secondary school systems
- Create more job mentoring partnerships
- Expand after-school work opportunities for all youth
- 3 Support the efforts of Your ***Future*** is ***Our Business*** to provide work-based learning opportunities for students in our secondary and post-secondary schools
- Refocus existing education funding streams to bring Career Pathways to High Schools

### **WORKFORCE PREPARATION ISSUE: JOB TRAINING**

- Expand capacity to train for skills required for technical jobs both at the entry-level and to continuously upgrade existing skills
- Support the Coalition for Workforce Preparation's LADDERS Project to create opportunities for advancement through career ladders to work that pays family supporting wages
- Provide low-income individuals with training and support in starting small businesses
- Focus training on specific skill sets so the community can use this as an asset to expand businesses in the preferred wage sectors
- Expand Regional Occupational Program (ROP) capacity for adults

### **WORKFORCE PREPARATION ISSUES FOR LOCAL AND REGIONAL EMPLOYERS**

- Conduct a survey of employers to determine their specific needs and challenges; incorporate these needs into public sector programs to enhance employability
- Develop an integrated “case management” system for contacting employers to avoid duplication and reduce the confusion/burden caused by multiple contacts
- Consider a formal partnership between the business community, Medical, Santa Cruz County Health Options and Healthy Families to address the high cost of employee health benefits
- Develop a model for training employers to effectively supervise, train and retain new and more challenging employees

### **THE CONNECTION BETWEEN EMPLOYMENT AND WORKFORCE DEVELOPMENT (housing, health care, child care, transportation)**

- Explore local and other funding sources to provide housing assistance to low-income wage earners. Programs could include down payment assistance for mobile homes and/or rental subsidies
- Create more affordable housing while at the same time increasing the affordability of existing housing
- Expand the capacity to provide social capital, i.e., housing, health care, child care and transportation
- Lower the cost of living in these areas: housing, child care, transportation, in order to reduce what constitutes a liveable wage; thereby creating a more tenable wage goal
- Support a paradigm shift in redefining housing and child care, as basic not support services
- Provide long-term case management to the CalWORKs workforce through transition stages
- Research the possibility of tapping insurance companies to assist low-income individuals with meeting auto insurance costs



### **ECONOMIC DEVELOPMENT/COMMUNITY REVITALIZATION**

- Support an Industry Cluster Analysis in cooperation with a Workforce Education Master Plan in an effort to bring all players to the table. The analysis should include cottage industries and emerging careers
- Clearly identify the barriers to job creation (i.e., child care, transportation, land use policies, etc.) and look at the opportunities that exist to create jobs while at the same time eliminating these barriers
- Develop and market the growth of a quality child care industry in order to attract employers and retain employees
- Coordinate local and regional economic development efforts in order to achieve economies of scale and reduce duplication
- Support technical assistance programs to small business owners including revolving loan funds
- Determine space/capacity needs/constraints by industry sector
- Research the Community Reinvestment Act for possible resources
- Expand efforts to develop liveable wage jobs
- Track businesses relocating out of Santa Cruz to determine reasons
- Expand the creation of entry-level jobs
- Target the creation of “transitional-level” jobs
- Create opportunities for promising new companies to meet venture capitalists
- Sponsor events that provide an information exchange for employers
- Track the growth of non-profit organizations

### **PUBLIC POLICY**

- Direct the Human Resources Agency Administrator to incorporate the Job Training Task Force recommendations into the local 5-Year Strategic Planning Process required under the 1998 Workforce Investment Act

- Insure that the **5-Year Strategic Plan** required under the **Workforce Investment Act** incorporates joint planning of youth development **organizations** (including the Probation Department, Independent Living Skills, and the Department of Parks and Recreation)' at both the policy and implementation levels to insure universal access for all youth
- Consolidate business advisory groups to avoid duplication and reduce the burden on employers
- Support the development of one integrated Workforce Development Master Plan for all programs in the community
- Raise community awareness surrounding educational issues including the need for increased funding for Guidance Counselors
- Leverage the resources that Proposition 10 has provided to the community in connection with child care and workforce development issues
- Link the Monterey Bay Regional School-to-Career Partnership with the Workforce Investment Act Youth Council
- Seek to influence policy makers who determine how education is funded; how funding formulas are determined and the subsequent priorities **defined**
- Continue to support assistance of the Child Care Management Council

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