



# County of Santa Cruz <sup>0043</sup>

## COUNTY ADMINISTRATIVE OFFICE

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SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

September 20, 1999

Agenda: September 28, 1999

BOARD OF SUPERVISORS  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

### Job Creation Plan for CalWORKs Recipients

Dear Members of the Board:

On August 10, 1999 your Board accepted a report of the Job Training Task Force, which directed the County's Economic Development Coordinator to incorporate the Task Force's recommendations into a Job Creation Plan which targets CalWORKs recipients. At the same time, your Board referred the report to the Interim Workforce Investment Board for review and comment.

Pursuant to your Board's direction, recommendations from the Job Training Task Force were incorporated into a proposed Job Creation Plan, which is required to be submitted to the State by September 30, 1999. In order to conform to your Board's desire that the Interim Workforce Investment Board (WIB) review and comment on recommendations of the Job Training Task Force, this office forwarded the Job Creation Plan to the WIB for consideration at their September 23, 1999 meeting.

### Background and Process

As you Board will recall, the State's Welfare-to-Work Act (AB 1452) included a Job Creation Investment Fund grant Program. This program provides grant funds to counties to develop and implement local job creation strategies to provide employment for CalWORKs recipients moving into the workforce. In all, the Legislature provided \$4.5 million to the Trade and Commerce Agency (TCA) to distribute to counties through grant agreements, using the specific allocation formula established in the law. The County of Santa Cruz is eligible for up to \$60,304 under this grant program.

Job Creation Investment Funds may be used to develop a strategic plan, in an amount not to exceed 50% of the total allocation, or to implement initiatives consistent with a Job Creation Plan.

On March 3, 1998 your Board elected to participate in the Job Creation Investment Fund Program and formally established the Job Training/Job Creation Task Force to guide the development of the County's application to the California Trade and Commerce Agency (TCA) for funds available under the Job Creation Investment Fund, and to provide recommendations for a Job Creation Plan for CalWORKs recipients.

### **The Proposed Job Creation Plan**

AB 1542 requires counties to submit a plan with eight elements. These include a measure of the number of CalWORKs recipients in the County, a discussion of the local and regional economic sectors which offer the greatest opportunity to employ CalWORKs recipients, the needs of sectors which would facilitate their expansion and the creation of employment for CalWORKs recipients, proposed Job Creation activities which respond to those needs and which are targeted to employ recipients, a ranking of activities, proposals for the use of the County's \$60,604 allocation, and performance standards to measure the success of the proposed activities.

The Task Force developed numerous recommendations responsive to the variety of workforce preparation and economic issues that were identified during their nine month investigation and analysis. Among other activities, the Task Force recommended support for the industry cluster analysis which was approved by your Board on May 25, 1999, and initiated on June 1<sup>st</sup>. \$20,000 of the County's Job Creation Investment Program Funds were allocated towards this project. It is clearly an important part in the Job Creation Plan process to identify the kinds of firms that are experiencing the fastest growth, the economic clusters that are in expansion mode, and the occupations which will provide jobs for CalWORKs recipients and other County residents now and in the future. Therefore this project has been ranked first in priority for implementation.

This cluster analysis and cluster forum process will inform the efforts called for by the Job Creation/Job Training Task Force, including their recommendations to determine space/capacity needs and constraints by industry sector, to expand efforts to develop liveable wage jobs, expand the creation of entry-level jobs, target the creation of "transitional-level" jobs, and identify barriers to job creation.

The preliminary economic analysis has been completed. The project partners are in the process of defining the core leadership group, and it is estimated that the cluster forums will be conducted this winter. In order to fully integrate activities that emerge from this process into the County's Job Creation Plan, it is recommended that the County complete the cluster analysis and cluster forum project and return to the State's Trade and Commerce Agency with an amended Job Creation Plan, a budget for the remaining JCIF grant funds, and with specific performance measures for the recommended activities by June 30, 2000, with the understanding that Program Grantees have until June 30, 2002 to complete their planned activities.

In addition to the cluster analysis project, the Job Creation/Job Training Task Force recommended a number of coordination activities, such as develop and market the growth of a quality child care industry in order to attract employers and to retain employees, coordinate local and regional economic development efforts in order to achieve economies of scale and reduce duplication, sponsor events that provide an information exchange for employers, and create opportunities for promising new companies to meet venture capital resources.

These tasks provide opportunities for collaboration with other on-going initiatives, pending further investigation. For example, the Santa Cruz County Child Development Resource Center's Child Care Facilities and Business Development Project is committed to supporting the growth of the child care industry and increasing child care capacity. A particularly interesting initiative has been a collaborative project with the Central Coast Small Business Development Center (SBDC) and El Pajaro Community Development Corporation to provide business planning and skills building workshops to existing and potential in-home child care providers in South County in a Spanish language format. The Job Creation Plan recommends that the County's economic development coordinator work with the SBDC to evaluate the need for additional resources to sustain this technical assistance program, and the ability of such an approach to generate jobs for CalWORKs recipients in the self-employment in-home child care field.

In order to identify other collaborative opportunities between cooperating local governments, the Job Creation Plan recommends that the County's economic development coordinator convene quarterly meetings with economic development and community development colleagues in the four cities. The purpose would be to share information in order to enhance linkages between expanding local businesses and the County's Welfare-to-Work participants, and to identify other eligible job creation activities that could be recommended for incorporation into the amended County's Job Creation Plan.

Finally, the Task Force identified two recommendations which could supply direct services to CalWORKs recipients: support for the development of a technical assistance program to small business owners, and support for programs that provide low income individuals with training and support in starting small businesses.

As detailed in the County's CalWORKs First Year Implementation Report, the Human Resources Agency has enrolled a number of Welfare-to-Work participants who have earnings from self-employment, but who are not earning enough to leave cash aid. These self-employed participants are often committed to their chosen profession, and are motivated to learn new skills so that they can increase their earning potential. HRA staff is working with this population to re-assess their occupational and business goals in relation to local economic demand. The Job Creation Plan recommends that the County's economic development coordinator work with HRA staff and the Central Coast Small Business Development Center and Cabrillo College to investigate the need for bringing additional resources to activities which can provide business development skills to Welfare-to-Work participants in easy to access locations.

The attached Job Creation Plan provides the framework and the required elements that are called for by the California Trade and Commerce Agency. It is therefore recommended that your Board approve the plan as submitted, direct the County Administrative Office to forward it to the State by the September 30<sup>th</sup> deadline, and direct this office to return to your Board by June 30, 2000 with an amended Job Creation Plan incorporating activities that emerge from the cluster analysis and cluster forum project, a budget which allocates the County's remaining Job Creation Investment Fund allocation, and performance measures for the recommended activities.

Very truly yours,



SUSAN A. MAURIELLO  
County Administrative Officer

SAM: sp:h:\data\wp\jobcreationplan.bos  
Attachment

cc: Human Resources Agency

County of Santa Cruz  
CalWORKs Job Creation Plan

A Companion Document to the  
Report of the Job Training Task Force

September 28, 1999

This plan is submitted to the California Trade and Commerce Agency pursuant to the  
requirements of the Job Creation Investment Fund Program

County Administrative Office  
701 Ocean Street, Room 520  
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## EXECUTIVE SUMMARY

The State's Welfare-to Work Act (AB 1452) includes a Job Creation Investment Fund grant Program. This program provides grant funds to counties to develop and implement local job creation strategies to provide employment for CalWORKs recipients moving into the workforce. In all, the Legislature provided \$4.5 million to the Trade and Commerce Agency (TCA) to distribute to counties through grant agreements, using the specific allocation formula established in the law. The County of Santa Cruz is eligible for up to \$60,304 under this grant program.

The grant program is intended to provide flexible funding for local job creation and job retention initiatives using existing resources, whenever possible. Job Creation Investment Funds may be used to develop a strategic plan, in an amount not to exceed 50% of the total allocation, or to implement initiatives consistent with a Job Creation Plan to be adopted by each County Board of Supervisors.

On March 3, 1998 the Santa Cruz County Board of Supervisors by resolution elected to participate in the Job Creation Investment Fund Program and formally established a Job Training/Job Creation Task Force. The Task Force was created for the express purpose of addressing the issue of limited livable wage opportunities that exist throughout the County for local residents, and, as required by AB 1452, for guiding the development of the County's application to the California Trade and Commerce Agency (TCA) for funds available under the Job Creation Investment Fund, and for developing a Job Creation Plan for CalWORKs recipients.

The County's Job Creation Plan is based on recommendations developed out of a series of meetings during which the Task Force researched the critical issues relevant to their charge. In doing so, 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 recent enactment of Welfare Reform has the potential to exacerbate this problem by infusing an additional 2,700<sup>1</sup> 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>2</sup> pay less than liveable wages<sup>3</sup>

<sup>1</sup> Welfare Reform Workforce Issues Primer, Coalition for Workforce Preparation, Santa Cruz County, November 1997, page 3

<sup>2</sup> Top Ten Occupations, Santa Cruz County 19952002, EDD State Labor Market Information Division

<sup>3</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

- 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>4</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
- In the new millennium, 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 livable 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 child care, housing, transportation and healthcare

The Task Force developed numerous recommendations responsive to the variety of workforce preparation and economic issues that were identified during the nine month investigation and analysis phase. Among other activities, the Task Force recommended an industry cluster analysis be undertaken. The last countywide economic analysis was conducted in 1989, just prior to the Loma Prieta earthquake. It is clearly important to a variety of interests to identify the firms that are experiencing the fastest growth, the economic clusters that are in expansion mode, and the occupations which will provide jobs for CalWORKs recipients and other County residents now and in the future. Therefore this project has been ranked first in priority for implementation.

On June 1, 1999 the County Administrative Office, in collaboration with the Human Resources Agency, the City of Santa Cruz, Cabrillo College and the County's Redevelopment Agency executed a contract to conduct a cluster analysis and cluster forum process, that will inform the efforts called for by the Job Creation/Job Training Task Force, including recommendations to determine space/capacity needs/constraints by industry sector, expand efforts to develop liveable wage jobs, expand the creation of entry-level jobs, target the creation of "transitional-level" jobs, and identify barriers to job creation.

The preliminary economic analysis has been completed. The project partners are in the process of defining the core leadership group, and it is estimated that the cluster forums will be held this winter. In order to fully integrate this process into the County's Job Creation Plan, it is recommended that the County complete the cluster analysis and cluster forum process and return to the State's Trade and Commerce Agency with an amended Job Creation Plan, a budget for the remaining JCIF grant funds, and with

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<sup>4</sup> Santa Cruz County, Human Resources Agency, Profile of Welfare Recipients, February 1997

specific performance measures for the recommended activities no later than June 30, 2000, with the understanding that all funds must be disbursed to Program Grantees by June 30, 2002.

The Job Creation/Job Training Task Force recommended a number of coordination activities, such as: develop and market the growth of a quality child care industry in order to attract employers and to retain employees, coordinate local and regional economic development efforts in order to achieve economies of scale and reduce duplication, work with local banks to identify potential Community Reinvestment Act funds for job creation projects, sponsor events that provide an information exchange for employers, and create opportunities for promising new companies to meet venture capital resources.

These tasks provide clear opportunities for collaboration with other on-going initiatives, with further investigation required. For example, the Santa Cruz County Child Development Resource Center's Child Care Facilities and Business Development Project is committed to supporting the growth of the child care industry and increasing child care capacity. A particularly interesting initiative has been a collaborative project with the Central Coast Small Business Development Center (SBDC) and El Pajaro Community Development Corporation to provide business planning and skills building workshops to existing and potential in-home child care providers in South County in a Spanish language format. It is recommended that the County's economic development coordinator work with the SBDC to evaluate the need for additional resources to sustain this technical assistance program, and the ability of such an approach to generate jobs for CalWORKs recipients in the self-employment in-home child care field.

In order to identify other collaborative opportunities between cooperating local governments, it is suggested that the County's economic development coordinator convene regular quarterly meetings with economic development and community development colleagues in the four cities. The purpose would be to share information about local government's job creation initiatives, to enhance linkages between expanding local businesses and the County's Welfare-to-Work participants, and to identify other eligible job creation activities that could be recommended for incorporation into the amended County's Job Creation Plan.

Finally, the Task Force identified two recommendations which could supply direct services to CalWORKs recipients: support the development of a technical assistance program to small business owners, including revolving loan funds, and provide low income individuals with training and support in starting small businesses.

As detailed in the County's CalWORKs First Year Implementation Report, the Human Resources Agency has enrolled a number of Welfare-to-Work participants who have earnings from self-employment, but who are not earning enough to leave cash aid. These self-employed participants are often committed to their chosen profession, and are motivated to learn new skills so that they can increase their earning potential. HRA staff is working with this population to re-assess their occupational and business goals in



relation to local economic demand. It is recommended that the County's economic development coordinator work with HRA staff and the Central Coast Small Business Development Center and Cabrillo College to investigate the need for bringing additional resources to activities which can provide business development skills to Welfare-to- Work participants in easy to access locations.

***Plan Requirement No. 1: Identify the number of CalWORKs Recipients, and their distribution within the community, and as possible, provide employment and demographic characteristics and needs of the CalWORKs recipient labor force.***

In December 1997, after completion of a comprehensive community planning process, the Santa Cruz County Board of Supervisors approved the County's CalWORKs Plan, and CalWORKs program operations began on January 1, 1998. The following provides caseload statistics:

	January 1998	July 1998	January 1999	July 1999
Cases/Families	2,709	2,263	2,226	2,038
Adults	2,533	2,121	1,974	1,811

According to the Santa Cruz County CalWORKs First Year Implementation Report, as of December 31, 1998, all 1,600 adult CalWORKs recipients who are required to work have been enrolled in Welfare-to-Work activities. The following represents significant other achievements during the first year of implementation

- The number of cash aid families in Santa Cruz County has decreased by 20% in the first year of implementation
- Overall program enrollment grew from 400 participants in January 1998 to over 1,600 participants as of January 1999.
- The percent of families on aid with reported earnings increased. Furthermore, the amount of earned income per family increased by 94% from \$377 to \$733 per month. This clearly demonstrates that a greater percentage of participants are working more hours per week and earning more income than 12 months previously

***Plan Requirement No. 2: Identify local economic sectors, and provide a situational analysis.***

***Plan Requirement No. 7: Describe the links and collaboration with local government agencies, non-profit organizations, employers, and other local entities that have occurred in preparing the plan, and that will occur in implementing Job Creation activities.***

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<sup>1</sup>. Among other elements, the laws contain strict work requirements and incentives to states that rapidly move welfare recipients into jobs.

<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

The State's Welfare-to Work Act (AB 1452) also includes a Job Creation Investment Fund grant Program. This program provides grant funds to counties to develop and implement local job creation strategies to provide employment for CalWORKs recipients moving into the workforce. In all, the Legislature provided \$4.5 million to the Trade and Commerce Agency (TCA) to distribute to counties through grant agreements, using the specific allocation formula established in the law. The County of Santa Cruz is eligible for up to \$60,304 under this grant program.

The intent of the Legislature in enacting the Job Creation Investment Funds was to link economic development activities to welfare reform for the purpose of creating jobs to employ CalWORKs recipients. Other resources are available to local governments to fund welfare support services; however this is the only state resource dedicated to job creation. The grant program is intended to provide flexible funding for local job creation and job retention initiatives. Job Creation Investment Funds may be used to develop a strategic plan, in an amount not to exceed 50% of the total allocation, or to implement initiatives consistent with a Job Creation Plan to be adopted by each County Board of Supervisors.

On March 3, 1998 the Santa Cruz County Board of Supervisors by resolution elected to participate in the Job Creation Investment Fund Program and formally established a Job Training/Job Creation Task Force. This Task Force was created for the expressed purpose of addressing the issue of limited livable wage opportunities that exist throughout the County for local residents, and, as required by AB 1452, for guiding the development of the County's application to the California Trade and Commerce Agency for funds available under the Job Creation Investment Fund, and for developing a Job Creation Plan for CalWORKs recipients.

This broad collaboration was intended to unite many existing partnerships and efforts under one umbrella and to strengthen and expand on existing economic development and job creation efforts.

The Job Creation Task Force's discussion of job creation was not limited only to entry-level jobs, included the development of career ladders leading to self sufficiency wages to support families. In Santa Cruz County, the supply of second-tier jobs available beyond entry level becomes equally important for CalWORKs participant success.

The Task Force was composed of 27 Members, appointed by the Board of Supervisors, as follows:

- Two representatives of the County Board of Supervisors;
- A representative of the City of Santa Cruz, nominated by the City Council
- A representative of the City of Watsonville, nominated by the City Council
- A representative of Cabrillo Community College, nominated by the President
- A representative of the Central Coast Small Business Development Center, nominated by the Executive Director
- A representative of University of California, Santa Cruz nominated by the Chancellor
- A representative of the County Office of Education, nominated by the

- Superintendent
- A representative of the Santa Cruz City School District, nominated by the Superintendent
  - A representative of the Pajaro Valley School District, nominated by the Superintendent
  - AA representative of the State Employment Development Department, Labor Market Information, nominated by the District Director
  - A representative of the business community, nominated by the President of the Santa Cruz County Business Council
  - A representative of the business community, nominated by the Executive Director of the Santa Cruz Area Chamber of Commerce
  - A representative of the business community, nominated by the Executive Director of the Pajaro Valley Chamber of Commerce
  - A representative of the technology business community, nominated by the Santa Cruz Technology Alliance
  - A representative of labor, nominated by the Central Labor Council
  - A representative of the Private Industry Council nominated by the Private Industry Council Chair
  - A representative of the economic development community, nominated by the Committee for Economic Vitality
  - A representative of the workforce preparation community, nominated by the Santa Cruz County Coalition for Workforce Preparation
  - A representative of the non-profit community, nominated by the Executive Director of the Santa Cruz Community Foundation
  - A representative of the community development community, nominated by the Executive Director of El Pajaro Community Development Corporation
  - A representative of the agriculture community, nominated by the Executive Director of the Santa Cruz County Farm Bureau
  - A representative of the County Administrative Office, nominated by the County Administrative Officer
  - A representative of the Human Resources Agency, nominated by the Administrator
  - A representative of the Job Training Partnership Act Division of the Human Resources Agency, nominated by the Division Director
  - A representative of the Santa Cruz County Planning Department, nominated by the Director
  - A representative of the County Personnel Department, nominated by the Director

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 doing so, 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 recent enactment of Welfare Reform has the potential to exacerbate this problem by infusing an additional 2,700<sup>2</sup> 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>3</sup> pay less than liveable wages<sup>4</sup>
- While livable 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>5</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
- 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 livable 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 child care, housing, transportation and healthcare

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>6</sup>. This excludes openings due to separations, projected to add an additional 15,530 positions through the same time period.

According to "Employment Projections by Industry, 1995-2002" by the EDD, which provides a projection of Non-Farm employment growth in Santa Cruz County to the year 2002, employment growth will be concentrated in Service Producing Sectors, which will account for 8,800 of the projected 11,300 of new jobs. The Goods Producing Sectors will provide 2,500 of the projected new jobs, and state and local governments, including education will provide 1,500 new jobs over the projection period.

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<sup>2</sup> Welfare Reform Workforce Issues Primer, Coalition for Workforce Preparation, Santa Cruz County, November 1997, page 3

<sup>3</sup> Top Ten Occupations, Santa Cruz County 1995-2002, EDD State Labor Market Information Division

<sup>4</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>5</sup> Santa Cruz County, Human Resources Agency, Profile of Welfare Recipients, February 1997

<sup>6</sup> Employment Development Department, Labor Market Information Division

**Industry Employment Projection -Annual Averages 1995 & 2002**

<i>Industry</i>	<i>1995</i>	<i>2002</i>	<i>Job Change</i>	<i>% Change</i>
Construction/Mining	3,200	4,100	900	28.1%
Manufacturing-Durable	7,300	8,900	1,600	21.9%
Manufacturing-Non D	5,400	5,400	0	0.0%
Transportation/P U	4,300	5,100	800	18.6%
Wholesale Trade	4,700	5,200	500	10.6%
Retail Trade	18,800	20,700	1,900	10.1%
Finance, Insur & R E	3,100	3,300	200	6.5%
Services-Lodging & Recreat	2,700	3,200	500	18.5%
Services-Business	5,100	6,000	900	17.6%
Services-Health	6,300	7,000	700	11.1%
Services-Other	10,100	12,200	2,100	20.8%
Government-State & Fed	5,600	6,200	600	10.7%
Government-Local	10,500	11,500	1,000	9.5%
<b>Total Non-Farm</b>	<b>86,000</b>	<b>97,300</b>	<b>11,300</b>	<b>13.1%</b>

Source: EDD Labor Market Information, "Employment Projections by Industry, 1995-2002, Santa Cruz County

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 Top 10 Occupations with the Most Openings, 1995-2002, below).

**Top Ten Occupations with the Most Openings  
Santa Cruz County 1995-2002**

<i>Occupation</i>	<i>Job Openings</i>	<i>Median Wage Per Hour</i>
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

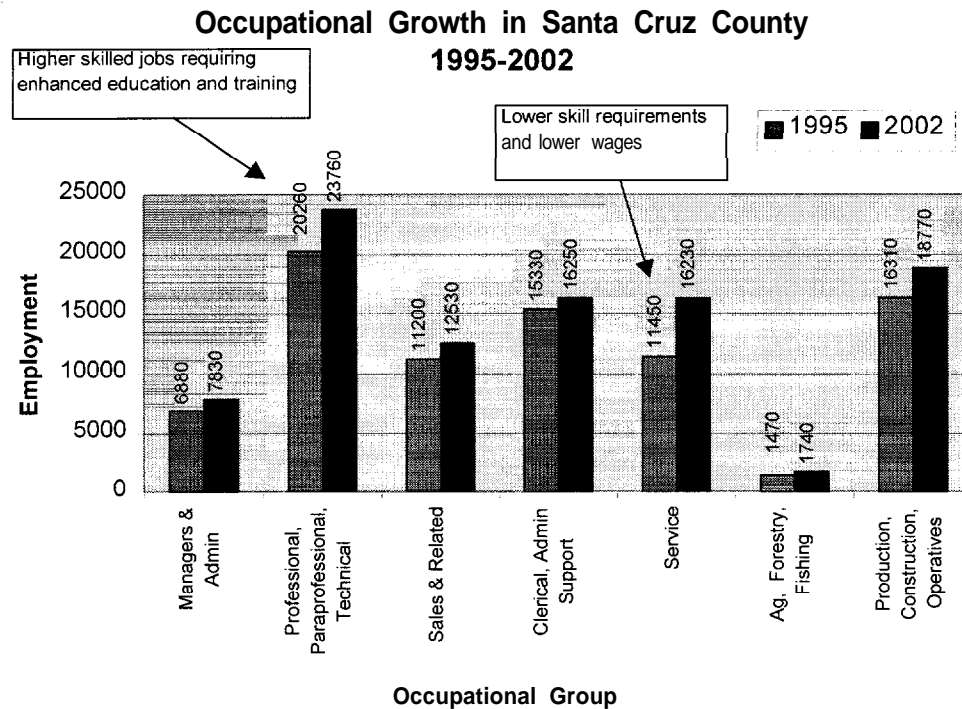
DATA SOURCE: EDD/LMID DATA

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 Occupational Growth in Santa Cruz County, 1995-2002, below).

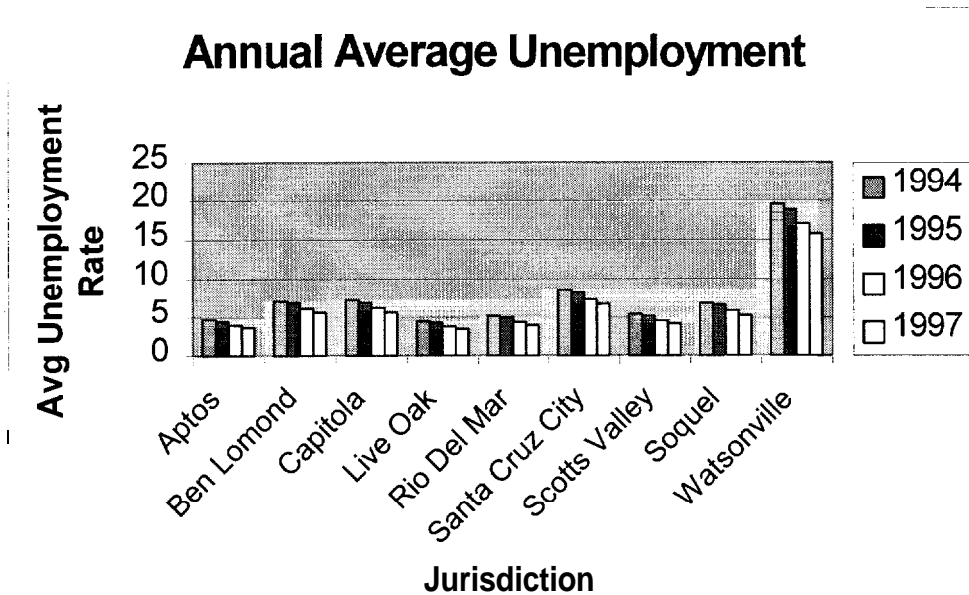
DATA SOURCE: EDD/LMID



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.

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.



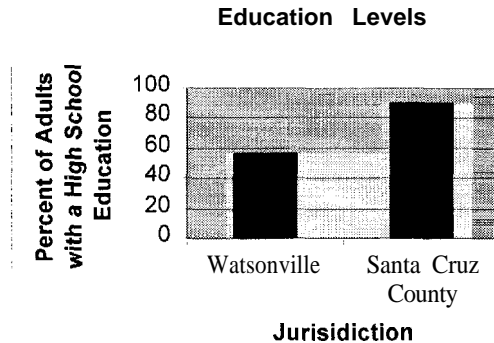
DATA SOURCE: EDD/LMID

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.

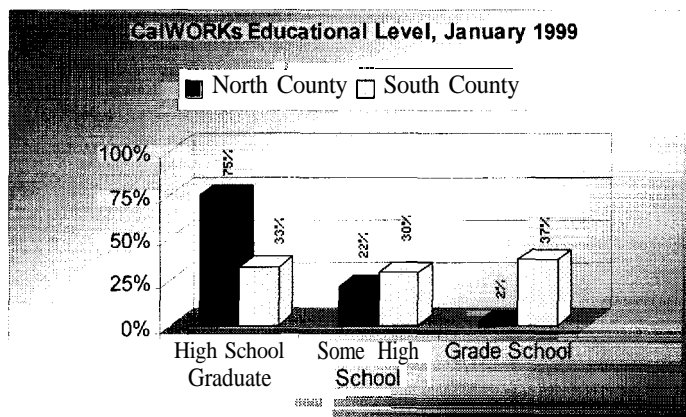
This disparity may be attributed to the gap between existing skills and those in demand by industry<sup>7</sup>. Studies comparing both the general population, and a subset of CalWORKs recipients, demonstrate that overall 33% fewer of Watsonville adults have a high school education as compared to Santa Cruz County, a fact that likely contributes to the mismatch in available jobs and the community's ability to compete for them. (see Education Levels and CalWORKs Educational Level, January 1999, below)

<sup>7</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





DATA SOURCE: CITY OF WATSONVILLE



DATA SOURCE: HUMAN RESOURCES AGENCY

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.

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.

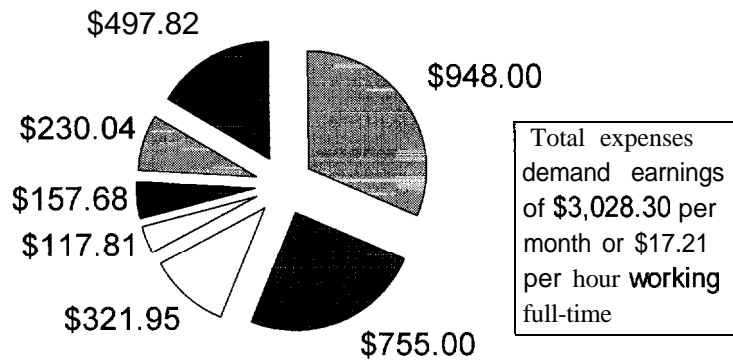
For the purposes of this report the Job Training Task Force adopted the definition of liveable wage as outlined in *The Self-Sufficiency Standard for California*.<sup>8</sup> This study looked at Santa

<sup>8</sup> *The Self-Sufficiency Standard for California*, Dr. Diana Pearce, Director of The Women and Poverty Project of Wider Opportunities for Women, 1996.

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>9</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>10</sup>.

**Monthly Cost of Living in Santa Cruz County to Meet Basic Needs**

Single parent family with one preschooler and one school age child



- Housing
- Child Care
- Food
- Transportation
- Medical Care
- Miscellaneous
- Taxes

DATA SOURCE: THE SELF-SUFFICIENCY STANDARD FOR CALIFORNIA

Although initially this amount may appear high, this is the base wage a person in this family type would need to earn in order to subsist *without* subsidies of any kind. For example, this wage 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.

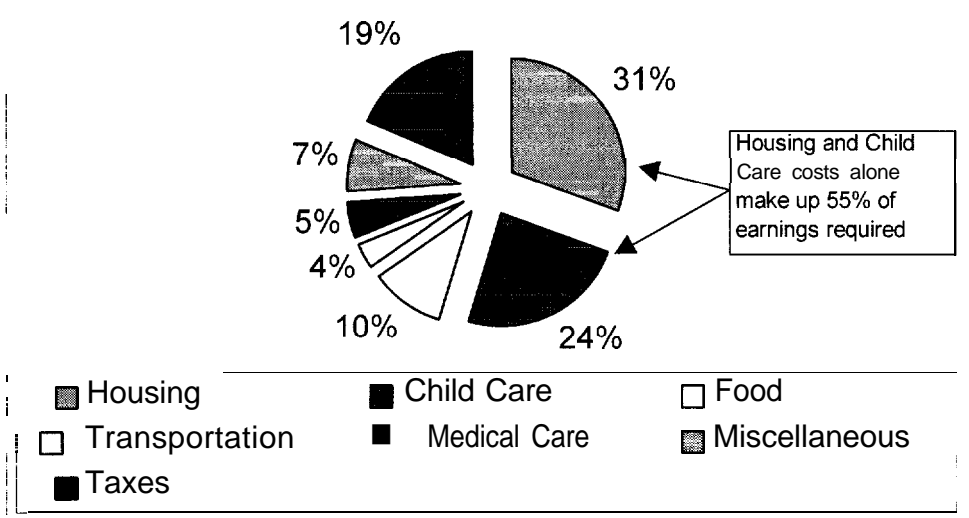
The *Self-Sufficiency Standard's* calculation of the local cost of living also reveals that in our County housing and child care consume disproportionately high ratios of total earnings, constituting upwards of 24% and 31% respectively.

<sup>9</sup> Each of the two adults must earn \$5.11 respectively

<sup>10</sup> Human Resources Agency, CalWORKs Recipient Profile, January 1999

### Monthly Distribution of Earnings to cover Basic Needs

Single parent family with one preschooler and one school age child living in Santa Cruz County



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>11</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<sup>12</sup>. The gap between actual earnings relative to those required to meet basic living expenses therefore is profound.

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. It should be noted that two-thirds of the top ten occupations with the most projected openings pay an average of only \$7.05 per hour.

<sup>11</sup> For individuals earning \$7.80 per hour and working full-time.

<sup>12</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.

***Plan Requirement No. 4: Identify specific Job Creation activities that respond to the needs of expanding industries***

The Task Force developed numerous recommendations responsive to the variety of workforce preparation and economic issues which were identified during the nine month investigation and analysis phase. The County of Santa Cruz's Board of Supervisors directed the County's economic development coordinator to incorporate recommendations into the County's Job Creation Plan which targets CalWORKs participants, and directed the County's Human Resources Agency Administrator to incorporate the Task Force's recommendations into the local 5-Year Strategic Planning Process required under the 1998 Workforce Investment Act.

Following are those Task Forces recommendations that were aligned with Job Creation and Job Retention:

- 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
- Provide low-income individuals with training and support in starting small businesses

***Plan Requirement No. 5: Evaluate and rank Job Creation Activities according to priority for implementation. Plan Requirement No. 6: Identify how Job Creation Investment Funds will be used in each project that will be implemented with Job Creation Investment Funds.***

These Job Creation recommendations have been organized into three main activity areas: 1) research, analysis and policy recommendations; 2) coordination; and 3) direct services.

Research and Analysis and Policy Recommendations: The Task Force recommended an industry cluster analysis be undertaken. The last economic analysis was conducted in 1989, just prior to the Loma Prieta earthquake. It is clearly important to a variety of interests to identify the firms that are experiencing the fastest growth, the economic clusters that are in expansion mode, and the occupations which will provide jobs for CalWORKs recipients and other County residents now and in the future. This project is ranked number one according to priority for implementation.

On June 1, 1999 the County Administrative Office, in collaboration with the Human Resources Agency, the City of Santa Cruz, Cabrillo College and the County's Redevelopment Agency entered into a contract with Collaborative Economics, Inc. to inform the efforts called for by the Job Creation/Job Training Task Force enumerated above, including recommendations to determine space/capacity needs/constraints by industry sector, expand efforts to develop liveable wage jobs, expand the creation of entry-level jobs, target the creation of "transitional-level" jobs, and identify barriers to job creation.

The goal of a collaborative county-wide process is to organize business, education, community and government leaders around specific action initiatives that will promote the long term quality of life and economic vitality of the County. The following are outlined as specific tasks in this process:

- **Organize a core leadership group to oversee the cluster analysis.** The Participants will recruit a 20-25 person leadership group to serve as the client for an economic cluster analysis of Santa Cruz. The leadership group will draw at least a majority of its members from the business community, and particularly from outward-oriented cluster industries (e.g. software, agriculture and food processing, design and manufacture of recreation goods, diversified manufacturing and design, multi-media and entertainment).
- **Conduct an analysis of the economic activity for the region:** All major economic clusters will be identified. Up to four clusters will be chosen as priority clusters by the core leadership group among all of the clusters that are identified. Briefing papers will be created for each of the priority clusters (up to four). The papers include important quantitative

information, as well as information gained from no fewer than 15 interviews with a variety of businesses in each of the four priority economic clusters.

- **Hold Cluster Forums:** Four Cluster Forums will be convened. At the forums, 25-30 top-level business people from each cluster (representing all segments of the cluster map) will review the analysis, describe the future opportunities for the cluster, and determine their priority areas for collaborative action.
- **Organize one half-day Leadership Workshop to review the results of the cluster analysis, and present best practices for taking action on cluster priorities.** The goals of the Workshop will be to identify which issues to form action teams around, what their charge would be, and who should be involved in each team - including ideas about participants from the broader community. Some of these teams could address issues common across clusters (e.g. availability of skilled workforce, transportation); others could address issues specific to an individual cluster (skills training for design and light manufacturing, enterprise development for emerging software and Internet products firms, etc.)
- **Host Civic Entrepreneur Workshop.** The workshop (for up to 100 participants) would brief the participants on the results of the cluster analysis, share best practices in regional collaboration, and lay out the action team process that will follow. Some people from this workshop will join the action teams and the workshop will equip them to play a constructive role.
- **Form Action Teams.** Each team will go through a formal two-meeting process to develop a conceptual plan, and then a fully realized, complete action plan ready for implementation. Action teams also have an opportunity to bring forward policy recommendations that could enhance our ability to create jobs for the County's CalWORKs population.

**Use of Job Creation Funds:** \$20,000 of JCIF grant dollars are allocated to this activity, and these funds have leveraged an additional \$120,000 in investments from the participating partners.

Coordination Activities: The Job Creation/Job Training Task Force recommended the following coordination activities: develop and market the growth of a quality child care industry in order to attract employers and to retain employees, coordinate local and regional economic development efforts in order to achieve economies of scale and reduce duplication, work with local banks to identify potential Community Reinvestment Act funds for job creation projects, sponsor events that provide an information exchange for employers, and create opportunities for promising new companies to meet venture capital resources.

These tasks provide clear opportunities for collaboration with other on-going initiatives, with further investigation required. For example, the Santa Cruz County Child Development Resource Center's Child Care Facilities and Business Development Project is committed to supporting the growth of the child care industry and increasing child care capacity. A particularly interesting initiative has been a collaborative project with the Central Coast Small Business Development Center and El Pajaro Community Development Corporation to provide

business planning and skills building workshops to existing and potential in-home child care providers in South County in a Spanish language format. It is recommended that the County’s economic development coordinator work with the SBDC to evaluate the need for additional resources to sustain this technical assistance program, and the ability of such an approach to generate jobs for CalWORKs recipients in the self-employment in-home child care industry.

To identify other collaborative opportunities between cooperating local governments, it is recommended that the County’s economic development coordinator convene regular quarterly meetings to share information about local government’s job creation initiatives, to enhance linkages between expanding local businesses and the County’s Welfare-to-Work participants and to identify other eligible job creation activities that could be recommended for incorporation into the County’s Job Creation Plan.

**Use of Job Creation Funds:** No JCIF grant dollars are requested at this time, although the County will return to the Trade and Commerce Agency with an amended budget and plan to accommodate job creation initiatives for CalWORKs recipients in the child care arena.

Direct Services: The Task Force identified the following recommendations, which would supply direct services to CalWORKs recipients: support the development of a technical assistance program to small business owners, including revolving loan funds, and provide low income individuals with training and support in starting small businesses.

As detailed in the County’s CalWORKs First Year Implementation Report, the Human Resources Agency has enrolled a number of Welfare-to-Work participants who have earnings from self-employment, but who are not earning enough to leave cash aid. These self-employed participants are often committed to their chosen profession, and are motivated to learn new skills so that they can increase their earning potential. HRA staff is working with this population to re-assess their occupational and business goals in relation to local economic demand. It is recommended that the County’s economic development coordinator work with HRA staff and the Central Coast Small Business Development Center and Cabrillo College to investigate the need for bringing additional resources to providing business development skills to Welfare-to-Work participants in easy to access locations.

**Use of Job Creation Funds:** No JCIF grant dollars are requested at this time, although the County will return to the Trade and Commerce Agency with an amended budget and plan to accommodate job creation initiatives for CalWORKs recipients in the self employment arena.

*Plan Requirement No. 8: Identify performance standards developed locally to measure the success of Job Creation Activities. Performance measures will include the number of jobs that will be created as a result of the proposed Job Creation Activities, the number of Cal WORKs recipients that will be employed as a result of Job Creation Activities, and a description of how results will be tracked and measured.*

The County Administrative Office and its collaborative partners, the Human Resources Agency, the cities, the County’s Redevelopment Agency and Cabrillo College are fully engaged in a

collaborative economic cluster analysis project. This project will be a key element in our ability to identify the firms that are experiencing the fastest growth, the economic clusters that are in expansion mode, and the occupations which will provide jobs for CalWORKs recipients and other County residents now and in the future. The cluster forums will reveal the needs of these economic sectors and specific firms to facilitate their expansion and the creation of sustained employment of CalWORKs recipients. And it is envisioned that the ensuing leadership workshop will recommend and prioritize actions to support cluster priorities.

The project was initiated on June 1, 1999. The preliminary economic analysis has been completed. The participants are in the process of defining the core leadership group, and it is estimated that the cluster forums will be held this winter. In order to fully integrate this process into the County's Job Creation Plan, it is recommended that the County complete the cluster analysis and cluster forum process and return to the State's Trade and Commerce Agency with an amended Job Creation Plan, a budget for the remaining JCIF grant funds, and with specific performance measures for the recommended activities no later than June 30, 2000, with the understanding that all funds must be disbursed to Program Grantees by June 30, 2002.