

ATTACHMENT 2



MEMO

TO: Elaine Craig, Madera Workforce Development Board
Shermaene Roemhildt, Merced Workforce Development Board

FROM: Doug Svensson, AICP

DATE: December 5, 2016

SUBJECT: CCWC Regional Plan Narrative

As requested, we have prepared the following text to assist in the writing of the CCWC Regional Plan. We have copied the items David Shinder provided and have inserted narrative and references from the report where appropriate. Please let us know if anything further is needed.

A. Regional Economic and Background Analysis

- i. Provide a regional analysis of economic conditions including existing and emerging in-demand industry sectors and occupations, and employment needs of employers in existing and emerging in-demand industry sectors and occupations. A local area may use an existing analysis, which is a timely current description of the regional economy, to meet the foregoing requirements.

The CCWC region has had a relatively slow recovery from the Great Recession. Before the recession, total jobs in the region peaked at 1,361,550 in 2007 and did not reach that level again until 2014. The annual average number of jobs in 2015 is estimated at 1,405,122. Through 2008, total jobs in the region were growing at a 1.4 annual percentage rate, while since 2008 the number of jobs has grown at a much lower 0.5 percent per year.

Farm employment, which constitutes 14 percent of total employment and is the largest industry cluster in the region, grew at a 2.2 percent annual rate between 2010 and 2015 but is projected to increase at a slower rate of 0.5 percent over the next ten years. Much of the agricultural job growth is projected in farm support (NAICS 115), especially from farm labor contractors (NAICS 115115). A number of factors affect farm employment including availability of water and continued mechanization of farming operations, accelerated by increased cost of labor due to the new state minimum wage.

Manufacturing industries in CCWC region are mainly in food processing. Manufacturing jobs increased by more than 5,100 jobs between 2010 and 2015, from 101,451 in 2010 to 105,607 in 2015. This sector is expected to slow its growth over the next ten years, adding about 7,000 jobs. Within

manufacturing, food processing (NAICS 311-312) is expected to increase annually by 0.8 percent between 2015 and 2025. Overall, food processing is projected to grow by more than 5,700 jobs in the coming ten years, led by food manufacturing industries such as animal slaughtering (NAICS 311611), meat processed from carcasses (NAICS 311612), perishable prepared foods (NAICS 311991) and wineries (NAICS 312130).

A number of non-food processing manufacturing industries are also projected to produce new jobs. Paint and coatings (NAICS 325510), plastics pipe and pipe fittings (NAICS 326122), urethane and other foam products (NAICS 326150), glass products (NAICS 327215), fabricated structural metal (NAICS 332312) and search and detection instruments (NAICS 334511) are projected to have a combined growth of 1,825 jobs between 2015 and 2025.

Along with manufacturing and food production, the logistics sector is projected to add 22,000 jobs in the CCWC region between 2015 and 2025. This includes wholesale, warehousing and transportation jobs. Some of this growth reflects development of major consumer products wholesale distribution at both the northern and southern ends of the San Joaquin Valley serving the San Francisco and Los Angeles metropolitan areas.

The construction industry continued to grow coming out of the recession over the past five years, and is projected to grow over the next ten years as well. Residential construction (NAICS 236116), residential remodelers (NAICS 236118), electrical and plumbing specialties (NAICS 238210 and 238220) and water and sewer line construction (NAICS 237110) are expected to grow during this period, which is consistent with expected population growth for the region over the next ten years. In addition, the High Speed Rail (HSR) project and a variety of highway improvement projects are projected to add significant heavy construction jobs in the region. The HSR project is estimated to support an average of nearly 3,000 jobs over the ten year period to 2025, with peaks of 6,000 jobs during the height of construction.

The Health Services sector is projected to see strong employment growth over the next ten years. This is a consistent finding throughout the state as well as nationally and reflects both demographic trends with the aging Baby Boomer population as well as industry trends to institute managed care with more outpatient and home health care. Employment in Health Services is projected to grow to 241,950 in 2025 from 192,884 in 2015, for an annual rate of growth of 2.8 percent. Another population based trend is the increase in retail and food services jobs. Both these sectors have been recovering from the recession over the past five years, and are projected to see more moderate growth over the next ten years.

- ii. Provide an analysis of the knowledge and skills needed to meet the employment needs of the employers in the region, including employment needs in in-demand industry sectors and occupations.

More than 51,200 average annual openings are projected between 2015 and 2025 (512,600 total openings), of which approximately 21,000 annual openings would be due to new job growth. The projections of job openings show a concentration in transportation and materials handling (4,900

annual openings), food services and retail (12,600 combined annual openings), office and admin support (5,900 annual openings) and farm occupations (6,300 annual openings).

The minimum educational requirements listed by the Department of Labor for more than three-quarters of the openings do not exceed a high school diploma. However, nearly 4,000 openings per year require more than a high school diploma, though less than a four year BA degree. This includes about 700 openings that require specialized training beyond high school, though not necessarily a certificate or AA degree. Of these jobs, 572 are teaching assistants and 105 are computer support specialists.

Nearly 1,400 annual opening are for jobs that do require a certificate in a specialized area of training. The largest occupational groups in this category include medical assistants (348 annual openings) and licensed practical and vocational nurses (308 openings per year). Other occupations requiring a certificate with 90-100 annual projected openings include dental assistants, emergency medical technician and paramedics, firefighters, supervisors of production and operating line workers, and heating, air conditioning and refrigeration mechanics.

About 2,000 projected openings per year would require an AA degree. The largest occupational group in this category is nurse practitioners (560 annual openings), followed by registered nurses (430 annual openings) and preschool teachers (203 annual openings). Another 331 projected annual openings are in other medical occupations, such as clinical technicians, health diagnosing support personnel, and respiratory therapists. The remaining openings in this category include a wide range of technical specialties including engineering and drafting technicians, agriculture and food science technicians and radio and telecommunications equipment installers.

- iii. Provide an analysis of the regional workforce, including current labor force employment and unemployment data, information on labor market trends, and educational and skill levels of the workforce, including individuals with barriers to employment.

The region unemployment rate declined to 9.9 percent in 2015, down from the peak of 16.5 percent in 2010, but still well above the low point before the recession of 7.9 percent in 2006. While job levels have been increasing since 2010, the size of the labor force peaked in 2012 at 1,843,740, then declined to 1,840,270 by 2014 and finally increased slightly to 1,840,828 in 2015. Household population growth in the San Joaquin Valley exceeded statewide growth rates between 2011 and 2013, but has slowed in the past two years. CCWC region is projected to grow significantly faster than the state as a whole over the next five years (2015-2020), which will have implications for some employment sectors such as health care, retail, and local services.

In CCWC region, about 48 percent of the labor force is Latino, at 870,562 persons out of a labor force of 1,814,685, while 38 percent is White. Unemployment for Latino workers 25 and older is 12.4 percent compared to 8.6 percent for Whites. Unemployment is 14.2 percent for workers in other racial and ethnic groups. Unemployment affects workers 25 and older with no college degree much more, at 13.2 percent, than those with a college degree (6.1 percent). Veterans' unemployment level is at 8.8 percent. Disabled workers have relatively high unemployment, at slightly over 22.0 percent.

The labor force in CCWC region is fairly evenly concentrated among the age groups. Workers in the 16-24 age group are about 16.6 percent of the total while nearly 25 percent are in the 25-34 age group. The prime working age group of 35-54 has 41 percent of the workforce. Workers over 55 constitute about 16.9 percent of the workforce and a number of employers report that impending retirements are a significant issue for them in terms of anticipated openings in the future.

Non-citizen workers constitute 18.9 percent of the workforce in CCWC region, though the rate varies with age. At 23.7 percent of the prime working age (35 to 54) labor force, non-citizens are more concentrated in this age cohort relative to their overall concentration level.

Educational attainment in the CCWC region is slightly lower than the statewide averages, with 22 percent of workers 25 years and older not holding a high school diploma or equivalent, compared to 18.5 percent for the state as a whole. Statewide, 38.8 percent have a college degree, compared to 28.5 percent for the CCWC region.

However, in the San Joaquin Valley there is a stark contrast in the educational attainment levels of the labor force when citizenship status is taken into account. Among US citizens in the CCWC workforce, only 12 percent do not have a high school diploma or GED and 33.7 percent have a college degree. Non-citizens 25 and over exhibit high rates of less than high school attainment level: 62.8 percent of the non-citizens in the labor force have not obtained a high school diploma or a GED. This accounts in part for the differences in educational attainment between Latino workers and other workers in the labor force, as the non-citizen group is 87.1 percent Latino. Overall, Latinos have earned high school diplomas and GEDs at rates slightly surpassing Whites and Others, at 25.9 percent versus 24.5 percent (Whites) and 21.7 percent (Others). However, Whites and Others are over two and a half times more likely than Latinos to have earned a college degree: 14.9 percent of the Latinos in the labor force have earned a college degree versus 39.6 percent for Whites and 40.8 percent for others.

Veterans in CCWC region tend to have high levels of overall educational attainment, with 3.5 percent not achieving a high school diploma. Among disabled workers, however, 24.5 percent do not have a high school diploma, compared to 22 percent for the workforce as a whole.

- iv. Provide an analysis of workforce development activities, including education and training, in the region. This analysis must include the strengths and weaknesses of workforce development activities and capacity to provide the workforce development activities to address the education and skill needs of the workforce, including individuals with barriers to employment, and the employment needs of employers. A significant share of the California population is foreign born, including several million individuals in the workforce who are limited English proficient. The following counties have a workforce that is at least 15 percent limited English proficient: Imperial, Monterey, San Benito, Los Angeles, Tulare, Merced, Santa Clara, Madera, Fresno, Orange, San Joaquin, San Mateo, Santa Barbara, Kern, Kings, Alameda, San Francisco, Napa, Stanislaus, San Bernardino, Ventura, Riverside, San Diego, Yolo, Sutter, Contra Costa, and Sacramento. RPU's containing one or more of these counties must assess and specify in their regional plans how they will address the needs of and provide services to those who are limited English proficient.

These RPUs are required to provide an assessment of the need to provide services to and how services will be provided to limited English proficient individuals.

[Note: ADE's analysis pertains to non-citizens but does not separate out workers with limited English proficiency].

B. Required Content on Regional Sector Pathways

- i. A description of the way planning partners, including local economic development agencies, assessed regional industry workforce needs, including a description of the data sources utilized, the industry leaders engaged, and the manner in which industry engagement took place, including a summary of any relevant convening activities, the dates partners met, who attended, and what was decided.

Industry/Educational Representatives Interviewed by ADE

Rachelle Riggs, Human Resources Manager, Ball Metal Food Containers

Daryn Kumar, CEO, Memorial Medical Center

Steven Lillie, Senior Electrical/Facilities Mgr., Del Monte Foods Modesto

Jeff Grover, CEO, Solecon Industrial

Rosalinda Batsford, Human Resources Manager, Conagra

Dr. Kristen Clark, President, Westhills College, Lemoore campus

Dr. Kristin Robinson, Provost, College of the Sequoias. Hanford Center

Bill Fishbough, Superintendent, Hanford Joint Union High School District

Kes Andersen, Human Resources Manager, Leprino Foods

Glen Bach, General Manager, Pitman Family Farms

Randy Dodd, Vice President of Business Development, Adventist Health

Irene Gallegos, Human Resources Manager, Del Monte Foods, Hanford

Dusty Ference, Executive Director, Kings County Farm Bureau

Jay Irvine, President & CEO, Mar Vista Resources, LLC.

Gurminder Sangha, Deputy Sector Navigator, Advanced Manufacturing, California Community Colleges

[The following items were not a part of ADE's analysis]

- ii. An analysis of the manner in which regional partners, including industry leaders, have determined, or will determine whether existing training and education programs in the region were/are meeting industry's workforce needs. This analysis should provide a description of any areas of identified training and education deficiency and what planning partners have committed to do to resolve relevant deficiencies.
- iii. A description of any existing career pathway programs in the region that have been identified as meeting leading and emergent industry sector needs. This description should specifically articulate the manner in which industry participated in the identification of relevant pathways.

- iv. A description of the work being done by industry, workforce boards, economic development agencies, and relevant faculty partners to recommend and implement any necessary adjustments to further develop career pathway programs that meet regional industry needs.