

Re-Calibrating Workforce Development: Scaling Regional Competitiveness through Core Competency Investment and Employer Engagement

- **Establish a Supporting Framework for Regional Competitiveness** by applying collaboration and partnership as an economic model, leveraging funding, and incentivizing place-based investment
- **Implement Career Technical Education and Employment (CTE²)** by incentivizing industry and employer engagement, and facilitating an adaptable education system that provides competency-based curricula aligned to critical workforce needs

Prior to COVID-19, the state's post 2008 recession recovery mirrored U.S. trends, reflecting historically low unemployment rates (CA 3.9%; U.S. 3.5%), as well as unprecedented job growth.¹ However, these trends shrouded an economic landscape harboring systemic disparities with limited opportunities for mobility and advancement. Recent decades demonstrated that inflation-adjusted wages grew only for the highest-paid workers, while wages for low- and mid-wage workers remained largely flat.² With stagnating wages amid California's increasingly high living costs, workers – primarily those without traditionally higher levels of degree attainment – are forced to relocate outside of the state. Despite anticipating the displacement of this largely low-skill, low-wage workforce, the consequences of this opportunity gap have rapidly intensified as a result of the pandemic. Within a few months, COVID-19 has upended traditional work and education systems, accelerating automation trends and exacerbating existing gaps, emphasizing the urgent need for a proactive approach to workforce development in the state.

With workers in California and across America losing their jobs at record-setting numbers, it is increasingly clear that the “future of work” is now. In the last week of March 2020, the state received over 1 million claims for unemployment insurance (UI), and recorded an unemployment rate spike to 5.3 percent as employers lost 99,500 nonfarm payroll jobs across the state, ending a record decade-long period of job expansion.³ Since March, the state has lost 2.4 million jobs, and currently stands at an unemployment rate of 16.3 percent.⁴ If including Pandemic Unemployment Assistance (PUA) claims, already 1 in 4 Californian workers has filed a UI claim since the start of the crisis, far exceeding levels of the Great Depression.⁵ Though UI claims were concentrated among lower-educated workers early in the crisis, the share of UI claims among higher educated workers have increased as layoffs become more evenly distributed across industries. Still, the cumulative impact of the crisis is far greater for California's less advantaged workers (i.e., based on gender, age, ethnicity, degree attainment).

As current students, recent graduates, and the massive wave of recently unemployed workers all enter the available labor force, state and local leaders in education, business, and policy must collaborate to counter the opportunity gap and effectively direct resources to California's incumbent and emerging talent pipeline. This effort requires recognizing the context and geographies of our state, directing place-based economic development and job creation through innovation that aligns with existing assets and partners with industry leaders. Further, a proactive strategy will require intentional coordination and investment, leveraging networks and funds to support state and regional workforce development efforts in a post-COVID landscape.

¹ U.S. Bureau of Labor Statistics.

² The California Budget and Policy Center, Budget Center analysis of Economic Policy Institute's Current Population Survey extracts.

³ California Employment Development Department.

⁴ California Employment Development Department, <https://edd.ca.gov/newsroom/unemployment-june-2020.htm>.

⁵ Thomas J. Hedin, Geoffrey Schnorr, and Till von Wachter, “California Unemployment Insurance Claims During the Covid-19 Pandemic,” California Policy Lab, June 11, 2020, <https://www.capolicylab.org/california-unemployment-insurance-claims-during-the-covid-19-pandemic/>.

Case Studies⁶

I. Applying Regional Collaboration and Partnership as an Economic Model

- *Innovation as an Approach to Inclusive Economic Growth - Los Angeles Cleantech Incubator (LACI)*
- *Regional Approach to Employer Engagement and Workforce Development - San Diego Regional Economic Development Corporation*

II. Leverage Funding and Incentivize Place-Based Investment

- *Align Incentives for a Value Capture Strategy: R&D, NMTC, and Business District Development - Arizona Technology and Research Initiative Fund*
- *Seeding Regional Talent Hubs - Fresno D.R.I.V.E Initiative*
- *Anticipating Regional Workforce Needs - Valley Vision*
- *Leverage Alternative Funding Sources - Social Finance*

III. Facilitate an Adaptable Education System

- *Challenging Assumptions around Learning, Education, and Outcomes - Finland*
- *Defining Core Competencies to Inform Curriculum Development - Career Technical Education (CTE) Model Curriculum Standards*
- *Normalizing Portable Skills Inventory, Training, and Marketing – Worth; Cell-Ed; Portfolium*
- *Integrating Credentialed Work-Based Learning - American River College, Los Rios Community College District*
- *Raising the Standards for Instruction and Implementation - Georgia Teacher Alternative Preparation Program*
- *Encouraging College and Faculty Leadership - Santa Monica College*
- *Defining Clear Career Pathways - Vocatio*

IV. Incentivize Employer and Industry Engagement

- *Industry-Recognized Credentialing: Development and Delivery - Futuro Health*
- *Industry-Aligned Curriculum and Testing - NASBITE Certified Global Business Professional (CGBP)*
- *Early Integration of Work-Based Learning - Metro Transportation School*
- *Designing Equitable and Inclusive Programs - STEM Core Initiative*

California as a Case Study

State Leadership. The Governor’s economic agenda, “California for All,” aims to improve circumstances through inclusive growth strategies and regional collaboration. With California being both the richest and poorest state in the nation, with issues of poverty, homelessness, demographic and geographic inequity, new policies have been put forth addressing costs of education (e.g., more access to free college), as well as financial tools such as earned income tax credits (EITC) as ways to support low wage workers. The Governor’s Office also manages the Technology and the Future of Work Commission, which includes national- and state-recognized civil leaders across the business community and higher education.

⁶ Appendix B (full case study descriptions).

Prior to the Commission, majority of the conversation regarding the “future of work” was a skills conversation, which later became a quality-of-jobs conversation. As California faces a multitude of challenges caused by COVID-19, the tone has shifted into an all-encompassing conversation about skills, job quality, wages, broadband equity, and more. Now is the time for state leadership to direct investments toward initiatives that integrate the new reality.

In a regional approach to economic recovery, AB 3205 establishes the Regions Rise Grant Program in the Governor’s Office of Business and Economic Development (GO-Biz).⁷ Introduced by Assemblymember Rudy Salas (32nd District), the legislation enables regional collaboration and development of inclusive strategies for economic prosperity. The program incentivizes partnerships between local governments, private businesses, nonprofits, philanthropy, and more, to use their distinct funding and operational capabilities to tackle shared challenges.

Preparing a Work-Ready Talent Pool: Education and Employer Alignment. California’s Community College system must redesign its colleges to be more responsive and nimble, prioritizing student competencies required to meet rapidly changing workforce needs. As the largest education system in the country, serving 2.1 million students, the California Community College system is uniquely positioned to be a critical asset in higher education, employer engagement, and local economic development within their regional ecosystems.

The California Community College Chancellor’s Office (CCCCO) employs a student-centric approach, informing and exploring student interests as they relate to job demands, wages, and career paths. In order to effectively inform the educational pathways, however, the education system needs clear signaling and career pathways from employers and industry. As such, the CCCCCO is driving more work-based learning experiences – for example, earn-and-learn models as new approaches to disarm apprehension around apprenticeships, as well as transparency in credentials and encouraging common credential language across industry. However, progress requires not only strategic thinking, but operational funding. Aiming to push the envelope with employer- and industry-aligned initiatives, their January budget proposal included a \$20 million budget line item to experiment with new strategies.

Despite being one of the largest General Fund expenditures, California’s higher education allocations have slowly decreased over the years from 18 percent (1976-77) to 12 percent (2016-17), and have been offset by steep increases in tuition.⁸ Now facing a new \$1.7 billion cut in the revised budget, the three public higher education systems will take a significant hit, with the California Community Colleges (CCC) losing the most at \$740 million.⁹

New legislation introduced by Assembly members Eloise Gómez Reyes (47th District) and Sabrina Cervantes (60th District) aims to revitalize and expand the existing role of the California Community Colleges Economic and Workforce Development Program through AB 1457.¹⁰ Executed in partnership between GO-Biz, the California Community Colleges, the Employment Training Panel, and the Labor and Workforce Development Agency, the pilot project would support the establishment of a statewide network of regional business training centers. Participating community colleges would support the upskilling of the regional workforce by not only offering short-term training programs for displaced and incumbent workers in essential, emerging, and dominant industry sectors, but also employ work-based training methods that result in stackable, industry-recognized certificates.

⁷ “AB-3205 Regions Rise Grant Program,” California Legislative Information, https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB3205.

⁸ Kevin Cook, “Higher Education Funding in California,” Public Policy Institute of California, March 2017, <https://www.ppic.org/publication/higher-education-funding-in-california/#:~:text=Proposition%2098%20has%20shifted%20state,around%2011%25%20of%20this%20funding>.

⁹ Mikhail Zinshteyn, “Coronavirus set to chop \$2 billion from California higher ed – but financial aid survives,” CalMatters, May 15, 2020, <https://calmatters.org/education/higher-education/2020/05/california-higher-ed-cuts-budget-coronavirus-tuition-uc-csu-ccc/>

¹⁰ “AB-1457 Regional business training center network: pilot project,” California Legislative Information, https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1457

The goal is not to reinvent the wheel, but revisit and apply successful workforce development programs that are resilient to challenges and adaptable to change. Education and employers must expand their networks and get creative with leveraging other education, operation, and funding-related resources, strengthening a new pipeline of sustainable careers aligned with regional industries.

Priority Areas and Recommendations

- I. Organize regional collaboration and partnerships (i.e., ecosystems) that can facilitate place-based, scalable workforce development programs and incentivize establishment of robust regional talent pipeline
 - Using NGIN’s Distributed Innovation Methodology, develop state hub and spoke initiatives that coordinate intra-region innovation infrastructure (e.g., AB 3205)
 - Mobilize partnerships by leveraging existing regional assets: available workforce, economic development initiatives already funded, existing research centers (e.g., CCCs, UCs, CSUs), local corporations, utilities, and governments (e.g., AB 1457)
 - Reestablish advisory committees with very strict guidelines (# of people from education, community brokers, industry experts, students)
- II. Develop innovative financing solutions to fund sector-specific workforce development programs and compensate for existing gaps and budget reductions
 - State support for social impact bond that allows colleges to apply for funding towards internships/apprenticeships and employer engagement programs
 - Align new and existing incentives that layer value capture strategies: R&D, New Market Tax Credits (NMTC), opportunity zones (OZ), and other financial tools
- III. Demonstrate rationale for a state clearinghouse that centralizes resources, aggregates demographic and occupation data, defines clear career pathways for students and job seekers, and provides opportunities for employer engagement
 - Coordinate and communicate with ecosystem players (i.e., employers, industry experts, education and training providers) to determine current system gaps
 - Evaluate core competencies across sectors to better inform curricula development at all levels of education
 - Define required industry-specific competencies (e.g., technical skills), as well as degree attainment criteria to provide clarity and transparency to job seekers
- IV. Revitalize the Economic and Workforce Development role of the CA Community Colleges and position them as a critical actor in the state’s COVID economic and workforce development recovery strategy (e.g., AB 1457)
 - Increase communication between Sector Directors and industry experts and employers to innovate college programming to align more rapidly to shifting employer norms (e.g., employer collaboratives to discuss constantly changing trends in re-hiring, technology adoption, informing industry-aligned education/training, and establishing partnerships that provide internships/apprenticeships)
 - Integrate and inform additional data sources that capture emerging trends within industry-specific data, distributing findings across regions. Confirm data with industry and college administration to develop and deploy short-term training models
 - Develop up-to-date training programs for faculty in which they engage with industry partners to maintain relevant expertise to changing employability and skill demand trends