

What Have We Learned Over the Past 40 Years of California Workforce Policy

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Workforce Landscape in 1981

- Specter of “Deindustrialization of California”, and coming shortage of jobs.
- Specter of growing wage and income inequality.
- Specter of “declining middle” of jobs.
- Explosion in welfare rolls, and emergence of “underclass”.
- Sharp increase in teen pregnancy rates, and links to poverty.
- No clear impacts of anti-poverty and job training programs.
- Workers with development disabilities largely outside of the job market, with few expectations.

Workforce Landscape in 2021

- Job affluence: Prior to pandemic, state unemployment rate was down to 3.9%, the lowest since 1976, when the new methodology was introduced. Over 3.37 million jobs added from Feb. 2010 to end of 2019.
- Welfare rolls down dramatically, along with teen pregnancy rates.
- Greater focus on placement results in job training programs, and accountability of anti-poverty funds.
- New middle level of jobs emerges, not only in health care, new manufacturing, and technology firms, but also in financial services, transportation, and construction.
- A wide range of employment initiatives for workers with developmental disabilities-- though unemployment rates for these workers remain high.

The one area of limited change: Income inequality and wage inequality have grown steadily in California and U.S. since 1981. This inequality is a long term phenomenon, that lawmakers have railed against but been unable to impact.

Deindustrialization and job growth



Deindustrialization and Job Growth (1 of 2)

- California did lose manufacturing jobs, as major plants were closed throughout the state in the early 1980s. Between 1980 and 1983 more than 900 industrial facilities were closed in automobile manufacturing, lumber and paper mills, food processing and steel.
- The mighty Kaiser steel plant in Fontana, California modernized just a few years earlier at a cost of \$250 million, shut down in 1982-83 laying off 4500 workers. Also shut down: the International Paper plant in Siskiyou County (600 workers) and the General Motors plant in Fremont (6500 workers).
- In 1982, then Governor Jerry Brown quickly established a “Reinvestment” task force, a “California Economic Adjustment Team”, even a “Displaced Worker and Ridesharing” program.

Deindustrialization and Job Growth (2 of 2)

- The task forces, committees and proposed regional development banks of 1982 had no lasting impact.
- But new jobs were created in the next three decades (jobs not envisioned in 1981) so that the total number of payroll jobs in California continued to increase. In September 1980, payroll employment stood at 9,829,000 jobs. By 2016, it was up to 16,199,000 jobs and by late 2019 was up to over 17,560,000 jobs.
- Even manufacturing as a sector has bounced back with over 1,200,000 jobs prior to the pandemic. Fontana, California as example of rebirth of manufacturing. “If the mill closes, Fontana will just dry up and blow away”: Instead, the Kaiser plant is reopened (a partnership of Japanese and Brazilian interests) and today Fontana is home to more than 400 plants.
- **Lessons:** Resiliency of economy, new types of jobs emerging, and entrepreneurial culture--though past decade has seen a reduction in start-ups, compared to previous decades.

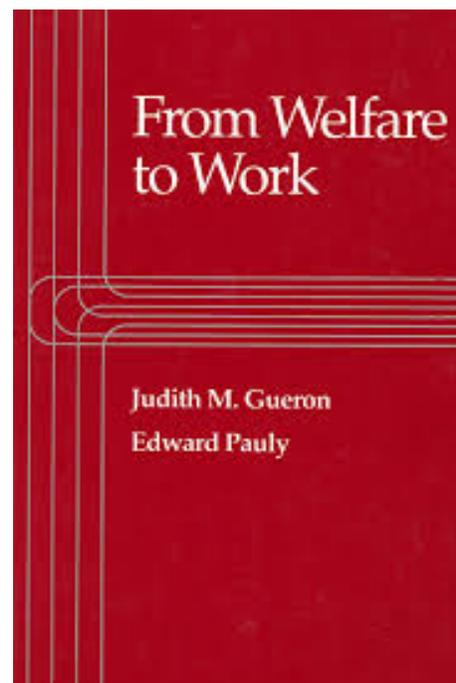
The new middle skill jobs



Manufacturing jobs decline, but a “new middle” of jobs emerges in a range of sectors

- Focus in recent years on “middle skill” jobs—those that require more than high school but less than a four year degree.
- Urban Institute study, “America’s Forgotten Middle Skill Jobs” in 2007 helped kick off new focus. Estimated that around 48% of jobs were still middle skill. .
- Examples: health technician jobs (radiological technician, speech/respiratory therapist, medical lab technician), construction (especially unionized construction), technology (support specialist), STEM (technologist).
- **Lessons:** Middle skill jobs focus of state job training, jury is still out on how many of these jobs really exist in California or are being created.

Welfare to Work



Success of Welfare to Work in reducing rolls and in changing the culture of welfare administration in California

- California state and other states challenge welfare structure beginning in the 1980s, culminating in federal welfare reform in 1996.
- Caseloads in California decline from a high of more than 900,000 cases in July 1996 to fewer than 500,000 cases by July 2004.
- Culture of welfare administration from benefits administration to job orientation: “A job, a better job, a career”.
- **Lessons:** Willingness to challenge welfare policy consensus in California (“nothing can be done”), and ability to recognize strengths in welfare population.

Success in reducing teen pregnancy rates and related poverty rates in California

- California's teen pregnancy rate, following the nation's rate, rose through the 1980s until reaching 72.9 births per thousand in 1991. It then began a steady decline to under 30 births per thousand by 2016.
- **Lessons:** As with welfare reform, willingness to challenge policy consensus, re-setting of welfare departments, and development of more effective program interventions ("Parents of Success").

Job training and workforce preparation



Job training programs improve in outcomes, but continue to operate on the margins

- Structure and design of job training in California not significantly different than the MDTA programs in the 1960s: relatively short term training and positive, though limited, impacts on wages.
- Use of many of the same approaches: work experience, on-the-job training, supportive services, retention services.

Lessons: Greater focus on placements; Local Boards, highly pragmatic and know local labor markets.

Employment for Adults with Developmental Differences

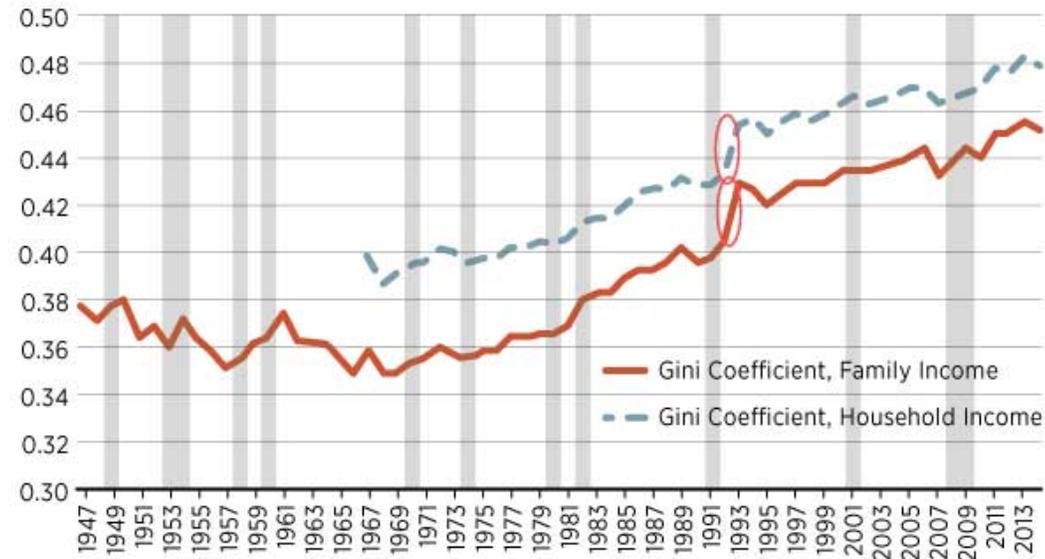


Employment for Adults with Developmental Differences

- The past decade has seen an explosion of Autism at Work initiatives with major employers, autism-focused businesses and autism workforce intermediaries—often started by family members.
- At the same time, the broader network of disability employment groups (Goodwill, Arc, Toolworks) partners with DOR and DDS to achieve job placements.
- **Lessons: The** infrastructure of training and placement programs has grown, as have the role of workers with developmental differences in the workplace. Still, the majority of adults with autism and other developmental differences in California remain unemployed.

Income and Wage Inequality

Gini Coefficient for Family and Household Income



SOURCES: Gini coefficients calculated by the Bureau of Labor Statistics using Current Population Survey data, accessed via Haver Analytics.

NOTE: The figure shows Gini coefficients calculated from Current Population Survey data for family and household income. Only family income is available from 1947 to 1967, but this measure is less ideal than household income because the census defines a family as two or more related individuals living in the same house. Roommates or single-person households are excluded. The red circles mark the temporary increase in income inequality from the Tax Reform Act of 1986, which lowered the top marginal tax rate. Gray bars indicate recessions.

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State Government efforts to impact have had minor impacts

- Income inequality and wage inequality are not a new phenomenon; they have been growing since the mid 1970s.
- No issue has received as much attention in state government, with numerous state hearings, reports, studies and task forces over the years.
- Minimum wage and state earned income tax credit have been among the state level policies with direct impacts in improving the position of low income workers.

How to have an impact in the workforce and antipoverty field



Four ideas for UC students seeking to contribute to the job training and related anti-poverty fields

- “Get out of Washington, Go work on the local level”.
- Tie every decision to “The job seeker in Glendale”.
- Huck, Tom, Jim and Unlocking the Shed.
- A Critical Eye and Willingness to Break Ranks.