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NEW REPORT: MORE THAN 2.7 MILLION “MIDDLE-SKILL” JOB OPENINGS PROJECTED FOR CALIFORNIA BY 2016

California’s Economic Recovery Tied to Preparing Workers for Jobs Requiring More than High School Diploma, Less than Bachelor’s Degree; State Must Use Economic Downtime to Invest in Training Time To Meet Future Demand

LOS ANGELES— In what will play a major role in California’s economic recovery, 2.7 million “middle-skill” job openings—those that require more than a high school diploma, but not a Bachelor’s Degree—are projected for the state by 2016, according to a new study released today by The Workforce Alliance (TWA), Skills2Compete and the California EDGE Campaign. But to unleash the full economic benefits of these jobs, California will need to invest in proper training and education for its embattled workforce.

While the recession is stifling current employment growth, the report projects that middle-skill jobs (including new and replacement jobs) would account for 43 percent of all California job openings between 2006 and 2016. Jobs that do not require any post secondary education and jobs that require a Bachelor’s degree account for 25 percent and 35 percent respectively. While the report illustrates that a Bachelor’s degree will be a gateway to valuable employment opportunities in California, it also demonstrates that those without a Bachelor’s degree will have ample opportunity for stable, rewarding employment, if given adequate training.

The term middle-skill refers to the level of education required by a particular job. It should not be confused with the actual competence and capacity of workers and occupations. Many middle-skill occupations require highly skilled trade and technical workers with several years of training and on-the-job experience.

The report, which for the first time tracks California jobs at the middle-skill level, notes that federal funds from the recovery bill are also expected to create new jobs—especially in industries dominated by middle-skill occupations, like environment/energy, construction, manufacturing, and transportation.

California’s strong record of investments in postsecondary education and workforce training has not kept up with demand for middle-skill workers. Prior to the recession California businesses were struggling with shortages of middle skill workers in crucial industries—a plight that is likely to recur once the economy rebounds. Meanwhile, the state’s structural budget deficit, which has led to severe cuts in education and training programs, will hamper efforts to prepare workers for these future job openings.

As of 2007, 49 percent of all California jobs are classified as middle-skill but only 39 percent of the state’s workers had the credentials to fill them. That gap will return as jobs are created, inhibiting recovery efforts. The gap will widen as more workers retire and if California’s middle-skill educational attainment continues to decline.

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The report notes that with California staggered by severe unemployment, the recession is the right time to develop a strong middle-skill workforce.

“Economic downtime in California must be used to invest in training time,” urges Agnes Balassa of The Workforce Alliance, the convening organization for the national Skills2Compete campaign. “If California seeks real economic recovery and long-term prosperity, we must ensure our workforce has the necessary education and training to meet the labor demands of the future. The recession provides a time frame for businesses and the state to be opportunistic: evaluate labor and skill needs and train and prepare for the jobs that are expected to grow.”

“We’ve experienced shortages in skilled workers for years, said Kellie Johnson, CEO of ACE Clearwater Enterprises in Los Angeles. “And while the current recession certainly limits our ability to grow, we know that when the economy bounces back we are going to need a strong, ready and skilled workforce to move our company ahead.”

The analysis for the study was performed by TWA using data from the Bureau of Labor Statistics, Current Population Survey, American Community Survey and state labor market data supplied by the California Employment Development Department. The analysis is based on the methodology developed for the national Skills2Compete report—*America’s Forgotten Middle-Skill Jobs*—by labor economists Harry Holzer and Robert Lerman.

The report yielded the following key findings:

- **Computer technicians, installation and repair workers, health care professionals, and emergency first responders are among the middle-skill positions that will experience the largest number of job openings between 2006 and 2016.** Dental hygienists, respiratory therapists, emergency medical technicians and industrial machinery mechanics are four occupations where openings are expected to surge by 20 percent or more.
- **The scarcity of middle-skill workers in California could hamper some of the nation’s most strategically important industries.** Policymakers have determined that a workforce with strong credentials in science, technology, engineering and math (STEM) is instrumental to U.S. global competitiveness. But among California’s STEM occupations, 44 percent of all jobs expected to encounter shortages are expected to reside in the middle-skill tier.
- **Ironically, the state’s shortage of adequately trained middle skill workers is likely to be exacerbated by federal economic stimulus spending.** Much of the job growth associated with the federal Recovery Act is expected to occur in the middle-skill sector, but training for these positions remains under-funded in California.
- **Immigration trends are likely to do little to offset middle-skill attrition.** Most workforce growth resulting from in-migration is projected to occur at the low and high ends of the skill spectrum (for example, engineers brought in from overseas through H-1B visas).

The report also finds that 58 percent of the people who will be in California’s workforce in the year 2020 were already working adults—long past the traditional high school to college pipeline—in 2005. The Skills2Compete campaign says this finding underscores the importance of investments in training and re-training the current adult workforce to closing the skill gap. And while the nation’s overall K-12 education system also needs significant repair that alone won’t solve this problem.

Echoing a vision put forward by the national Skills2Compete campaign, President Obama first challenged every American to commit to at least one year of postsecondary education or training in February 2009. He has continued to signal that investing in a range of skills for America's workforce—"be it at a community college or a four-year school; vocational training or an apprenticeship"—will be a priority for his Administration.

But efforts to meet that goal are threatened by California's structural budget deficit. Declining tax revenues caused by the slumping economy have been accompanied by escalating expenses, leading the state to inflict sharp cuts on programs including education and training.

"Like all economic cycles, our current recession will end – but when our recovery does occur, we will need adequately trained workers to take advantage of the job opportunities," said Virginia Hamilton, Executive Director of the California Workforce Association, representing the California EDGE campaign. "But our structural budget gaps could outlive the recession, forcing cuts to job training at precisely the moment when it is absolutely imperative to our economic well-being."

The Skills2Compete campaign is calling on state leaders to embrace a new vision to guide its economic and education strategy that would allow residents to meet or exceed the President's challenge: Every Californian should have access to up to two years of education or training past high school—leading to a vocational credential, industry certification, or one's first two years of college—to be pursued at whatever point and pace makes sense for individual workers and industries. It is essential that system and policy reforms focus on inclusion and equity in access, but also on completion, so that all Californians can succeed and be a part of the state's economic recovery. An education strategy guided by this vision would give California a competitive edge for recovery and long-term growth.

The study notes historical precedents for such an initiative at the federal level including universal high school for U.S. students in the mid-nineteenth century and the GI Bill, which boosted post-war prosperity in the 1940s. The report also looks at state-level precedents such as Michigan's "No Worker Left Behind" initiative, launched in August 2007, which promises to train up to 100,000 state residents in jobs in high-demand occupations and emerging industries.

Representatives of EDGE, a non-partisan, statewide nonprofit coalition working to propose policy to prepare Californians for the high-wage, skilled jobs that will drive the state's economic recovery, will meet the state's congressional leaders in Washington, DC on November third to review the study's findings and discuss further federal efforts to ensure all workers can get the skills they need to play a role in economic recovery. The California EDGE campaign will brief state policymakers on the report's findings and begin to explore ways to make California a leading state in addressing the middle-skills gap.

The report is funded by the Ford Foundation, The Joyce Foundation, Charles Stewart Mott Foundation and the Annie E. Casey Foundation.

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Skills2Compete is a non-partisan campaign to ensure the U.S. workforce has the skills needed to meet business demand, foster innovation, and grow broadly shared prosperity. The campaign's diverse and growing list of endorsers include national and local leaders from business, labor, education and training, community and civil rights groups, and the public sector. The Skills2Compete Vision: Every U.S. worker should have access to the equivalent of at least two years of education or training past high school—leading to a vocational credential, industry certification, or one's first two years of college—to be pursued at whatever point and pace makes sense for individual workers and industries. Every person must also have the opportunity to obtain the basic skills needed to pursue such education. For more information visit www.Skills2Compete.org and www.Skills2Compete.org/California.

TWA's mission is to advocate for public policies that invest in the skills of America's workers, so they can better support their families and help American businesses better compete in today's economy. The Workforce Alliance is a national coalition of community-based training organizations, community colleges, unions, business leaders, local officials, and leading technical assistance and research organizations. This alliance of stakeholders, who have not previously come together, ensures that our efforts are not in the self interest of a particular group, but are instead in the broader public interest of the nation. For more information, visit www.workforcealliance.org.