



CALIFORNIA FUTURE OF WORK COMMISSION

Low-Wage Work and Economic Equity in California

Synthesis of Convening 4 | December 12, 2019 | Los Angeles, CA

About the California Commission on the Future of Work

The overarching goal of the Future of Work Commission is to develop a new social compact for California workers, based on an expansive vision for economic equity that takes work and jobs as the starting point. The Commission’s primary mission is to study, understand, analyze, and make recommendations regarding:

- ▶ The kinds of jobs Californians could have in the decades to come.
- ▶ The impact of technology on work, workers, employers, jobs and society.
- ▶ Methods of promoting better job quality, wages and working conditions through technology.

- ▶ Modernizing worker safety net protections.
- ▶ The best way to preserve good jobs, ready the workforce for jobs of the future through lifelong learning, and ensure prosperity for all.

The key questions guiding the commission are:

- ▶ What is the current state of jobs and work in California?
- ▶ What factors have created these conditions?
- ▶ What is our vision for work and jobs in the future?
- ▶ How can we chart a path to reach that vision?

Commissioners Attendance at Convening 4 | December 12, 2019

Visit the Commission [website](#) for more information on its [members](#), [agendas](#) and [onboarding materials](#).

Mary Kay Henry, Co-Chair*
 James Manyika, Co-Chair*
 Roy Bahat
 Doug Bloch
 Dr. Soraya Coley
 Lloyd Dean

Hon. Jennifer Granholm
 Lance Hastings
 Carla Javits
 Saru Jayaraman
 Tom Kalil*
 Asm. Ash Kalra

Stephane Kasriel*
 Dr. Fei-Fei Li
 John Marshall
 Art Pulaski*
 Maria Salinas
 Peter Schwartz*

Sen. Henry Stern*
 Mariana Viturro
 Hon. Betty Yee

*Absent

About Institute for the Future (IFTF)

Institute for the Future (IFTF) is working with the California state team to coordinate the Commission. IFTF draws on its 50 years of research and experience in convening discussions of urgent future issues to support the efforts of the Commission to build a strong vision for the future of work in the state. IFTF has been a leading voice in discussions about the future of work for the past decade, seeking positive visions for a workforce undergoing transformational change. As a facilitator of the Commission’s work, IFTF will help guide the convenings, establishing the comprehensive understanding necessary to build a world-class workforce of the future. IFTF will draw on the work of its Equitable Futures Lab to frame these discussions of future jobs, skills, and labor policy in terms of creating an equitable economy where everyone has access to the basic assets and opportunities they need to thrive in the 21st century. The Equitable Futures Lab at IFTF combines expertise in social science, quantitative research, policy analysis, and public engagement with proven foresight methodologies to develop and prototype innovative solutions for an equitable future.

The work of this Commission is supported in part by The James Irvine Foundation, the Ford Foundation, the Lumina Foundation, and Blue Shield of California Foundation.

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Low Wage Work & Economic Equity in California

Fully half of all Californian workers are trapped in low-wage work situations, with workers of color most profoundly affected. Opportunities to intervene include easing barriers for the recently incarcerated through parole reform and progressive re-entry programs, clearer and more inclusive pathways to workforce development/training programs specifically designed for undocumented Californians, and support for community colleges as sites for recurring re-training throughout workers' lives and for entry into the advanced manufacturing workforce.

Abel Valenzuela, Jr., University of California, Los Angeles

- ▶ We have close to four thousand undocumented students enrolled across UC campuses. Many of these graduates don't have a pathway to employment if DACA is repealed.
- ▶ What can the state do? We can create clear pathways to workforce development or apprentice programs.
- ▶ Parole reform is another area where California should focus. We need to be transitioning away from the war on drugs.
- ▶ We can create bridges between organized labor and formerly incarcerated individuals.
- ▶ This will include probation reform, retraining probation officers.

Manuel Pastor, University of Southern California

- ▶ White Los Angeles-area households with children under the age of five have a median income of \$111,000. That compares with Black families making \$42,000 annually.
- ▶ If you're white and you have a criminal record, you are more likely to get a job than if you're African American and don't have a criminal record.
- ▶ How much are we losing by allowing racial disparity to exist? If we could close the wage disparity in labor markets, the elimination of the racial gap in income would create a nearly \$1 trillion boost in state GDP.
- ▶ 68% of undocumented Angelenos have been in the US for more than a decade. They are undocumented Californians. They are deeply rooted in our businesses, our communities, our social structure.
- ▶ Approximately 20% of LA County residents are either undocumented or living with a family member who is. If we do not design a workforce development system that supports these people, devotes state dollars to training these people, we are failing our state.
- ▶ We should also continue the expansion of health insurance to all Californians regardless of immigration status.
- ▶ Advanced manufacturing is an opportunity to onboard workers of color and a way to grow jobs in the middle.
- ▶ The community college system is important too. Associates (AA) degrees are important, they've held their value over time and have lower levels of racial disparity.
- ▶ Community college is important not just for young people but for workers who need to retrain.



Small Businesses and Equity in California

California's small businesses produce outsize value for their communities, creating higher wages and better quality jobs, but challenges of cost, administrative complexity, and liability create barriers for these employers to extend more benefits to their workers. The state already provides a number of programs designed to facilitate employer-provided benefits; by removing access and usage barriers through technology interventions and by adjusting these programs to support businesses at every scale, California could unlock more benefits for millions of workers.

Mark Herbert, Small Business Majority

- ▶ Since the Great Recession, half of new jobs have been created by small businesses; in California, businesses with fewer than 20 employees create half of new jobs.
 - ▶ We have 4 million small business owners in California, with average income of \$60,000 annually.
 - ▶ When you have a higher per capita number of small businesses in your community, you get higher wages and better quality jobs.
 - ▶ Women-owned businesses are roughly 80% more likely to hire other women. Entrepreneurs of color are 40-50% more likely to hire workers of color.
 - ▶ Small businesses in aggregate don't offer benefits at the same rate as larger companies, not because they don't want to, but because it's challenging. The challenges are: cost, administrative complexity, and liability.
- ▶ Small business owners in California are able to offer a higher level of benefits to employees because of state-aided benefits that should be supported and expanded.
 - Small businesses are able to buy into Covered California healthcare to offer insurance even when it's not required.
 - We have a state-wide paid leave program that takes the administrative burden off of employers. It's employee-funded so that it's not a cost on employers either.
 - CalSavers is a portable retirement product so that employers of five or more won't have to pay for, be liable, or administer retirement products.
 - Employment Training Programs provide matching state funds for purposes of training and upskilling within businesses. There are significant challenges in making use of ETP, however, including short reimbursement windows and prohibitively complex administrative burdens.

We need to be asking how this works at a scale of two or three employees at a time. For these small businesses, the administrative cost of applying for and navigating ETP is not worth the free money that it is meant to provide employers.
 - ▶ How can we apply technology and augment existing programs to remove barriers of cost, administrative complexity, and liability challenges from small businesses so that they can offer more substantive benefits to employees?



Manufacturing in California

Pamela Kan, Bishop-Wisecarver

- ▶ Over 350k manufacturers across the country are sole proprietors. Over 183k are 20 employees or less. The heart of manufacturing are companies with about ten employees.
 - ▶ There are 1.3M Californian manufacturing workers, averaging \$87k in salary.
 - ▶ We can't find turn-key employees to fill any of the jobs at my factory, so we bear an increasing burden of training our employees—all employees, all skills. We've started our own internal university to do that.
 - ▶ We're nearby a community college that doesn't provide the training that we need, so we need to go to other community colleges. The problem is that the training there is only daytime. I need training in the evening and weekends.
 - ▶ I recommend that we capitalize on opportunities for bringing women and others into manufacturing. We need to increase STEM education and applied learning, specifically targeting women.
 - ▶ The lack of portability around training and certificates is detrimental to workers. If you go through a training program in the Inland Empire for welding for instance, and you move within the state, it's not recognized. We need a flatter type of system that allows for workers to move within the state.
- ▶ At our facility, we've introduced robots, but not one person has lost their job. We've spent money training them to do other things. Automation is great for workers' bodies. We should want robots to be doing certain tasks.
 - ▶ Automation isn't going to take jobs away, but it is going to change the nature of work. What are we willing to change in terms of education to adapt to this? In addition to STEM training, we need to promote collaboration and critical thinking skills.
 - ▶ I am a proud Californian. But California-specific costly regulations that change regularly make it difficult to make long-term investments in manufacturing. We're at a significant disadvantage in manufacturing in California. I'm constantly being wooed by other states to move operations there, being told by potential customers that they won't buy from me because my prices are too high.

The commissioners' deliberations and suggestions at this convening will be incorporated into a revised document to be reviewed by the commissioners at the next convening.



Commissioner Discussion on the Problem Categories

This is the revised working list of areas of focus that commissioners deliberated over at the convening, revisions to the categories were made based on commissions' feedback from the November convening. During the second half of December's convening, commissioners had small group discussions focused on reviewing and providing feedback on the updated ten problem categories.

The commissioners are looking at these problem categories not just as problems but also unique opportunities, strengths, and assets of California. The commissioners' deliberations and suggestions at this convening will be incorporated into another revised Problem Statement document to be reviewed by the commissioners at the next convening.

Problem Categories

Challenges of inequity and low-quality work

1. Address the unequal distribution of wages, income, and wealth

- ▶ Call out lack of respect for low-wage workers
- ▶ Raise the minimum wage and require all employers to address equity. Minimum wage is a regulatory framework whereas racial equity is incentives or programmatic—it is imperative we couple these
- ▶ Call out null narrative around regulation stifling innovation. California is the flagship state of innovation—we can show this narrative is not true

2. Strengthen access to quality jobs for all workers

- ▶ Enforcement challenges should get called out—top-down approaches are insufficient in a state as large as ours
- ▶ Lift up language around violations of workers' rights, enforcement of labor law

3. Tackle workforce inequalities across people and places

- ▶ Call out specific demographic factors affecting inequality: racial, gender, immigration status, geography, generational inequality
- ▶ How do these factors differ by industry?

4. Empower worker voice and organization

- ▶ Rather than the passivity of 'decline of worker power,' let's look at obstacles to collective action: outsourcing, fissured work, jobs broken down into tasks, disconnection of workers from economic decision-makers
- ▶ Worker power is shrinking, corporate power is growing

Challenges of quality of life and work-adjacent issues

5. Address work-adjacent barriers to employment

- ▶ Barriers to employment should include incarceration, disability, immigration status
- ▶ Call out homelessness
- ▶ Rising cost of housing
- ▶ Strengthen infrastructure: transportation (length of commute, quality of commute, good public transportation?); grids; WiFi (over half of Californians don't have access to broadband)

6. Modernize and strengthen the social safety net

- ▶ Modernizing the safety net by applying technology to increase accessibility, etc.
- ▶ Acknowledging that the current structure of means-dependency for benefits creates perverse incentives not to increase one's income
- ▶ Include healthcare, childcare, retirement
- ▶ How can technology and innovation be applied to solve challenges like portable benefits?



New opportunities and challenges in the future of work

7. Support displaced workers in transition

8. Safely enable technology and protect workers in a data-driven future

- ▶ Compensation
 - Compensating data contributors for their labor
 - For data produced within the context of a job for which a worker is already being paid
 - For data produced outside the bounds of a traditional job or workplace
- ▶ How do we apply strong labor standards to this emerging labor market?
 - For workers who work with data as part of their job
 - For workers who produce data, both in and out of traditional workplace settings
- ▶ Control
 - Who controls the flows and uses of data around work?
 - Who ensures that algorithmic processes are transparent and unbiased?
 - How do we construct guard rails on automated processes that touch workers, both inside and outside of traditional workplace settings?
- ▶ Equity
 - We need to look at infrastructure through a data/technology lens as well, starting with broadband internet connectivity for all Californians
 - Inequities in data amplify existing inequalities (such as between corporations and individuals, or big corporations and small corporations)
- ▶ How does California lead the nation by experimenting with different ways to protect and value a person’s data?

9. Build skills to prepare for jobs of the future

- ▶ Acknowledgement that our workforce development system is broken
- ▶ Acknowledgement that workforce development is a sector-dependent solution (works for manufacturing, not for domestic care)

10. Make the most of California’s innovation

- ▶ Under the guise of innovation, technology is digitizing poor working conditions when technology can be used to improve working conditions; protect workers and the state of California against regression on labor standards



