



# CALIFORNIA FUTURE OF WORK COMMISSION

## Education, Skills, and Job Quality

Synthesis of Convening 3 | November 14, 2019 | UC Riverside, Riverside, 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 3 | November 14, 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.

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# Introduction

In considering the role of education and training for the future of California's workers, we first confront hard truths about our current educational system. A college degree today is not a guarantor of economic security, and the benefits that do accrue to college graduates are unequally distributed along racial and generational lines. Dismantling barriers to college access and success for California's Black and Latinx populations is paramount.

Our focus must also be on job quality. As Angelov Farooq, Chairman of the California Workforce Development Board, stated powerfully: "When we look to training as a response, we need to remember that job training that doesn't result in a good job, that lifts that person and her family out of poverty, is an empty promise. High road companies value labor as an asset to invest in, rather than as a cost to minimize." We must attend not just to the quantity of jobs available, but the quality of those jobs. Discerning the characteristics of quality jobs and developing strategies to encourage their growth should be a priority for California's future.

Finally, as we look to the future, we are reminded that California is a mosaic of distinct economies and populations with each part of the state subject to its own urgent issues. While we cannot forecast the precise nature of future job disruption, we can enact strategies for stabilizing and supporting workers in the midst of volatility and change.



## VALUING EDUCATION & SKILLS

### William R. Emmons, Federal Reserve of St. Louis:

- ▶ On average, there is a strong correlation between four-year degrees and increases in income. Correlation between four-year degrees and increases in wealth is conditioned on demographic factors.

**Income:** What a family earns in a year (wages and salaries, interest and dividends, transfers, pension distributions)

Median family income in 2016: \$52,657

**Wealth or net worth:** What you own minus what you owe; your assets (house, cars, savings accounts, retirement accounts, other financial and non-financial assets) minus your liabilities (mortgage, car loans, credit-card debt, student loans, etc.)

Median family wealth in 2016: \$97,306

- ▶ However, positive wealth effects for college graduates have been declining for successive birth cohorts, with the lowest returns for those born in the 1970s and 1980s, in part due to the rising costs of college and the growth of student and consumer debt.

We focus primarily on middle-aged (40-61) families to eliminate factors that make young and old families hard to compare.

- ▶ The remaining long-term wealth benefits of obtaining a college degree have been shown to disproportionately accrue to white families. Notably, the most significant boost is provided to white students from families in the top 25% by wealth, while the estimated wealth effects of a college degree are small or zero for Black and Latinx students in most recent birth cohorts. In this sense, college is becoming an engine of inequality.
- ▶ Because the benefits are unevenly distributed along racial lines, overcoming structural and systemic barriers to college access, completion, and post-graduation success for Black and Latinx students should be a high priority.

## QUALITY JOBS

### Ten Dimensions of the Great Jobs Index (Gallup)

1. Level of pay
2. Stable and predictable pay
3. Stable and predictable hours
4. Control over hours and/or location (e.g., ability to work flexible hours/remotely)
5. Job security
6. Employee benefits (e.g., healthcare, retirement)
7. Career advancement opportunities (e.g., promotion path, learning new skills)
8. Enjoying your day-to-day work (e.g., good co-workers/managers, pleasant work environment, manageable stress level)
9. Having a sense of purpose and dignity in your work
10. Having the power to change things about your job that you're not satisfied with



## CURRENT STATE OF GOOD JOBS IN CALIFORNIA

### Anmol Chaddha, Institute for the Future:

- ▶ Dimensions of job quality include more than just wages and benefits. Gallup used the ten dimensions of the Great Job Index to bring empirical and methodological rigor to measuring job quality. Overall, they found that California has a high proportion of bad jobs compared to the US in general.
- ▶ California Analysis:
  - Less than half of California workers are in good jobs (41%).
  - Job quality is closely related to income.
  - There is a noticeable gap between what California workers find important for a good job and how satisfied they are with those dimensions. For example, 89% of California workers rate level of pay as very important but only 54% are satisfied with their current level of pay.
  - There are sharp geographic disparities in the state, with workers outside Southern California and the Bay Area more likely to be in bad jobs.
  - Job quality in California tends to peak at age 35-49, then decline for older workers.
  - Workers with a bachelor's degree are less likely to have bad jobs.
  - Whether immigrants are likely to be in good jobs is closely linked to educational attainment. There is a notable socioeconomic segmentation among California's immigrant population. Those with college degrees are much more likely to be in good jobs than others.

### James Manyika, commissioner co-chair:

- ▶ In terms of future job growth, California is forecast to fare better than the US overall, but stark regional differences will exist.
- ▶ There will be more jobs gained than lost, but the quality of those jobs is uncertain.
- ▶ Forces like automation will apply unevenly across different areas, affecting certain groups more than others.

- ▶ We need to understand the skills needed and kinds of occupational shifts that will be taking place, and the quality of the resulting jobs.
- ▶ We need to understand the different impacts on different kinds of people, an employer in San Jose will think about these things differently than in a different part of the state - we need to think about this through the lenses of different employers.

### Noah Bernstein, Quality Jobs Fund, New World Foundation:

How do we define quality jobs?

- ▶ Living wages that support a decent standard of living
- ▶ Benefits package (healthcare, paid sick leave, employer contributions to retirement)
- ▶ Training
- ▶ Advancement opportunities, upward mobility and wealth-building so employees can save to buy a home, send children to college, and retire with security
- ▶ A safe workplace
- ▶ Dignity, respect, and agency

We assess the employer and the industry and build off of this baseline job quality. The Quality Jobs Fund is a \$100 million initiative to support quality job growth in underserved communities. The fund seeds sustainable, long-term, well-paid jobs, and skill upgrading for working people, and its goal is to address the problems of inequality through quality job expansion and skill development for a diverse workforce.

### Sarah Kalloch, Good Jobs Institute:

- ▶ By providing quality jobs, employers see lower employee turnover, higher customer satisfaction ratings, and higher sales per hour.
- ▶ You've got to raise wages to retain workers, but once you do, it pays off for the employer in the long term.
- ▶ Investors and VCs have a big role to play in incentivizing quality job strategies at the employer level.

**Noah Bernstein, Quality Jobs Fund, New World Foundation:**

- ▶ To enable employers to invest in quality jobs, we need to be providing growth capital to small businesses, coops, community development financial institution funds (CDFIs), etc.
- ▶ We need that capital to be premised on meeting requirements for quality job standards.
- ▶ Government has a role to play here as well. We could have a California public quality jobs fund, financed by public, private, and philanthropic capital.

**Saru Jayaraman, commissioner:**

- ▶ We can do more than just provide capital. The Restaurant Opportunity Center United (ROC) equips employers with training and technical tools to look at their quarterly returns so they can think long-term.
- ▶ We provide loans tied to quality jobs standards.
- ▶ We encourage customer loyalty toward restaurants with ethical labor practices.
- ▶ We develop policies that include:
  - a) Tax incentives
  - b) Badges/recognition as a high-road restaurant
  - c) Expedited licensing
  - d) Small business financial education

Some highly-skilled professions, such as those in the restaurant industry, suffer unfairly from negative public perception. Who sets the standards for valid careers and for valid pathways to a profession? As a commission we could change the narrative and status of these high-skill jobs to broaden awareness of options for social mobility outside of the college system.



## A SOLUTIONS AGENDA FOR THE FUTURE OF WORK

### Natalie Foster, Aspen Institute & Economic Security Project:

- ▶ Other Future of Work Commissions set a floor for what could be possible in California.
- ▶ We can look to Germany and other European nations for worker-inclusive co-determination structures, like requiring worker representation on company boards.
- ▶ We can look at sectoral bargaining as a means of amplifying worker voice as well.
- ▶ We need to provide workers with more tools to train and retrain throughout their working lives:
  - a) Life-long learning accounts
  - b) Free skills training
  - c) Apprenticeships
  - d) Career counseling
- ▶ We should be stabilizing workers in a volatile labor market with:
  - a) Unemployment and wage insurance
  - b) Adopting portable benefits
  - c) Expanding EITC
  - d) Increasing the minimum wage
- ▶ How do we mitigate wealth inequality across generations? We could look at baby bonds.
- ▶ We should not forget to pay attention to anti-trust as a worker-friendly set of government initiatives. Consolidated companies limit the competitiveness of the labor market, making conditions much worse for workers by keeping wages and upwards mobility low.

### Asm. Ash Kalra, commissioner

We can create more meaningful jobs through coops and worker ownership models. Traditional market solutions alone cannot solve issues created by the free market, nor

can they address the long-term structural discrimination that has created profound generational wealth inequality.

### Stephane Kasriel, commissioner

The concentration of job growth in major urban hubs means that a minority of CA residents are able to access those job markets. This is bad for employers whose growth is stifled by fierce competition over talent, and for the CA workers who are incentivized to move into urban areas where costs for healthcare, education, and housing are all growing faster than wages. Can we change the incentives to encourage employers across the state to locate campuses away from the existing major urban hubs?

### Jennifer Granholm, commissioner

How can we provide access to EITC income year-round, rather than once annually at tax season?

### Carla Javits, commissioner

\$2 billion of EITC funds are left on the table every year because very low-wage individuals may not file taxes at all, precluding them from receiving these benefits. Let's not forget about inclusion: roughly one million Californians aren't participating in the workforce. 300k are on probation/parole, and another 300k are homeless. Workforce participation is a part of the equation to help them. Employers need to be inclusive: across race, gender, and criminal justice status.

### Doug Bloch, commissioner

We need to keep in mind that employers by and large do not behave rationally. They have only decided to treat their workers well when their unions demand it.

### Mariana Viturro, commissioner

Some industries are constrained by the economics of their business model, like home healthcare, where consumers in the private market pay \$20-25 an hour for care, but the workers make less than \$9 an hour. We need to increase the reimbursement rate for Medicare.



## How are we thinking about our Commission's focus?

This is a working list of potential areas of focus that commissioners deliberated over at the convening. 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 a revised document to be reviewed by the commissioners at the next convening.

### Problem Categories

#### 1. Unequal distribution of wages, income, and wealth

- a) Make more specific to CA
- b) Disparity between CEO compensation and front line workers
- c) Baby bonds

#### 2. Decline in job quality

- a) Make California the Good Jobs Capital of the US
- b) Underemployment
- c) Gratuities abuse

#### 3. Geographic and demographic inequalities

- a) California is a mosaic when looking at inequalities
- a) Focus the structural inequality for various communities; namely the elderly and children

#### 4. Gaps in the social safety net

- a) Quality child care
- b) Early childhood education/subsidized preschool
- c) Healthcare
- d) Unemployment insurance

#### 5. Non-work barriers to employment

- a) More explicit about: rent control, affordable housing, mobility/subsidy mobility, immigration, campaign finance reform

#### 6. Decline of worker power and organization

- a) Focus on labor market regulation and raising the floor
- b) Access to unions

#### 7. Industry structure and concentration of employer power

- a) Economic development and incentivizing what kind of economic growth
- b) Public-private-philanthropic partnerships

#### 8. Automation and resulting transitions for workers

- a) Technology is a California industry
- b) Frame this category as a portfolio of technology issues
- c) Address the asymmetrical benefits between digital nobility and digital peons

#### 9. New challenges for workers in a data-driven future

- a) Role of monopsonies
- b) Modern anti-trust policies

#### 10. Skills and preparation for jobs of the future

- a) Need to focus more on the future
- b) We're missing demands for certain kinds of work — what jobs do we want to exist especially given an aging population? This innovation can start in California
- c) Role of employers and match between supply and demand, build geographic capacity (all regions), apprenticeships, wide learning (human superpowers) including leadership, collaboration, creativity, etc.

