

California Future of Work Commission



Overview

SEPTEMBER 2019

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Welcome to the Commission

Executive Summary

OVERVIEW AND MISSION

- ▶ The Future of Work Commission is an engaged and action-oriented body that will require a substantial commitment from its members.
- ▶ The overarching goal of the Commission is to develop a new social compact for California workers, based on an expansive vision for economic equity.
- ▶ The scope of the Commission will go beyond the regular topics of technological change and automation and encompass a wider range of substantive topics that are critical to the future of work.
- ▶ The Commission will be guided by several key questions: 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?
- ▶ The Commission members were appointed based on the combination of your expertise and your ability to move others—in your sectors, industries, or regions.
- ▶ The Commission will produce an interim report on its progress by May 1, 2020. It will produce a final report of the Future of Work Commission with a clear recommended plan of action by December 31, 2020.
- ▶ As a public commission, it will be governed by the [Bagley-Keene Open Meeting Act](#).

A FRAMEWORK FOR SHAPING THE FUTURE OF WORK

- ▶ While many believe we are facing an unprecedented wave of automation that will lead to widespread displacement of all kinds of jobs, the effects of technological change or automation on work are not predetermined or inevitable.
- ▶ Whatever change does come, it will happen in the context of a long-term rise in income inequality over several decades, which has created a reality in which the jobs of the present are failing many Californians.
- ▶ With the expansion of low-wage jobs and long-term deterioration of job quality, skills and training can only do so much if the jobs that are actually available in the labor market do not provide economic security and mobility for workers.

Overview and Mission

The Future of Work Commission is an engaged and action-oriented body that requires a substantial commitment from its members. Created by Governor Gavin Newsom, the Commission is made up of leaders from technology, labor, business, education, venture capital, and other sectors across the state. Given its importance to the Governor, he has tasked cabinet-level advisors—including California Labor Secretary Julie Su and Chief Economic Advisor Lenny Mendonca, as well as Senior Advisor on Higher Education Lande Ajose—to help lead the work of the Commission.

The overarching goal of the 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 a starting point. The executive order creating the Commission states: “The Future of Work Commission’s primary mission shall be 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; and the best way to preserve good jobs, ready the workforce for the jobs of the future through lifelong learning, and ensure shared prosperity for all.”

While there have been many reports, conferences, convenings, and even other state commissions on the future of work, this Commission is well positioned to be groundbreaking for the state and nation. California is ground zero for the technological and economic transformations that are shaping the future of work. The scope of the Commission will go beyond the regular topics of technological change and automation and encompass a wider range of substantive topics that are critical to the future of work. This Commission is not an academic exploration of the subjects; it is action-oriented and linked directly to making recommendations that will inform policymaking and concrete, actionable solutions. State departments and other leaders in state government are also engaged in parallel work to advance the work, thinking, and goals of the Commission.

The Commission will be guided by several key questions: 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?

These guiding questions should move the Commission toward an action plan. The Commission members were appointed based on the combination of your expertise and your ability to move others—in your sectors, industries, or regions.

The Commission will produce an interim report on its progress by May 1, 2020. It will produce a final report of the Future of Work Commission with a clear recommended plan of action by December 31, 2020.

A Framework for Shaping the Future of Work

Many believe that we are facing an unprecedented wave of automation that will lead to widespread displacement of all kinds of jobs. Artificial intelligence and robots will take over factory floors, warehouses, and even white-collar offices, say some experts. However, we have experienced major technological change and structural transformations in the labor market before. We know from earlier waves of technological change that certain workers, jobs, and communities will be more vulnerable to displacement and other adverse effects than others.

Nevertheless, the effects of technological change or automation on work are not predetermined or inevitable. These changes occur within a policy, legal, and social context. The public and the state shape the laws, policies, and norms governing how these changes play out. We can formulate policies that shape how technological developments like automation and artificial intelligence can be used to improve the quality of jobs, not simply replace them.

These transformations are emerging in the context of a long-term rise in income inequality over several decades. While real wages for high-paid workers have increased over the past 40 years, median wages have generally remained stagnant, with even a slight decline in wages for low-wage workers. A declining share of workers receive any health or retirement benefits—important sources of economic security and key measures of job quality. There has been a growth of low-skill and high-skill jobs, and a hollowing out of middle-skill jobs. With the expansion of low-wage jobs and long-term deterioration of job quality, skills and training can only do so much if the jobs that are actually available in the labor market do not provide economic security for workers. A comprehensive strategy must also improve the quality of jobs in the labor market.

In many ways, the jobs of the present are failing many Californians. When solidly middle-class families struggle with high living costs, California offers little hope to the 35 percent of its workers that make less than \$15 per hour—a stunning figure in a state that generates extraordinary wealth. The Commission is guided by an expansive vision for economic equity across the state, which must confront persistent disparities across race, gender, and region.

California has always embodied the future. So many of the technologies that have changed our lives were invented here. We have led the nation in setting workplace standards and raising the floor under which no one should have to live and work. The Commission will bring a similar spirit to shaping the future of work.

Commission Process

The first phase of the Commission is a series of seven convenings on a range of substantive topics and themes, including: technology and automation; skills, training, and education; job quality; low-wage work; employment law; social policy; and investors, business models, and venture capital. After these convenings of Commission members, the next phase will entail engagement with various stakeholders around the state through a series of post-Commission engagement sessions. The tentative audiences include briefings for state legislators and their staffs; philanthropic and community-based organizations; the tech industry; other specific industry/labor clusters; worker centers/organizations and labor market intermediaries; and employers and business.

The Commission convenings are scheduled monthly from September 2019 through March 2020. You have been provided the dates, and we are asking that you commit to attend all of the convenings. These dates are also included in this packet for your convenience. These convenings will bring together invited experts and practitioners to present information to support the work of the Commission and to inform Commission discussions and recommendations. These convenings will take place at various locations throughout California. The initial convening in September 2019 will be two days; the subsequent convenings are each planned as single-day convenings.

Commission members will receive a written briefing approximately ten days before each convening that includes the agenda and critical background material on the substantive topics to be covered at the upcoming convening. Commission members are expected to review the full briefing before the convenings in order to develop a shared knowledge base and promote deep and full engagement among all Commissioners.

Guiding Principles

To promote deep engagement, we are committed to creating a climate for honest discussion. To this end, Commission members and staff should help foster this environment for open discourse. An effective Commission will develop trust among its members, expect honesty from all participants, and respect all opinions. We strive for full, equitable participation from all Commissioners, rather than convenings and discussions dominated by a few voices.

The Commission is taking on an expansive set of issues. Given structural limitations, however, we understand that there will undoubtedly be some important topics that do not get the attention they might deserve. The Commission's inability to delve deeply into a particular issue should not reflect the perceived importance of that topic. Rather, many important issues will inevitably fall outside the scope or capacity of the Commission's collective work. Commissioners should operate with a shared understanding of facts and knowledge on issues related to the future of work. The substance of convening discussions should seek to build on pre-existing evidence-based knowledge.

About the Institute for the Future (IFTF) and its Role

The 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, it will help guide the convenings, helping establish 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.

POINTS OF CONTACT

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California Labor Secretary
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Convening Schedule

- 1 | **September 10-11, 2019**
Overview: The Present and Future of Work in California
Location: Sacramento
- 2 | **October 10, 2019**
Technological Change and Its Impact on Work
Location: Silicon Valley
- 3 | **November 14, 2019**
Education, Skills, and Job Quality
Location: TBD
- 4 | **December 12, 2019**
Low-wage Work and Economic Equity
Location: TBD
- 5 | **January 16, 2020**
Employment and Labor Law in the New Economy
Location: TBD
- 6 | **February 13, 2020**
Social Policy, Work, and Economic Security
Location: TBD
- 7 | **March 12, 2020**
Investors, VCs, and the Future of Work (Business Models)
Location: San Francisco

Key Things to Know

Commitment

- ▶ Commissioners will attend one convening per month for seven months, from September 2019 through March 2020.
 - Note: Initial meeting (September 2019) will be two days; subsequent Commission meetings will be one full day.
 - When possible, we will attempt to plan meetings so that attendees can arrive and depart on the same day, without requiring overnight stay.
 - Commission meetings will take place at various locations throughout California.
- ▶ Commissioners are not permitted to send a substitute if they cannot attend a meeting. Your staff is welcome to attend the convenings, which are open to the public. However, there is no substitute for your attendance and active participation.

Expectations

- ▶ Commissioners will receive a written briefing approximately ten days before each meeting on the substantive topics to be covered at the upcoming meeting.
- ▶ Members must review the full briefing prior to the meetings in order to develop a shared knowledge base and promote deep and full engagement.
- ▶ Your travel and hotel costs will be covered. Food will be provided during convenings.
- ▶ Please submit any approved expenses to aanderson@iff.org within 30 days of the convening.

For questions or more information, please contact:

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EXECUTIVE DEPARTMENT STATE OF CALIFORNIA

EXECUTIVE ORDER N-17-19

WHEREAS California is a leader in innovation and development of technology that has been an engine of progress, driving new products that connect people across the globe, leaps in science, art, and education, access to high quality goods and services that improve quality of life, and economic growth that builds prosperity,

WHEREAS rapid advancements in technology, specifically automation of jobs and expanded artificial intelligence capability, have had and will continue to have a profound impact on the type, quality, and number of jobs available in our 21st century economy,

WHEREAS the growing gap between rich and poor in California results from both rising incomes among the wealthiest Californians, but also from stagnation in income, costs of living rising faster than income, and a loss of opportunity among the lowest wage earners in our state,

WHEREAS this inequality is in part a result of the changing nature of work, the degradation of jobs, and the shifting of risks away from a framework of shared responsibility between government, the private sector and workers and, instead, a shift of more and more costs to workers and taxpayers,

WHEREAS California must be committed to combatting inequality by shaping an equitable, sustainable, inclusive economy of the future where its people are equipped with the education, skills and tools needed to participate fully in the labor force throughout their careers and where we embrace our position as a leader in both technological innovation and workplace justice to provide global leadership on creating good jobs and a skilled workforce whose abilities align with the needs of the new economy,

WHEREAS working people must share in the prosperity of California,

WHEREAS wage stagnation, unemployment and underemployment, exploitation of workers, and rising inequality are not inevitable consequences of economic growth and technological advancement, but rather, trends that can and will be reversed through sound policy decisions and investment in our shared future,

WHEREAS this effort is not the government's alone to undertake, but will require innovative partnerships at the local and state level, across the public and private sectors, from industry to academia, employers and employees to technological innovators, nonprofits to government.

NOW, THEREFORE I, GAVIN NEWSOM, Governor of the State of California, by virtue of the power and authority vested in me by the Constitution and statutes of the State of California, do hereby issue this Order and direct as follows:

1. The establishment of a Future of Work Commission made up of no fewer than 14 members and no more than 22 members.



2. The Future of Work Commission's primary mission shall be 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; and the best way to preserve good jobs, ready the workforce for the jobs of the future through lifelong learning, and ensure shared prosperity for all.
3. To further this mission, the Commission shall:
 - a. Identify and assess the new and emerging technologies that have the potential to significantly affect employment, wages, skill requirements, and the organization of work in the near and medium term in specific industries and occupations;
 - b. Identify the potential jobs of the future and opportunities to shape those jobs for the improvement of life for all of California;
 - c. Compile research and best practices from other states and countries on how to deploy technology to benefit workers and the public good;
 - d. Develop tools to assess the impact of proposed technologies and evaluate their costs and benefits on workers, employers, the public and the state;
 - e. Identify policies and practices that will help California's businesses, workers, and communities thrive economically, while responding to rapid changes in technology and workplace structures and practices;
 - f. Identify policies and practices that will close the employment and wage gap for Californians;
 - g. Identify ways to modernize the social compact between the government, the private sectors and workers to ensure that all workers have access to a social safety net for our changing economy;
 - h. Identify strategies for engaging employers in the creation of good, high-wage jobs of the future;
 - i. Propose workforce development, training, education, and apprenticeship programs for the jobs of the future
 - j. Develop proposals to create the nation's largest adult learning program that is accessible to all Californians over their lifetime;
4. The Commission will report on its progress by May 1, 2020.
5. All State Agencies shall cooperate with the Commission.

IT IS FURTHER ORDERED that this executive order supersedes Executive Order N-11-19.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order shall be filed with the Office of the Secretary of State and that widespread publicity and notice shall be given to this Order.



This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its departments, agencies, or other entities, its officers or employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 14th day of August 2019.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State



Guidelines for Participation

Meeting Principles

WITHHOLD JUDGEMENT – A part of what will make Commission's work successful is that we will be learning from each other and the experts we bring in throughout the process

BE PITHY – We want to hear many voices and give airtime to everyone

LISTEN AND BUILD ON IDEAS – Be present during Commission meetings so we can build on each other's knowledge and ideas

STEP UP, STEP BACK – The Governor has gathered a stellar group of Commissioners all with something to contribute; if you find yourself not participating, please step up; conversely, know when to give others room to speak

DO NOT JUMP TO SOLUTIONS TOO QUICKLY – We are dealing with complex problems and dilemmas that will likely require tradeoffs and some of the approaches will become clearer as proceedings evolve

GIVE GENEROUSLY, ASK RESPECTFULLY

BE PREPARED TO CHANGE YOUR MIND – If you haven't changed your mind on something, maybe we haven't succeeded

Bagley-Keene Open Meeting Act

The Bagley-Keene Open Meeting Act requires all California state agencies, boards, and commissions to conduct their meetings and deliberations openly so that the public may remain informed, participate in proceedings, and hold the government accountable.

Key Provisions of the Act:

- ▶ The commission is required to give at least 10 calendar days written notice of each commission meeting to be held. The notice shall include a specific agenda for the meeting, including all items of business to be discussed.
- ▶ No item shall be added to the agenda subsequent to the notice. Items not included on an agenda may not be acted on or discussed at a meeting.
- ▶ The Act defines a “meeting” broadly as any congregation of a majority of the members of a state body at the same time and place to hear, discuss, or deliberate upon any items within the state body’s jurisdiction. Group emails, web chats, teleconferences, or conversations conducted through personal intermediaries (including commission staff) may all trigger the Act’s requirements.
- ▶ If the commission creates committees, the meetings of those committees usually must also be noticed and open to the public. As a general matter, where two commissioners are talking or communicating over email, and the meeting is not noticed, other commissioners may **not** join the conversation.
- ▶ State bodies shall provide an opportunity for members of the public to directly address the body on each agenda item before or during the body’s discussion or consideration of an item.
- ▶ Any person attending an open and public meeting of a state body shall have the right to record the proceedings.
- ▶ No state agency shall conduct any meeting or function in any facility prohibiting admittance to any person on the basis of race, religious creed, color, national origin, ancestry, or sex.
- ▶ Meeting agendas and other documents distributed to commissioners for discussion or consideration are public records and may be subject to disclosure under the [California Public Records Act](#).

You can find the full text of the Act here: [Bagley-Keene Open Meeting Act](#)

Contextualizing the Challenge

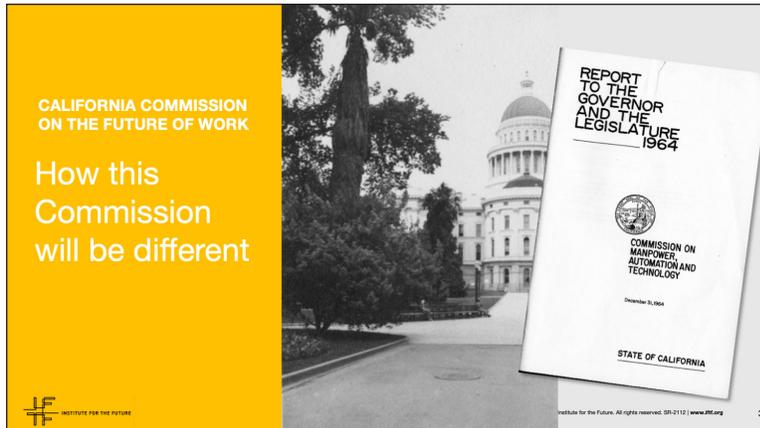


Key questions guiding the Commission:

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



- ▶ The scope of the Commission will go beyond the regular topics of technological change and automation.
- ▶ The Commission seeks to develop an expansive vision for economic equity that takes work & jobs as a starting point.
- ▶ By addressing the problems with work and jobs today, this Commission is setting out to actively shape the future of work in California.



- ▶ California created a Commission on Manpower, Automation and Technology in 1964—more than 50 years ago. At the federal level, the National Commission on Technology, Automation and Economic Progress (1966) was also created to address concerns about the potential impact of technological change and automation.
- ▶ The recommendations of the federal Commission included: guaranteed minimum income, a federal job guarantee, and free community college.
- ▶ The technology may be different, but we have been here before.



- ▶ The Commission will begin with a 2-day convening in September to provide an overview and background of the substance and topics of the following convenings.
- ▶ The subsequent convenings are each planned as single-day convenings that will each delve deeper into specific, substantive topics.



FUTURE OF WORK



- I. Core topics
 - automation & technology
 - skills & job quality
 - fissuring of work
- II. Expansive vision of economic equity
- III. Challenges



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automation & technology



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automation & technology ISSUES

- Will automation lead to wholesale job displacement?
- Are we facing an unprecedented wave of technological change?
- What jobs will be most affected by technological change?



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automation & technology
FACTS

When	Where	Jobs Destroyed	Jobs Created	Predictor
2016	worldwide	900,000 to 1,500,000		Metta Marinch
2018	US jobs	13,652,330*	3,078,340*	Forrester
2020	worldwide	1,000,000	2,000,000	Metta Marinch
2020	worldwide	1,800,000	2,300,000	Gartner
2020	sampling of 15 countries	7,300,000	2,000,000	World Economic Forum (WEF)
2021	worldwide	1,900,000-3,500,000		The International Federation of Robotics
2023	US jobs	9,308,900*		Forrester
2022	worldwide	1,000,000,000		Thomas H. Dyer
2025	US jobs	24,186,240*	13,604,760*	Forrester
2025	US jobs	3,400,000		ScienceAlert
2027	US jobs	24,700,000	14,900,000	Forrester
2030	worldwide	2,000,000,000		Thomas H. Dyer
2030	worldwide	400,000,000-800,000,000	555,000,000-890,000,000	McKinsey
2030	US jobs	58,164,320*		EWG

Every study we could find on what automation will do to jobs, in one chart

There are about as many opinions as there are experts.

MIT Technology Review

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- ▶ The MIT Technology Review found that expert predictions on the job effects of automation range widely, with no consensus on the impacts of automation.

automation & technology
FACTS

Local driver: Low pay means old, polluting trucks & inefficient operations.

Delivery driver: Low wages, likely to be misclassified as independent contractors.

Autonomous tractor: Low wages, likely to be misclassified as independent contractors.

Autonomous tractor

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- ▶ This slide shows how autonomous driving could play out in long-haul trucking. Rather than replacing driver jobs entirely, it is more plausible that different kinds of auxiliary work and jobs will be developed to support long-haul trucking—and they are likely to be low-paid work.

automation & technology
FACTS

Beyond automation, technology can change work in many ways

- Amount of work (i.e. creating and eliminating jobs)
- Content of work (including the skills involved)
- Conditions of work
- Wages/earnings
- How work is controlled and who controls it
- Distribution of work (e.g. by race, gender, geography)

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- ▶ While discussions about the Future of Work are generally dominated by concerns about automation, technological change encompasses much more than automation and shapes the nature of work in many other ways.

skills & job quality

UPSILLING WORKERS, UPGRADING JOBS



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skills & job quality

ISSUES

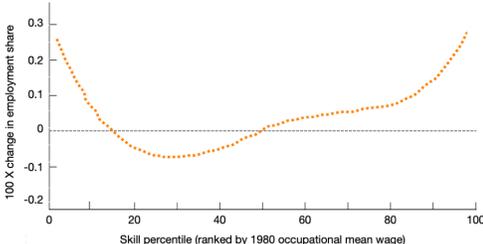
- Does increased worker productivity lead to higher wages?
- To what extent does the workforce have a serious lack of skilled workers?
- Is a skills/training strategy sufficient for addressing the problems of low-wage work?

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skills & job quality

FACTS

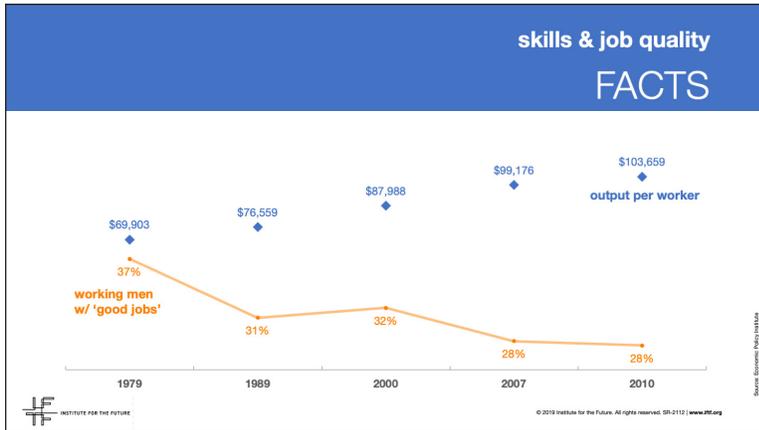
Job growth limited to low-skill & high-skill jobs (1980–2005)



Skill Percentile (ranked by 1980 occupational mean wage)	100 X change in employment share
0	0.25
10	0.05
20	-0.05
30	-0.08
40	-0.05
50	0.00
60	0.02
70	0.03
80	0.05
90	0.10
100	0.25

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- ▶ There has been considerable growth of low-skill and high-skill jobs, and a hollowing out of middle-skill jobs.
- ▶ While training and upskilling workers is a popular strategy for improving outcomes for low-wage workers, this shows that workers are limited by the jobs that actually exist in the labor market. Middle-skill jobs have been disappearing and are no longer available even to workers who increase their skills.
- ▶ A focus on skills and training alone cannot address the underlying structural factors that produce this polarization of jobs.

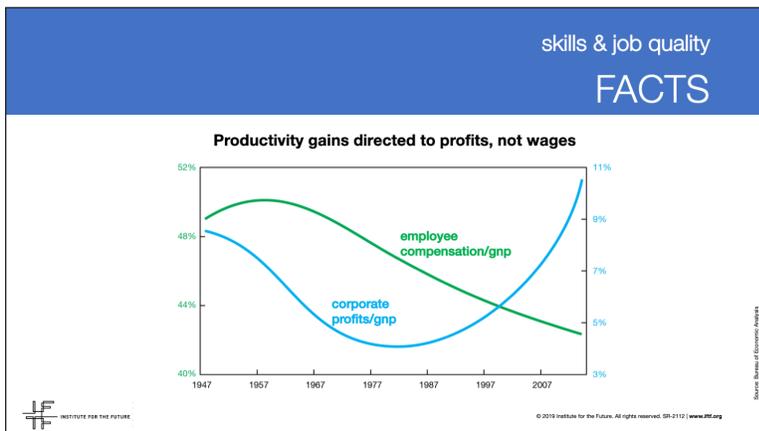


- ▶ The share of male workers with jobs that (i) paid well (i.e. wages greater than the median wage of male workers in 1979); (ii) provided any health benefits; and (iii) provided any retirement benefits, has declined steadily over the past 40 years.
- ▶ Over the same period, the worker productivity has increased steadily.
- ▶ Even though workers have become more productive, the quality of their jobs has declined.
- ▶ Increasing skills and training should make workers more productive, but if “good jobs” are disappearing, then skills and training alone is not a sufficient strategy.

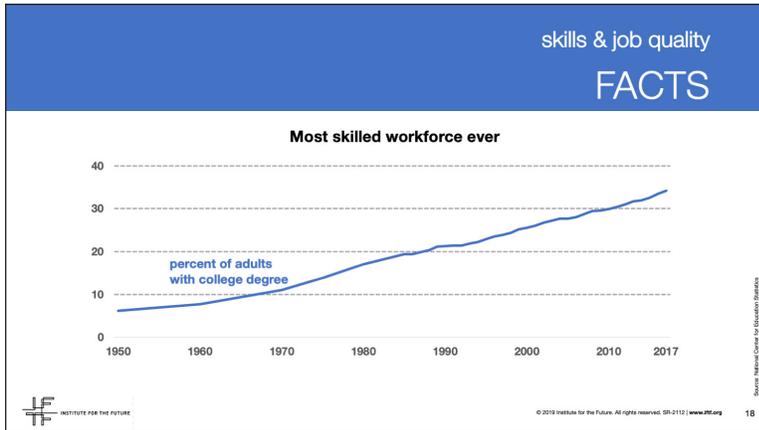


- ▶ Standard economic theory suggests that wages should match the value that workers provide to their employers—i.e. their productivity.
- ▶ Increasing productivity was tightly linked to wage growth in the post-war period. Since the early 1970s, however, wages have been decoupled from productivity growth.
- ▶ Even though workers have become more productive, their wages have not matched that increased productivity.
- ▶ Skills and training can increase worker productivity, but the macro-level relationship between productivity and wages has essentially been decoupled. Increasing skills without also addressing factors driving down wages is an incomplete strategy.

<https://www.epi.org/productivity-pay-gap/>



- ▶ With workers providing more productivity for employers, they are creating more economic value per worker. If that extra value is not reflected in higher wages paid to workers, where has it gone?
- ▶ The productivity of American workers have largely been captured in growing profits in recent decades.



- ▶ Despite common claims about a skills gap—which suggests that there are not enough skilled workers in the labor market—we have the most skilled workforce in history.

https://nces.ed.gov/programs/digest/d17/tables/dt17_104.10.asp

skills & job quality FACTS

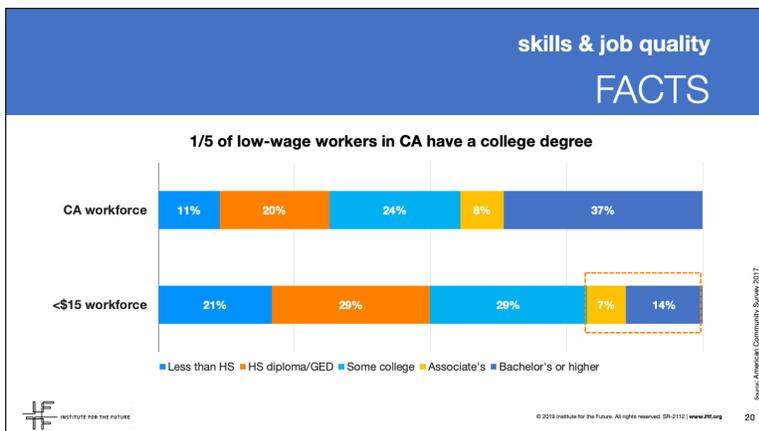
Who makes less than \$15 in California?

	CALIFORNIA	Los Angeles metro	San Jose metro	SF-Oakland metro	San Diego metro	Fresno metro
ALL WORKERS	35%	37%	21%	21%	32%	45%
Male	32%	35%	18%	19%	30%	41%
Female	38%	40%	24%	23%	35%	48%
White	23%	21%	13%	13%	22%	27%
Black	35%	34%	30%	30%	40%	41%
Latino	50%	52%	37%	36%	47%	56%

Source: American Community Survey 2017

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- ▶ More than 1 in 3 workers in California make less than \$15 per hour.
- ▶ These figures vary across place, race, and gender.
- ▶ Half of all Latino workers in California make less than \$15/hour—including a majority of Latino workers in LA and Fresno.



- ▶ While the sub-\$15 workforce generally has lower education levels than the total workforce, low-wage workers have higher levels of education than is commonly believed.
- ▶ 1 of 5 five low-wage workers in California have a college degree—more evidence that skills/education alone is not sufficient to improve outcomes for low-wage workers.

skills & job quality
FACTS

Public costs of low-wage jobs—
Annual cost for Medicaid/CHIP & TANF (2009–2011)

	Total state portion, 2013 (\$ mill)	Working-family state portion, 2013 (\$ mill)	Working-family state share
CALIFORNIA	\$7.3B	\$3.7B	50%
Texas	\$3.2B	\$2.1B	64%
Florida	\$2.0B	\$1.0B	51%
New York	\$6.7B	\$3.3B	49%
Pennsylvania	\$1.8B	\$1.0B	52%
UNITED STATES	\$48.4B	\$25B	52%

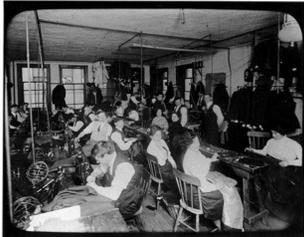
Source: Amdur, Perry, and Mackinnon (2013)

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- ▶ Low-wage jobs have significant public costs—many workers earn wages that are below the eligibility threshold for social assistance programs.
- ▶ In California, half of all spending on Medicaid/CHIP and TANF went to recipients in working families. Despite working, their jobs did not provide sufficient income to support their families without extra assistance from these critical public programs.

skills & job quality
FACTS

Manufacturing jobs *became* good jobs




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- ▶ While manufacturing jobs are today seen as the gold standard of a “good job,” they were not always so. Low pay, long hours, and unsafe working conditions were the norm.
- ▶ Manufacturing jobs *became* “good jobs” when government stepped in and workers took collective action to enact new rules and policies governing these jobs.

skills & job quality
FACTS

What is a ‘quality job’?

Wages

Access to benefits

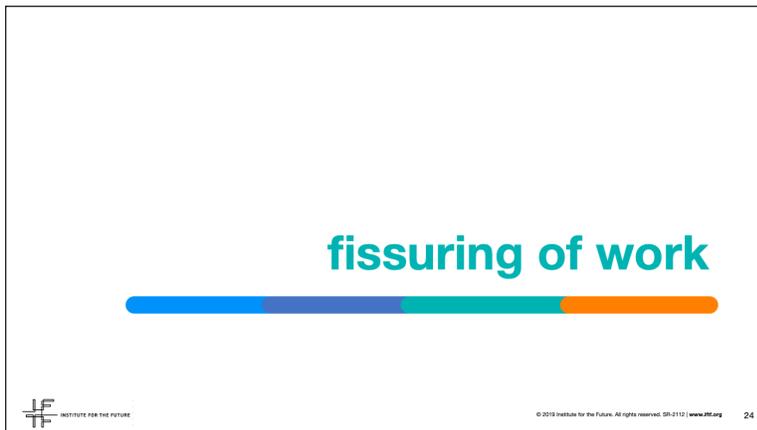
- Health
- Retirement
- Sick leave
- Family and medical leave

Conditions of work

- Predictable schedules
- Fair and safe environment
- Worker voice

Income stability

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fissuring of work
FACTS

- 95% of net jobs created from 2005–2015 were in “alternative work arrangements” (freelance, gig, seasonal, temp work)
- Gig work is a continuation of a long-running “fissuring of work”
 - Outsourcing, temp work, independent contracting
 - These arrangements are at the core of changes in work and key to the deterioration of job quality
 - Beyond Dynamex
- The employment forms in ‘gig work’ are migrating into mainstream work: e.g. irregular scheduling, workforce monitoring, data collection, etc

Source: Institute for the Future/Forbes.com (2016), Institute for the Future (2016)

- ▶ The bulk of the job growth since the recession has been in “alternative work arrangements”—these jobs typically do not come with the benefits that provide economic security.
- ▶ While much attention has been focused on ‘gig work’, it is a manifestation of a long-running ‘fissuring of work.’ The underlying shift toward a fissured workplace has continued; ‘gig work’ is the interaction of the ‘fissuring of work’ and technological developments.

<https://www.federalreserve.gov/publications/files/2018-report-economic-well-being-us-households-201905.pdf>

fissuring of work
ISSUES

- How does the ‘fissuring of work’ drive the deterioration of job quality?
- Is the future of work primarily about the rise of gig/on-demand work?
- How significant is the growth of alternative employment arrangements, other than gig work?

<https://www.federalreserve.gov/publications/files/2018-report-economic-well-being-us-households-201905.pdf>

fissuring of work
FACTS

Gig workers are small share of workforce; 'fissuring of work' is the fundamental shift

Bureau of Labor Statistics

- 4% of employment are 'contingent workers' (i.e. do not expect their job to last)
- 10% are in 'alternative employment arrangements' (independent contractors, on-call workers, temp agency workers, provided by contract firms)

Federal Reserve Board

- 30% of workers engaged in *some* gig work (ride sharing, house cleaning, child care, selling goods online, renting out property)
- Only 5% of workers did gig work as primary source of income

Source: Bureau of Labor Statistics, Contingent Worker Survey (2016); Federal Reserve Board, Survey of Household and Economic Decisions (2018)

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expansive vision of economic equity



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income & wealth

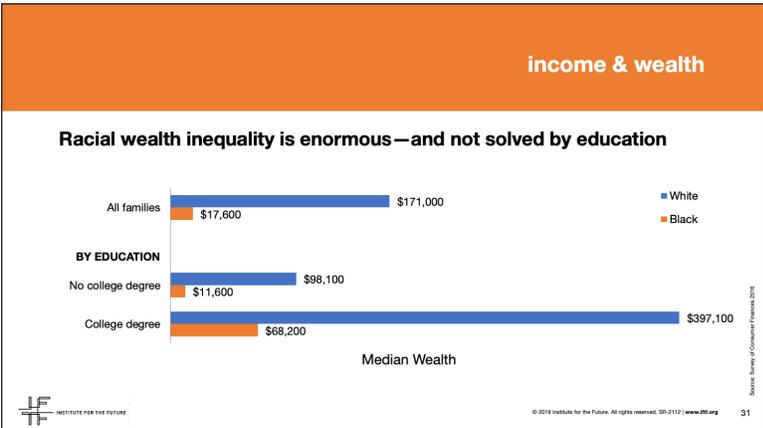
- Wealth = Assets – Debt
- Income is a flow of money; wealth is accumulated
- Wealth is the key financial resource that generates economic security and creates opportunities
- Wealth is transferred intergenerationally

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- ▶ Income inequality has increasingly been recognized as a major economic and social concern.
- ▶ Wealth and income are different; in many ways, wealth is a more important indicator of financial well-being.
- ▶ Wealth is what allows families to move to new neighborhoods, pay for college, or survive an unexpected, adverse life event—like job loss, health problems, or divorce.



- ▶ Although we recognize the problems of growing income inequality, the magnitude of wealth inequality is many times larger.
- ▶ Income at the 90th percentile is about 3 times higher than median income.
- ▶ By comparison, wealth at the 90th percentile is more than 12 times the wealth of a typical household.



- ▶ The typical white family has 10 times the wealth of a typical black family.
- ▶ These enormous disparities persist across education level. In fact, the typical black family headed by someone with a college degree has significantly less wealth than the typical white family without a college degree.
- ▶ This shows that education of individuals alone cannot be a sufficient solution to structural problems of inequality.

Ideas: Better Schools Won't Fix America
 Like many rich Americans, I used to think educational investment could heal the country's ills—but I was wrong. Fighting inequality must come first.
 NICK HANAUER JULY 2019 ISSUE

RAY DALIO SAYS WEALTH INEQUALITY IS A NATIONAL EMERGENCY
 The founder of the most successful hedge fund in the world says capitalism needs to be reformed and that the American dream is lost

Increasing education: What it will and will not do for earnings and earnings inequality
 Brad Herzhoff, Melissa S. Kearney, and Lawrence H. Summers

BROOKINGS

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CHALLENGES



1. automation & technology
2. skills & job quality
3. fissuring of work



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automation & technology

CHALLENGES

- Can we appeal to the private sector to invest in and deploy technology to improve worker outcomes and combat income inequality?
- Are we interested in policy interventions to ensure that technological development improves jobs?



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Source: National 2018

skills & job quality

CHALLENGES

- Policy interventions have had a longstanding role in shaping job quality. How can we build on this long history to improve job quality in California?
- Can we develop a comprehensive strategy that focuses on improving job quality (upgrading jobs) not only on upskilling workers?
- The emphasis on training and education as a solution focuses on supposed inadequacies of workers, but cannot address underlying structural factors, like the expansion of low-wage work.



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fissuring of work

CHALLENGES

- Where do we stand on pushing toward employee status for workers as an anti-poverty measure?
- Regardless of employment type, what benefits should all workers have?
- Are we open to defining new benefit models (e.g., portable benefits, updating unemployment insurance)?
- How much do we want to define the forms of assistance government can provide to support working families (e.g. expand paid leave, childcare)?



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Selected Background Material

1. [The Work Ahead: Machines, Skills, and U.S. Leadership in the 21st Century](#) | Council on Foreign Relations | 2018
 - ▶ Executive Summary attached
2. [“The Robots Are Coming, and Sweden is Fine”](#) | *New York Times* | December 27, 2017
3. [“Better Schools Won’t Fix Income Inequality”](#) | *The Atlantic* | July 2019
4. [“Fissuring of Labor Market, Wage Stagnation, and Rising Wage Inequality”](#) | Eileen Applebaum, Center for Economic and Policy Research (CEPR) | September 2018
5. [“Why Are There Still So Many Jobs? The History and Future of Automation”](#) | David Autor | TED Talk
 - ▶ Full essay attached: David Autor. 2015 “Why Are There Still so Many Jobs?: The History and Future of Workplace Automation.” *Journal of Economic Perspectives* 29(3): 3-30.

