



A note from the Co-Chairs of the California Future of Work Commission:

It has been our distinct privilege to chair the California Future of Work Commission over the past eight months. We have the pleasure of working with a group of committed Commissioners who are leaders in their fields and bring a wide array of experiences and perspectives to the work of the Commission. The importance of addressing the present and future of work in California has been clear from the start, as was clearly articulated in Governor Newsom's Executive Order establishing the Commission, but has been made even more pressing over the past several weeks. In many ways, the future of work has already arrived, and it is time to meet the moment.

As we write, California is under a stay-at-home order to slow the spread of COVID-19. Essential workers, including healthcare, emergency services, transportation, delivery, and food and agricultural workers, are on the front lines of our state's response, yet face health risks as well as challenges caring for children and family members as schools and other facilities are closed. As businesses large and small have been forced to shutter, workers across the state are faced with furloughs, layoffs or reductions in their hours due to economic disruption resulting from crucial social-distancing measures. Low-wage workers, particularly in the service sector, already faced disproportionate challenges before COVID-19, and are some of the most impacted by this crisis to date. For workers able to continue their work remotely, this has quickly become California's—and the world's—largest experiment in telework to date. Across this all, it is increasingly evident that the economic impacts of the pandemic do not hit all workers equally, and in many cases reinforce existing inequities, particularly for low-income workers and workers of color.

This document is an update on the progress of the work of the Commission developed prior to the COVID-19 pandemic. Over the course of the first several convenings, the California Future of Work Commission framed eleven challenges that must be addressed to ensure a present and future that works for all Californians. The past month has brought many of these challenges to stark realization, at much larger scale and with more urgency, as Commissioners reflected on during our virtual convening held on March 12, 2020. In response to these challenges, the Commission has framed twelve initial areas for recommendations in four categories as follows: **(A) Raise the floor across all forms of work and for all workers in California; (B) Make California known for quality jobs and high-road employers, while building on California's history as a great place to start and run a company; (C) Future-proof California to meet future demands and challenges, continue to lead in innovation and grow jobs and the economy; (D) Address work-adjacent barriers to employment to work and livelihoods.**

The recommendations in this document should not be viewed as a final set of recommendations, but rather as an update to work in progress by the Commission. The Commission has more work to do before issuing a complete and final report and set of recommendations. We recognize that the structural shifts that have occurred in our economy over the last several decades have significant implications for work and workers in California. Moreover, the current public health crisis and the corresponding economic challenges further raise the stakes. It for these reasons that more robust and complete recommendations are needed—this will be the focus of the Commission when it resumes its work.



In April 2020, in response to the “economic pandemic,” the Governor created a state Task Force on Business and Jobs Recovery. This update on the Future of Work Commission presents findings on the challenges and conditions for work and workers including the status of jobs, inequality, and economic insecurity in California that we believe should serve as a necessary starting point for the Task Force to address problems that existed before, and have been exacerbated by, the pandemic.

We have been energized by the ambition and bold ideas Commissioners have shared throughout the past several months, as well as the inputs we have received from workers, employers, other stakeholders and experts. We are convinced that the best solutions will arise as civil society, business, and government come together to develop a new social compact for California’s workers, especially with employers and workers working together. We have seen this spirit manifested as Commissioners representing the diverse interests of our state have collaborated throughout our discussions. One principle—proposed during our first convening in Sacramento in September 2019—has held true throughout this process: the future of work is not inevitable—we all have the power to shape it through our actions and choices.

We would like to thank all our fellow Commissioners for their commitment to building a better future for California’s workers; the many panelists, stakeholders, and members of the public that provided valuable input during our Convenings and roundtables; the Institute for the Future, who designed and led our process over the past months; and members of the Governor’s team, Secretary of the Labor and Workforce Development Agency Julie Su, Senior Policy Advisor for Higher Education Lande Ajose, Senior Advisor on Economic Strategy and External Affairs Aneesh Raman and former Chief Economic and Business Advisor Lenny Mendonca, for their tireless support and guidance. We would be remiss if we did not thank our chiefs of staff, Peter Colavito and Monique Tuin, without whom we would not be able to fulfill our tasks as co-chairs.

Finally, we thank Governor Gavin Newsom for his vision and leadership in establishing this Commission, and his dedication to building and rebuilding the Future of Work right here in California.

Sincerely,

Mary Kay Henry and James Manyika

Co-Chairs, California Future of Work Commission

Introduction

On May 1, 2019, Governor Gavin Newsom signed an executive order establishing the Future of Work Commission 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.”

Over the past eight months, California’s Future of Work Commission has worked intensively to identify key areas of focus and to develop recommendations for action. That work is ongoing—and it is evolving. The work presented in this update was developed prior to the COVID-19 global pandemic. The economic consequences have brought into sharp relief the plight of the California workforce, and the need to put forward an economic recovery agenda to prepare the state for the future of work. These issues are no longer on the horizon. They are directly in front of us, and the future of work agenda will be framed by the magnitude and impact of the current economic downturn.

This update provides a summary, in brief, that is in two parts: first, a summary of the challenges identified by the Commission for the Present and Future of Work in California; second, the Commission’s initial twelve recommendations in four key categories. The initial recommendations are based on a core set of principles. We aimed for recommendations that are bold, innovative, and opportunity-oriented, empower workers and involve both workers and employers to play a role and work together to shape the present and future of work, along with government and civil society. We also aimed for recommendations that would be inclusive of the diversity of workers and places in California and promote racial and gender equity. We aimed for recommendations that would lend themselves to evidence-based development, data and transparency and assessment of effectiveness, outcomes and accountability. In some cases, our recommendations are aspirational, meaning that they are moonshots that will require long-term structural change that cannot be fully achieved in any one year or term. But even in those cases, we commit to recommending clear actions that California can take to put it on the right path toward achieving those goals.

The Commission’s work is clearly not complete, and this document should be viewed as an update on the progress of our work so far and a framework for recommendation areas to explore in our next phase of work, rather than a first draft of a final report. Our recommendations require more refinement—initial initiatives will be more fully developed and specific moonshot goals will be defined. Mostly importantly, our recommendations have yet to reflect the suddenly changed circumstances for work and workers in California due to COVID-19. In the coming months, we will expand our work in each of these areas, incorporate our learnings from the COVID-19 crisis, build on our work to date and that of the Governor’s Task Force on Business and Jobs Recovery, and develop a final set of recommendations.

The Challenges for the Present and Future of Work in California

The overarching goal of the California Future of Work Commission is to develop a new social compact for California's workers, based on an expansive vision of economic equity. While California boasts a strong economy by most measures of growth and has been at the center of driving many of the world's innovations, too many Californians have not enjoyed the benefits of the state's broader economic success and the extraordinary wealth generated here. Though we anticipate technological change and advancement, the effects of that change are not inevitable. With employers, workers, government, and civic society working together, we can responsibly harness new technologies to promote equity, economic mobility and inclusion rather than exacerbating inequality, and protect both consumers and workers. The state can build a high-road economy that delivers quality jobs for all Californians, promotes equity and revives economic mobility and the California Dream for generations to come.

The Commission has identified eleven initial categories of challenges to address, which have framed our ongoing discussions of recommendations for the future of work:

Challenges of inequity, economic mobility, and low-quality work

1. Address the unequal distribution of wages, income, and wealth. 33 percent of California's workers make less than \$15 per hour, and there are persistent gender and racial gaps in wages. The growth of low-wage work, decline of middle-wage jobs, and wage stagnation for a large share of workers (even as productivity has increased) contribute to rising inequality in the distribution of wages and income, and further concentration of wealth.

2. Tackle workforce inequalities across race, gender, and for vulnerable populations. Wage gaps, employment gaps, and disproportionate employment in low-quality jobs impact different groups of people by gender, race, age, education level, sexual orientation, disability status, military service history, housing status, citizenship status, criminal record, and other dimensions that define vulnerable populations.

3. Tackle workforce inequalities across geography. Economic conditions and a growing divide in economic advancement between coastal and inland counties, and rural and urban communities, have led to inequality in income and employment between different geographic regions in California.

4. Ensure that more workers have quality jobs. At a high level, quality jobs provide a living wage, stable and predictable pay, control over scheduling, access to benefits, a safe and dignified work environment, and opportunities for training and career advancement. Fewer than half of California's workers report being in a quality job.

5. Empower worker voice and organization. Shrinking worker power and organization, including a decline in the share of workers covered by a union contract from 26 percent in 1983 to 17 percent in 2019, is connected to inequality, declining job quality, and violation of workers' rights. Labor market concentration and the rise of fissured workplaces present new obstacles to worker power.



Challenges of work-adjacent issues and broader quality of life.

6. Address work-adjacent issues that create barriers to employment and job quality. Rising costs of housing, transportation, childcare and early childhood education, healthcare and other essential goods limit the ability to access employment for some individuals, and place a substantial burden on low-wage and middle-wage workers.

7. Modernize and strengthen the social safety net. The social safety net will need to adapt to new realities of the labor market, including increased income volatility, various types of employment relationships, and more contingent work; and adjust for demands of an aging workforce, growing numbers of working parents, greater need for care, and the ongoing possibility of significant workforce disruptions.

New opportunities and challenges in the future of work

8. Support workers in transition. While fears of widespread job loss as a result of technological change may be overstated, displacement due to automation, impacts from climate change, and other labor market impacts will require many workers in California to change occupations, build new skills, or relocate. Workers will need support as they make transitions amidst ongoing disruption.

9. Safely enable technology and protect workers in a data-driven future. Adoption of new technologies in the workplace will create new opportunities and challenges for workers and employers. Workers will require adequate transparency and protection around collection of data in the workplace, benefits from the data they generate, and mitigation of algorithmic bias in areas such as hiring and worker assessment.

10. Build skills to prepare for the jobs of the future. As work and occupations evolve quickly, skills of the current workforce will need to evolve to meet future labor market needs, including greater demand for critical thinking, collaboration, and creativity, in sectors from care work to climate mitigation to digital technology and beyond.

11. Make the most of California's position as a global leader in innovation to make California the place where workers thrive. California is a leader in innovation and possesses a diverse set of assets: the diversity of its people, strength in agricultural production, a world-class university system, technology innovation in Silicon Valley and a history of leadership and strong protection for workers. The aspiration of this Commission is to make the Golden State gold for everyone.

Framing Recommendations

What follows is an overview of recommendation areas that the California Future of Work Commission will develop and refine over the coming months. These are not comprehensive or final recommendations, and more work will be required in our next phase to develop concrete goals and actions, and to respond to the new realities that California faces as a result of the COVID-19 pandemic and its economic consequences. This framework seeks to be responsive to the opportunities, challenges, and core issues we have heard, learned, and identified through the work of this Commission to date.

Our recommendations will include a few ‘moonshots’, with ambitious goals over the next 10 years, that reflect the aspirational, innovative, opportunity-oriented, and prosperity-for-all spirit of California. At the same time, we commit to developing a clear, actionable path forward that starts now and includes bold initiatives, pilots and experiments, for which measurable progress can be made each year. We hope that the majority of recommendations will involve, and require the active engagement of, multiple stakeholders (e.g., state and local government, employers and industry, unions and labor organizations, non-profit and community organizations, educational institutions, investors, philanthropy), with workers and employers at the core.

Importantly, all of our recommendations will be designed with a few key principles in mind: to promote racial and gender equity; to be inclusive of all regions of California—“no one and no place left behind”; to empower workers and promote worker voice; to support small and medium businesses to further this vision for the future of work in California; to elevate employers that pursue these practices and suggest how they can be scaled; and encourage cooperative and mutually beneficial opportunity creation by employers and workers. We also recommend that these efforts are undertaken in an evidence-based manner, and that they maintain a continued focus on data, transparency, efficacy, and accountability throughout their implementation.

A. Raise the floor across all forms of work and for all workers in California.

1. Eliminate working poverty, which is especially present in large, growing, and work-enabling sectors like care and services. In the care sector, the Commission will explore opportunities for a tripartite effort between unions and non-traditional worker organizations, employers, and government, to set minimum standards that raise the floor while enabling career pathways for care workers. Many of the fastest growing jobs in California are in the care, restaurant and other service sectors, occupations whose importance has only become clearer amidst the COVID-19 pandemic, but whose workers are also some of the most vulnerable. The Commission will develop additional recommendations as it considers how to respond to the disproportionate impact of COVID-19 on the workforce in these sectors.

2. Create a 21st century employee benefits model and safety net that complements work. The safety net should be consistent with all varieties of work and work arrangements, the realities of low-paid work, the needs of employers including small and medium businesses, and displacement of or disruption to work. The Commission will explore models to improve access to benefits tied to employment (e.g., paid time off, healthcare, training) for workers that have been legally or structurally excluded from critical benefits (e.g., domestic workers). Positive examples the Commission has investigated so far include portable benefits models piloted in other regions, as well as construction workers and Hollywood guilds in California that contribute to a centralized organization that provides access to benefits.

3. Increase opportunities to improve employment, wages, and economic mobility for disadvantaged groups. Women, people of color, youth as well as older workers, immigrants (including undocumented immigrants), veterans, individuals who have been through the justice system, individuals who are immediate risk of homelessness or who are homeless, youth exiting foster care, and people with disabilities all face disproportionate barriers to employment as well as access to education, gaps in wages or job quality, and/or barriers to economic mobility. Racial disparities are inherent in many of these vulnerable groups. The Commission will develop comprehensive recommendations for California to tackle this critical challenge through the lens of work.

4. Elevate job growth, income, and access to quality jobs in all regions across California. Regions of California should be encouraged (e.g., through a state-wide challenge) to bring together local civic, labor union, and business leadership to develop local investment strategies that can seek public and private funding and will meet each region's needs and priorities, create new quality jobs, and transform existing jobs to quality jobs. These strategies should respond to the critical role that small- and medium-businesses play in employment throughout the state. Where applicable, this should also include strategies to encourage remote work in the region. The Commission will further develop these recommendations including their alignment with Governor Newsom's Regions Rise Together initiative.

B. Make California a place known for quality jobs and high-road employers, while building on California's history as a great place to start and run a company.

5. Establish a Job Quality Index for California and grow the share of quality jobs. By 2030, we aspire to have 80 percent of California's employers be high-road employers that offer quality jobs, and 80 percent of California's workers be in quality jobs (with near-term goals to make and measure progress to be developed). We recommend workers and employers contribute to the definition of a quality job, and that a Job Quality Index be used to measure the share of California's workers in quality jobs and the share of California's employers that offer quality jobs. Companies that adopt job quality standards should be identified as high-road employers through a state certification program. The Commission will further develop recommendations for a 'carrot and stick' approach to incentivize high-road employers, such as preferential access to state contracting opportunities, permitting, or workforce development funding.

6. Harness the unique role and responsibility of California's largest employers and large technology companies to create pathways to quality jobs.

California's largest employers, including its large technology companies, should implement pathways to quality jobs and commit to standards of work across their supply chains and ecosystems. Large employers and tech companies are uniquely positioned to partner with community colleges, state and local agencies, university researchers, small and medium businesses, start-ups, labor-management training funds and community-based organizations to train workers for quality jobs in their sector and with small businesses in their ecosystems, support skills-based hiring, and experiment with scalable mechanisms to finance workforce development. The Commission will consider options to encourage and support these partnerships led by commitments from California's largest employers.

7. Increase worker power and organization in California.

The Commission has identified the need and will pursue recommendations to increase workers' power in the economy, particularly in the low-wage service and retail sectors, through actions including: creating the conditions for every working person to have the genuine opportunity to join a union or labor organization; ensuring that labor and employment laws are fully enforced; addressing the risks posed to workers' labor market power by monopsony and industry concentration; and exploring opportunities to support worker ownership and increase worker role in governance (e.g., through worker-owned co-ops or worker representation on boards), as well as expanding co-ownership opportunities.

C. Future-proof California to meet future demands and challenges, continue leading in innovation, and grow jobs and the economy.

8. Capitalize on California’s strengths and priorities to reinvigorate innovation and generate more jobs in fast-growing sectors. Preserving California’s innovation and economic dynamism is critical to continued job growth in the state. Efforts should focus on sectors that support the creation of quality jobs while also addressing some of California’s most pressing challenges, including but not limited to renewable energy, construction technology, agriculture, disaster response, and transportation. The Commission will further develop recommendations that focus on enabling research and development in California in a way that benefits all Californians, and strategies to encourage entrepreneurship that drives job creation.

9. Support workers to build skills and gain access to new career pathways, to address worker shortages and prepare for jobs of the future, through industry-wide collaboration. Coalitions including higher education, employers both large and small, worker organizations and labor unions, chambers of commerce, and other community organizations will all need to come together to provide clear pathways for students, workers, and dislocated workers to build job-ready skills and be directly connected with employment in quality jobs. The Commission applauds Governor Newsom’s commitment to growing the number of apprenticeships in the state, and will develop recommendations with the recognition that apprenticeships and other types of “learn and earn” strategies should play a much more significant role in California’s economy. Relatedly, funding and support for workforce development, training, and apprenticeship programs should be tied to measurable outcomes about the placement of individuals in quality jobs.

10. Require that data about workers, the workplace, and labor markets will be used responsibly to benefit workers and meet the needs of employers. California will need to address the growing use of data and algorithmic management in the workplace and beyond, and the implications for the future of work, compensation, race and gender equity, and worker power. A number of important challenges have been brought to the Commission’s attention, including data transparency, control and

ownership rights of workers, protection and standards for the use of data-driven labor management (in hiring, supervising, and managing workers) and risks of bias, appropriate governance constraints on the use of data, new types of ‘data work’ such as image labelling, data generation as work, and the need for open labor market data. Further work is required to identify and suggest channels to address the most pressing challenges related to data.

11. Position California to be the leader in human-compatible technology in the workplace, by giving workers a voice in the development of workplace technology. Adoption of new technologies in the workplace has implications for worker health and safety, autonomy and dignity. California should prioritize the development of technology that complements and supports workers, and workers should play an active role in this development. The Commission has tested interest to launch a collective of worker organizations, including unions, together with technology companies and academic researchers to operate a lab that will develop and test new workplace technologies, while understanding the implications for workers and employers.

12. Prepare for and adapt to the impact of future trends on California’s workforce, including climate change, disaster relief, public health emergencies, aging, and infrastructure needs. There is a need to identify and address potential risks to workers, including hazards like heat stress (especially for outdoor and agricultural workers), occurrence of natural disasters including forest fires and earthquakes, and public health emergencies. This also involves responding to industry shifts that will need to occur, an aging workforce and population, declining infrastructure, and California’s transition to a carbon-neutral economy. In its next phase of work, the Commission will develop recommendations for how California can best prepare its workforce to be resilient for the future, with a focus on what we can learn from the workforce disruption caused by COVID-19 to respond to this moment and prepare for future crises.



D. Address work-adjacent barriers to employment and livelihoods.

The Commission recognizes the critical importance of affordable housing and transportation to support the lives of working people. In addition, access to childcare, healthcare, and education are intricately tied to worker well-being and challenges to worker health and equity. Without these barriers being addressed, many of the challenges this Commission has identified will not be resolved.

We recognize the important work already underway in California including initiatives by the Governor’s office and the State to address these barriers to employment and livelihoods, and seek to further articulate the considerations for work and workers that should be factored into these ongoing initiatives.

Commissioners

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

