The Broken Pathway

Uncovering the Economic Inequality in the Bay Area

A JobTrain Workforce Report, 1st Edition

December 2016
JobTrain was founded over 50 years ago by the Reverend Leon Sullivan (Sullivan Principles) and the Reverend Sweeny, who wanted to make sure that everyone could have a pathway out of poverty. JobTrain offers a series of vocational training, supportive services, and career supports that have launched more than 190,000 individuals into new lives and new careers. www.jobtrainworks.org

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Tipping Point Community’s mission is to help break the cycle of poverty in the Bay Area by finding and funding the most promising nonprofits educating, employing, housing and supporting those in need. Since 2005, Tipping Point has raised more than $120 million, putting 22,000 on a path out of poverty in the last year alone.

Our thanks to NOVA for providing access to data needed for this report.

NOVA is a nonprofit, federally funded employment and training agency that provides customer-focused workforce development services.
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Executive Overview

The San Francisco Bay Area (Bay Area)\(^1\) has benefited from technological change and innovation along with an increasing global economy. However, these changes have left significant portions of the workforce behind, particularly less-skilled workers, by making it more difficult for them to find good job opportunities and by eroding their earning potential. Research has shown that workers with less education and training as well as those that have been displaced from long-tenured jobs are the most likely to face these challenges, and effective job training services are an important component to addressing this reality. However, traditional methods for measuring and reporting on the need within communities overlook the extent of the need, and therefore leads to the lack of resources being allocated to address these challenges.

This report offers a unique lens on existing data, highlighting material from the Bureau of Labor Statistics and others that tells a very different story than traditional unemployment and poverty statistics about the need for skills training and support for people most in need. The numbers are startling and demonstrate that both those in deepest poverty and those who fall below the “self-sufficiency” index could benefit from a “step up”-a pathway that includes skills training, supportive services and in some cases, an introduction to college.

This report challenges the traditional unemployment numbers and helps unpack other data to tell a more complete story. However, as is made clear, there are any number of areas where how we collect the data, and in particular the lack of clear information about a variety of groups (notably Hispanic and Latino people) tend to make it harder to tell the story of communities who could and should benefit from building a stronger network of employment training and services. This report is intended to be the first year of a multi-year effort that highlights populations in need within the Bay Area and their ability to gain, and retain, employment that meets self-sufficiency levels for the region. The intention is to present thematic areas for further review. Wherever possible, the report uses data sources that will be updated annually, in an effort to issue a report every year. While the report is leveraging data in the Bay Area, and describes aspects of what is a unique situation, we believe the themes presented will be relevant across the country.

**The following are key observations from each section of the report:**

**Section One.** The overall demographics of the Bay Area overshadow disadvantaged populations and their unique challenges in this high-cost region. This dramatically impacts the amount of

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\(^1\) For the purposes of this report, “Bay Area” is defined as the counties of Alameda, San Francisco, San Mateo, and Santa Clara.
resources dedicated to this population as well as the ability to provide service, such as job training, in a meaningful way. Additional observations in this section include:

- Despite being one of the nation’s wealthiest regions, over 500,000 Bay Area residents live in poverty. Relying on percentages of poverty within the population helps to hide the large number of those in absolute poverty, due to the large number of people in the Bay Area and in California.

- The cost of living in the region is high, and adds to the challenges for populations in poverty trying to sustain a living.

- Due to the cost of living, poverty in the Bay Area is likely more prevalent than standard poverty guidelines would indicate. When using an alternative metric for an example household size of four, the analysis suggests an income need as high as four times the federal guidelines to sustain a living in the Bay Area. Using the Self-Sufficiency Index, it is possible that close to 1.45 million people have an income below what is necessary to cover basic needs.

- Racial minorities account for over half of those in poverty in the Bay Area, with many speaking non-English languages in the home.

- Over 50% of Bay Area residents, over the age of 25, have less than a bachelor’s degree thus limiting their job opportunities and demonstrating a need for additional training and skills development for this population.

- The profile of populations in significant need within the Bay Area suggest the need for services that are low to no-cost, provide training and skills development, and have cultural and language sensitivity.

Section Two. The Bay Area outperforms most of the State when it comes to unemployment; however, there are still significant concentrations of unemployment within certain cities. This section addresses the measure of unemployment and the need for more inclusive metrics to understand labor underutilization. This is particularly important in the Bay Area where there are many individuals working multiple part-time jobs to sustain a livelihood. Key highlights of this section include:

- The Bureau of Labor Statistics (BLS) releases six measures of labor underutilization.

- The official unemployment rate is a comparatively narrow technical measure when compared to other schedules (U-4 to U-6 Schedules) that include a segment of the out-of-work population who are willing and able to take a job but who don’t fit the narrow BLS definition of "unemployed."

- A review of regional unemployment statistics sometime drowns out specific geographic needs, which can impact the ability to provide necessary services and generate support for
communities in need. For instance, although unemployment in Bay Area counties ranged from 3.1% to 4.3% in September 2016, specific city unemployment rates were as high as 6.3%.

- Underemployment metrics should be considered as a more appropriate benchmark of labor underutilization. In September of 2016 the difference in the official unemployment rate (or U-3 Schedule) and the underemployment rate (or U-6 Schedule) was 4.7%.

Section Three. The Bay Area is a region of high growth and opportunity for professionals with higher education; however, over half of the region does not have a bachelor’s degree. This section highlights “career pathway” challenges for populations experiencing barriers to full-time employment, such as lower skill levels. However, when provided with job training and skills development, there are pathways to sustainable careers for this population in the Bay Area. Key observations include:

- Business models in some industries are built on part-time and “just in time” workforces that impose risk on workers and their families. These types of positions do not provide sustainable living wages, and leave individuals susceptible to economic downturns.

- Information released in September 2016, indicates that job growth for positions not requiring a bachelor’s degree is promising in San Mateo and Santa Clara Counties – ranging from 9% to 51% from 2012 to 2022 depending on industry area.

- Training and skills development to fill growing roles are an important part of creating sustainable career pathways for populations in need. Although there are Bay Area nonprofit organizations that provide such services, allocations of funding to individuals for training and career related services are tied to percentages of unemployment in regions as well as census tracts that demonstrate 30% or more poverty rate according to federal guidelines. They often struggle for sufficient public funding and resources given the overall performance of the Bay Area. This is especially the case when traditional metrics, such as the unemployment rate and poverty rate, are used to allocate State and Federal funds.

Section Four. The Bay Area is a region of many opportunities, but along with these opportunities comes the hidden challenge for segments of the population that struggle to survive. This section identifies recommendations for the region, in developing a portfolio of services that move certain populations into career pathways and sustainable wage jobs. Specific opportunities include:

- Consider the standard adoption of more inclusive labor utilization schedules available from the Bureau of Labor Statistics, such as the U-6 Schedule that includes the unemployed, part-time workers for economic reasons, and marginally attached workers.

- Adoption in California and the Bay Area of the Self-Sufficiency Standard to adjust poverty level guidelines for region specific costs, and the corresponding use of this instrument in making public resource funding allocations.
• Encourage data collection (including census and labor data) that uses lenses that more directly highlight both the disproportionate impact and effects on racial minorities and Hispanic populations

• Further investment in social support and training services for populations with barriers to full-time employment is necessary due to the prevalence of underemployment in the region.

• Regional collaboration among workforce development organizations to better align career pathways to sustainable wage jobs in the Bay Area, also considering high growth industries and requirements to secure these roles.

Although there are some programs for individuals who cannot afford training or supportive services, these individuals (and the organizations which serve them) are cut off from public funding when traditional metrics, such as the unemployment rate and poverty rate, are used to allocate State and Federal funds. Training and skills development programs are imperative to populations with low educational attainment and little experience. This type of training provides opportunities that allow individuals to find immediate work, and make progress toward a career pathway that can sustain a living in the Bay Area. However, a number of programs in the Bay Area that provide training for this target population often come at a substantial cost, such as private colleges and training programs. We know that the profile of populations in need includes many in poverty that do not have the resources to pay for training, and as such need low- to no-cost service.

Future Reports and Data Parameters

This report is the first edition of a long-term effort to research and document the challenges facing populations in need within the Bay Area, and beyond. Future reports will focus on more in-depth review of specific areas noted in this report as well as additional areas important to workforce development and career pathways for populations facing employment barriers. Topics will be determined based on areas of local and national policy and service importance.

The primary sources of data for this report were the American Community Survey, California Employment Development Department’s Labor Market Information, and Bureau of Labor Statistics. In all cases, only data publically available were used to develop analysis and visuals. This often provided limitations on the extent of analysis that could be offered in this report based on predetermined data summaries and structures developed by the source entity. For instance, the breakout of “Hispanic and Latino origin” is not included along with other racial breakouts and therefore cannot be compared with the others. We believe that noting data issues is essential to informing data collection agencies and other researchers about important gaps in information which we feel must be addressed, particularly if these numbers are to be used to effectively allocate public resources for people in need.
Report Objective

This report is intended to be the first year of a multi-year effort that highlights populations in need within the San Francisco Bay Area and their ability to gain, and retain, employment that meets self-sufficiency levels for the region

Our research explores the employment challenges and opportunities for the underserved population in the San Francisco Bay Area (Bay Area) – specifically, for people who face barriers to obtaining and retaining full time jobs. In this report, the intention is to focus on the following areas:

- Poverty in the Bay Area, including the cost of living and the appropriateness of national poverty guidelines for assessing the regions need for workforce-related programs
- Unemployment and underemployment in the region, and the difference between the two
- The extent of lower educational attainment levels in the region and the disproportionate impact of poverty on people from non-white racial groups
- The “addressable market” of people who, if they received training could have a pathway to sustainable income careers
- Career paths that do not require bachelor’s degree, but do require some training and lead to a sustainable income
- Specific conclusions and recommended action

While the report is leveraging data in the Bay Area and describes aspects of what is a unique situation, we believe the themes presented are relevant across the country. The need to address people whose pathway does not lead directly from high school to college is a critical issue and one that needs to be addressed on many levels and in many communities. The need for better data on underemployment and minimum wage workers is critical.

Wherever possible, the report uses data sources that will be updated annually, in an effort to allow the report to be issued every year. It is also not the intent of this report to deal with aspects of poverty such as the cost of housing, which has a tremendous impact on the ability of people to live and work in any community and especially in the Bay Area. We acknowledge the importance of these factors and include them in our discussion but focus almost exclusively on workforce issues.

This year’s report identifies key areas affecting populations in need and their employment opportunities within the Bay Area. In future years, this report will explore some of these areas in-depth, in partnership with other organizations which are engaged in clarifying the depth of need to address income inequality across the Bay Area and across the United States.
Section One

Hidden Poverty in the Bay Area

Section Highlights

The overall demographics of the Bay Area overshadow disadvantaged populations and their unique challenges. This has implications on the amount of resources dedicated to this population as well as the ability to provide service, such as job training, in a meaningful way. This section identifies characteristics of vulnerable populations in the Bay Area and the types of challenges they face living in the high-cost Bay Area. Key highlights include:

- Despite being one of the nation’s wealthiest regions, over 500,000 Bay Area residents live below the federal poverty guidelines
- The cost of living in the region is high, and adds to the challenges for populations in poverty trying to sustain a living
- Due to the cost of living, poverty in the Bay Area is likely more prevalent than standard poverty guidelines would indicate. When using an alternative metric (the Self-Sufficiency Index) for an example household size of four, the analysis suggests an income need of over four times the federal guidelines to sustain a living in the Bay Area.
- Racial minorities account for over half of those in poverty in the Bay Area, with many speaking non-English languages in the home
- Over 50% of Bay Area residents have less than a bachelor’s degree thus limiting their job opportunities and demonstrating a need for additional training and skills development for this population.
- The profile of populations in significant need within the Bay Area suggest the need for services that are low to no-cost, provide training and skills development, and have cultural and language sensitivity

Although the San Francisco Bay Area is often associated with wealth and opportunity, there are also populations that face significant barriers associated with poverty, the cost of living, and educational attainment

The San Francisco Bay Area (Bay Area)\(^2\) has benefited from technological change and innovation along with an increasing global economy. However, these changes have left significant portions of the workforce behind, particularly less-skilled workers, by making it more difficult for them to find good job opportunities and by eroding their earning potential. Research has shown that workers with less education and training as well as those that have been displaced from long-tenured jobs are the most likely to face these challenges, and effective job training services are an important component to addressing this reality\(^3\).

\(^2\) For the purposes of this report, “Bay Area” is defined as the counties of Alameda, San Francisco, San Mateo, and Santa Clara.

The overall demographics of the region overshadow the characteristics of disadvantaged populations

The changing demographics of the Bay Area have been a topic of numerous reports and policy conversations in recent years, including reporting of statistics on an increasingly educated, younger population fueling the region’s growth. Population growth for the regional remains strong, with a recent report by the Silicon Valley Institute for Regional Studies indicating:

Silicon Valley’s population has continued to grow steadily, increasing by approximately 34,000 per year since 2011. Between July 2014 and July 2015, Santa Clara and San Mateo Counties combined grew by 1.28% (compared to 0.89% in the state as a whole), adding 33,815 people in one year.5

A report by the Association of Bay Area Governments (ABAG) states that the Bay Area population and households will grow over 25% between 2015 and 2040 – representing a 33% increase in overall population since 2010. According to ABAG, “between 2015 and 2040, employment is projected to grow faster than the population in prime working years between 25 and 64 (16.7 percent compared to 12.9 percent). The difference will be made up by faster increase of younger workers compared to employment growth...by a portion of older workers remaining in the labor force, and possibly by a small increase in the numbers in-commuting.”

According to data from the American Community Survey for 2015 estimates, there are over 5.1 million residents in the Bay Area. Across the Bay Area, there is roughly an even balance of male (49.85%) and female (50.15%) residents. Among these residents, over 66% are between the ages of 18-64 years old – often referenced as the prime working age of individuals. The median age ranges from 37 to 39 years across counties, and average annual household incomes range from $109,000 to over $143,000. According to ABAG, household growth projections for 2040 are estimated to be strongest in the highest and lowest income categories. The slowest growth is projected to be in the “lower middle income category, highlighting concerns about advancement opportunities for lower wage workers.”

Despite positive regional demographics supporting the Bay Area’s current environment and future growth, there are segments of the population that face compelling challenges which limit their available opportunities and will continue to be areas of serious concern. The subsequent sections address these challenges, including income levels, educational attainment, and barriers such as the reliance on public assistance and former incarceration.

Despite being one of the nation’s wealthiest regions, a notable number of Bay Area residents live in poverty

With a GDP of $535 billion, the Bay Area ranks 19th in the world when compared to national economies. However, despite being one of the nation’s wealthiest regions, there were over 500,000

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5 According to the World Bank (www.data.worldbank.org), annual population growth in 2015 for the United States was 0.784%.
people living in poverty in the Bay Area in 2015, or about 10% of the population. According to 2015 federal poverty guidelines issued by the Department of Health and Human Services, poverty levels range from $11,780 for a one-person household to $40,890 for an eight-person household. These levels only increased slightly in 2016 to $11,880 for a one-person household, and remained the same for the eight-person household. The appropriateness of this measure for the Bay Area is discussed in Section Three.

As noted in Figure 1, Bay Area poverty rates in 2015 varied by county and range from as low as 8.2% in Santa Clara County to as high as 12.3% in San Francisco City/County. These rates were low compared to the United States and California poverty levels of 14.7 and 15.3, respectively. Further, poverty has declined since 2013, when rates were 15.8% for the United States, 16.8% for California, and as high as 13.8% for Bay Area counties.

**Figure 1. Percentage of the population living in poverty in the Bay Area, and beyond**

![Graph showing percentage of citizens under poverty line](image)

**Source:** 2012-2015 American Community Survey 1-Year Estimates, Table S1701.

Even though the Bay Area is far below state and national levels of poverty, the absolute number of those living in poverty is concerning. For instance, San Mateo County’s poverty rate is the lowest among Bay Area counties; however, there are still nearly 65,000 residents under the poverty line and about 40,000 of them are in their prime working age of 18-64. This raises a question of the extent of need – or addressable market – and the availability of employment related services for this size of population. Specifically, does the region have the capacity to provide such services to this many people? This is a particularly important question when broadening the scope of need to the over 330,000 people in the Bay Area living in poverty and between the ages of 18 and 64.

A review of the data also indicates that there are concentrations of need within specific communities that overall appear to be low in need when we review only macro regional statistics.
Using San Mateo County as an example, Figure 2 shows that cities within the county have poverty rates as high as 10.4% in Redwood City and 11.3% in Daly City – substantially higher than the 7.3% poverty rate for the County during the same period. Although these cities appear to be outliers to the overall trend, they represent a specific need of over 20,000 individuals – and likely a targeted geographic need of service.

**Figure 2. Poverty rates by largest cities in San Mateo County**

Source: 2012-2014 American Community Survey 1-Year Estimates, Table S1701.

The cost of living in the region is high, and adds to the challenges for populations in poverty trying to sustain a living

Even without considering populations living in poverty or on the brink of poverty, especially given the rising cost of housing in the Bay Area. In fact, according to a Bay Area Council poll in 2016, one third of residents indicated that they will likely leave the region within the next few years. The poll found that “the urge to leave is strongest among residents who have been [in the Bay Area] the shortest time, those making lower incomes and those paying a larger share of income for housing.”

In the Bay Area, average household incomes range from about $109,000 in Alameda County to over $143,000 in San Mateo County. These average incomes are significantly higher compared to the nearly $78,000 and $92,000 averages in the United States and California, respectively. Despite the relatively high average incomes, Figure 3 shows that the cost of living is over two times higher in the Bay Area than the United States median, reducing the purchasing power of Bay Area residents.
In general, the Bay Area outperforms other regions in the State when considering average income levels, educational attainment, and incidences of poverty. Further, San Mateo County generally outperforms its peer counties in the Bay Area. As such, Figures 3 and 4 use San Mateo County as an example to demonstrate the extent of how the cost of living in the Bay Area could, and does, affect underserved and underrepresented populations, particularly in the area of housing.

More than half of San Mateo County residents pay over $24,000 a year in housing, far more than the state and national benchmark. Comparatively, 10.5% of the households earn less than $25,000 for the entire year – illustrating just how severe housing costs can be for some populations. As shown in Figure 5 for San Mateo County owner-occupied households, those earning under $75,000 are spending at, or greater than, 50% of their income on their housing.

According to a 2016 report by the California Budget & Policy Center, “the high costs of housing can lead to families being displaced into other parts of the Bay Area or into different regions altogether. As of 2013, more than half of low-income households were at risk of having to move as a result of housing costs.” As shown on Figure 4, moving to counties such as Contra Costa and Solano could significantly reduce the burden of housing costs for families. For Solano County, only 25% of residents were paying over $25,000 annually in housing costs compared to the earlier referenced San Mateo County percentage of 54%. The California Budget & Policy Center notes that “being
forced to move due to increasing housing costs, or “displacement,” can result in poorer economic outcomes for these families if it jeopardizes their access to Silicon Valley's job market.”

**Figure 4. Annual cost of housing by region**

<table>
<thead>
<tr>
<th>Region</th>
<th>Less than $1,999</th>
<th>$12,000 to $23,999</th>
<th>$24,000 to $35,999</th>
<th>$36,000 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Mateo County</td>
<td>16%</td>
<td>29%</td>
<td>26%</td>
<td>28%</td>
</tr>
<tr>
<td>Contra Costa County</td>
<td>22%</td>
<td>38%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>Solano County</td>
<td>28%</td>
<td>47%</td>
<td>19%</td>
<td>6%</td>
</tr>
<tr>
<td>California</td>
<td>30%</td>
<td>40%</td>
<td>19%</td>
<td>11%</td>
</tr>
<tr>
<td>USA</td>
<td>50%</td>
<td>36%</td>
<td>10%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Source:** 2015 American Community Survey 1-Year Estimates, Table B25104.

**Figure 5. Percentage of housing costs by income level in San Mateo County**

<table>
<thead>
<tr>
<th>Total household income</th>
<th>Less than 30% of income spent towards monthly housing costs</th>
<th>Greater than 30% of income spent towards monthly housing costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $10,000</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>$10,000 to $19,999</td>
<td>83%</td>
<td>17%</td>
</tr>
<tr>
<td>$20,000 to $34,999</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>$75,000 to $99,999</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>17%</td>
<td>83%</td>
</tr>
</tbody>
</table>

**Source:** 2015 American Community Survey 1-Year Estimates, Table B17004.
Due to the cost of living, poverty in the Bay Area is likely more prevalent than standard poverty guidelines would indicate

Although poverty standards generally focus on the Federal Poverty Level (FPL) guidelines, the cost of living in the Bay Area is significantly higher than most of the nation. As such, the poverty rates in the Bay Area based on these national standards are much more likely to underestimate self-sufficiency standards in the region. According to the Silicon Valley Institute for Regional Studies, the method for measuring poverty in the United States was established in the early 1960s and is updated annually based on national cost of living adjustments. While the official federal poverty rate enables a precise, granular analysis of poverty over time and by geography, it does not take into account the relative costs of living in each region. Therefore, the federal poverty rate often underestimates the size of the impoverished population (particularly in high cost regions such as the Bay Area) and makes it nearly impossible to adequately compare regions to one another.

The inadequacy of the FPL measure was noted by the Urban Land Institute in 2009, when their report stated that despite high household income averages, three-fifths of all Bay Area residents live in communities that are unaffordable to households earning less than $80,000. Further, a 2016 report by the California Budget & Policy Center states that estimates of poverty that take into account the region's high costs of housing show that economic hardship is much more common than the federal poverty line indicates, with 18% of Santa Clara County's households, 17% of San Mateo County's households, and 22.6% of San Francisco County's households living in poverty in 2012. In other words, once these costs are taken into account, almost one in five residents in Silicon Valley are coping with significant economic hardship.

An alternative to the FPL measure is the California Family Economic Self-Sufficiency Standard (Self-Sufficiency Standard), which quantifies the costs of basic needs for California's working families. The Self-Sufficiency Standard defines the amount of income necessary to meet basic needs without public subsidies or other assistance (private or informal). This measure differs from the federal poverty level in that it considers the costs that a family faces on a day-to-day basis given their location and household type (e.g., the varying costs of having a toddler versus an older child). Based on this standard, the University of Washington School of Social Work estimated that 38.3% of California and 29.2% of the Bay Area was not self-sufficient in 2012.

Figure 6 shows a comparison of the FPL and the Self-Sufficiency Standard across Bay Area counties. As depicted, there are significant differences for a four-person household when creating such a comparison, with the greatest difference being in San Mateo County where the Self-Sufficiency Standard is almost four times the FPL.

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Figure 6. Federal Poverty Level guidelines compared to the Self-Sufficiency Standard, assuming a household of Two Adults, One Infant, and One School-Aged Child (2014)


Figure 6 also demonstrates that even when factoring in two full-time jobs at $15 an hour, the cost of living in the Bay Area is still problematic in that it would not meet the self-sufficiency standard to live in any of the four Bay Area counties. This illustration further suggests that poverty, by Bay Area standards, is likely significantly underestimated by using FPL as a guideline. This is not only an issue in the Bay Area, but as the example illustrates in places like New York City as well.

Racial minorities account for over half of those in poverty in the Bay Area, with many speaking languages other than English in the home

According to American Community Survey data for 2015, about 54% of the Bay Area is a racial minority, or over 2.8 million people. Further, about 62% of those that are living in poverty in the Bay Area are racial minorities, or roughly 316,000 people. As shown on Figure 7, poverty heavily affects “Black or African American” residents and the population classified as “Hispanic or Latino origin (of any race)”. Specifically, about 12% of the “Black or African American” population in the Bay Area is living in poverty, while over 17% of “Hispanic or Latin origin” residents are below the poverty line.
Figure 7. Percentage of racial minorities in the Bay Area living in poverty

<table>
<thead>
<tr>
<th>Total population</th>
<th>Total under the poverty line (K)</th>
<th>% under poverty line</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.11K</td>
<td>506.7</td>
<td>9.9%</td>
</tr>
<tr>
<td>2.33K</td>
<td>188.3</td>
<td>8.1%</td>
</tr>
<tr>
<td>53K</td>
<td>87.3</td>
<td>16.3%</td>
</tr>
<tr>
<td>1.63K</td>
<td>136.8</td>
<td>8.3%</td>
</tr>
<tr>
<td>260K</td>
<td>27.0%</td>
<td>10.6%</td>
</tr>
<tr>
<td>286K</td>
<td>5.5%</td>
<td>20.7%</td>
</tr>
<tr>
<td>25K</td>
<td>27.7</td>
<td>11.0%</td>
</tr>
<tr>
<td>19K</td>
<td>59.2</td>
<td>12.6%</td>
</tr>
<tr>
<td>36K</td>
<td>37.2%</td>
<td>13.0%</td>
</tr>
</tbody>
</table>

Source: 2015 American Community Survey 1-Year Estimates, Table S1701.

† Includes all other responses not included in other options. Respondents reporting entries such as multiracial, mixed, interracial, or a Hispanic, Latino, or Spanish group (for example, Mexican, Puerto Rican, Cuban, or Spanish) in response to the race question are included in this category.

Poverty also disproportionately impacts residents speaking Spanish at home. Of the residents in the Bay Area that speak Spanish, about 35% report speaking English less than “very well”. This number varies across specific Bay Area counties, with San Mateo reporting the highest number at 44%. When reviewing San Mateo County further, Figure 8 notes that 53% of residents in poverty speak something other than English in the home. Spanish accounts for most of those speaking non-English in the home; however, the concentration of languages spoken in the home varies with city breakouts. Specifically, about 32% of those in poverty within Daly City speak an “Asian and Pacific Island” language in the home.
In addition to poverty and the high cost of living, some Bay Area populations face additional challenges such as the reliance on public benefits and being formerly incarcerated

There are additional barriers to employment for a notable number of residents in poverty within the Bay Area. This population may be facing concerns with unreliable transportation; low levels of education and training; the lack of affordable childcare; limited digital access, literacy, and English proficiency; and the reliance on social welfare programs. All of these can affect the employability of populations in need.

The Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, provides food-purchasing assistance for low- and no-income people living in the United States. SNAP benefits are received by households depending on the household size, income, and expenses. As shown on Figure 9, although almost 13% and 10% of United States and California households, respectively, receive SNAP benefits, only about 5.6% of Bay Area households qualify for SNAP benefits. However, this number would likely be higher in the Bay Area if eligibility criteria were adjusted for cost of living.
A review of Bay Area data shows that racial minority households rely on SNAP benefits at a higher rate than households identifying as "White". Specifically, about 66% of households on SNAP are minority households, or over 67,000. Based on Food and Nutrition Service data, average benefits per person was $125.35 per month in 2014. Assuming a household size of even just two among those racial minorities receiving SNAP in the Bay Area, and using the 2014 average cost per person, the cost of this program equates to over $200 million in public resources for this sub-population.

Figure 9. Extent of the Bay Area receiving SNAP public benefits by race designation

<table>
<thead>
<tr>
<th>Households</th>
<th>White alone</th>
<th>Minority households receiving SNAP</th>
<th>White</th>
<th>Minority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total households receiving SNAP</td>
<td>1.828K</td>
<td>960K</td>
<td>866K</td>
<td>133K</td>
</tr>
<tr>
<td>% under poverty line</td>
<td>5.6%</td>
<td>3.6%</td>
<td>6.8%</td>
<td>14.4%</td>
</tr>
</tbody>
</table>

Source: 2015 American Community Survey 1-Year Estimates, Table S2201

1 Includes all other responses not included in other options. Respondents reporting entries such as multiracial, mixed, interracial, or a Hispanic, Latino, or Spanish group (for example, Mexican, Puerto Rican, Cuban, or Spanish) in response to the race question are included in this category.

According to the Brennan Center for Justice, about one third of adult working age population in the United States have a criminal record.9 Regardless of an individual’s social and economic position, a criminal record is another barrier to opportunities; however, data shows that incarceration disproportionaly affects racial minorities in the United States. According to the Prison Policy Initiative, incarceration rates affect the Black and Latino population by nearly six and three times more than White population, respectively. In the Bay Area, and specifically within San Mateo County, there are nearly 10 times more African Americans currently imprisoned compared to the

San Mateo County average. This is particularly notable when considering that the next population, “Latino”, is just slightly above the County average.

The impact of former incarceration can be substantial when it comes to gaining employment. In fact, in one study, the penalty for a criminal record was twice as high among African American applicants as it was for their White counterparts, disproportionally impacting minorities for their crimes and making it even more difficult to obtain gainful employment. This is concerning when considering that other barriers such as poverty and low educational attainment levels also disproportionally affect racial minorities, compounding challenges for this population.

**A significant percentage of Bay Area residents have less than a bachelor’s degree**

The 2016 Silicon Valley Index Report notes that 48% of Silicon Valley residents have at least a bachelor’s degree, compared to about 32% in California and 30% nationwide. Similar to the review of poverty rates, a macro regional analysis of overall educational attainment levels in the Bay Area overshadows the specific need when considering the actual number of individuals with lower levels. Specifically, over 1.8 million Bay Area residents over the age of 25 do not have a bachelor’s degree and 450,000 do not have a high school diploma. Again using San Mateo County as an example, more than half (or about 290,000) of San Mateo County residents have not earned a bachelor’s degree; therefore, potentially limiting the employment prospects for these individuals in a region where high growth industries and positions require higher level education. As noted in Figure 10, this provides an addressable market for service providers to provide training, skills development, and other resources.

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**Figure 10. Educational attainment levels in the Bay Area, the State, and US (2015)**

Source: 2015, American Community Survey 1-Year Estimates, Table S1701.
Figure 11. San Mateo County Example: Educational attainment (2015)

Source: 2015 American Community Survey 1-Year Estimates, Table S1501.

Figure 11 shows that the need is potentially more severe when considering 80% of the 38,000 San Mateo County residents older than 25 and living below the poverty line do not have a bachelor’s degree. Based on rough estimates, addressing this population could benefit the local economy by generating over $1.4 billion in wages if this population is employed at an assumed hourly wage of just $18 per hour and full-time for the year. When including cost estimates to train this population, the total wages would still total over $1.1 billion in net wages for the first year.
For the entire Bay Area, there are 233,000 residents older than 25 and living below the poverty line that do not have a bachelor’s degree. Using that number, the net wages from training this population is $8.7 billion.\textsuperscript{10}

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\textsuperscript{10} Based on a JobTrain cost-benefit analysis conducted in September 2016. Based on 233,000 X average training wage of 18.00 per hour upon graduation. If this number subtracts the average cost per person of training and supportive services of 8,000, the net benefit number will be 6.9 billion (not including social service, housing or other potential costs associated with low income populations who are not able to access sustainable wages)
Section Two

Labor underutilization in the Bay Area

Section Highlights

The Bay Area outperforms most of the State when it comes to unemployment; however, there are significant concentrations of unemployment within certain cities. This section addresses the measure of unemployment and the need for more inclusive metrics to understand labor underutilization. This is particularly important in the Bay Area where there are many individuals working multiple part-time jobs to sustain a livelihood. Key highlights include:

- The Bureau of Labor Statistics (BLS) releases six measures of labor underutilization.

- A review of regional unemployment statistics overlooks specific geographic needs, which can impact the ability to provide necessary services and generate support for communities in need. Although unemployment in Bay Area counties ranged from 3.1% to 4.3% in September 2016, specific city unemployment rates were as high as 6.3%.

- The official unemployment rate is a comparatively narrow technical measure when compared to other schedules (U-4 to U-6 Schedules) that include a segment of the out-of-work population who are willing and able to take a job but who don’t fit the narrow BLS definition of "unemployed."

- Underemployment metrics should be considered as a more appropriate benchmark of labor underutilization. In September of 2016 the difference in the official unemployment rate (or U-3 Schedule) and the underemployment rate (or U-6 Schedule) was 4.7%.

Although Bay Area unemployment has been declining, this varies by sub-region and does not represent the prevalence of underemployment in the region

The Bay Area is a national leader when it comes to innovation and employment. This is evidenced by declining unemployment rates and job growth that is outpacing the United States, California, and even local projections. According to the Association of Bay Area Governments (ABAG), “almost half of the projected job growth from 2010 [to 2040] had already occurred as of 2015. The 2010 to 2015 strength reflects a combination of recovery from the depths of the 2007 to 2009 recession and a strong surge in economic activity related to the technology and social media sectors.” As of September 2016, the unemployment rate for the United States was 5.0%, 5.3% for California, and ranged from 3.1% to 4.3% for Bay Area counties.
County unemployment rates in the Bay Area outperform most of the State’s other counties; however, there are significant concentrations of unemployment within certain cities, and poverty increases the likelihood of unemployment

The unemployment rates have dropped dramatically over the past 30 months, with San Mateo County below its county peers and the State – ranking as the lowest county unemployment rate in the State as of September 2016. However, when further analyzing the unemployment rates by city, they can vary significantly. This range of city unemployment rates were found to vary from as low as 1.8% to as high as 6.3% across Bay Area cities or Census Designated Places (CDPs) in September 2016. Further, in Alameda County, seven of its 20 cities or CDPs had individual unemployment rates higher than the County’s average, representing 45% of the labor force for the County, indicating regional “pockets” of need within the County.

Figure 14 shows that within San Mateo County, specific city unemployment rates in October of 2016 ranged from below 1% to 6% with over 13,000 of the unemployed residents centralized in the highest population cities. These results, along with the Alameda County example, indicate that regional unemployment statistics can drown out specific geographic needs, which can impact the ability to provide necessary services and generate support for communities in need.
As noted, San Mateo County had the lowest county unemployment rate among all California counties in October 2016. However, the prevalence of persistent need is supported in our review of County’s unemployment data. Specifically, impoverished San Mateo County residents are about two times more likely to be unemployed compared to residents above the poverty line. Figure 15 shows that 88% of those in poverty within San Mateo County either did not work or worked part-time, part of the year. This number was as high as 92% when considering city breakouts.
The official unemployment rate does not provide the most accurate measure of employment status. Instead, underemployment metrics should be considered as a more appropriate benchmark.

According to the Bureau of Labor Statistics (BLS), the official concept of unemployment includes all jobless persons who are available to take a job and have actively sought work in the past four weeks. In addition to the official unemployment rate (or U-3 Schedule), the BLS also issues five additional measures of labor underutilization. Table A describes all six alternative measures.

**Table A. Six Alternative Measures of Labor Utilization by the Bureau of Labor Statistics**

<table>
<thead>
<tr>
<th>Alternative Measures</th>
<th>Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>U-1 Schedule</td>
<td>Persons unemployed 15 weeks or longer, as a percent of the civilian labor force</td>
</tr>
<tr>
<td>U-2 Schedule</td>
<td>Job losers and persons who completed temporary jobs, as a percent of the civilian labor force</td>
</tr>
<tr>
<td>U-3 Schedule</td>
<td>Total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate)</td>
</tr>
<tr>
<td>U-4 Schedule</td>
<td>Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers</td>
</tr>
</tbody>
</table>
The BLS notes that all six measures of labor underutilization generally move together over time, including across business cycles. Similarly, the BLS indicates that states with low unemployment rates tend to have low values for the other five measures; the reverse is true for states with high unemployment rates. This trend is illustrated in Figure 16 and shows the comparison of the six schedules between May 2016 and September 2016. In September of 2016 the U-1 and the U-6 Schedules differed by over 7.7%, and the U-3 and U-6 Schedules by 4.7%.

**Figure 16. Comparison of the Bureau of Labor Statistics Alternative Labor Underutilization Schedules for the United States between May 2016 to September 2016**

![Graph showing the comparison of the Bureau of Labor Statistics Alternative Labor Underutilization Schedules for the United States between May 2016 to September 2016.](chart)


The alternative BLS schedules include increasingly broader segments of the population. As such, the U-3 unemployment rate is a comparatively narrow technical measure, when compared to U-4 to U-6 Schedules in that it leaves out a segment of the out-of-work population who are willing and able
to take a job but who don't fit the narrow BLS definition of "unemployed." For example, a construction worker who wants to work but who has become discouraged by a lack of opportunity in the midst of an economic recession would not be included in U-3 unemployment. An office manager who is laid off at age 50 and stops scheduling new job interviews due to her experience of age discrimination would not be included in U-3 unemployment. A line cook who only works one six-hour shift per week because no full-time jobs are available in his area would not be included in U-3 unemployment definition.\textsuperscript{11}

The U-6 Schedule is the most inclusive and ties most directly to the population in need of stronger career pathways. In contrast to the U-3 unemployment rate, the U-6 rate includes all of the described examples and is therefore often referred to as the more “natural”, non-technical understanding of what it means to be unemployed. By capturing discouraged workers, underemployed workers, and other individuals who exist on the margins of the labor market, the U-6 rate provides a broad picture of the underutilization of labor in the country. The U-6 rate is commonly referred to as a measure of underemployment, and is the most helpful measure to address workforce issues and consequences.

### Table B. Definitions of Underemployment Categories (Schedule U-6)

<table>
<thead>
<tr>
<th>Alternative Measures</th>
<th>Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed</td>
<td>Persons that do not have a job, have actively looked for work in the prior 4 weeks, and are currently available for work.</td>
</tr>
<tr>
<td>Part-time for economic reasons</td>
<td>Persons working less than 35 hours per week who want to work full time, are available to do so, and gave an economic reason (their hours had been cut back or they were unable to find a full-time job) for working part time.</td>
</tr>
<tr>
<td>Marginally Attached Workers</td>
<td>Persons not in the labor force, want and are available for work, and had looked for a job sometime in the prior 12 months. They are not counted as unemployed because they had not searched for work in the prior 4 weeks, for any reason. This group includes discouraged workers.</td>
</tr>
</tbody>
</table>

Source: Federal Reserve Bank of St. Louis, FRED Economic Data, [https://fred.stlouisfed.org/series/U6UNEM6CA](https://fred.stlouisfed.org/series/U6UNEM6CA)

Figure 17 is an updated version of an illustration created by the Economic Policy Institute and shows a comparison of the number of unemployed, involuntary part-time, and marginally attached workers over the past 16 years in the United States. The figure shows the magnitude of difference between each of these populations and the importance of considering the slack in the labor market – or the quantity of labor that could be employed productively, but isn’t – instead of the traditional measure of unemployment.

In relation to California, Figure 18 shows a comparison of the U-3 and U-6 Schedules from 2003 to April 2016, and the significant variance in the measures. Specifically, the variance has ranged from as low as 4.1% to as high as 10.1%, and is an indication of the significant difference when using the

\textsuperscript{11} Examples adapted from Investopedia, “The True Unemployment Rate: U6 vs U3”, August 2015.
traditional unemployment rate instead of an underemployment rate to identify need. As of April 2016, the difference between the two measures was 6.4%. According to California’s Legislative Analyst’s Office, there were approximately 2.9 million Californians unemployed, underemployed, or wanting a job but not looking for a job as of April 2016. This would be captured in the U-6 Schedule but not the U-3.

**Figure 17. Comparison of the unemployed, involuntary part-time and marginally attached workers in the United States between 2000-2016**

Figure 18. Comparison of the unemployment and underemployment rates in California between 2003-2016


Given the cost of living and the struggle for some populations to make a sustainable living, the U-6 Schedule may be the best existing method of measuring employment need in the Bay Area. It is a particularly better measure given the inclusion of “part-time workers for economic reasons”. According to recent report entitled “A Hidden Crisis: Underemployment in Silicon Valley’s Hourly Workforce”12, “an estimated 19 percent want to work full-time, but are stuck in a part-time schedule” within the San Jose Metro are – often referred to as the capital of the Silicon Valley. As an example, “an estimated 162,000 working people employed in the city of San Jose – 47 percent of the total workforce – are in hourly jobs, making them potentially vulnerable to being pushed into part-time, fluctuating, or unpredictable schedules.” This extent of need does not show up in our traditional measures, such as the existing unemployment rate.

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Section Three

Career Pathways for Populations in Need

Section Highlights

This section highlights “career pathway” challenges and opportunities for populations experiencing barriers to full-time employment, such as lower skill levels. When provided with job training and skills development, there are pathways to sustainable careers for this population in the Bay Area. Key highlights include:

- Business models in some industries are built on part-time and “just in time” workforces that impose risk on workers and their families, especially during economic downturns.

- Information released in September 2016 indicates that job growth is promising for positions not requiring a bachelor’s degree is promising in San Mateo and Santa Clara Counties – ranging from 9% to 51% from 2012 to 2022 depending on industry areas.

- Training and skills development to fill growing needs are an important part of creating sustainable career pathways for populations in need. Although there are Bay Area nonprofit organizations that provide such services, they often struggle for sufficient public funding and resources given the overall performance of the Bay Area and cases where traditional metrics, such as the unemployment rate and industry job growth, are used to allocate State and Federal funds.

Career pathways for populations with lower educational levels are limited without specialized training and skills development

There is a significant need in the Bay Area to address the broken pathway that links populations in need with meaningful, sustainable employment. This is particularly important when it comes to creating employment opportunities that allow for families to remain in the Bay Area through fulfilling and life-sustaining career pathways. “Career pathways” is defined as a series of structured and connected education programs and support services that enable individuals, often while they are working, to advance over time to better jobs and higher levels of education and training.13

According to The Bridgespan Group report released in 201614, “the contemporary labor market in the United States is failing job seekers, particularly low-income and minority individuals and families. There is a profound lack of full-time jobs that provide pathways to careers, as well as family-sustaining wages and basic benefits, such as sick leave. Even for many jobs, low-income and minority candidates face tough odds, given failing public education systems, limited social networks that link candidates to work-based learning opportunities, and cultural and racial biases that exclude them for not fitting in with the companies’ cultures.”

“Good” jobs with career pathways that provide sustainable wage opportunities are particularly important for populations in need, that are often unemployed or working multiple part-time jobs to sustain their households. Exacerbating these conditions are business models in some industries.
that are built on part-time, contingent, and “just in time” workforces imposing hidden costs on workers, their families, communities, and societies at large. These types of practices shift the risk and the burden of business cycles onto those who can least afford it: individual working people who live paycheck to paycheck. Further, these types of business models are often seen in the service industry and blue collar professions that are more susceptible to employment variability particularly during times of economic recession. Based on this analysis by the Economic Policy Institute from 1973 to 2014, service industry and blue collar professions not only had higher unemployment rates over the years, they also had a more pronounced sensitivity during economic downturns.

**Figure 19. Unemployment rates of workers by job category, 1973 to 2014**

![Unemployment rates of workers by job category, 1973 to 2014](image)


The education, training, and skills gap also contributes to the types of jobs available to them. Further, the types of jobs available to those with lower educational attainment levels, including on the job training (OJT), have been found to generally grow at a slower rate than those careers requiring bachelor’s degrees or higher. As shown in Figure 20, annual job growth in San Mateo County is about 1.2%, but even slower growth for jobs without a degree or long-term training requirements. Notably, jobs requiring long-term training, no experience, and no degree have a median income of $70,400. This may be a sizable income when it comes to other regions in the United States, even parts of California, however depending on family size, this level would still not meet the Self-Sufficiency Standard for many counties in the Bay Area (noted in Section Two).
Figure 20. Annual average projected job growth by training required for San Mateo County

Source: JobsEQ 2016Q2, Developed by Chmura Economics & Analysis.

Information released in September 2016 indicates that job growth by industry area for positions not requiring a bachelor's degree is promising in San Mateo and Santa Clara Counties. Specifically, Figure 21 shows that job growth ranges from 9% to 51% from 2012 to 2022, with annual job growth ranging from 0.9% to 5.1% for certain positions. While growth is slower than those requiring a bachelor's degree or higher, the need continues for these roles and the number of people who would benefit from taking them. Further, when we drill down to specific occupations, the growth is more significant and highlights meaningful opportunities for service providers to address higher growth segments.
Figure 21. Average industry job growth for occupations requiring less than a bachelor’s degree in San Mateo and Santa Clara Counties between 2012 to 2022

Source: CalJOBS, Labor Market Services

Table C shows example job titles for the categories listed within Figure 21, as well as the median hourly wage for each category. For the purposes of an annual income perspective, the table also provides an assumed full-time estimate of income for these hourly rates, using 2,080 annual hours as an assumption. Based on these projections, the table shows that the median wages and projected full-time income for these roles would not always meet the Self-Sufficiency Standards for the area without multiple income members in a household. Therefore, the need for training and skills development to fill these roles, and career progress into higher wages, is an important part of creating sustainable career pathways for populations in need.

Table C. Median wages and projected annual income for some industries noted in Figure 21

<table>
<thead>
<tr>
<th>Career Pathway</th>
<th>Example Job Titles</th>
<th>San Mateo County</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Median Hourly Wage</td>
</tr>
<tr>
<td>Construction and Building Trades</td>
<td>Carpenters, Masons, Plumbers</td>
<td>$28.55</td>
</tr>
<tr>
<td>Construction Laborers</td>
<td>Traffic Control, Concrete Worker, Brick Layer</td>
<td>$28.55</td>
</tr>
<tr>
<td>Career Pathway</td>
<td>Example Job Titles</td>
<td>Median Hourly Wage</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>----------------------------------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Healthcare Support Occupations</td>
<td>Medical Assistants, Medical Records &amp; Health Information, Physician Assistant</td>
<td>$20.25</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Certified Nurse Assistants, Home Health Aides</td>
<td>$18.74</td>
</tr>
<tr>
<td>Business Administrative/Office Computer Technology</td>
<td>Administrative Assistant, Human Resources Assistant, Office and Information Clerks</td>
<td>$20.01</td>
</tr>
<tr>
<td>Culinary Arts</td>
<td>Cooks, Food Preparation Workers, Bakers</td>
<td>$16.86</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Career Pathway</th>
<th>Example Job Titles</th>
<th>Median Hourly Wage</th>
<th>Projected Full-Time Income</th>
<th>Experienced Hourly Wage</th>
<th>Projected Full-Time Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and Building Trades</td>
<td>Carpenters, Masons, Plumbers</td>
<td>$32.78</td>
<td>$68,190</td>
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<td>$94,829</td>
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<tr>
<td>Construction Laborers</td>
<td>Traffic Control, Concrete Worker, Brick Layer</td>
<td>$32.78</td>
<td>$68,190</td>
<td>$45.59</td>
<td>$94,829</td>
</tr>
<tr>
<td>Healthcare Support Occupations</td>
<td>Medical Assistants, Medical Records &amp; Health Information, Physician Assistant</td>
<td>$23.00</td>
<td>$47,840</td>
<td>$25.41</td>
<td>$52,863</td>
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<tr>
<td>Healthcare</td>
<td>Certified Nurse Assistants, Home Health Aides</td>
<td>$14.83</td>
<td>$30,837</td>
<td>$23.90</td>
<td>$49,712</td>
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<td>Business Administrative/Office Computer Technology</td>
<td>Administrative Assistant, Human Resources Assistant, Office and Information Clerks</td>
<td>$18.95</td>
<td>$39,409</td>
<td>$24.21</td>
<td>$50,359</td>
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<td>Culinary Arts</td>
<td>Cooks, Food Preparation Workers, Bakers</td>
<td>$14.91</td>
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<td>$54,000</td>
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<tr>
<td>Career Pathway</td>
<td>Example Job Titles</td>
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<td>San Francisco County</td>
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<tr>
<td>Construction and Building Trades</td>
<td>Carpenters, Masons, Plumbers</td>
<td>$30.12 $62,640</td>
<td>$37.00 $76,961</td>
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<td>Traffic Control, Concrete Worker, Brick Layer</td>
<td>$24.48 $50,916</td>
<td>$35.31 $73,438</td>
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<td>Healthcare Support Occupations</td>
<td>Medical Assistants, Medical Records &amp; Health Information, Physician Assistant</td>
<td>$21.41 $44,552</td>
<td>$23.79 $49,488</td>
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<td>Healthcare</td>
<td>Certified Nurse Assistants, Home Health Aides</td>
<td>$16.01 $33,294</td>
<td>$19.54 $40,646</td>
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<td>Business Administrative/Office Computer Technology</td>
<td>Administrative Assistant, Human Resources Assistant, Office and Information Clerks</td>
<td>$18.87 $29,245</td>
<td>$22.72 $47,248</td>
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<td>Culinary Arts</td>
<td>Cooks, Food Preparation Workers, Bakers</td>
<td>$13.03 $27,092</td>
<td>$20.66 $42,975</td>
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<td>Construction and Building Trades</td>
<td>Carpenters, Masons, Plumbers</td>
<td>$30.11 $62,630</td>
<td>$41.41 $86,129</td>
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<td>Construction Laborers</td>
<td>Traffic Control, Concrete Worker, Brick Layer</td>
<td>$45.67 $95,000</td>
<td>$54.69 $113,750</td>
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<tr>
<td>Healthcare Support Occupations</td>
<td>Medical Assistants, Medical Records &amp; Health Information, Physician Assistant</td>
<td>$21.09 $43,859</td>
<td>$23.85 $49,620</td>
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</tbody>
</table>
In addition to career pathways associated with industries immediately attainable by populations with lower education levels through training and skills development programs, there are also career pathways available for individuals looking to transition from their industries into other careers. In collaboration with data available through NOVA – the local workforce investment board for San Mateo County and most of Santa Clara County – one can see transitional career paths based on the technical and soft skills developed through certain positions. We reviewed the Medical Assistant and Carpenter positions as examples.

Figure 22 shows our review for Medical Assistants – a position where entry level positions require a postsecondary non-degree award (vocational training) but do not require previous experience or on-the-job training. These positions can provide individuals with a range of entry salaries that increase as people progress up the career pathway. In one example from Jobs EQ, using an average entry level salary of $31,500, this increases to an average of $50,500 with experience and training in the Bay Area. Using this data source, the median wage for this position is $48,700 across all counties, and according to the 2014 Self-Sufficiency Standard would be suitable to support a single adult in the region. Wages reviewed in the 90th percentile for this position showed income of almost $60,000. Our review also indicates that wages can vary from county-to-county, with the 90th percentile in San Francisco County reaching about $63,000.

As the example for the Medical Assistant position shows, there are pathways for career transitions, or pivots, to higher average wage (and high growth) careers. The Medical Assistant background allows for a potential transition to “Bill and Account Collectors” and “Medical Records and Health Information Technicians”. For “Bill and Account Collectors”, the average annual wages for the Bay Area were $53,200 while this increased to over $63,000 with experience, and $74,500 in the 90th percentile. The wage potential is even better for a transition to “Medical Records and Health Information Technicians”. For this position, the average annual wages are almost $60,000 and the increases to $71,500 with experience. Further, wages in the 90th percentile for the region can
exceed $95,000. According to the Self-Sufficiency Standard, these ranges of wages would support most configurations of a single adult household with child.

A similar analysis was done for the Carpenters position in the Bay Area, with even more promising results (Figure 23). Again using JobsEQ, the annual entry level wages were $39,200 with an average wage of $65,100, and increasing to an annual level of $78,100 with experience and $97,700 in the 90th percentile. Third-party analysis shows that example career transitions can be made to “Operating Engineers and Other Construction Equipment Operators” and “Control and Valve Installers and Repairs” – both of which provide higher average annual wages and high occupational growth. The average annual wages for these positions in the Bay Area are $73,900 and $76,600, respectively.

Training and skills development programs are imperative to populations with low educational attainment and little experience. This type of training provides opportunities that allow individuals to find immediate work, and make progress toward a career pathway that can sustain a living in the Bay Area. However, a number of programs in the Bay Area that provide training for this target population often come at a cost, such as private for-profit college programs. We know that the profile of populations in need includes many in poverty that may not have the resources to pay for training, and may not be able to seek a full-time college degree program due to their existing academic skill level and the need to find employment quickly. Although there are a number of nonprofit organizations that provide such services, they often struggle for sufficient public funding and resources given the overall performance of the Bay Area. This is especially the case when traditional metrics, such as the unemployment rate and industry job growth, are used to allocate State and Federal funds.
**Figure 22. Occupation Snapshot of Medical Assistants and Example Career Transitions in the Bay Area**

**EXAMPLE CAREER TRANSITIONS**

**Wages for Bill and Account Collectors**

**Medical Records and Health Information Technicians**

*Source: JobsEQ 2016Q2, Developed by Chmura Economics & Analysis.*
Figure 23. Occupation Snapshot of Carpenters and Example Career Transitions in the Bay Area

EXAMPLE CAREER TRANSITIONS

Source: JobsEQ 2016Q2, Developed by Chmura Economics & Analysis.
Section Four

Recommendations to Address Workforce Challenges for Populations in Need

Section Highlights

The Bay Area is a region of many opportunities, but along with these opportunities comes the hidden challenge of a segment of the population that struggles to survive. This section identifies potential next steps for the region, in developing a portfolio of services that help to move certain populations into career pathways and sustainable wage jobs that allow them to create a living in the Bay Area. Specific opportunities include:

- Consider the standard adoption of more inclusive labor utilization schedules available from the Bureau of Labor Statistics, such as the U-6 Schedule that includes the unemployed, part-time workers for economic reasons, and marginally attached workers.

- Adoption in California and the Bay Area of the Self-Sufficiency Standard to adjust poverty level guidelines for region specific costs, and the corresponding use of this instrument in making public resource funding allocations.

- Further investment in training and support services for populations with barriers to full-time employment is necessary due to the prevalence of underemployment in the region.

- Regional collaboration among workforce development organizations to better align career pathways to sustainable wage jobs in the Bay Area, also considering high growth industries and requirements to secure these roles. This includes pathway programs that allow people to transition from high-school, adult education to skills development (potentially with stackable college credits).

As noted throughout the report, populations in need are those individuals and households that face compelling challenges in the Bay Area, including living in poverty; lower education levels; reliance on public benefits; language barriers; and unemployment. Compounding these challenges is the cost of living and the types of positions available to those with lower skill levels. Given the information identified in this report as well as information gathered from other efforts, we have identified the following opportunities to further address workforce issues for populations in need.

**Further investment in support services for populations with barriers to full-time employment is necessary due to the prevalence of underemployment in the region**

For a population of people working multiple jobs, taking time away from work for short or long term (up to 4 months) training can be prohibitive. The need for support or wrap around services to allow people to take the first step on this pathway is essential, and should include a range of services that specifically address barriers to employment as cited previously. These services may include, but not be limited to:

- Short-term financial support for food, housing, and transportation during the training period to offset income.

- Legal support to expunge records where possible, and to address immigration or other
issues that can challenge low income people (including fines, loss of driver’s licenses, etc.).

- Counseling and job placement assistance
- Essential skills and job readiness training
- Child care

Funding of these services can provide the necessary support for certain populations to participate in job training and skills development programs that advance their prospects for full-time careers that meet self-sufficiency standards for the region. The funding of these supports after an individual secures a job also improves the likelihood of job retention.

**Regional collaboration among workforce development organizations to better align career pathways to sustainable wage jobs in the Bay Area, also considering high growth industries and requirements to secure these roles**

To reach sustainability levels, a pathway to future training beyond the long-term initial training is essential. Collaborations that include high schools (in particular, high risk youth and alternative high schools), adult education (that assist with skills upgrades and GED), training organizations (non-profits and other skills based training organizations), union apprenticeships, employers and community colleges extend the pathway and ensure that individuals can continue to upgrade their skills and careers.

**Advocacy for the standard adoption of more inclusive labor utilization schedules available from the Bureau of Labor Statistics, beyond the official unemployment rate**

As noted in the report, the Bureau of Labor Statistics releases more than just the official unemployment rate, or U-3 Schedule, in its reporting of labor underutilization. In addition to the unemployed, the U-6 Schedule includes the unemployed, part-time workers for economic reasons, and marginally attached workers. This more inclusive measure, or underemployment rate, is a factor across the country. Therefore, the much more inclusive U-6 Schedule should be expanded and become a regular part of the release and narrative from the BLS. We believe this type of reporting is particularly important in high-cost regions such as the Bay Area.

**Adoption in California and the Bay Area of the Self-Sufficiency Standard to adjust poverty level guidelines for region specific costs, and the corresponding use of this instrument in making public resource funding allocations**

It is clear that, on many levels, standard poverty guidelines are failing to capture a large number of people who are living in poverty, due to the very high cost of living in the Bay Area. Also in areas of high population, percentage cut offs for federal programs do not capture the real numbers of people who are affected by poverty. Consideration should be given both to looking at other standards in areas of high costs as well as to the absolute number of people that are living in poverty, when considering areas that will be eligible for any government programs.
According to the Silicon Valley Institute for Regional Studies, “the U.S. Census Bureau is currently working on an improved measure of the incidence of poverty. Some states are also working to produce better statistics in order to better understand the extent of true economic hardship locally, and California is among them. A recent report by the Public Policy Institute of California (PPIC), produced in collaboration with the Stanford University Center on Poverty and Inequality, developed a more sophisticated measure of poverty for the state, called the California Poverty Measure (CPM). Using the CPM, the reported incidence of poverty in the Bay Area jumps from just 11.7% (using the federal estimate) to 19.0%, in 2011.”\textsuperscript{15}

In the absence of a new poverty metrics such as the CPM, considerations should be given to the Self-Sufficiency Standard for determining program eligibility in the Bay Area as well as funding allocations. As noted in the report, this tool provides a county-adjusted measure of the cost of living with more granularity than the official poverty measure – accounting for household composition as opposed to a head count.

\textsuperscript{15} Silicon Valley Institute for Regional Studies, “Research Brief: Poverty in the San Francisco Bay Area”, March 2015.