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SOCIAL POLICY RESEARCH ASSOCIATES

Tri-County Community Asset Investment Portfolio Part I. Needs Assessment Interim Report

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The Workforce Investment Boards
of Monterey, San Benito, and Santa Cruz Counties

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TRI-COUNTY NEEDS ASSESSMENT REGIONAL SUMMARY

INTRODUCTION

The Tri-County Needs Assessment Interim Report represents the first stage in a four-part project to develop a Community Asset Investment Portfolio for the three counties of Santa Cruz, Monterey, and San Benito. The Tri-County Community Asset Investment Portfolio will eventually include an analysis of the needs of these three counties, an assessment of all available workforce services, an evaluation of the gaps in services and a final report, which will recommend how the counties might address these gaps.

This report is divided into sub-reports focusing on the needs of each county and an overall regional summary. The Regional Summary will summarize key trends among all three counties of the region. It will analyze both the demand for labor by employers and industries and the county's workforce and supply of labor. The analysis of employer and industry demand will include an examination of aggregate labor market statistics, an analysis of employer skill requirements and worker skill deficiencies, overall barriers employers face in meeting recruitment needs, how employers find workers, and an examination of the needs and growth prospects of specific industry clusters. The analysis of labor supply will include an examination of aggregate data on the county's population, labor force and educational system and a discussion of what youth, adults, and dislocated workers need to be successful in the labor market and meet their career aspirations.

This report is aimed at providing a snapshot of the workforce needs of the Tri-County region. The report is based on three primary sources of data: secondary data gathered from numerous sources available on the Internet such as labor market information from the California Employment Development Department; data collected during 13 focus groups conducted with employers, adult job seekers, youth, and providers of adult and youth workforce services; and 12 telephone interviews with leading employers and representatives of particular industries. The findings of this report, particularly the sections based on focus group and interview results, are limited and represent the opinions of focus group and interview participants which may or may not capture the views of other stakeholders who were not able to participate or the broader community. Furthermore, this findings of this report are primarily for use in

developing the final Portfolio and, therefore, focus on only a limited range of workforce issues in the county.

Labor Market Demand

Aggregate Indicators of Labor Demand

San Benito County's population and labor force grew much more dramatically than either Monterey or Santa Cruz County between 1990 and 2000. This was a reflection of San Benito County's on-going transition from a predominantly rural county focused on agriculture to a suburban bedroom community for Silicon Valley. During this same period, however, San Benito County had the highest unemployment rates, while Santa Cruz County had the lowest. In June 2002, Santa Cruz's unemployment rate actually dropped below the state's unemployment rate while Monterey County was only slightly higher.

San Benito County's employment by industry shifted the most among the three counties between 1990 and 2000, with agriculture becoming much less important than government, services and manufacturing. By contrast, Santa Cruz County employment became even more concentrated in services, retail trade and government while Monterey remained relatively stable and continued to have about one-fifth of its workers employed in agriculture, services and government. Santa Cruz and Monterey counties are both projected to add the largest number of jobs in services, retail trade and government. By contrast, San Benito County is projected to add the most jobs in manufacturing, construction and retail and wholesale trade. In all three counties, half of the 30 occupations projected to have the largest number of openings between 1999 and 2006 are in the services or retail trade industries.

Key Findings.

- Monterey County had the largest population in 2000 of the three counties, with over 400,000 residents, followed by Santa Cruz with about 255,000 residents and San Benito County with over 53,000 residents.
- The population and labor force of San Benito County grew dramatically between 1990 and 2000 by 45% and 32% respectively. By contrast, Monterey County's population and labor force grew by about 14% (close to the state average), while Santa Cruz County's population and labor force grew by only 11% and 5% respectively.
- San Benito County had the highest unemployment rate of the three counties over the last decade (peak of 17.3% in 1992) and in June 2002 (9.4%), while Santa Cruz had the lowest (peak of 10.3% in 1993 and

5.9% in June 2002). Monterey County's unemployment rate was 7.1% in June 2002, substantially lower than its peak of 12.9% in 1993. By comparison, the state's unemployment rates during the 1990s peaked at 9.4% in 1993, but had dropped to 6.6% in June 2002.

- San Benito County's employment by industry shifted the most among the three counties between 1990 and 2000, as agriculture dropped from the largest employer to only fourth largest, while government (18.2%), retail trade (17.8%) and manufacturing (15.8%) became the county's largest employers. By contrast, employment in both Santa Cruz and Monterey County remained concentrated in the same industries as a decade ago.
- Work commute patterns show that San Benito County had the highest percentage of workers employed outside their county of residence (48.5%). By contrast, 26.2% of workers in Santa Cruz County and 11% of workers in Monterey County were employed outside of their county of residence.
- Both Santa Cruz and Monterey had large percentages of county workers concentrated in the service industry. For example, services employed the largest number of workers in Santa Cruz County (28.5%), followed by retail trade (20.9%) and government (18.8%). In Monterey County, services (22%) trailed agriculture (22.9%) by less than 1,500 workers, followed by government (18.1%).
- Santa Cruz and Monterey Counties are both projected to add the largest number of jobs in services, retail trade and government. By contrast, San Benito County is projected to add the most jobs in manufacturing, construction and retail and wholesale trade.
- In all three counties, half of the 30 occupations projected to have the largest number of openings between 1999 and 2006 are in the service or retail trade industries. These occupations, with the exception of a few occupations such as teachers and registered nurses, usually require little experience or training and pay very low wages (under \$30,000 per year).
- San Benito County also had a number of manufacturing and wholesale trade occupations that were also projected to have a large number of openings.
- Service occupations, several of which were technology-related, were the majority of the fastest growing occupations in both Santa Cruz and Monterey counties. By contrast, San Benito County's fastest growing occupations were primarily construction and manufacturing occupations.

Employer Skill Requirements and Worker Skill Deficiencies¹

In general, few employers in any of the three counties said they were currently having difficulty finding workers. However, some employers did report having difficulties in recruiting workers with very specific technical skills and experience. Employers in all three counties also said that having a positive work ethic and strong basic skills were typically more important than occupational training or experience for low-skilled or entry-level workers. Computer skills were less important for these workers and easier to find.

Key Findings.

- In general, most employers in all three counties reported little trouble finding employees because of the current poor state of the economy.
- However, several employers in all three counties noted having difficulty finding workers with very specific technical skills or experience. These included health care occupations such as registered nurses, physicians, maintenance mechanics, winemakers, and managers with experience in the high tech field.
 - In Santa Cruz County, employers said they would like assistance forming partnerships with training providers to develop programs to train workers for these hard-to-fill occupations.
- Employers in all three counties said that having a strong work ethic is the most important qualification employers look for when filling un-skilled and low-skilled positions. However, employers said that it is often very difficult to find workers who have a strong work ethic.
 - Employers in San Benito County often hire immigrant workers who typically have a strong work ethic but often have difficulties with their immigration status. For this reason, they wanted assistance in gaining better access to INS services.
- Basic skills in math and English were also very important to employers in the three counties, who also said many employees lack these basic skills.
 - Employers in all three counties would like assistance with upgrading the basic skills of current and prospective workers.
- Employers in all three counties said that basic computer skills were important in some industries, such as high tech, but not as much in other

¹ Based on focus groups and phone interviews.

industries or occupations. Employers said these skills were not as difficult to find as a strong work ethic or basic skills.

Barriers to Recruiting Workers and Business Expansion²

In all three counties, the high cost of housing was the barrier most often mentioned by employers. In San Benito County, transportation was noted as a barrier, while a number of Santa Cruz employers said that the county's unsupportive business climate was a barrier.

Key Findings.

- The high cost of housing in all three counties was the most common barrier to finding workers and business expansion.
- An unsupportive business climate was a barrier to business expansion mentioned by a number of employers in Santa Cruz County.
- Transportation was a major barrier for employers in San Benito County due to the limited supply of public transportation in the county and increased road congestion caused by the county's rapid growth.

Where Employers Find Workers³

Most employers in the three counties recruit workers through traditional means. Some also use the Internet. By contrast, few employers in any of the counties reported using public workforce services to find workers.

Key Findings.

- Most employers in all three counties hire through employee referrals, newspaper advertisements, the Internet, word-of-mouth and through temporary staffing agencies or labor contractors.
- Employers do not make much use of public workforce services, including career centers. This was because employers were either unfamiliar with public workforce services or did not think they were very effective in attracting high-quality workers and required too much paperwork.

² Based on focus groups and phone interviews.

³ Based on focus groups and phone interviews.

Analysis of Workforce Demand for Selected Industry Clusters⁴

High technology, health care services, tourism, agriculture (including wine), and construction are industry clusters selected by at least one of the three counties for more detailed analysis because they represent important current and future sectors of that county's economy and employment.

- **Tourism.** (all three counties) The tourism industry in both Monterey and San Benito counties is likely to grow once the overall economy improves. By contrast, employers in Santa Cruz County said that future growth of tourism in Santa Cruz County is imperiled by an unsupportive business climate. The tourism industry in all three counties has similar needs for primarily low-skilled, low-paid workers and may have trouble recruiting sufficient numbers of workers once unemployment rates decline.
- **High Technology.** (Santa Cruz and San Benito counties) The high technology industry in both Santa Cruz and San Benito counties is likely to grow in the future as the high tech industry in the Silicon Valley rebounds. However, San Benito County is likely to have more high tech manufacturing than Santa Cruz County. For this reason, the technology sector in San Benito County is likely to have greater demand for unskilled and low-skilled workers who do not need extensive computer training than Santa Cruz County. By contrast, Santa Cruz county high tech employers wanted even administrative staff to have extensive computer skills.
- **Agriculture.** (Monterey and Santa Cruz Counties only) Although the agriculture industry employed only 7.9% of the Santa Cruz County's workforce in 2000, the industry is still a mainstay of the Watsonville areas economy and employment. In Monterey County, agriculture is also concentrated in a sub-region of the county – the Salinas Valley – where it is by far the dominant industry. The agriculture industry in both counties has enjoyed steady growth over the past few years. However, one major threat to growth is the steady loss of agricultural land in the county. In general, wages in the agriculture industry are quite low and most growers have not found it difficult to hire workers.
- **Health Care Services.** (Monterey and Santa Cruz Counties only) The health care services industry makes up a sizeable portion of both counties' services industry with many high-paying occupations. The industry is currently growing despite the overall downturn in the economy due to the aging of both counties' population and an influx of new medical technology. However, one of the major barriers to growth is

⁴ Based on focus groups and phone interviews.

that health care services firms in both counties have a very difficult time finding workers.

- **Wine.** (San Benito County only) The wine industry is likely to grow substantially over the next few years in San Benito County. According to the San Benito Wine Grower's Association, wine grapes are the county's third largest crop with approximately 35,000 acres of grape vines in the county, six wineries and three more wineries to open shortly. Most positions in wine industry are for low-paid, un-skilled or low-skilled vineyard or winery workers and employers have not had trouble finding these workers.

Analysis of Labor Market Supply and Job Seeker Needs

Aggregate Analysis of the Labor Supply in Santa Cruz County

Although, whites, followed by Latinos and Asians made up the largest groups in each county, San Benito and Monterey County had fewer whites and more Latino residents than Santa Cruz County. In terms of age, the Santa Cruz County's population is slightly older than the state's population, while the population of Monterey County is close to the state average and San Benito County's residents are slightly younger. All three counties experienced rapid increases in median income between 1989 and 1999. Of the three counties, San Benito County experienced the fastest growth in median household income and had the highest median income in 2000, followed by Santa Cruz County. However, all three counties had similar percentages of residents below the federal poverty line.

Key Findings.

- Whites were the largest racial group in all three counties, making up 64% to 84% of the population. Asians made up the next largest group in all three counties, comprising between 4% and 8% of the total population.
- Nearly half of the population both Monterey (46.8%) and San Benito (47.9%) counties were Latino, compared with only 26.8% of Santa Cruz County residents.
- Santa Cruz County had the oldest population of the three counties, with more residents between the ages of 18 and 64, more approaching retirement age, and fewer likely to enter the labor force over the next ten years than statewide. Monterey County's population was very close to the statewide average for age, while San Benito County's population was slightly younger than the state's.
- All three counties experienced rapid increases in median income between 1989 and 1999. San Benito County's median income grew the fastest between 1990 and 2000, increasing by 57.6% and was the highest of the

three counties in 2000 (\$57,469). Santa Cruz County's median income also increased dramatically over the same period by 45.5% to \$53,998, as did Monterey County's which increased by 44.1% to \$48,305.

- All three counties had similar percentages of residents below the federal poverty line. In 2000, Monterey County had the highest percentage (13.5%), followed by Santa Cruz (11.9%) and San Benito (10%).

Educational Characteristics

Overall Educational Characteristics

In general, Santa Cruz County residents have higher levels of educational attainment than residents of the other two counties and Monterey County residents had the lowest. Both Monterey and San Benito Counties had higher percentages of non-literate and low literate residents than Santa Cruz County.

Key Findings.

- Santa Cruz County's residents had higher levels of education on average than the other two counties. For example, only 16.8% of Santa Cruz County residents lack a high school diploma compared to 25.1% of San Benito County residents and 31.6% of Monterey County residents.
- Both San Benito and Monterey Counties had relatively high levels of low literate and non-literate residents compared to Santa Cruz County.

K-12 Public School System

Monterey County, because of its larger population, has the largest enrollment of public secondary students of the three counties with nearly 20,000 students, followed by Santa Cruz with 12,000 and San Benito with just over 3,000 students. About 10% of these students in each county are enrolled in alternative education. Monterey County followed by Santa Cruz County also had the highest percentage of students classified as English Learners, and the most students eligible for free and reduced price lunches. Monterey County also had the most students who were CalWORKS (formerly AFDC) participants in 2000-2001.

Overall, all three counties did well on some indicators of academic performance, but fared poorly on others. For example, while Monterey County had fewer schools with low academic performance rankings than Santa Cruz County, Monterey County schools did less well than Santa Cruz and San Benito counties on the high school exit exam, dropout rates, and the percentage of students who completed all courses required for admission to the University of California or California State University.

Key Findings.

- In 2001-2002, Monterey County had the largest number of public secondary students of the three counties (nearly 20,000), followed by Santa Cruz County (approximately 12,000) and San Benito County (over 3,000).
- All three counties had about 10% of public secondary school students enrolled in alternative education.
- Monterey County had the highest percentage of students classified as English Learners (28%) of the three counties, followed by Santa Cruz County (26.9%) and San Benito County (19%).
- Monterey County had the highest number of students eligible for free and reduced price lunches (57.8%), followed by Santa Cruz County (35.5%) and San Benito County (31.2%).
- Monterey County also had the highest number of students who were CalWORKS (formerly AFDC) participants in 2000-2001 (8.7%). In both San Benito and Santa Cruz counties, approximately 5% of students were Cal WORKS participants.
- Santa Cruz County had the largest number of high schools with low (below 5 out of 10 with 10 being highest) Academic Performance Index rankings based on standardized test scores. By contrast, Monterey County had five high schools ranked 8 or above.
- Slightly more Santa Cruz County students passed the English and math portions of the California High School Exit Exam than statewide. By contrast, in San Benito County while more students passed the English portion than statewide, fewer students passed the math portion than the state average. For Monterey County, both percentages were lower than the state average.
- San Benito County had the lowest dropout rate in 2000-2001 (1.5%), followed by Santa Cruz County (1.7%) and Monterey County (2.2%). All three counties did better than statewide (2.8%).
- Both Santa Cruz County and San Benito County had more students completing all courses required for UC or CSU entrance in 2000-2001 than the statewide average. By contrast, Monterey County had fewer students completing all of these courses than statewide.

Adult and Higher Education

San Benito County, with only one adult education provider, a satellite campus of the nearest community college, and no public university has the fewest adult and higher education resources among the three counties. Both Santa Cruz and Monterey counties, by contrast have numerous public adult and higher education providers.

Key Findings.

- San Benito County has very limited adult education services provided by San Benito High School and has no local GED testing center. By contrast, Santa Cruz County has two adult schools enrolling over 6,500 students and Monterey County has six districts that provide adult education, enrolling over 13,000 students.
- San Benito County does not have its own community college, although Gavilan College, based in Gilroy operates a satellite campus in Hollister. By contrast, Santa Cruz County has Cabrillo College with enrolls approximately 14,000 students and Monterey County has two community colleges enrolling over 26,000 students.
- Both Santa Cruz and Monterey counties have public universities (UC Santa Cruz and CSU Monterey Bay).

Unmet Needs for Youth to be Successful in the Labor Market

Shared Needs

Youth service providers in both Santa Cruz and San Benito County saw increased coordination between youth workforce service providers as one of the most important needs to better serve youth in both counties. Providers in both counties also wanted to see more programs and attention dedicated to youth on probation and youth in foster care.

County-Specific Needs

Key Findings for Youth in San Benito County:

The key findings for youth needs in San Benito County included increased coordination between youth-serving agencies, more marketing of programs to youth, more assistance in developing a strong work ethic, more internships and job shadowing programs and increased coordination with businesses to provide more high-quality job opportunities for youth. For specific populations of youth, providers said that more attention should be given to disabled youth.

Key Findings for Youth in Santa Cruz County.

The key findings for youth needs in Santa Cruz County included making youth services more youth friendly, conducting more outreach to youth and working holistically with youth and their families. In addition, youth providers wanted increased coordination between youth-serving agencies and with county businesses to work on specific needs or issues. Youth providers also recommended that programs work more intensively with youth over longer periods of time and focus on increased parent participation. For

specific populations of youth, providers said that more attention should be given to pregnant and parenting youth. **Key Findings for Youth in Monterey County.**

The key findings for youth needs in Monterey County were identified to be mentoring, work experience and internships, mental health counseling, leadership training and improved access to caring adults. The youth themselves emphasized that they would benefit from better counseling services in schools.

Unmet Services Adults and Dislocated Workers Need to be Successful in the Labor Market

Shared Needs

Focus group participants in San Benito and Santa Cruz Counties said there was a need for more assistance to disabled people regarding workforce issues. Focus group participants in all three counties also said there was a need for more support services for job seekers, including more affordable housing, childcare, substance abuse treatment, and mental health services.

County-Specific Needs

Key Findings for Adult Needs in San Benito County.

There was a need in San Benito County for more adult education services, including better quality GED instruction, a local GED testing center, more ESL classes and more locally available vocational classes. Both service providers and customers also wanted more opportunities for internships or other structured work experience programs and more career assessment and guidance. Customers and providers also said that more public transportation was needed to help job seekers and workers find and retain jobs. Finally, service providers said that migrant and seasonal farmworkers need more workforce services.

Key Findings for Adult Needs in Santa Cruz County.

In Santa Cruz County, the focus group participants expressed a need for increased collaboration between workforce service providers and employers. Service providers also wanted to see structured long-term follow-up services provided to customers to help with job retention and career advancement. Service providers said that limited English speakers need more assistance with finding high wage employment. Finally, service providers also said there is a need was for more domestic violence services.

Key Findings for Adult Needs in Monterey County.

Monterey County's needs included providing long-term intervention with strong staff support and enhanced training options for participants. It also included long-term follow-up services for customers combined with an enhanced access to a range of supportive services.

**Monterey County
Needs Assessment Interim Report**

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MONTEREY COUNTY NEEDS ASSESSMENT REPORT

EXECUTIVE SUMMARY

The Tri-County Needs Assessment Interim Report represents the first stage in a four-part project to develop a Community Asset Investment Portfolio for the three counties of Santa Cruz, Monterey, and San Benito. The Tri-County Community Asset Investment Portfolio will eventually include an analysis of the needs of these three counties, an assessment of all available workforce services, an evaluation of the gaps in services and a final report, which will recommend how the counties might address these gaps.

This report is divided into sub-reports focusing on the needs of each county and an overall regional summary. This sub-report will focus on the needs of Monterey County. It will analyze both the demand for labor by employers and industries and the county's workforce and supply of labor. The analysis of employer and industry demand will include an examination of aggregate labor market statistics, an analysis of employer skill requirements and worker skill deficiencies, overall barriers employers face in meeting recruitment needs, how employers find workers, and an examination of the needs and growth prospects of specific industry clusters. The analysis of labor supply will include an examination of aggregate data on the county's population, labor force, and educational system and a discussion of what youth, adult and dislocated workers need to be successful in the labor market and meet their career aspirations.

This report is aimed at providing a snapshot of the workforce needs of Monterey County. The report is based on three primary sources of data: secondary data gathered from numerous sources available on the Internet such as labor market information from the California Employment Development Department; data collected during five focus groups conducted with employers, adult job seekers, youth, and providers of adult and youth workforce services; and four telephone interviews with leading employers and representatives of particular industries. The findings of this report, particularly the sections based on focus group and interview results, are limited and represent the opinions of focus group and interview participants which may or may not capture the views of other stakeholders who were not able to participate or the broader community. Furthermore, the findings of this report are primarily for use in developing the final Portfolio and therefore focus on only a limited range of workforce issues in the county.

Labor Market Demand

Aggregate Indicators of Labor Demand

In general, the county's population and labor force grew by just over 10% from 1990 to 2000 and unemployment declined. Employment by industry also stayed the basically the same over the decade with agriculture, services, and government each employing about a fifth of all county workers. These three industries are also projected to add the largest number of new jobs between 1999 and 2006. Most of the occupations projected to have large numbers of openings between 1999 and 2006 are in retail trade and services, require little training, and pay very low wages.

Key Findings.

- Monterey County's population increased by 12.9% between 1990 and 2000 which was comparable to the state's growth of 13.8%. Salinas, the largest city in the county, grew much faster over the last 10 years. The population of Monterey, the next largest city in the county, decreased slightly between 1990 and 2000.
- Monterey County's labor force increased by 14% over the last 10 years, at approximately the same rate as the state's.
- Unemployment rates for Monterey County declined for most of the 1990s although they remained higher than unemployment rates for the state as a whole. Over the last 10 years, Salinas had much higher rates of unemployment than the Monterey Peninsula. Seasonal factors in agriculture and tourism result in a widely fluctuating unemployment rate.
- Between 1991 and 2001, most employment in Monterey County remained nearly equally divided between agriculture, services, and government, each of which employed about a fifth of all workers.
- Services, government, and retail trade will add the largest number of new jobs between 1999-2006. Services alone will add 40.9% of all new non-farm jobs.
- The majority of occupations with large numbers of projected openings from 1999 to 2006 are in the low paying retail trade and services industries. Most of these occupations require only short-term training and pay low average annual wages of under \$30,000 per year. Only a few services occupations, particularly in the health and educational sectors, pay higher wages but also require more education.
- Services occupations also make up half of the occupations projected to have the fastest growth in Monterey County between 1999 and 2006. Several of the fastest growing occupations are in the technology sector and require a college degree.

Employer Skill Requirements and Worker Skill Deficiencies¹

Employers said that having a positive work ethic and strong basic skills were typically more important than occupational training or experience for low-skilled or entry-level workers. Computer skills were less important for these workers and easier to find. For high-skilled positions, employers said that specific technical skills and experience were most important. In general, employers said they were not having difficulty finding workers. However, some employers reported difficulties in recruiting workers with very specific technical skills and experience, particularly in the health care services industry.

Key Findings.

- Finding qualified workers is one of the highest concerns for employers to stay competitive.
- While finding employees generally was not difficult, employers reported considerable difficulties in some industries and for certain specialized occupations.
- For most entry-level positions, employers consider work ethics as more important than job skills.
- Employers complained that many prospective workers lack basic customer service skills and basic math and language skills.

Barriers to Satisfying Labor Market Demand²

In Monterey County, employers consider the high costs of housing to be the most significant barrier in their recruitment efforts.

Key Findings.

- Employers reported difficulties in attracting, hiring, and retaining employees because of the high cost of housing.
- Transportation was not considered to be a major barrier.

¹ Section based on focus group and telephone interviews.

² Section based on focus group and telephone interviews.

Where Monterey County Employers Find Workers³

Most employers in the county recruit workers through traditional methods and through the Internet. By contrast, few employers use public workforce services to find the workers.

Key Findings.

- Employers do not make much use of public workforce services.
- Most employers either recruit directly through advertising or word-of-mouth or use private intermediaries such as labor contractors (for agriculture) and staffing firms.

Analysis of Workforce Demand for Selected Industry Clusters

The agriculture, tourism, health care services and construction industry clusters represent important current and future sectors of the county's economy and employment.

- **Agriculture.** This three billion dollar industry is in a temporary decline but is expected to rebound. Major growth constraints are encroachment of residential areas onto agricultural land and affordable housing for skilled workers. Most positions in agriculture are for unskilled and low-skilled field workers who are paid hourly wages supplemented by a piece-rate. Most low-skilled and unskilled workers are migrant seasonal farmworkers from Mexico and Central America. Stricter immigration controls have tightened the labor market somewhat.
- **Tourism** Tourism in Monterey County is a \$1.75 billion industry that brought an estimated five million visitors to the County in 2001. Tourism is in a temporary decline but is also expected to rebound with an improved overall economy. Growth constraints include high housing costs for employees and land-use restrictions on the Monterey Peninsula, where most hotels and motels are located. Most entry-level positions primarily require soft skills, such as dependability and having a good work attitude. Wages in tourism related industries are relatively low. Employers generally are not having difficulty filling positions.
- **Health Care Services.** Health care services is a rapidly growing segment of the services industry which continues to grow, despite the recent economic downturn. The primary barrier to growth is the critical shortage in qualified medical personnel that is further exacerbated by the high housing costs in the county. Most workers in the health care industry require specific job skills. Given the shortages, employers are willing to train on the job or fund training programs to give existing

³ Section based on focus group and telephone interviews.

employees advancement opportunities. Average wages are higher than in the services industry as a whole. Industry representatives indicated that they were looking for assistance in training and recruitment of personnel.

- **Construction.** The construction industry has experienced relatively rapid growth and has not been significantly affected by the recent economic downturn. Growth prospects are good given a projected population increase of 39% over the next 20 years. Construction trades typically require a high school diploma and good math and reading skills for apprenticeship programs. Much hiring is through union halls. Entry and mid-level wages in the construction industry tend to be higher than average wages overall.

Aggregate Analysis of Labor Market Supply

Characteristics of Monterey County's Population and Labor Force

The population of Monterey County grew by about 13% over the past decade, increasing from 355,600 in 1990 to 401,762 in 2000. During the same period, the proportion of county residents who are Latino increased from 33.6% to 46.8%. The population of Monterey County is also somewhat younger than the state's population, but slightly more people will reach retirement age over the next 10 years than between 1990 and 2000. There were also slightly more women in the labor force in 2000 than in 1990. During the same period, median household income increased by 44.1% and the percentage of county residents below the federal poverty line decreased from 13.5% to 11.6%. There were more residents below the poverty line in Salinas than countywide.

Key Findings.

- The proportion of county residents who are Latino has increased from about one-third to nearly half of the population over the last 10 years. 64.1% of residents in Salinas are Latino, compared with only 10.9% of Monterey's residents.
- About three-fifths (61.6%) of the county's population is from 18 to 64 years which is similar to statewide (62.1%). 31.6% of the county's population is between the ages of 0-19 (compared to 30.1% statewide) and 10% of the population is 65 and over (compared 10.6% statewide). The population of Salinas is younger than the county average.
- Although median household income increased by 44.1% between 1989 and 1999, the percentage of county residents below the federal poverty line also increased from 11.6% to 13.5%. There were far more residents below the poverty line in Salinas than countywide.

Educational Characteristics of Monterey County

Overall Educational Characteristics

In general, Monterey County residents had lower levels of educational attainment in 2000 than the statewide average. The county also has fairly high levels of illiteracy compared to other counties. Salinas residents had much lower educational attainment and literacy than county residents as a whole.

Key Findings.

- Monterey County residents have lower levels of education on average than California residents overall. Salinas residents are much less likely to have a high school diploma or bachelor's degree than county residents overall.
- Monterey County's percentage of low literate and illiterate people is fairly high compared to other California counties. Salinas has a higher percentage of low literate people than countywide.

K-12 Public School System

Monterey County has nearly 20,000 public secondary school students. Approximately 11.3% of those are enrolled in alternative education. Nearly 30,000 county students are classified as English learners and nearly 24,000 students are eligible for migrant education. In addition, over half of all county students (57.8%) had household incomes low enough to be eligible for free and reduced price lunches and over 8.7% were CalWORKS (formerly AFDC) participants in 2000-2001.

Academic performance for Monterey County high schools was mixed. Although several schools in the county received very high rankings according to standardized test results and the county's dropout rate was slightly lower than for the state as a whole, fewer county students passed the high school exit exam and completed all course required for admission to the University of California and California State university than statewide.

Key Findings.

- In 2001-2002, there were 19,983 public secondary students (grades 9-12) in Monterey County. Of these secondary students, 11.3% (2,252 students) were enrolled in alternative education.
- In 2000-01, 39.4% (28,933) of all students in Monterey County public schools were classified as English Learners (formerly Limited English Proficient or LEP) and more than 24,000 students were eligible for migrant education.

- Over half (57.8%) of all county students had household incomes low enough to be eligible for free and reduced price lunches and over 8.7% were CalWORKS (formerly AFDC) participants in 2000-2001.
- Most Monterey County districts with high schools spend more than the state average per student.
- Only three Monterey County high schools received Academic Performance Index (API) rankings of less than 5 (out of 10, 10 being highest). Five high schools received rankings of 8 or higher.
- Compared to the state, a smaller percentage of students in Monterey County passed the English Language Arts and Math portions of the exam.
- Monterey County's dropout rate⁴ of 2.2% in 2000-2001 was slightly lower than the state's overall dropout rate (2.8%).
- The percentage of Monterey County students completing all courses required for University of California (UC) or California State University (CSU) entrance in 2000-2001 (25.4%) was lower than for the state as a whole (35.6%).

Adult and Higher Education

Monterey County has numerous adult and higher education resources. The county has six districts that provide adult education, two community colleges and one public university.

Key Findings.

- About half of all school districts (6 out of 10) in Monterey County provided adult education services in 1999-2000. Salinas Union High School District had the most adult students with 2,159 students enrolled in Adult Basic Education and 4,920 students enrolled in English as a Second Language (ESL).
- Monterey County has two community colleges, Hartnell College in Salinas and Monterey Peninsula College in Monterey. In spring 2001, Monterey Peninsula College enrolled 16,104 students and Hartnell College enrolled 10,165 students.
- Monterey County has one public university, California State University, Monterey Bay (CSUMB), located in Seaside, with enrollment of approximately 3,000 students.

⁴ All the rates referred to in this section are one-year rates from the California Department of Education's Dataquest system.

Unmet Needs for Youth to be Successful in the Labor Market⁵

Monterey County youth providers reported several critical needs⁶ for local youth, including mentoring, more access to caring adults, and more access to mental health counseling. The youth themselves emphasized that they would benefit from better counseling services in schools.

Key Findings.

Respondents noted the following needs:

- Mentorship training for youth program staff.
- Youth need more long-term involvement with program staff who are able to dedicate a significant amount of time to them.
- Improved access to mental health counseling for youth who do not live at home or have serious family problems.

Unmet Services Adults and Dislocated Workers Need to be Successful in the Labor Market⁷

Monterey County service providers and customers reported a number of needs for adults and dislocated workers. These needs included providing long-term intervention with strong staff support, enhanced training options for participants, and long-term follow-up services combined with an enhanced access to a range of supportive services. Service providers also noted that certain distinct groups such as limited English speakers, farmworkers, and people with disabilities need additional assistance.

Key Findings.

Respondents noted the following needs:

- Provide long-term program intervention with strong staff support.
- Enhance education and training options for participants.
- Reduce caseloads for staff.
- Provide long-term follow-up services for customers to help with job retention and career advancement.

⁵ Section based on focus groups.

⁶ These needs were prioritized by focus group participants.

⁷ Section based on focus groups.

- Improved access for Limited English-speaking workers to language training programs and bilingual job skills programs.
- Improved access for farmworkers to on-the-job training opportunities and internships to help them advance and move out of jobs that offer only seasonal employment.
- Enhanced workforce services for people with disabilities.

I. OVERVIEW

The Tri-County Needs Assessment Interim Report represents the first stage in a four-part project to develop a Community Asset Investment Portfolio for the three counties of Santa Cruz, Monterey, and San Benito. The Tri-County Community Asset Investment Portfolio will eventually include an analysis of the needs of these three counties, an assessment of all available workforce services, an evaluation of the gaps in services and a final report, which will recommend how the counties might address these gaps.

This report is divided into sub-reports focusing on the needs of each county and an overall regional summary. This sub-report will focus on the needs of Monterey County. It will analyze both the demand for labor by employers and industries and the county's workforce and supply of labor. The analysis of employer and industry demand will begin with an examination of aggregate labor market statistics such as unemployment rates, employment by industry and growth projections for industries and occupations. The demand analysis will also include an analysis of the skill requirements and worker skill deficiencies, the overall barriers employers face in meeting recruitment needs, and where employers find workers. Finally, the analysis of demand for labor will conclude with an examination of the needs and growth prospects of specific industry clusters.

Following the analysis of demand for workers, the report will next examine the county's supply of labor. This will include an examination of aggregate data on the county's population and labor force, as well as educational statistics, including the age and racial makeup of the county, the number of individuals below the poverty line and the success of area high schools. The analysis of labor supply will also include a discussion of what youth, adults and dislocated workers need to be successful in the labor market and meet their career aspirations.

This report is aimed at providing a snapshot of the workforce needs of Monterey County. The report is based on three primary sources of data: secondary data gathered from numerous sources available on the Internet such as labor market information from the California Employment Development Department; data collected during five focus groups conducted with employers, adult job seekers, youth, and providers of adult and youth workforce services; and four telephone interviews with leading employers and representatives of particular industries. The findings of this report, particularly the sections based on focus group and interview results, are limited and represent the opinions of focus group and interview participants which may or may not capture the

views of other stakeholders who were not able to participate or the broader community. Furthermore, the findings of this report are primarily for use in developing the final Portfolio and therefore focus on only a limited range of workforce issues in the county.

II. ANALYSIS OF LABOR MARKET DEMAND

This report will begin its assessment of workforce needs in Monterey County by examining the demand for labor by industries and employers. This will include an analysis of aggregate data on the labor market, including unemployment rates, employment by industry and projections for employment by industry and occupation over the next few years. The analysis of labor market demand will also examine the skills employers are looking for and the difficulties they have in finding workers who have those skills, the overall barriers employers face in recruiting workers, and where employers find workers. Finally, the report will focus on selected industry clusters in the county and examine their growth prospects, recruitment needs, skill requirements, and wages.

1. Aggregate Labor Market Demand

To analyze the overall demand for workers in the county, this report will first examine a number of basic labor market indicators and trends. In general, the county's population and labor force grew by just over 10% from 1990 to 2000 and unemployment declined. Employment by industry stayed the basically the same over the decade with agriculture, services, and government each employing about a fifth of all county workers. These three industries are also projected to add the largest number of new jobs between 1999 and 2006. Most of the occupations projected to have large numbers of openings between 1999 and 2006 are employed in retail trade and services, require little training, and pay very low wages.

a. Monterey County Labor Force and Unemployment

While Monterey County as a whole grew at about the same rate as the state between 1990 and 2000, Salinas grew much more rapidly while the city of Monterey actually lost residents. The county's labor force also grew by the same rate as the state, increasing by about 14%. During the same period, unemployment rates for the county declined significantly and remained only slightly higher than for the state as a whole. Unemployment in Salinas was also much higher than countywide and for the Monterey Peninsula.

- **Monterey County's population increased by 12.9% between 1990 and 2000 which was comparable to the state's growth of 13.8%.**

According to the 2000 Census, the total population of Monterey County was 407,762, which represented a 12.9% increase from the 1990 Census. According to the Association of Bay Area Governments (AMBAG), the population of Monterey County is projected to continue to grow over the

next two decades, increasing by 33.6% to over 536,000 residents by the year 2020.

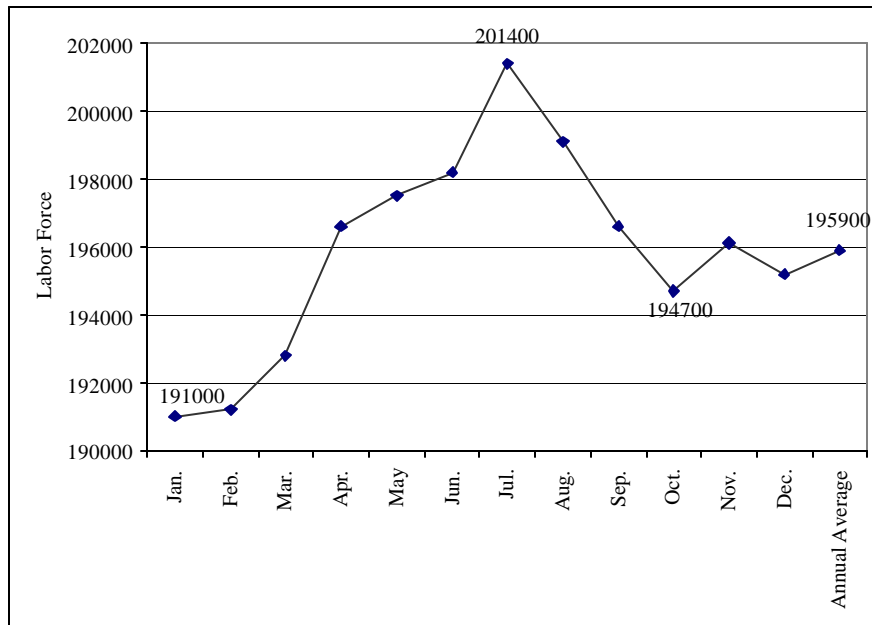
- **Salinas, the largest city in the county, grew dramatically over the last 10 years.** For Salinas, the county seat where 37% of county residents live, the population increased 38.9% to 151,060 in 2000 according to the Census.
- **The population of Monterey, the next largest city in the county, decreased slightly between 1990 and 2000.** The population of Monterey decreased by 7.1%, declining from 31,954 persons in 1990 to 29,674 in 2000.
- **Monterey County’s labor force increased by 14% over the last 10 years, at approximately the same rate as the state’s.** From 1991 to 2001, the county’s labor force increased 14% from 171,300 to 195,800 workers. California’s labor force also increased by 14% during the same period. AMBAG also projects that Monterey County’s labor force will continue to grow during the next 20 years, increasing 17% by 2020 (see Table 1).
- **The local labor force fluctuates seasonally.** Primarily as a result of seasonal influences on employment in agriculture and tourism, the labor force in 2001 grew from a low in January of 191,000 to a seasonal high of 201,400 workers in July (see Figure 1).

Table 1. Average Annual Labor Force Monterey County 1991-2001

	1991	1996	Percent Increase 91-96	2001	Percent Increase 91-01
Monterey County	171,300	178,200	4.0%	195,800	14.0%
Santa Clara County	842,400	895,000	6.0 %	1,012,700	20.0%
California	15,176,600	15,511,600	2.0%	17,362,200	14.0%

Source: California Employment Development Department; Labor Market Information Division; not seasonally adjusted.

Figure 1. Seasonal Fluctuation in Labor Force

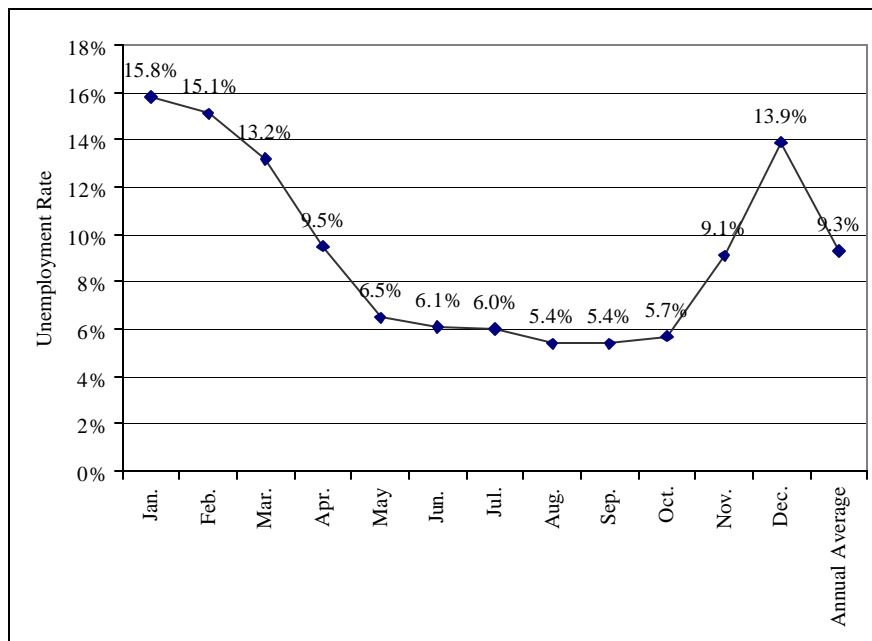


Source: Employment Development Department, Labor Market Information Division.

Notes: 1) The unemployment rate is calculated using unrounded data. 2) Due to the introduction of the 1990 Census population figures, the data for years prior to 1990 are not comparable with data for 1990 and later years.

- **Unemployment rates for Monterey County declined for most of the 1990s although they remained higher than unemployment rates for the state as a whole.** Unemployment in the county decreased from a high of 12.9% in 1993 to a low of 9.3% in 2001. This was similar to what the state as a whole experienced, except that Monterey's unemployment rate was typically at least three to four percentage points higher than that for the state as a whole.
 - **Over the last 10 years, Salinas had much higher rates of unemployment than the Monterey Peninsula.** Unemployment in Salinas was 12.1% in 2001, down from 14.6% in 1991. By contrast, unemployment on the Monterey Peninsula was just 5.1% in 2001 and 6.1% in 1991.
 - **Monterey County's unemployment rate fluctuates widely due to seasonal influences.** Primarily as a result of seasonal layoffs in agriculture and tourism, the unemployment rate fluctuates widely in Monterey County. In 2001, for example, in January, the unemployment was at a seasonal high of 15.9%. It then declined by almost two thirds to a seasonal low of 5.4% in August and September of that year and increased again to 13.9% in December (see Figure 2).

Figure 2. Seasonal Fluctuation in Unemployment Rate



Source: Employment Development Department, Labor Market Information Division.

Notes: 1) The unemployment rate is calculated using unrounded data. 2) Due to the introduction of the 1990 Census population figures, the data for years prior to 1990 are not comparable with data for 1990 and later years.

b. Employment by Industry

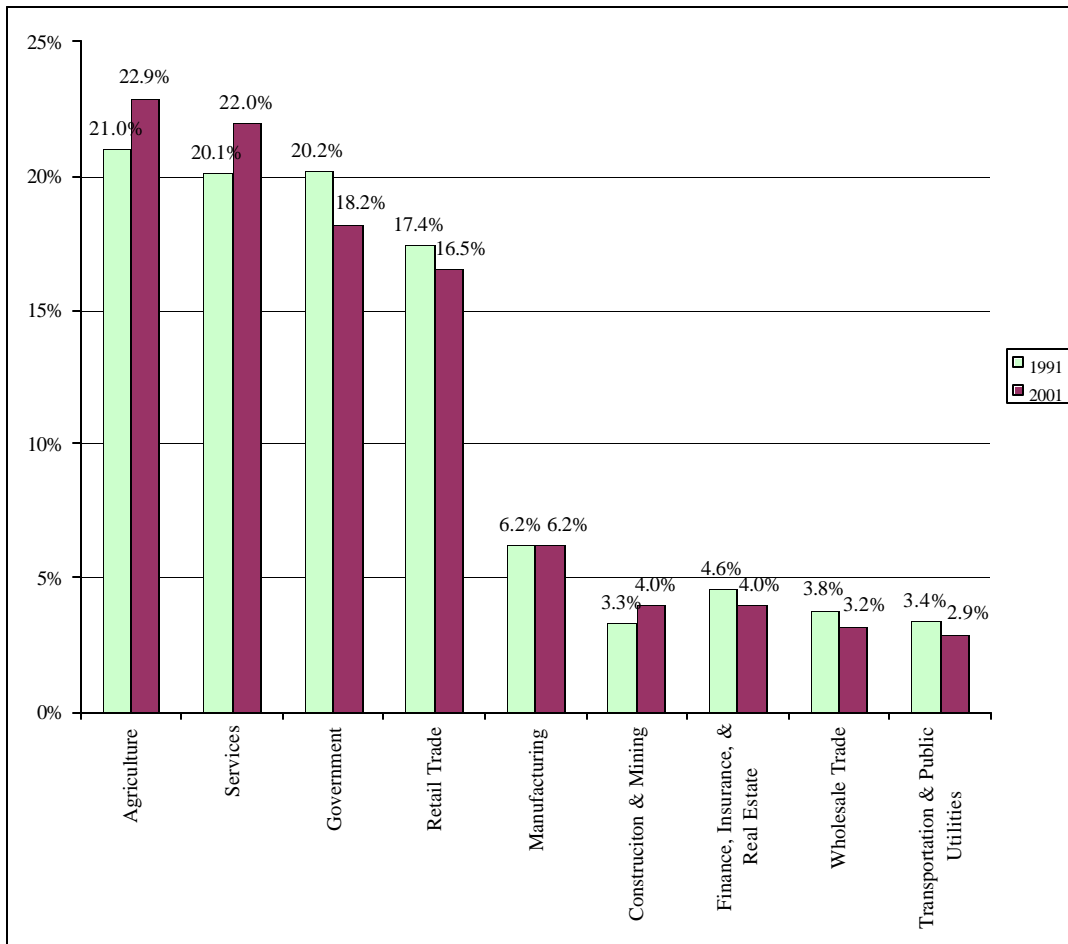
Employment in Monterey County remained nearly equally divided between agriculture, services, and government between 1991 and 2001 which each employed about a fifth of all workers (See Figure 3 and 4). The fourth largest industry in terms of employment during the same period was retail trade. The construction industry, although small, experienced the fastest growth in jobs during the same period.

- **Agriculture was the largest employer in both 2001 and 1991, employing just 1,500 more workers than the services industry.** In 2001, 22.9% of county workers were employed in agriculture as compared to 21% in 1991. In absolute terms, absolute employment in agriculture grew by 33.1% over the last decade (1991-2001) when employment in agriculture increased from 29,000 to 38,600.
- **The services industry was the second largest employer in 2001.** Services employed 22% of workers in 2001 as compared to 20.1% in 1991. In absolute terms, the services industry grew by 33.5% between 1991 and 2001, increasing from 27,800 to 37,100 workers.
- **Government employed the third largest percentage of county workers in 2001.** In 2001, 18.2% of all workers in the county were

employed by various government organizations, a slight decrease from 1991 (20.2%). While the proportion of government employment decreased, absolute employment in government still increased from 27,900 to 30,600 workers, a 9.7% increase.

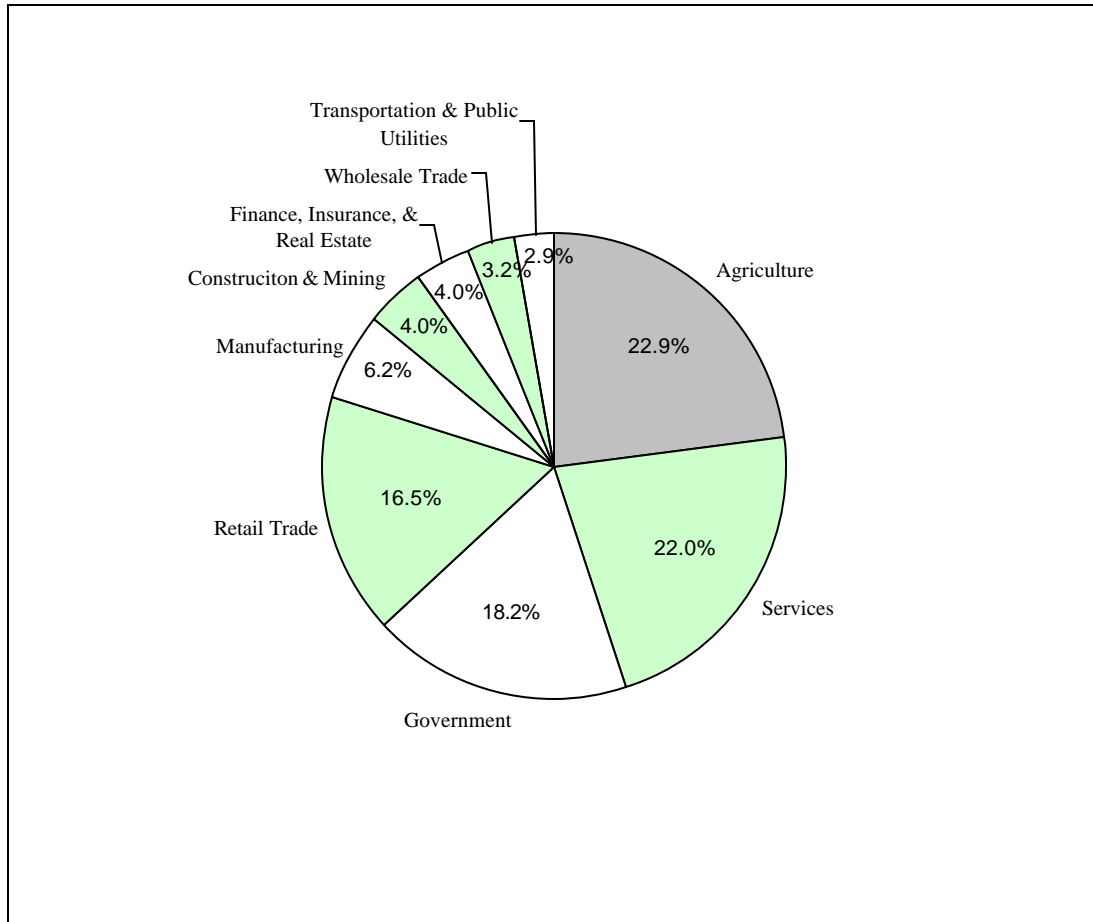
- **Retail trade was the fourth largest industry in terms of employment in Monterey County in both 2001 and 1999.** However, the proportion of workers employed in retail trade decreased slightly from 17.4% in 1991 to 16.5% in 2001. At the same time, in absolute terms, 3,400 retail trade jobs were added over the same period, as total employment in the retail industry grew from 24,000 in 1991 to 27,800 jobs in 2001.
- **The construction industry experienced the fastest growth in jobs over the last decade, growing 48.9%, from 4,500 workers in 1991 to 6,700 workers in 2001.** During the same period, the percentage of Monterey County workers employed by the construction industry increased from 3.3% in 1991 to 4% in 2001, making construction sixth largest industry (with finance, insurance and real estate) in the county.

Figure 3. Monterey County Employment by Industry, 1991 & 2001



Source: California Employment Development Department; Labor Market Information Division

Figure 4. Monterey County Employment by Industry, 2001



Source: California Employment Development Department; Labor Market Information Division

c. Projected Employment Growth by Industry

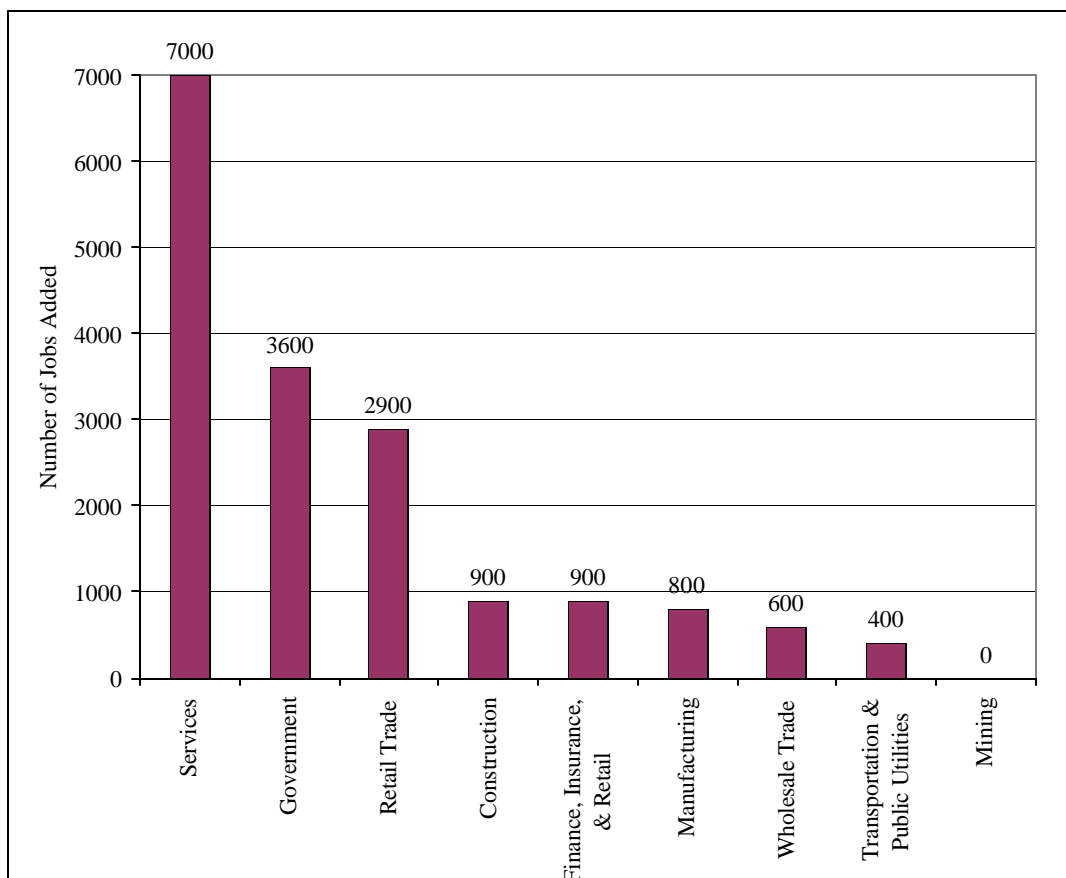
Overall, non-farm employment is expected to grow by 13.6% between 1999 and 2006 adding 17,100 jobs. Services, government, and retail trade will add the largest number of new jobs during this period (see Figure 5). Services alone will add 40.9% of these new non-farm jobs.¹

- The services industry is expected to add the largest number of jobs between 1999 and 2006, adding approximately 7,000 jobs.** This continues a long-term growth trend for the services industry in the county. About a quarter of these jobs are projected to be in business services, such as computer and data processing services, security guard services, janitorial services, and temporary employment services. Over a fifth will be in health services.

¹ Projections were not available for farm employment (agriculture).

- **Government is expected to add the second largest number of jobs, adding 3,600 jobs between 1999 and 2006.** Over 90% of these jobs will be at the local government level, including 1,800 jobs in local education.
- **Retail trade is expected to add 2,900 jobs, adding the third largest number of new jobs from 1999 to 2006.** Restaurants and bars (eating and drinking establishments) are expected to account for about 38% (1,100) of these new jobs, and food stores will add 700 jobs.
- **Construction and finance, insurance and real estate will both add 900 jobs from 1999 to 2006.** The banking industry is expected to add 55.5% (500) of these jobs, while real estate and insurance will add 400 jobs.
- **Manufacturing will add only 800 jobs between 1999 and 2006.** Most of these jobs will be in the food processing and industrial machinery sectors.

Figure 5. Employment Projections by Industry from 1999 to 2006



Source: California Employment Development Department; Labor Market Information Division.

d. Major Employers of Monterey County

The list of the 15 largest employers in Monterey County further reflects the concentration of county employment in agriculture and services (See Table 2).

- **Among the 15 largest employers, five are services and four provide farm labor services.** In addition, two of the largest firms are in manufacturing and wholesale trade.
- **Among the largest employers in Monterey County are several health and educational firms.** These firms include Community Hospital of Monterey, Salinas Valley Memorial Hospital, Monterey Peninsula College, and the Naval Postgraduate School.

Table 2. 15 Largest Employers in Monterey County

Employer Name	Industry
Arroyo Labor Contracting Service	Agriculture: Personnel Supply Services/farm labor contractors
Bud of California	Wholesale Trade Groceries & Related Products
Community Hospital of Monterey	Health Services: Hospitals
D'Arrigo Brothers Co	Wholesale Trade: Groceries & Related Products
Foothill Packing Inc.	Services
Household Credit Service	Finance, Insurance, & Real Estate: Business Credit Institutions
Integrated Device Technology	Manufacturing: Electronic Components & Accessories
McGraw-Hill-CTB	Manufacturing: Miscellaneous Publishing
Monterey Peninsula College	Educational Services: Colleges & Universities
Naval Postgraduate School	Government/Education: Public Administration (Government)
Norcal Harvesting	Agriculture: Farm Labor Contractor
Pebble Beach Company	Services: Misc. Amusement and Recreation Services
Premium Harvesting and Packing	Agriculture: Farm Labor and Management Services
Quality Farm Labor	Agriculture: Personnel Supply Services/farm labor contractors
Salinas Valley Memorial Hospital	Health Services: Hospitals

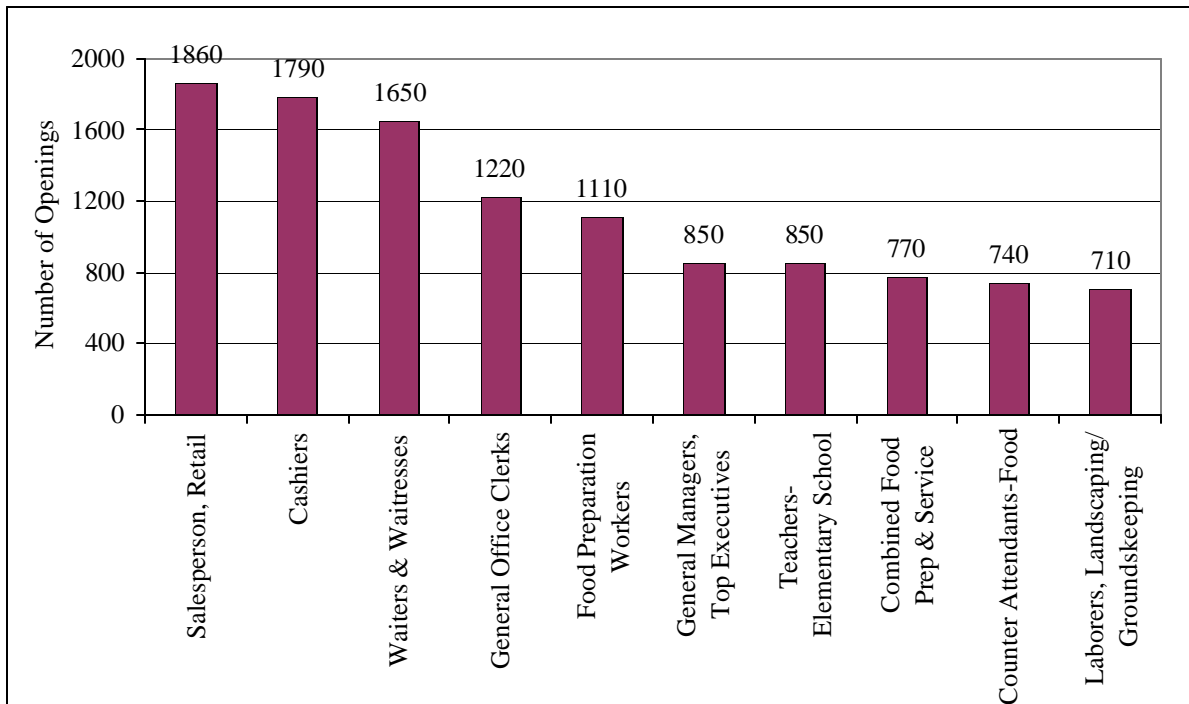
Source: California Employment Development Department; Labor Market Information Division.

e. Projected Occupational Growth by Industry and Wages
Occupations Projected to have the Most Openings

In general, the majority of occupations with large numbers of projected openings from 1999 to 2006 are in the low paying retail trade and service industries (See Figure 6 and Table 1 in the Appendix). Most of these occupations require only short-term training and pay low average annual wages of under \$30,000 per year. Only a few services occupations, particularly in the health and educational sectors, pay higher wages but also require more education.

- **Over half (17) of the 30 occupations projected to have the most openings are in retail trade and services.** The largest number of openings are projected for salesperson/retail (1,860), cashiers, (1,790), and waiters and waitresses (1,650).
 - The high-growth retail trade occupations pay between \$16,000 and \$25,000 and require only short-term on-the-job training. A notable exception is restaurant cook, which requires long-term on-the-job training.
 - While most of these fast-growing service-related occupations have low wages, four educational and health service occupations pay substantially higher wages (more than \$40,000 per year) and require more education and training. These occupations include elementary school teachers (\$41,900, 850 openings), registered nurses (\$52,234, 580 openings), instructional coordinators (\$51,218, 450 openings), and secondary school teachers (\$50,939, 390 openings).
- **Most (21) of the 30 occupations projected to have the most openings between 1999 and 2006 have average annual earnings of under \$30,000.** Only seven of these 30 occupations have average annual pay of \$40,000 or more.
- **For occupations with higher average annual earnings (between \$40,000 and \$60,000) which don't require a college degree, correction officer/jailer and carpenters are projected to have the most job openings.** Corrections officers/jailers have average annual wages of \$45,130 and are projected to have a total of 610 openings between 1999 and 2006. Carpenters have a similar average annual wage (\$44,424), and 320 openings are projected. Although these occupations do not require a college degree, both require long-term on-the-job training or apprenticeships.

Figure 6. Top 10 Occupations with the Most Openings



Source: California Employment Development Department; Labor Market Information Division; 2000 Occupational Employment Statistics Survey.

Occupations Projected to have the Fastest Growth

Service occupations also make up half of the occupations projected to have the fastest growth in Monterey County between 1999 and 2006 (see Table 5 in Appendix). Several of the fastest growing occupations are in the technology sector and require a college degree.

- **Five of the 10 fastest growing occupations are projected to be in the service industry.** Examples of these occupations include paralegal personnel (57.1%), personal and home care aides (40%), and medical record technicians (37.5%).
- **Three of the 10 fastest growing occupations are expected to be technology related.** These occupations include computer engineers (46.7%), computer support specialists (45%), and systems analysts—electronic data processing (33.3%). All three occupations require a bachelor's degree.
- **Six of the 10 fastest growing occupations require a college degree.** The type of degree required ranges from an associate's degree (paralegal personnel, medical records technicians) to a master's degree (speech pathologist/radiologist).

2. Employer Skill Requirements and Worker Skill Deficiencies²

This report will next examine the most important skills employers look for in their employees and their difficulties in finding workers with these skills. In general, few employers said they were currently having difficulty finding workers. However, some employers reported difficulties in recruiting workers with very specific technical skills and experience, particularly in the health care services industry. Employers also said that having a positive work ethic and strong basic skills were typically more important than occupational training or experience for low-skilled or entry-level workers. Computer skills were less important for these workers and easier to find. For high-skilled positions, employers said that specific technical skills and experience were most important.

- **Employers indicated that finding qualified employees is one of the highest concerns for them in staying competitive.** In its annual survey, the Salinas Chamber of Commerce found that employers rated finding qualified workers their top concern in the last few years.
- **Employers in some industries reported that they had considerable difficulties in finding employees.** The health care and agriculture industries in particular reported difficulties in recruiting and retaining workers. Representatives of those industries see this as a major growth constraint.
- **All employers emphasized that for most entry-level positions, having a good work ethic and being motivated to work are most important qualifications they look for.** They would prefer to hire untrained workers who have a strong work ethic and provide them with on-the-job-training rather than hire workers who have been through an occupational training program or even have experience.
- **Employers complained that a large majority of candidates for employment lack basic customer service skills.** Entry-level workers often lack the confidence and interpersonal skills to have successful interactions with customers.
- **Employers also complained that workers often lack basic math and language skills.** Employers noted that applicants often show a lack of the “three R’s” and that their education seems to have failed them.

² Data for this section is primarily based on a focus group held with Monterey County employer representatives in July, 2002 and phone interviews with four additional industry representatives in July, 2002. These phone interviews included Burke Pease, CEO of Monterey County Convention and Visitors Bureau, July 12, 2002; Susan Dupree, Natividad Medical Center, July 11, 2002; Ron Chesshire, Carpenter’s Union Business Representative, July 2, 2002; Chris Bunn, Monterey County Farm Bureau, July 10, 2002.

Employers reported that native speakers and non-native speakers of English often lack English skills and that they are often not able to complete simple calculations.

- **Computer skills are important but can be trained on the job.** Though some employers found computer skills among many applicants to be insufficient, they said that they could provide the training and would not consider that to be a significant barrier to employment. In most industries computer skills were reported to be a requirement for all levels of employees. In agriculture, they are a requirement from the mid-management level and higher.
- **Employers said that it is quite difficult to find highly skilled, educated, and experienced workers.** In health care, agriculture, and construction, for example, employers and labor representatives indicated that finding skilled and experienced employees for mid-level and senior positions was quite difficult and that they usually have to look outside the county to fill them.

a. Barriers to Satisfying Labor Market Demand³

Employers also face overall barriers to successful employee recruitment and expansion of their businesses. In Monterey County, employers considered the high cost housing to be the most significant barrier.

- **Housing costs were considered the primary barrier to finding workers.** Employers noted that this was a particular problem when they are trying to recruit workers for specialized skilled positions from outside coastal California because these workers are unwilling to relocate to a place where housing costs are so high. In addition, some employers reported that newly hired employees who relocated to Monterey County and tried to find affordable housing gave up after 3-6 months and returned to their communities of origin.
 - According to the Tellus/Diganos survey, more than half of surveyed residents of Monterey County spend one third or more of their income on housing costs.
 - In 2000, the median value of owner-occupied homes countywide was estimated at \$274,631. However, on the Monterey Peninsula

³ Data for this section is primarily based on a focus group held with Monterey County employer representatives in July, 2002 and phone interviews with four additional industry representatives in July, 2002. These phone interviews included Burke Pease, CEO of Monterey County Convention and Visitors Bureau, July 12, 2002; Susan Dupree, Natividad Medical Center, July 11, 2002; Ron Chesshire, Carpenter's Union Business Representative, July 2, 2002; Chris Bunn, Monterey County Farm Bureau, July 10, 2002.

the median home price ranged from \$317,000 in Seaside to \$850,000 in Carmel.

- Median monthly mortgages rose from \$1,008 in 1990 to \$1,439 in 2000, while median rents jumped from \$625 to \$755.⁴
- **Transportation was not considered to be a major barrier.** Although the main transportation corridors connecting the Monterey Peninsula with Salinas are congested during commute hours, employers did not think that this has affected their ability to recruit or retain workers. Public transportation is used by only a small number of employees and now covers most of the county.

3. Where Monterey County Employers Find Workers⁵

Most employers in the county recruit workers through employee referrals, newspaper advertisements, the Internet, word-of-mouth and through temporary staffing agencies or labor contractors. By contrast, few employers use public workforce services to find the workers. This was largely because employers were either unfamiliar with public workforce services or did not think they were very effective in attracting high-quality workers and required too much paperwork.

- **Most employers either recruit directly through advertising or word-of-mouth or they use private intermediaries such as labor contractors (for agriculture) and staffing firms.** Some employers conduct nationwide searches for relatively low-level jobs hoping that they might attract candidates who are interested in relocating to Monterey County.
 - **Growers and shippers recruit entry-level workers through labor contractors.** Given the seasonal demand for large numbers of low-skilled laborers in the agriculture industry, most growers and shippers use labor contractors to recruit and hire for low-level positions.
 - **Private staffing firms continue to be attractive to employers.** Several employers noted that they were impressed with the quality of candidates that they were able to recruit through such staffing

⁴ Census 1990 and 2000.

⁵ Data for this section is primarily based on a focus group held with Monterey County employer representatives in July, 2002 and phone interviews with four additional industry representatives in July, 2002. These phone interviews included Burke Pease, CEO of Monterey County Convention and Visitors Bureau, July 12, 2002; Susan Dupree, Natividad Medical Center, July 11, 2002; Ron Chesshire, Carpenter's Union Business Representative, July 2, 2002; Chris Bunn, Monterey County Farm Bureau, July 10, 2002.

firms. They also noted that the process was simple and not very bureaucratic.

- **Employers do not make much use of public workforce services.** Employers reported that public workforce services were not well known or understood and most were not aware of the recruitment and training potential that might be available through them. An employer representative of the agriculture industry indicated that he did not think that public workforce service representatives were well trained to screen and refer suitable candidates for employment. Employers did indicate that they had had good experiences with the Regional Occupational Program's Health Care Academy, and the Employment Development Department's agriculture business representative program. Some employers indicated that they had hired individuals from private post-secondary institutions (such as Heald College) who might have been sponsored by public workforce funding.

4. Analysis of Workforce Demand for Selected Industry Clusters⁶

In the following section we will analyze demand in specific industry clusters that were identified as important current and future sectors of Monterey County's economy including agriculture, tourism, health care services and construction. Each of these clusters will be discussed below.

a. Agriculture

Monterey County is the third largest producer of agricultural products in California and supplies 80 percent of the nation's lettuce and artichokes and a wide range of other vegetables and specialty crops, such as strawberries. This three billion dollar industry has made significant contributions to seed technology, planting, irrigation, harvesting and packaging. In addition, Monterey County has become one of the largest premium grape growing regions in California, with over 40,000 acres of wine grapes. Monterey County has also become a significant producer of organic vegetables with over 4,000 acres under cultivation.

⁶ Data for this section is primarily based on a focus group held with Monterey County employer representatives in July, 2002 and phone interviews with four additional industry representatives in July, 2002. These phone interviews included Burke Pease, CEO of Monterey County Convention and Visitors Bureau, July 12, 2002; Susan Dupree, Natividad Medical Center, July 11, 2002; Ron Chesshire, Carpenter's Union Business Representative, July 2, 2002; Chris Bunn, Monterey County Farm Bureau, July 10, 2002.

- **Growth Prospects.** Agriculture is a volatile industry where market forces rapidly change industry and occupational outlook. Currently the industry is in a short-term decline although certain sub-sectors are still growing significantly. Though overall land resources are limited, growth can still occur by switching acreage to higher-yielding crops.
- **Barriers to Growth.** Industry representatives said that government land-use and farming restrictions were one of the main barriers to growth. They also said that the limited supply of affordable housing hits their worker pool particularly hard and makes recruitment of workers more difficult.
- **Skill Requirements.** Most positions in agriculture are for unskilled and low-skilled field workers involved in manual labor that includes planting, cultivating, and harvesting crops and in processing those crops during and after harvest. Growers and shippers also hire large numbers of agricultural equipment operators to operate a wide range of machinery such as tractors, irrigation, pest control, and harvesting machines and mechanics to repair these machines as well as highly complex processing, cooling and packing machines. Highly skilled and professional positions in agriculture include soil technicians, agronomists, biologists, food scientists, as well as managers, and financial, sales and marketing professionals.
- **Availability of Qualified Workers.** Industry representatives have indicated that it is difficult to find workers at all levels despite a downturn in the industry. More than 95% percent of unskilled and low-skilled farm workers are seasonal workers from Mexico and Central America. Tightened immigration restrictions have made recruitment of immigrants more difficult. In addition, many agricultural employers move their operation to Southern California and Arizona for the winter season, which has resulted in retention issues because many farm laborers do not want to make the move with them. Industry representatives say that it is most difficult to recruit skilled mechanics and middle management positions.
- **Where Employers find Workers.** Most growers use labor contractors to hire and employ temporary migrant workers for their un-skilled and low-skilled positions. Those who do not use labor contractors primarily use word of mouth to recruit.
- **Industry Wages⁷.** Field workers are often paid a base wage and an additional piece-rate. Some employers indicated that they also offer a

⁷ Data on wages by occupation in this section are from the California Employment Development Department's Labor Market Information Division, Occupational Employment Statistics Survey Results for Monterey County. Data on wages by industry are from the California Employment Development Department's Labor Market Information Division, Covered Wages and Employment for Monterey County, 2000.

benefit package to stay competitive. Hourly wages are typically from \$8.00-12.00. However, it is not uncommon for field workers to be unemployed for several months during the winter resulting in relatively low annual wages. Average annual pay accordingly is \$22,052 for the industry as a whole. Wages for skilled, specialized and professional workers range from \$30,000-\$60,000 and wages for middle management positions range from \$45,000-\$85,000 per year.

5. Tourism

Tourism in Monterey County is a \$1.75 million industry which brought an estimated five million visitors to the County in 2001, 1.2 million of whom stayed overnight. Most tourism destinations and the majority of commercial lodging facilities in Monterey County are located on the Monterey Peninsula. For example, the top tourism destination in 2000 was the Monterey Bay Aquarium which had 1.7 million visitors. The Monterey County Convention and Visitor's Bureau estimates that Tourism generated 24,000 full-time-equivalent positions in the county.

- **Growth Prospects.** Tourism in Monterey County is in a decline after peaking in 2000. Industry representatives believe that this trend mirrors a nationwide decline in travel and that it is only temporary. They described the long-term growth prospects as good.
- **Barriers to Growth.** In the short term, the primary barrier to growth is the health of the national economy. In addition, the high cost of housing for employees and constraints on land use and water supply constitute additional barriers.
- **Skill Requirements.** For most entry-level positions, soft skills such as dependability and having a positive work attitude and good customer service skills are primary considerations for employers. Prior work experience in the industry is not a requirement as employers are willing to train employees on the job. Supervisory and management positions also require computer skills.
- **Availability of Qualified Workers.** Given the downturn in the industry, currently there is an adequate supply of workers. Other constraints, however, such as the high cost of housing, can make it difficult to find qualified workers, especially when attempting to attract supervisory and management staff.
- **Where Employers find Workers.** Employers use newspaper ads, the Internet, and word of mouth for recruitment. Some employers offer incentives to their current employees to bring in new staff.
- **Wages.** Wages in tourism related industries are relatively low. For example, average annual wages in the hotel and motel industry are \$23,065 and \$18,694 in the amusement and recreation services industry.

In terms of related occupations, maids and housekeeping cleaners have mean annual wages of \$17,670 while cashiers have mean annual wages of \$19,255. Bookkeeping and accounting clerks have mean annual wages of \$29,523.

6. Health Care Services

Health Care Services is a rapidly growing segment of the services industry in Monterey County. The County is served by three major hospitals, with a combined workforce of approximately 4,820 employees.

- **Growth Prospects.** The health care industry in Monterey County is currently growing rapidly despite the overall downturn in the economy. This growth is due to increases in the population of the Salinas Valley, and an influx of new medical technology that is lengthening average life spans. The county is expected to add at least 100 hospital beds by 2010.
- **Barriers to Growth.** Following a nationwide trend, finding qualified workers is a significant barrier to the growth of the industry. One major factor that exacerbates the shortage of qualified medical personnel is the high cost of housing in the county that makes recruitment even more difficult in an already very competitive market.
- **Skill Requirements.** Most workers in the health care services industry need certain specific skills. These range from fairly low-skilled occupations such as medical receptionists and certified nurses assistants (CNA) to highly skilled occupations such as registered nurses, medical technologists, pharmacists, and physicians. Employers usually require certification, credentials, and degrees that pertain to the specific occupations at the time of the hire. Critical qualities for entry-level workers include strong English skills, basic CPR skills, and customer services skills. Computer skills and skills in other languages are also helpful but not a requirement.
- **Skill Deficiencies.** Industry representatives noted that it is very difficult to find candidates with good customer service skills.
- **Availability of Qualified Workers.** According to industry representatives, Monterey County – similar to the rest of California – is experiencing an acute shortage of qualified personnel. Health care service providers have a very difficult time finding workers. This is true for most occupations in the industry, but is most acute for nurses.
 - Turnover rates are very high as well. Currently many nurses are considered “traveling nurses.” Instead of taking a position, they sign a short-term contract and move on to the next hospital. Traveling nurses generally are hired at above market rate to fill shortages.

- To alleviate the shortage of workers, hospitals are willing to train entry-level employees and some local hospitals also offer reimbursement for education costs to help health care workers move up the career ladder.
- **Where Employers find Workers.** Health care employers primarily advertise in newspapers, and use employee referrals or temporary agencies.
- **Wages.** Wages in the health care sector tend to be somewhat higher than in the rest of the service industry. Average annual wages for health care support occupations range from \$21,571 for home health aides to \$38,246 for physical therapist assistants. Average annual wages of health care practitioners range from \$30,613 for pharmacy technicians to \$68,432 for physical therapists.
- **Assistance Needed.** Industry representatives report that there are a sufficient number of training programs for nurses but there is a lack of training opportunities for nurse’s assistants and for psychiatric assistants. Assistance in recruitment of trainees is also needed.

7. Construction

The construction industry experienced the fastest relative growth in jobs over the last decade when it grew to 6,700 jobs (4% of employment in Monterey County).

- **Growth Prospects.** The construction industry is expected to continue to grow even during the current economic downturn. With a projected population growth of 39% for Monterey County over the next 20 years, new construction, remodels, and renovations are expected to keep the industry healthy. Furthermore, Monterey County and cities within the county have approved or are considering approval of 15,400 residential units, 1,145 hotel rooms, and more than five million square feet of commercial and industrial projects.
- **Barriers to Growth.** Though the industry continues to grow, the rate of growth has slowed down as a result of the economic downturn. In addition, according to industry representatives, sales to wealthy buyers of second homes have slowed down as a result of the bust of the “dot-com” bubble. This has also resulted in a decline in number of remodels.
- **Skill Requirements.** Skill requirements include a high school diploma and good math and reading skills. Unions offer training for entry-level workers. For example, after six months of work experience, candidates can enter a four-year apprenticeship program in carpentry.
- **Skill Deficiencies.** Industry representatives noted that finding candidates with good math and reading skills is difficult.
- **Availability of Qualified Workers.** In most construction occupations, there is no shortage of qualified workers. Construction supervisors,

project managers, and estimators are difficult to find. Housing costs affect the local availability of workers because much construction takes place in areas of the county where few construction workers can afford to live.

- **Where Employers find Workers.** Except for management positions, most recruitment and training takes place through union hiring halls. In the construction industry, it is usually workers finding their employers rather than the other way around.
- **Wages.** Wages in the construction industry tend to be higher than average wages overall. In 2001, the mean annual wage of all construction occupations in Monterey County was \$41,472. Wages ranged from \$24,767 for insulation workers to \$61,873 for first-line supervisors.
- **Assistance Needed.** Industry representatives noted that improved math and reading skills were critical but did not think that the construction industry needed assistance in the area of recruitment.

III. ANALYSIS OF LABOR MARKET SUPPLY AND JOB SEEKER NEEDS

The next section of this report will examine the supply of labor in Monterey County. This will include an analysis of aggregate data on the county's population, labor force, and education system. The analysis of labor market supply will also examine the needs of youth, adults, and dislocated workers to be successful in the labor market and achieve their career aspirations.

1. Aggregate Analysis of Labor Market Supply

To analyze the overall demand for workers in the county, this report will first examine a number of overall indicators and trends for the county's population, labor force, and educational system. These indicators will include the racial, ethnic age and gender breakdown of the county's population as well as the county's median income and the percentage of county residents below the poverty line. The report will also analyze data for the county's educational system, including educational attainment, standardized test scores, the percentage of students passing the state's high school exit exam, dropouts, and enrollment in adult and higher education.

a. Characteristics of Monterey County's Population and Labor Force

As noted above, the population of Monterey County grew by about 13% over the past decade, increasing from 355,600 in 1990 to 401,762 in 2000. During the same period, the proportion of county residents who are Latino increased from 33.6% to 46.8%. The population of Monterey County is also somewhat younger than the state's population, but slightly more people will reach retirement age over the next 10 years than between 1990 and 2000. There were also somewhat more women in the labor force in 2000 than in 1990. During the same period, median household income increased by 44.1% and the percentage of county residents below the federal poverty line decreased from 13.5% to 11.6%. There were more residents below the poverty line in Salinas than countywide.

- **The proportion of county residents who are Latino has increased from about one-third to nearly half the population over the last 10 years.** Between 1990 and 2000, the Latino population of the county increased from 33.6% of the population to 46.8%. At the same time, the African American population of the county decreased from 6.4% to 4.5% (see Table 3 below).
- **The racial/ethnic makeup of the cities of Salinas and Monterey is notably different.** 64.1% of Salinas residents are Latino, compared with only 10.9% of Monterey's residents.

Table 3. Population of Monterey County by Race in 1990 & 2000

Category	Population in 1990	% of Population	Population ⁸ in 2000	% of population
White	227,008	63.8%	241,131	60.0%
Asian	27,856	7.8%	30,939	7.7%
African-American	22,849	6.4%	17,895	4.5%
American Indian/Alaskan Native	3,017	0.8%	7,656	1.9%
Other	74,930	21.0%	122,336	30.4%

Source: Census 1990 and 2000

- **About three-fifths (61.6%) of the county’s population is from 18 to 64 years old according to the 2000 Census (see Table 4).** This was slightly lower than the percentage statewide (62.1%). Most people between these ages are likely to be working and make up the bulk of the labor force. By contrast, 31.6% of the county’s population is between the ages of 0-19 (compared to 30.1% statewide) and 10% of the population is 65 and over (compared 10.6% statewide).
 - **Nearly 15% of the county’s population will enter the labor force over the next decade.** 15.4% (62,073) of the county’s population is between the ages of 10 and 19 and likely to enter the labor force over the next 10 years. This is slightly higher than the statewide percentage (14.8%).
 - **The county’s population is aging and slightly more county residents are likely to retire over the next decade than from 1990 to 2000.** 16.3% (65,376) of the county’s population in 2000 was between the ages of 45 and 59 years old compared to 17.1% statewide. By contrast, the 1990 Census reported that only 11.9% (42,151) of the population was 45-59 years old. This is important because this means that it is likely that more younger workers will be needed to fill positions formerly held by retirees.
 - **The population of Salinas is younger than the county average.** Only 13.2% of Salinas residents

⁸ Note: Census race data now allows respondents to select more than one race, so percentages may be higher in 2000 because respondents may identify with more than one race. Population numbers by race may also add up to more than the total population.

are nearing retirement age, while 35.3% are between the ages of 0 and 19 years old.

- **The population of Monterey city is slightly older than the county average.** 17.9% of Monterey’s residents are nearing retirement age and only 20.6% are between the ages of 0 and 19.

Table 4: Monterey County Population by Age in 1990 & 2000

Age Group	Number in Age Group 1990	Percentage of Population 1990	Number in Age Group 2000	Percentage of Population 2000
9 years and under*	N/A	N/A	64,716	16.1%
10-14 years*	N/A	N/A	31,140	7.8%
15-19 years*	N/A	N/A	30,933	7.7%
18-64 years	223,012	62.7%	247,413	61.6%
45-59 years	42,151	11.9%	65,376	16.3%
65 and older	34,697	9.6%	40,299	10.0%

Note: Percentages do not add up because of overlapping years in different categories.

Source: Census 2000. *Census figures in 1990 did not include this grouping.

- **About 44% of the county’s labor force was female in 2000, up from 41.3% 1990, according to the Census.**
 - The percentage of women age 16 and older who were in the labor force was 56%, slightly less than in 1990 (58.8%).
- **Median household income in 1999 was \$48,305, up 44.1% from 1989 (\$33,520) according to the Census.**
 - **Median household income was lower in Salinas than countywide.** The median household income in Salinas was only \$43,720 compared to \$49,109 in Monterey.
- **More Monterey County individuals were below the federal poverty level in 1999 than in 1989.** In 1999, 13.5 % of individuals were below the poverty level as compared to 11.6% in 1989. For female householders with no husband present, the percentage below the poverty level decreased from 25.7% in 1989 as compared to 22.7% in 1999.
 - **In 1999, Salinas had a much higher percentage of individuals below the federal poverty line (16.7%, 23,676).** By contrast, Monterey had only 7.8% (2,105) below the federal poverty line.

- **In 1999, an estimated 21,109⁹ children needed childcare in Monterey County.** However, there were only 7,344 (35%) licensed childcare slots available in the county.
- **39.6% of county residents say they speak Spanish at home.¹⁰** This makes Monterey County the leading county in California where Spanish is spoken in the home, ahead of Tulare and Los Angeles Counties. 23.8% of residents in Monterey County also said they speak English less than “very well.”
- **Migrant seasonal farmworkers constitute approximately a fourth of the county’s population.** In 2000, more than 67,000 Monterey County residents were migrant and seasonal farm workers, and an additional 41,000 residents were part of a household including migrant and seasonal farmworkers.¹¹
- **In 2000, 13.8% (28,964) of Monterey County residents between the ages of 21 to 64 years old had a disability.** 38.5% of these disabled residents are unemployed.¹²

b. Educational Characteristics of Monterey County

Overall Educational Characteristics

In general, Monterey County residents achieved lower levels of educational attainment than the statewide average. The county also has fairly high levels of illiteracy compared to other counties. Salinas had much lower educational attainment and literacy than countywide.

- **Monterey County’s residents have lower levels of education on average than California residents overall.**
 - **31.6% of Monterey County residents 25 years or older did not have a high school diploma in 2000 according to the Census.** This is much higher than the statewide percentage of 23.2%. It is also higher than it was 10 years ago when 27.1% of county residents lacked a high school diploma.
 - **Salinas residents are much less likely to have a high school diploma.** For example, while most

⁹ Source: Tellus/ Diganos, 2001.

¹⁰ Source: 2000 Census.

¹¹ Source: Migrant and Seasonal Farmworker Enumeration Profiles Study, California. Alice C. Larson, Larson Assistance Services. Prepared for Migrant Health Program, Bureau of Primary Health Care, Health Resources and Services Administration, September 2000.

¹² Source: Census 2000.

residents of Monterey (91.6%) 25 years and older had a high school diploma, only 56% of Salinas residents did.

- **22.5% of Monterey County residents 25 years or older had a bachelor’s degree or higher in 2000 according to the Census.** This was lower than the percentage for California as a whole (26.6%). The percentage of county residents with a bachelor’s degree about the same as it was 10 years earlier (21.5%).
 - **Only 12.3% of Salinas residents 25 and older had a bachelor’s degree.** For Monterey city, 46.2% of residents age 25 and older had a bachelor’s degree.
- **Monterey County’s percentage of low literate and illiterate people is fairly high compared to other California counties.** For example, in the 1992 National Adult Literacy Survey, 10.9% of county residents were reported to be illiterate. Compared to other counties in the state, Monterey County fell in the bottom 15%. In addition, in 1996, a Synthetic Estimate of Literacy conducted by Portland State University found that 27% of county residents were at the lowest level of literacy.
 - **Salinas had a much higher percentage of low literacy than Monterey and countywide.** In Salinas, 33% of persons were at the lowest level of literacy, compared to only 15% in Monterey city according to the same Portland State University study.

c. K-12 Public School System

Monterey County has nearly 20,000 public secondary school students, approximately 11.3% of who are enrolled in alternative education. Nearly 30,000 county students are classified as English learners and nearly 24,000 students are eligible for migrant education. In addition, over half of all county students (57.8%) had household incomes low enough to be eligible for free and reduced price lunches and over 8.7% were CalWORKS (formerly AFDC) participants in 2000-2001. Finally, county districts with high schools typically spent slightly more than the state average per student.

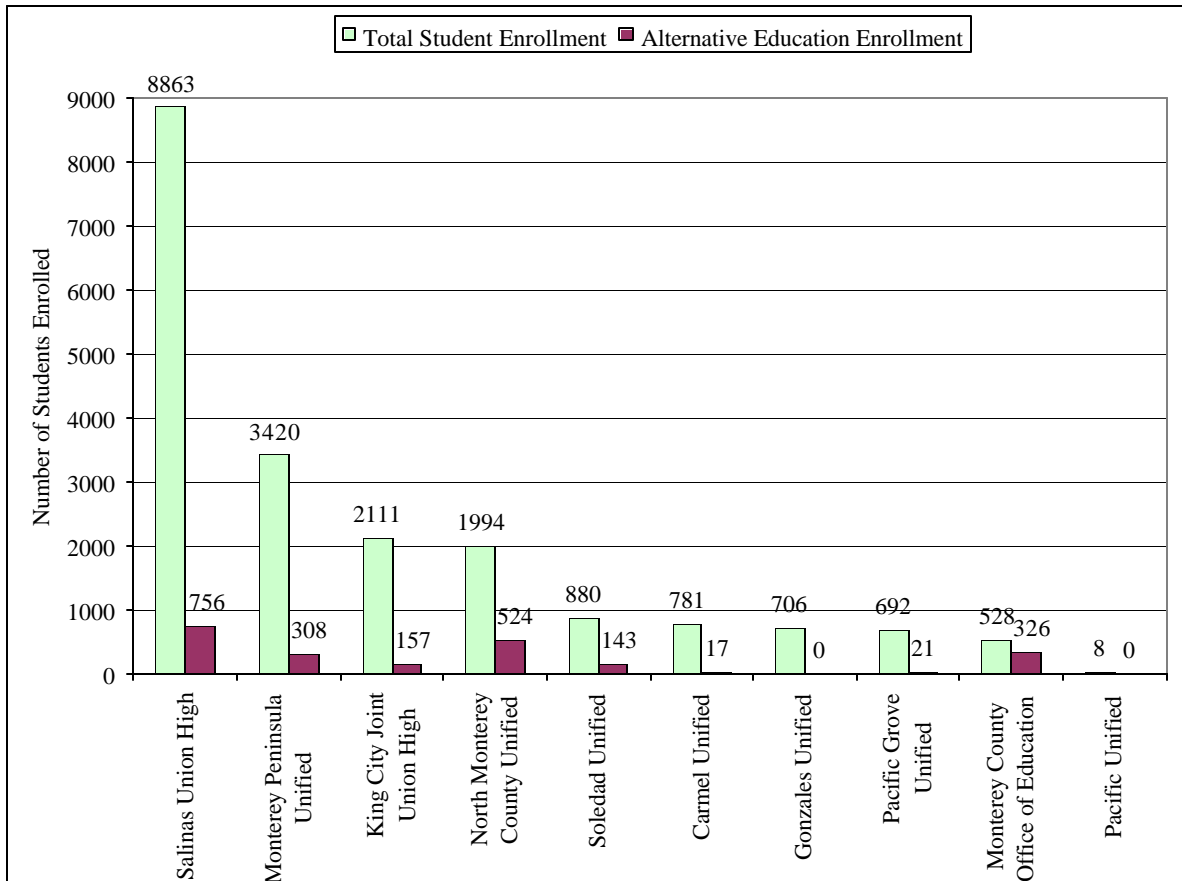
Academic performance for Monterey County high schools was mixed. Although several schools in the county received very high rankings according to standardized test results and the county’s dropout rate was slightly lower than for the state as a whole, fewer county students passed the high school exit exam and completed all courses required for admission to the University of California and California State university than statewide.

- **In 2001-2002, there were 19,983 public secondary students (grades 9-12) in Monterey County, representing 27.2% of all public students in the county.** The districts with the greatest number of students in grades 9 through 12 are Salinas Union High School District (8,863 students) and Monterey Peninsula Unified School District (3,420 students) (see Figure 6 and Table 6 in Appendix).
 - **Of these secondary students, 11.3% (2,252 students) were enrolled in alternative education.**
- **In 2000-01, 39.4% (28,933) of all students in Monterey County public schools were classified as English Learners (formerly Limited English Proficient or LEP).¹³**
 - The districts with the highest percentages of English Learners were Gonzales Unified (64.4%, 1,457), Soledad Unified (54.3%, 1,890), and Salinas Union High School District (44.9%, 5,905).
- **In 2001-02, Monterey County had over 24,000 eligible migrant students.¹⁴**

¹³ Source: California Department of Education, Dataquest, English Learners in California Public Schools -Monterey County.

¹⁴ Source: Monterey County Office of Education, Migrant Education Program.

Figure 6. Total* Student and Alternative Education Enrollment for Grades 9-12, 2001-02



Source: California Department of Education, Enrollment in Alternative Education by County, 2001-02, Monterey.

*Total student enrollment includes alternative education students.

- **Over half (57.8%) of county students had household incomes low enough to be eligible for free and reduced price lunches and over 8.7% were CalWORKS (formerly AFDC) participants in 2000-2001.** The percentage of students eligible for free and reduced price lunches is higher in Monterey County than statewide (47%), while the percentage of CalWORKS participants is the same as statewide (8.7%).
 - **Soledad Unified (87%), Gonzales Unified (69.9%), and North Monterey County Unified (57.2%) had the highest percentages of students eligible for free and reduced price lunches for districts with high schools.** Monterey Peninsula Unified (49.5%) and Salinas Union High School District (48.9%) also had large percentages of eligible students.
 - **Soledad Unified (9.3%, 329), Monterey Peninsula Unified (9.2%, 1,147), and Gonzales Unified (8.9%, 206) had the**

highest percentage of CalWORKS recipients. King City Joint Unified (8.3%, 170), and Salinas Union High School District (8.2%, 1,139) also had high percentages of CalWorks participants.

- **Most Monterey County districts with high schools spend slightly over the state average per student.** In 2000-2001, the dollars spent per student ranged from \$5,891 in Soledad Unified to \$8,823 for Carmel Unified. Among the county's larger districts, Monterey Peninsula Unified spent \$6,425 per student, close to the state average for unified school districts (\$6,414). Salinas Union High district spent \$6,232 per student, which was less than the state average for high school districts of \$6,534.¹⁵

Academic Performance

- **Academic performance for Monterey County high schools was mixed.** Although several schools in the county received very high rankings according to standardized test results and the county's dropout rate was slightly lower than for the state as a whole, fewer county students passed the high school exit exam and completed all courses required for admission to the University of California and California State university than statewide.

Academic Performance Index (standardized tests)

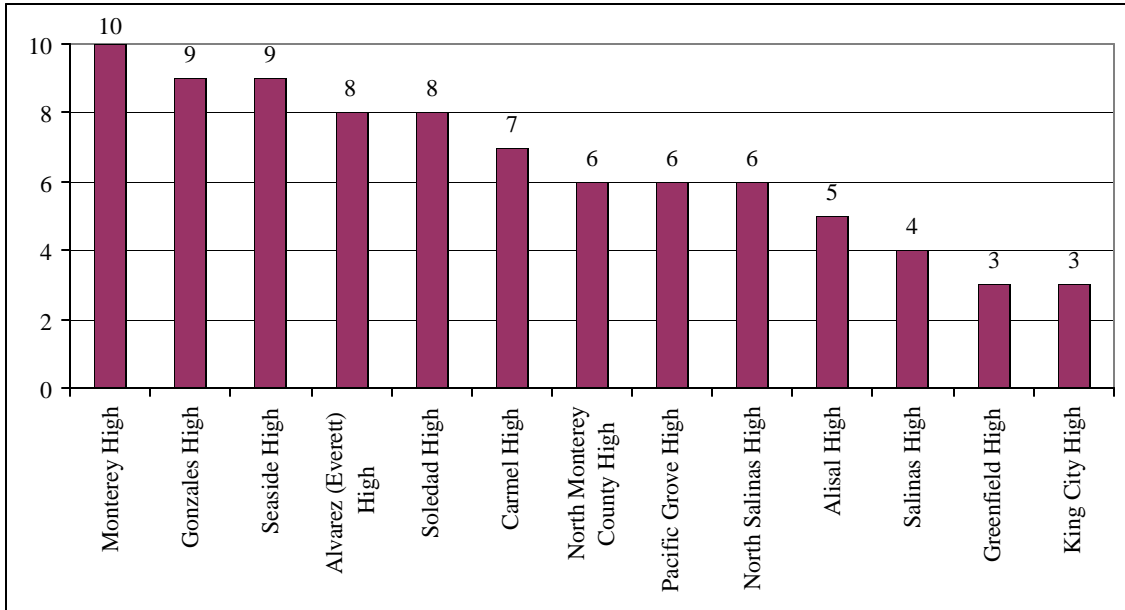
- **Five Monterey County High Schools received Academic Performance Index (API) rankings of 8 or higher (see Figure 7 and Table 7 in Appendix).** These schools included Monterey High with a ranking of 10 (out of 10 with 10 being the highest), Seaside High and Gonzales High both ranked 9, and Everett Alvarez High and Soledad High, both ranked 8.
- **Only three Monterey County high schools received API rankings of less than 5.** These schools included Greenfield High and King City High in King City Joint Union High (3 out of 10), and Salinas High School, which received a ranking of only 4 out of 10.

High School Exit Exam (CAHSEE)

- **Compared to the state, a smaller percentage of students in Monterey County passed the English Language Arts and Math portions of the exam (see Table 5 below).** In Monterey County, only 33% of students passed the Math portion as compared to 44% statewide. On the English portion of the exam, only 57% passed the exam as compared to 64% statewide.

¹⁵ Source: California Department of Education, School Fiscal Services Division – J200/SACS reports, Current Expense of Education per ADA data.

Figure 7. Monterey County School Rankings (10=highest, 1=lowest)



Source: California Department of Education Data Quest.

- **Of the larger districts, Monterey Peninsula Unified performed the best (40% Math, 69% English), followed by Salinas Union High School District (30% Math, 55% English), and King City Joint Union School District (22% Math, 41% English).** Monterey Peninsula’s English passing rate was the only one to surpass the statewide average.
- **The districts with the highest percentage of passing students for the exam were smaller districts.** Carmel Unified had the largest percentage of students who passed, with 73% for Math and 89% for English. Pacific Grove Unified also did well with 73% of students passing Math and 97% passing English.

Table 5. Number of Monterey County Students Passing the High School Exit Exam in 2001

District	Students Passing Math	Students Passing English/Language/Arts
Carmel Unified	147 (73.0%)	175 (89.0%)
Gonzales Unified	53 (25.0%)	101 (50.0%)
King City Joint Union High	117 (22%)	223 (41.0%)
Monterey County Office of Education	0 (0.0%)	8 (25.0%)
Monterey Peninsula Unified	324 (40.0%)	575 (69.0%)
North Monterey County Unified	52 (45.0%)	63 (72.0%)
Pacific Grove Unified	45 (73.0%)	59 (97.0%)
Salinas Union High	667 (30.0%)	1,267 (55.0%)
Soledad Unified	35 (18.0%)	67 (34.0%)
Countywide	1,450 (33.0%)	2,538 (57.0%)
Statewide	161,967 (44.0%)	236,646 (64.0%)

Source: California Department of Education Data Quest

Dropout and Graduation Rates

- **Monterey County's dropout rate¹⁶ of 2.2% in 2000-2001 was lower than the state's overall dropout rate (2.8%).** Soledad Unified had the highest dropout rate in the county of 5.2%. Of the three largest districts in the county, Salinas Union High School District had the highest dropout rate (2.6%), followed by North Monterey County Unified (2.4%) and Monterey Peninsula Unified (2.2%).
 - North Monterey County Unified was the only district that experienced an increase (1.9%) in the dropout rate between 2000-01 and 1991-92.
 - Monterey Peninsula Unified had the largest decrease in dropout rates, down by 5.7% over the nine-year period.

¹⁶ All the rates referred to in this section are one-year rates from the California Department of Education's Dataquest system.

- **The county’s dropout rate has generally decreased over the last 10 years.** The county’s dropout rate peaked at 4% in 1992-93 and dipped to a low of 2.2% in 2000-01.
- **32.6% more students graduated from Monterey County high schools in 2000-01 (3,337) than in 1993-1994 (2,517) due to increases in 12th grade enrollment.** The percentage of 12th grade students who graduated has stayed relatively the same, with 91.3% graduating in 1993-94 and 88.9% in 2000-01.¹⁷

Completion of Courses Required for University of California/California State University Admission

- **The percentage of Monterey County students completing all courses required for University of California (UC) or California State University (CSU) entrance in 2000-2001 (25.4%) was lower than for the state as a whole (35.6%).** This was slightly worse than in 1992-1993 when the rate was 27%.
 - A smaller percentage of students from North Monterey County Unified completed these courses in 2001 (28.9%) than in 1993 (43.9%).
 - Districts with increased percentages of students completing these courses are King City Joint Union High (7.7% in 1993 and 26% in 2001) and Gonzales Unified (18.3% in 1993 and 34.9% in 2001).

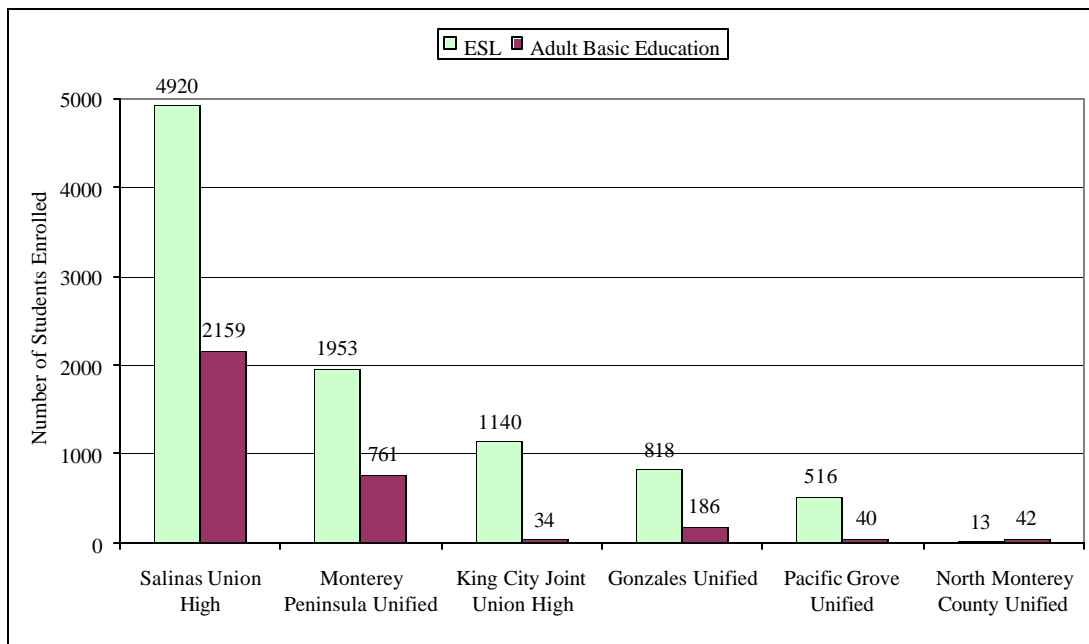
d. Adult and Higher Education

Monterey County has numerous adult and higher education resources. The county has six districts that provide adult education enrolling over 13,000 students, two community colleges enrolling approximately over 25,000 students and one public university with enrollment of approximately 3,000 students.

- **About half of all school districts (6 out of 10) in Monterey County provided adult education services in 1999-2000 (see Figure 8 and Table 8 in the Appendix).** Throughout the county, 3,222 students were enrolled in Adult Basic Education and 9,360 students were enrolled in English as a Second Language (ESL).
- **Salinas Union High School District had the most adult students with 2,159 students enrolled in Adult Basic Education and 4,920 students enrolled in English as a Second Language (ESL).** Monterey Peninsula had the second largest adult enrollment with 761 adults in Adult Basic Education and 1,953 in ESL.

¹⁷ California Department of Education, Dataquest.

Figure 8. Adult Education Enrollment in Monterey County, 1999-2000



Source: California Department of Education, Adult Education Office, CA Adult School Enrollment Report J18/19, 1999-00.

- **988 adults in the county were awarded a GED in Monterey County in 2001.** Overall 85.3% (988 out of 1,158) of participants who took the GED passed it. The highest percentage of students passing the GED was at Pacific Grove Adult School, where 97.7% of the students passed the exam (130 out of 133 adults).
 - **Most adults (555) awarded a GED in Monterey County received it from the Salinas Adult Education Center.** However, the passing rate at the Salinas Adult Education Center was only 55%, with 1,025 students taking the exam. 346 of these students took the test in Spanish. At Gonzales Unified School District, 182 students passed the GED out of a total of 317 who took the exam. At Monterey Adult School/Hayes Educational Center, 88 students passed the GED out of 121 who took the test.
- **Monterey County has two community colleges, Hartnell College in Salinas and Monterey Peninsula College in Monterey.** Monterey Peninsula College is the larger of the two colleges with 16,104 students (spring 2001) compared to Hartnell with 10,165 students (spring 2001). By comparison, in spring 2001, Cabrillo College had 14,542 students, San Jose City College had 10,076 students, and Gavilan College had 5,797 students.
- **Monterey County has one public university, California State University, Monterey Bay (CSUMB), in Seaside.** CSUMB opened in 1995 on the grounds of the former Fort Ord Army base. Beginning with

an enrollment of 654 in 1995, enrollment at CSUMB has grown to 3,020 students in 2001. By 2030, the university is projected to have 15,000 students, 4,000 to 6,000 of whom are expected to be enrolled in distance learning courses. Since 1995, 1,319 students have received their degree at the Bachelor and Master's level.

2. Services Workers Need to Reach Career Goals

a. Services Workers Need to Reach Career Goals

This section of the report will examine what youth, adults and dislocated workers need to compete successfully in Monterey County's labor market and achieve their career aspirations. The section will first examine the overall needs of youth and the needs of specific youth populations. The report will then analyze the needs of adults and dislocated workers both overall and for specific populations.

b. Unmet Needs for Youth to be Successful in the Labor Market

Monterey County youth providers reported several critical youth needs including mentoring, work experience and internships, mental health counseling, leadership training and overall more access to caring adults.¹⁸ The youth themselves emphasized that they would benefit from better counseling services in schools. Not all youth were convinced that school prepares them well for college and all agreed that financing their college education was going to be a major burden.

Priority¹⁹ Overall Youth Needs

- **Program staff training on mentoring youth.** Youth providers indicated that they wanted to be good mentors to the youth in their program but that they did not always feel that they were able to do so.
 - Youth program staff reported that they are overworked and stressed as a result of their large caseloads.
 - Staff indicated that they needed additional training to be a positive role model to youth with multiple barriers.

¹⁸ Unless otherwise cited, this section is based on separate focus groups held with Monterey County youth providers on July 18, 2002 and with youth on July 25, 2002. Focus group participants in the provider focus group included six youth and adult services staff of the Monterey County Office for Employment Training. Youth focus group participants included 9 participants of the Monterey County Youth Arts and Leadership program that had just returned from a trip to Washington, DC that was part of the leadership program. Four participants were from Salinas and five from the Monterey Peninsula.

¹⁹ These priority needs come from the focus groups. Near the conclusion of each focus groups, participants were asked to discuss what they felt were the highest priority needs for the county.

- **More of a long-term, intensive focus on working with youth.** Focus group participants agreed that youth (as well as adults) need long-term involvement with program staff who are able to work intensively with youth over a long period. Providers indicated that this requires adding staff in order to reduce program caseloads.
- **Mental health counseling for youth.** Focus group participants indicated that youth who don't live at home or have serious family problems typically need mental health or family counseling to help them cope with their issues.

Other Overall Youth Needs²⁰

- **More career education and opportunities for work experience.** Youth focus group participants said they were interested in receiving more career related information than they currently receive through school career centers.
 - Some said that they have yet to meet with a career counselor at school, even though they are about to graduate.
 - Youth would also welcome opportunities to gain additional experience through internships or other types of supported work experience.
 - Most youth indicated that they needed more information about financial aid. To many, college seems forbiddingly expensive and applying for financial aid too complex and bureaucratic.
- **Leadership opportunities.** Several youth focus group participants said that the leadership program had benefited them by providing them with increased self confidence and more focus on their career goals.
 - Some youth indicated a desire to “give something back to the community” by working for a project such as Habitat for Humanity or an environmental protection program.
- **More challenging educational opportunities.** Several youth focus group participants indicated that they wished they were more challenged in school. For example, one high-school student indicated that he had 2-3 hours of “down-time” in school every day where he felt uninvolved and unchallenged academically.
 - Youth recommended more field trips and art projects to keep students engaged.
 - They also recommended more contact with school counselors and career counselors to help them make career decisions.

²⁰ These needs were discussed by focus group participants but were not selected by focus group participants as priority needs.

c. Unmet Services Adults and Dislocated Workers Need to be Successful in the Labor Market

Monterey County service providers and customers reported a number of needs for adults and dislocated workers.²¹ Prioritized needs included providing long-term intervention with strong staff support and enhanced training options. Staff also confirmed the need for a reduction in caseloads and time limits for program participants. Staff also wanted to see long-term follow-up services provided to customers along with enhanced access to a range of supportive services, such as housing, childcare, and transportation to help with job retention and career advancement.

Prioritized Overall Adult and Dislocated Worker Needs²²

- **Provide long-term program intervention with strong staff support.** Providers argued that in order to have a lasting effect on customers, they need to be involved with them for a longer period of time than is currently customary. Behavior modification takes time and constant reinforcement is necessary. Therefore, they believe interventions should last more than a year and that allow them to really get to know their customers.
 - **Enhanced education and training options.** Staff indicated that customers needed to be aware of the lifelong need for further education and training for career advancement. Customers confirmed that service providers needed to offer additional training options in order to make customers more marketable to potential employers.
 - **Reduction in caseloads.** According to service providers, ongoing involvement by a caring staff person helps participants succeed. If there is staff turnover or staff carries such high caseloads that participants are “just numbers,” this directly affects the level of care that customers are likely to receive. Staff identified high caseload numbers as a contributing factor to customers’ lack of success in their programs.

²¹ Unless otherwise cited, this section is based on separate focus groups held with Monterey County service providers and with adult program participants on July 18, 2002. Focus group participants in the provider focus group included six youth and adult services staff of the Monterey County Office for Employment Training. Participants in the adult group included three customers who had received training.

²² These priority needs came directly from the focus groups. Near the conclusion of each focus groups, participants were asked to discuss what they felt were the highest priority needs for the county.

- **Need for time limits.** On the other hand, staff indicated that they recognize a need to put a time limit on program lengths in order to prevent customers from becoming dependent on programs.
- **Provide long-term follow-up services for customers to help with job retention and career advancement.** Staff suggested that such follow-up care be more than just a phone call and that such services are particularly important for CalWorks participants. In addition to traditional follow-up services, these services should also include counseling and support groups that last beyond the training and placement period to increase the chances of long-term retention.

Other Overall Adult and Dislocated Worker Needs²³

- **Several supportive services were identified as important needs.** These services include access to affordable childcare, substance abuse treatment, and housing.
 - **Childcare.** Service providers and customers agreed that there is an acute shortage of affordable childcare slots in Monterey County and that available care is too costly for an entry-level income.
 - **Substance abuse (alcohol and drugs) treatment services.** Substance abuse (including alcohol and drugs) is a major problem among low-income job seekers and workers, particularly among CalWORKS recipients. Public substance abuse programs have long waiting lists.
 - **Lack of treatment services for single parents.** Apparently, there are no residential substance abuse programs that allow single mothers to bring their children. Instead, children have to be placed in foster care for the duration of the parent’s stay at the treatment facility. This acts as a major disincentive against these customers seeking treatment.
 - **Affordable housing.** Providers, customers, and employers said that finding affordable housing is very challenging in Monterey County and that the high cost of housing makes it difficult for workers to stay in the county. As noted above, the cost of housing has increased substantially over the past 10 years in Monterey County.

²³ These needs were discussed by focus group participants but were not selected by focus group participants as priority needs.

- **Transportation.** Transportation was described as a barrier to workers who have to commute to another part of the county and do not have their own car. The public transportation system is extensive but buses run infrequently. However, transportation was not considered a high-priority issue.
- **Enhanced mentoring programs for job seekers.** Staff and adult and dislocated worker customers said that there should be enhanced access to mentoring opportunities for adults, which they considered crucial to finding and keeping jobs.
- **Increased use of internship programs.** Staff indicated that internship programs were quite successful in some areas and recommended expanding them into others, such as the hospitality sector.
- **Expanded partnerships with employers.** Staff indicated that such partnerships could result in numerous work experience and internship opportunities.

Needs of Specific Populations of Adults and Dislocated Workers

- **Assistance to limited English-speaking workers.** Workers with limited English skills are often stuck in low wage jobs with limited options for advancement. A few staff indicated that they believed that some employers did not want their workers to improve their English skills because that might allow them to leave their lower paying job and advance on the career ladder. Although there are many ESL classes available in the county, staff indicated a need for further targeted assistance in this area.
- **Agricultural and migrant workers.** Staff indicated that farm workers in particular could benefit from on-the-job training opportunities and internships to help them advance and move out of jobs that only offer them seasonal employment.
- **People with disabilities need enhanced workforce services.** In addition to the existing and successful partnerships with the Department of Vocational Rehabilitation and other agencies, staff indicated that more needed to be done to help people with disabilities.

APPENDIX

Table 1. Monterey County Employment by Industry, 1991 & 2001

Industry	Employment 1991	Percent Change	Employment 2001	Percent Change
Agriculture	29,000	21%	38,600	22.9%
Services	27,800	20.1%	37,100	22.0%
Government	27,900	20.2%	30,600	18.2%
Retail Trade	24,000	17.4%	27,800	16.5%
Manufacturing	8,600	6.2%	10,500	6.2%
Construction & Mining	4,500	3.3%	6,700	4.0%
Finance Insurance and Real Estate	6,300	4.6%	6,700	4.0%
Wholesale Trade	5,300	3.8%	5,400	3.2%
Transportation & Public Utilities	4,700	3.4%	4,900	2.9%

Source: California Employment Development Department; Labor Market Information Division

**Table 2. Monterey County Industry Employment Projections
from 1999 to 2006**

Industry	Absolute Change	Percent Change
Mining	0	0.0%
Construction	900	14.8%
Manufacturing	800	8.3%
Transportation & Public Utilities	400	7.7%
Wholesale Trade	600	10.2%
Retail Trade	2,900	10.2%
Finance, Insurance & Real Estate	900	14.5%
Services	7,000	19.7%
Government	3,600	12.1%

Source: California Employment Development Department; Labor Market Information Division.

Table 3. Monterey County Average Annual Pay by Industry in 2000

Industry	Average Annual Pay
Mining	\$57,772
Finance, Insurance and Real Estate	\$44,471
Manufacturing	\$41,972
Transportation and Public Utilities	\$40,124
Wholesale Trade	\$39,695
Construction	\$36,292
Services	\$28,611
Agriculture, Forestry & Fishing	\$22,052
Retail Trade	\$19,718

Source: California Employment Development Department; Labor Market Information Division, Covered Employment and Wages.

Table 4. Top 30 Occupations with the Most Openings in Monterey County

Occupation	Openings 1999-2006	Education/ Experience	Mean Annual Wage in 2000 (1)	Industry
1. Salespersons, Retail	1,860	Short-term on-the-job training	\$21,847	Retail Trade
2. Cashiers	1,790	Short-term on-the-job training	\$19,255	Retail Trade, Services
3. Waiters And Waitresses	1,650	Short-term on-the-job training	\$17,468	Retail Trade, Services
4. General Office Clerks	1,220	Short-term on-the-job training	\$25,358	Varied
5. Food Preparation Workers	1,110	Short-term on-the-job training	\$18,292(2)	Retail Trade, Services
6. General Managers, Top Executives	850	Work experience plus BA/BS or higher	\$77,878- \$202,982(3)	Varied
7. Teachers--Elementary School	850	Bachelor's degree	\$41,900(4)	Services
8. Combined Food Prep And Service	770	Short-term on-the-job training	\$16,141(5)	Retail Trade, Services
9. Counter Attendants--Food	740	Short-term on-the-job training	\$19,509	Retail Trade, Services
10. Laborers, Landscaping/Groundskeeping	710	Short-term on-the-job training	\$23,460	Agriculture
11. Guards And Watch Guards	700	Short-term on-the-job training	\$20,185(6)	Varied
12. Correction Officers, Jailers	610	Long-term on-the-job training	\$45,130(7)	Government
13. Registered Nurses	580	Associate degree	\$52,234	Services
14. Maids And Housekeeping Cleaners	580	Short-term on-the-job training	\$17,670	Services
15. Janitors, Cleaners--Except Maids	550	Short-term on-the-job training	\$21,202	Varied
16. Teacher Aides, Paraprofessional	510	Associate degree	\$21,801(8)	Services

17. Instructional Coordinators	450	Bachelor's degree	\$51,218	Services, Government
18. Receptionists, Information Clerks	420	Short-term on-the-job training	\$23,586	Varied
19. Teachers--Secondary School	390	Bachelor's degree	\$50,939(9)	Services
20. Cooks--Restaurant	380	Long-term on-the-job training	\$24,778	Retail Trade, Services
21. Carpenters	320	Long-term on-the-job training	\$44,424	Construction
22. Secretaries, General	310	Post-secondary vocational education	\$26,600(10)	Varied
23. Bookkeeping, Accounting Clerks	310	Moderate-term on-the-job-training	\$29,523	Services
24. Counter And Rental Clerks	300	Short-term on-the-job training	\$20,194	Retail Trade, Services
25. Maintenance Repairers, General Utility	300	Long-term on-the-job training	\$35,218(11)	Varied
26. Bartenders	280	Short-term on-the-job training	\$19,393	Retail Trade, Services
27. Nurse Aides, Orderlies, Attendants	280	Short-term on-the-job training	\$20,444	Services
28. Truck Drivers, Light	280	Short-term on-the-job training	\$22,286	Transportation, Wholesale Trade, Services
29. Automotive Mechanics	270	Long-term on-the-job training	\$37,558(12)	Services, Wholesale
30. Stock Clerks--Sales Floor	250	Short-term on-the-job training	\$21,916(13)	Retail Trade, Wholesale

Source: California Employment Development Department; Labor Market Information Division; 2000 Occupational Employment Statistics Survey.

(1) Data is for Monterey County; (2) this wage is for food preparation and serving-related occupations; (3) general and operations managers \$77,878, chief executives \$101,982; (4) wage not available for Monterey County; Santa Cruz data provided; Does not include special and vocational education; (5) includes fast food; (6) this wage is for security guards; (7) this wage is for protective service occupations; (8) this wage is for teacher assistants; (9) except special and vocational education; (10) except legal, medical, and executive; (11) this wage is for maintenance and repair workers, general; (12) this wage is for automotive service technicians and mechanics; (13) this wage is for stock clerks and order fillers.

Table 5. 10 Occupations with the Fastest Growth in Monterey County, 1999-2006

Occupation	Absolute Growth in Jobs	Percent Change 1999-2006	Education/ Experience	Industry
1. Paralegal Personnel	40	57.1%	Associate's degree	Services
2. Computer Engineers	70	46.7%	Bachelor's degree	Varied
3. Computer Support Specialists	90	45.0%	Bachelor's degree	Varied
4. Personal and Home Care Aides	40	40.0%	Short-term on-the-job training	Services
5. Medical Records Technicians	30	37.5%	Associate's degree	Services
6. Sheriffs and Deputy Sheriffs	70	35.0%	Long-term on-the-job training	Government
7. Systems Analysts, Electric Data Processing	140	33.3%	Bachelor's degree	Varied
8. Speech Pathologists, Audiologists	40	33.3%	Master's degree	Services
9. Pest Controllers & Assistants	30	33.3%	Moderate-term on-the-job training	Services
10. Sheet Metal Workers	30	33.3%	Moderate-term on-the-job training	Construction

Source: California employment Development Department; Labor Market Information Division.

Table 6. Monterey County Total Student and Alternative Education Enrollment for Grades 9-12, 2001-02

District	Total Student Enrollment Grades 9-12	Alternative Education Enrollment Grades 9-12
Carmel Unified	781	17
Gonzales Unified	706	0
King City Joint Union High	2,111	157
Monterey County Office of Education	528	326
Monterey Peninsula Unified	3,420	308
North Monterey County Unified	1,994	524
Pacific Grove Unified	692	21
Pacific Unified	8	0
Salinas Union High	8,863	756
Soledad Unified	880	143

Source: California Department of Education, Enrollment in Alternative Education by County, 2001-02, Monterey.

Table 7. Monterey County School Rankings (10=highest, 1=lowest)

School	District	Similar Schools Rank in 2001 (1=low, 10=high)	Academic Performance Index (API) in 2001	Similar Schools Rank in 1999 (1=low, 10=high)	Academic Performance Index (API) in 1999
Carmel High	Carmel Unified	7	778	6	779
Gonzales High	Gonzales Unified	9	513	8	480
Greenfield High	King City Joint Union High	3	444	--	--
King City High	King City Joint Union High	3	531	9	516
Central Coast High	Monterey Peninsula Unified	--	--	--	--
Monterey High	Monterey Peninsula Unified	10	657	3	639
Seaside High	Monterey Peninsula Unified	9	571	4	531
North Monterey County High	North Monterey County Unified	6	628	7	602
Pacific Grove High	Pacific Grove Unified	6	772	8	770
Alisal High	Salinas Union High	5	478	3	433
Alvarez (Everett) High	Salinas Union High	8	524	6	491
North Salinas High	Salinas Union High	6	547	5	536
Salinas High	Salinas Union High	4	582	3	532
Soledad High	Soledad Unified	8	509	--	--

Source: California Department of Education Data Quest.

Table 8. Adult Education Enrollment in Monterey County, 1999-2000

District	Enrollment in Adult Basic Education	Enrollment in ESL
Gonzales Unified	186	818
King City Joint Union High	34	1,140
Monterey Peninsula Unified	761	1,953
North Monterey County Unified	42	13
Pacific Grove Unified	40	516
Salinas Union High	2,159	4,920

Source: California Department of Education, Adult Education Office, CA Adult School Enrollment Report J18/19, 1999-00.

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**San Benito County
Needs Assessment Interim Report**

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SAN BENITO COUNTY NEEDS ASSESSMENT REPORT

EXECUTIVE SUMMARY

The Tri-County Needs Assessment Interim Report represents the first stage in a four-part project to develop a Community Asset Investment Portfolio for the three counties of Santa Cruz, Monterey, and San Benito. The Tri-County Community Asset Investment Portfolio will eventually include an analysis of the needs of these three counties, an assessment of all available workforce services, an evaluation of the gaps in services and a final report, which will recommend how the counties might address these gaps.

This report is divided into sub-reports focusing on the needs of each county and an overall regional summary. This sub-report will focus on the needs of San Benito County. It will analyze both the demand for labor by employers and industries and the county's workforce and supply of labor. The analysis of employer and industry demand will include an examination of aggregate labor market statistics, an analysis of employer skill requirements and worker skill deficiencies, overall barriers employers face in meeting recruitment needs, how employers find workers, and an examination of the needs and growth prospects of specific industry clusters. The analysis of labor supply will include an examination of aggregate data on the county's population, labor force, and educational system and a discussion of what youth, adults, and dislocated workers need to be successful in the labor market and to meet their career aspirations.

This report is aimed at providing a snapshot of the workforce needs of San Benito County. The report is based on three primary sources of data: secondary data gathered from numerous sources available on the Internet such as labor market information from the California Employment Development Department; data collected during four focus groups conducted with employers, adult job seekers, providers of youth workforce services, and providers of adult workforce services; and four telephone interviews with leading employers and representatives of particular industries. The findings of this report, particularly the sections based on focus group and interview results, are limited and represent the opinions of focus group and interview participants which may or may not capture the views of other stakeholders who were not able to participate or the broader community. Furthermore, the findings of this report are primarily for use in

developing the final Portfolio and therefore focus on only a limited range of workforce issues in the county.

Labor Market Demand

Aggregate Indicators of Labor Demand

San Benito County is in the midst of a transition from a primarily rural county with an economy based on agriculture to a fast growing suburban county with large numbers of commuters and an economy based mainly on retail trade and manufacturing. In addition, most job growth over the next few years is projected to be in the manufacturing, construction, retail trade, with the manufacturing and construction industries growing most rapidly. However, despite this rapid growth, unemployment rates in the county have stayed several percentage points above statewide and Santa Clara County unemployment rates, although they are closer to both than in the mid 1990s.

Key Findings :

- San Benito County's population and labor force grew rapidly between 1990 and 2000, increasing by 45%. Many of these residents are new to the county.
- Nearly 50% of county residents work outside the county. This was the highest percentage of any county in the state.
- County unemployment rates have stayed about three percentage points or more above the state's unemployment rates since the early 1990s.
- Although agriculture still plays an important role in San Benito County's economy, government, retail trade, and manufacturing now employ a larger percentage of the county's labor force.
- Manufacturing, construction, retail trade, and wholesale trade are projected to add the most jobs between 1999 and 2006. Construction and manufacturing have both been growing rapidly in the county.
- Most of the occupations projected to have the largest number of openings between 1999 and 2006 are in the services or retail trade industries. These occupations, with the exception of elementary and secondary school teachers and registered nurses, typically require little experience or training and pay very low wages.
- Other occupations with large numbers of projected openings are in manufacturing, wholesale trade and construction.
- Many of the fastest growing occupations are in construction and manufacturing.

Employer Skill Requirements and Worker Skill Deficiencies¹

In general, few employers said they were currently having difficulty finding workers. However, some employers reported difficulties in recruiting workers with very specific technical skills and experience. Employers also said that having a positive work ethic and strong basic skills were typically more important than occupational training or experience for low-skilled or entry-level workers. Computer skills were less important for these workers. For high-skilled positions, employers said that specific technical skills and experience were most important.

Key Findings :

- In general, none of the employers reported having much trouble finding employees because of the current poor state of the economy.
- It is somewhat difficult for employers to find highly skilled, educated and experienced workers.
- Employers said that for most entry-level/low-skilled positions, having a strong work ethic and being motivated to work are most important qualifications. They also said it is very difficult to find workers with a strong work ethic. For this reason, employers have begun hiring more immigrant workers who are very motivated to work, but who often lack basic English skills and have problems with their immigration status.
 - Employers would like INS services to be more accessible.
- Basic math and English communication skills were also very important for low-skilled and entry-level positions. Employers said it is often difficult to find workers with these skills, particularly among immigrants.
 - Employers would like assistance strengthening the basic skills of their employees, particularly in English.
- For entry level and low-skilled employees, computer skills are important but not essential.

Barriers to Recruiting Workers²

Employers mentioned transportation and housing as barriers that have made it more difficult for them to meet their recruitment needs.

¹ Based on focus groups and phone interviews.

² Based on focus groups and phone interviews.

Key Findings :

- Transportation was a barrier both because of the scarcity of public transportation and traffic congestion due to poor roads. On the other hand, manufacturers who compete with Silicon Valley firms for high-skilled workers noted that traffic congestion sometimes works to their benefit.
- The high cost of housing was the other major barrier mentioned by employers. On the other hand, for employers recruiting staff from Silicon Valley, the lower housing costs in San Benito County work in their favor.

Where San Benito County Employers Find Workers³

Most employers in the county recruit workers through traditional means. By contrast, few employers use public workforce services to find workers.

Key Findings :

- Most employers hire through employee referral, newspaper advertisements (particularly local newspapers), word-of-mouth and walk-ins. Two manufacturers also use temporary staffing agencies to diminish the risk of hiring large numbers of entry-level staff.
- San Benito County employers do not make much use of public workforce services. This was largely because employers were either unfamiliar with public workforce services or did not think they attracted appropriate workers.

Analysis of Workforce Demand for Selected Industry Clusters

The wine, high technology/biotechnology and tourism industry clusters represent important current and future sectors of the county's economy and employment.

- **Wine.** The wine industry is likely to grow substantially over the next few years. According to the San Benito Wine Grower's Association, wine grapes are the county's third largest crop with approximately 35,000 acres of grape vines in the county, six wineries and three more wineries to open shortly. Most positions in wine industry are for low-paid, un-skilled or low-skilled vineyard or winery workers and employers have not had trouble finding these workers.
- **High Technology/Biotechnology.** Due to San Benito County's proximity to the Silicon Valley, the high technology and biotechnology industries are likely to become important sectors of the county's economy. Both industries have a need for both well-educated, highly

³ Based on focus groups and phone interviews.

skilled and experienced workers who receive high wages and for low-skilled and unskilled workers who are relatively low-paid. Currently, due to the downturn in the economy, it is not difficult for high tech or biotech firms to recruit either skilled or unskilled workers.

- **Tourism.** Although tourism in the county has been affected by the recent economic downturn, it is likely to grow in the future once the economy rebounds and as the population in California increases. Most staffing needs in the tourism industry are for low-skilled positions such as retail clerks, waiters and waitresses, cooks and dishwashers, all of which typically pay very low wages. Currently, due to the downturn in the economy, it is not difficult for firms to recruit workers.

Analysis of Labor Market Supply and Job Seeker Needs

Aggregate Analysis of the Labor Supply in San Benito County

The population of San Benito County grew rapidly over the past decade, increasing by 68.9% from 36,697 in 1990 to 53,234 in 2000 according to the Census. By contrast, the racial and ethnic breakdown of residents in the county stayed basically the same during the 1990s, with nearly half of all county residents identifying as Latino and nearly 70% identifying as white. The county's population is somewhat younger than the state's population, although slightly more people will reach retirement age over the next few years than from 1990 to 2000. Finally, approximately 10% of county individuals remained below the poverty line in 1999.

Key Findings.

- The racial/ethnic breakdown of the county's population remained nearly the same from 1990 to 2000, with nearly half of the county's residents identifying as Latino.
- The population of the county is slightly younger than statewide. About three-fifths (59.7%) of the county's population is from 18 to 64 years old, 35% of the county's population is 19 and under, and 8.1% is 65 and older.
- Although median household income in 1999 in San Benito County increased 57.6% between 1989 and 1999, approximately 10% of all individuals in San Benito County remained below the federal poverty level in both 1999 and 1989.

Aggregate Educational Characteristics of San Benito County

Overall Educational Characteristics

In general, San Benito County residents have lower levels of educational attainment than the statewide average but more than in 1990.

Key Findings.

- San Benito County's residents have lower levels of education on average than California residents overall but more than they did a decade ago.
- San Benito County has high rates of low literate and non-literate people compared to other California counties.

K-12 Public School System

San Benito County has over 3,000 public secondary school students, approximately 10% of whom are enrolled in alternative education. About a fifth of the students were classified as English learners. In addition, almost a third of the students came from low-income households. Finally, county districts with high schools spent just slightly less than the state average per student.

Overall academic performance for county schools is mixed. For example, while county high schools fared better than the state as a whole in terms of dropouts and percentages of students completing courses required for University of California and California State University admission, other indicators had worsened since the early 1990s.

Key Findings.

- In 2001-2002, there were 3,326 public secondary students (grades 9-12) in the county. Of these secondary students, 9.7% (323 students) were enrolled in alternative education.
- 19% (2,203) of all students in San Benito County public schools were classified as English Learners (formerly Limited English Proficient or LEP) as of spring 2002.
- Almost a third of all county students (31.2%) had household incomes low enough to be eligible for free and reduced price lunches and over 5% were CalWORKS (formerly AFDC) participants in 2000-2001.
- San Benito County districts with high schools spend just slightly less than the state average per student.
- San Benito High School was ranked 7 (out of 10 with 10 being highest) when compared to other similar schools, while Anzar High School was ranked only 2 (out of 10 with 10 being highest) when compared to other similar schools.
- Slightly more San Benito County students (68%) passed the English portion of the California High School Exit Exam than statewide (64%) while slightly fewer county students (41%) passed the math portion as compared to statewide.

- San Benito County's dropout rate⁴ of 1.5% in 2000-2001 was significantly lower than the state's overall dropout rate (2.8%).
- The percentage of San Benito County students completing all courses required for University of California (UC) or California State University (CSU) entrance in 2000-2001 (41.3%) was higher than for the state as a whole (35.6%).

Adult and Higher Education

San Benito County has very limited adult and higher education resources with only one adult education provider (San Benito High School) with limited adult enrollment. In addition, the county does not have its own community college, although Gavilan College has established a satellite campus in Hollister.

Key Findings.

- San Benito High School was the only provider of adult education services in 1999-2000. No GEDs were awarded in San Benito County in 2000 because of the lack of a testing center in the county.
- Although Gavilan College serves San Benito County, it has its main campus in Gilroy and only a smaller satellite campus in Hollister. Gavilan College is also one of the smallest community colleges in the area.

Unmet Needs for Youth to be Successful in the Labor Market⁵

Youth providers reported several high priority youth needs⁶, including increased coordination among youth-serving agencies, enhanced youth services, and improved job opportunities for youth. For specific populations of youth, providers said that more attention should be given to youth on probation, youth in foster care and disabled youth.

Key Findings.

Respondents noted the following needs:

- Increased coordination between youth-serving agencies in San Benito County and greater marketing to youth.
- More assistance in developing skills related to a strong work ethic.

⁴ All the rates referred to in this section are one-year rates from the California Department of Education's Dataquest system.

⁵ Based on focus groups.

⁶ These needs were prioritized by focus group participants.

- Internship and job shadowing programs for all youth.
- Increased coordination with businesses to provide more high-quality jobs for youth.
- Youth on probation and in foster care need additional assistance.
- More marketing of workforce programs to disabled youth.

Unmet Services Adults and Dislocated Workers Need to be Successful in the Labor Market⁷

For adult and dislocated workers the most important need⁸ was for more adult education services and improved access to supports that help job-seekers and workers find and retain jobs. Finally, service providers said that disabled people and migrant and seasonal farmworkers need more workforce services.

Key Findings.

Respondents noted the following needs:

- More adult education resources in San Benito County. This would include better quality GED instruction, a local GED testing center, more ESL classes and more locally available vocational classes.
- Internships or other structured work experience programs to help adults gain the experience they need to be readily employable.
- More early career assessment and guidance so that job-seekers know what they need to do to achieve their career goals before they begin vocational training.
- More public transportation, affordable housing, childcare, substance abuse treatment services, and mental health services to help job-seekers and workers find and retain jobs.
- Disabled people and migrant and seasonal farmworkers need more workforce services.

⁷ Based on focus groups.

⁸ These needs were prioritized by focus group participants.

I. OVERVIEW

The Tri-County Needs Assessment Interim Report represents the first stage in a four-part project to develop a Community Asset Investment Portfolio for the three counties of Monterey, San Benito and Santa Cruz. The Tri-County Community Asset Investment Portfolio will eventually include an analysis of the needs of these three counties, an assessment of all available workforce services, an evaluation of the gaps in services and a final report which will recommend how the counties might address these gaps.

This report is divided into sub-reports focusing on the needs of each county and an overall regional summary. This sub-report will focus on the needs of San Benito County. It will analyze both the demand for labor by employers and industries and the county's workforce and supply of labor. The analysis of employer and industry demand will begin with an examination of aggregate labor market statistics such as unemployment rates and growth projections for industries and occupations. The demand analysis will also include an examination of the skill requirements and worker skill deficiencies, the overall barriers employers face in meeting recruitment needs, and where employers find workers. Finally, the analysis of demand for labor will conclude with an examination of the needs and growth prospects of specific industry clusters.

Following the analysis of demand for workers, the report will examine the county's supply of labor. This will include an examination of aggregate data on the county's population and labor force, as well as educational statistics, including the age and racial makeup of the county, the number of individuals below the poverty line and the success of area high schools. The analysis of labor supply will also include a discussion of what youth, adults and dislocated workers need to be successful in the labor market and meet their career aspirations.

This report is aimed at providing a snapshot of the workforce needs of San Benito County. The report is based on three primary sources of data: secondary data gathered from numerous sources available on the Internet such as labor market information from the California Employment Development Department; data collected during four focus groups conducted with employers, adult job seekers, providers of youth workforce services, and providers of adult workforce services; and four telephone interviews with leading employers and representatives of particular industries. The findings of this report, particularly the sections based on focus group and interview results, are limited and represent the opinions of focus group and interview participants which may or may

not capture the views of other stakeholders who were not able to participate or the broader community. Furthermore, the findings of this report are primarily for use in developing the final Portfolio and therefore focus on only a limited range of workforce issues in the county.

II. ANALYSIS OF LABOR MARKET DEMAND

This report will first examine the demand for labor by industries and employers. This will include an analysis of aggregate data on the labor market, including unemployment rates, employment by industry and projections for employment by industry and occupation over the next few years. The analysis of labor market demand will also examine the skills employers are looking for and the difficulties they have in finding workers who have those skills, the overall barriers employers face in recruiting workers, and where employers find workers. Finally, the report will focus on selected industry clusters in the county and examine their growth prospects, recruitment needs, skill requirements, and wages.

1. Aggregate Labor Market Demand

As part of the analysis of the labor market demand, this report will first examine a number of basic labor market indicators and trends. San Benito County is in the midst of a transition from a primarily rural county with an economy based on agriculture to a fast-growing suburban county with large numbers of commuters and an economy based largely on retail trade, manufacturing, and construction. This transition can be seen in the rapid growth of the county's population and labor force over the last decade and the increasing shift in county employment away from agriculture to employment in government, retail trade, manufacturing, and construction. In addition, most job growth over the next few years is projected to be in manufacturing, construction, retail trade, and wholesale trade, with the manufacturing and construction industries growing fastest. However, despite this rapid growth, unemployment rates in the county have stayed several percentage points above statewide and Santa Clara County unemployment rates.

a. San Benito County Labor Force and Unemployment

Although San Benito County remains a primarily rural county with a fairly small population, its location at the southern end of the Santa Clara Valley has also made it one of the state's fastest growing counties with a rapidly growing labor force and a large percentage of residents who are new to the county and commute to other counties. However, despite this growth, unemployment rates in the county have stayed several percentage points above those for the state as a whole and for neighboring counties.

- **San Benito County's population grew rapidly between 1990 and 2000.** According to the 2000 Census, the total population of San Benito County was 53,234, which represented a 45% increase from the 1990 Census. By contrast, California's population increased by only 13% during the same period. According to the Association of Bay Area

Governments (AMBAG), the population of San Benito County is projected to continue to grow rapidly, increasing by 50% to over 80,000 residents by the year 2020.

- **The population of Hollister grew even more than the county as a whole.** For the city of Hollister, the county seat and business center of the county where approximately 65% of its residents live, the population increased by 79%, from 19,212 to 34,413.
- **By contrast, San Juan Bautista, next largest city in the county actually declined in population between 1990 and 2000.** San Juan Bautista lost 21 residents between 1990 and 2000, dropping to a population of 1,549.
- **Many of these new residents have moved to the county since 1995.** Just over 25% of county residents in 2000 reported that they lived in another county in 1995, compared to only 14.4% for the state as a whole.
- **Mirroring this increase, San Benito County’s labor force also increased dramatically over the last 10 years (see Table 1).** From 1991 to 2001, the county’s labor force increased 32% from 21,220 to 28,020. By contrast, California’s labor force increased by only 14% during the same period and Santa Clara County’s labor force increased by only 20%. AMBAG also projects that the County’s labor force will continue to grow over the next 20 years, increasing 39% by 2020.
 - Despite this dramatic growth, the county’s labor force was still very small compared to the labor force of neighboring Santa Clara County.

Table 1. Average Annual Labor Force San Benito County 1992-2002

	1991	2001	Percent Increase 91-01
San Benito County	21,220	28,020	32%
Santa Clara County	842,400	1,012,700	20%
California	15,176,600	17,362,200	14%

Source: California Employment Development Department (EDD) and the Labor Market Division (LMI); not seasonally adjusted.

- **Unemployment rates declined in San Benito County during most of the 1990s.** Unemployment in the county decreased from a high of 17.3% in 1992 to a low of 7.9% in 2000.
- **However, unemployment in San Benito County remained higher than for the state as a whole.** The county’s unemployment rate has stayed about three percentage points higher than unemployment for the state as a whole over the past decade.

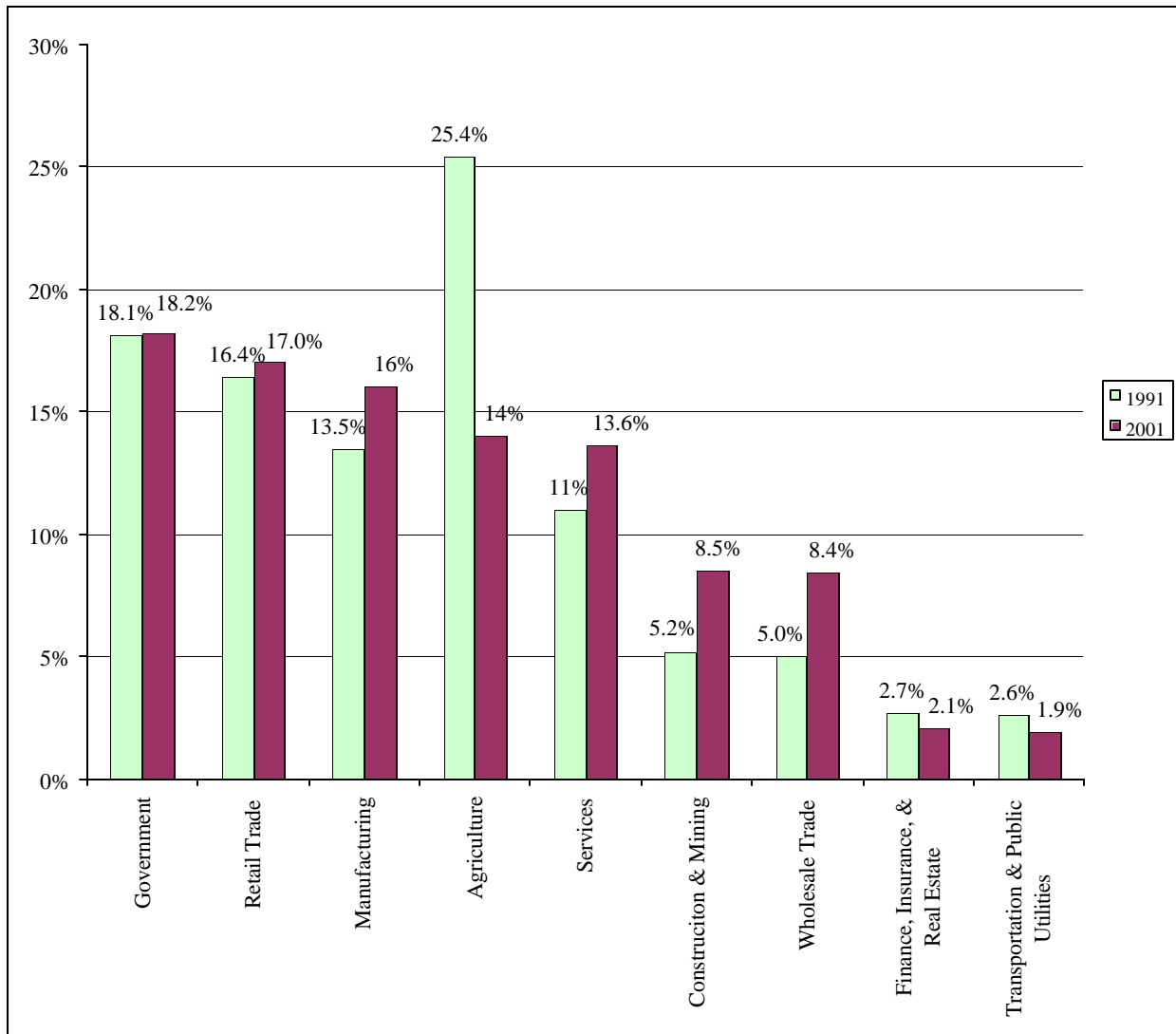
- **Beginning in 2001, unemployment increased again to 8.2% as the county experienced the effects of the national recession.** By June 2002, the county's monthly unemployment rate was back up to 9.4%, compared to the statewide unemployment rate of 6.6% and Santa Clara County's unemployment rate of 7.6%.
 - In Hollister, unemployment for June 2002 was 11.9%, more than two percentage points higher than for the county as a whole.
- **Nearly half of all San Benito County workers 16 and over worked outside the county.** 48.5% of workers 16 and older who resided in San Benito County in 2000 worked outside the county according to the Census. This was the highest percentage of any county in the state.

b. Employment by Industry

Although agriculture still plays an important role in San Benito County's economy, government, retail trade, and manufacturing now employ a larger percentage of the county's labor force (see Figures 1 & 2 below and Table 1 in Appendix). This shift in employment away from agriculture reflects the county's transition over the last decade from a primarily agricultural economy to more of a suburban community on the edge of rapidly growing Silicon Valley, particularly in the northern portion of the county.

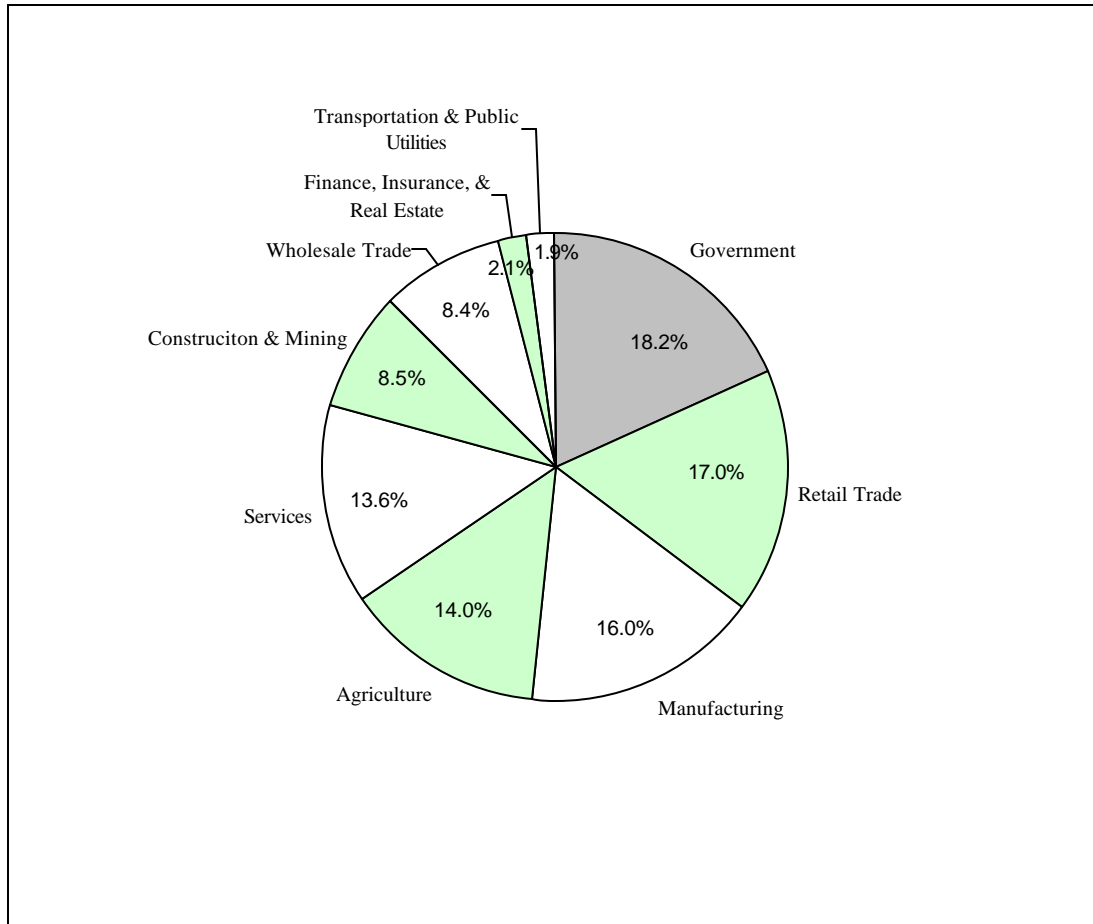
- **Government employed the largest percentage of county workers in 2001 moving up from second largest in 1991.** In 2001, 18.2% of all workers in the county were employed by various government organizations which was about the same percentage as in 1991. Although the overall percentage of workers employed by government did not change from 1991 to 2001, absolute employment in government grew by 41% between 1991 and 2001, from 2,000 to 2,820 workers.
- **Retail trade was the second largest industry in terms of employment in 2001 moving up from third in 1991.** Retail Trade employed 17.8% of county workers in 2001 as compared to 16.4% in 1991. In absolute terms, employment in retail trade grew by 46% between 1991 and 2001, increasing from 1,810 to 2,650 workers.
- **Manufacturing was the third largest industry in terms of employment, moving up from fourth in 1991.** In 2001, 15.8% of county workers were employed in manufacturing as compared to 13.5% in 1991. In absolute terms, employment in manufacturing grew by 66% over the last decade (1991-2001) when manufacturing employment increased from 1,490 to 2,480.
- **Agriculture dropped from first to fourth in terms of employment in 2001.** In 2001, agriculture employed only 13.5% of county workers as compared to 25.4% in 1991. From 1991 to 2001, absolute agricultural employment also declined by 22%, falling from 2,810 to 2,180 employees.

Figure 1. San Benito County Employment by Industry, 1991 & 2001



Source: California Employment Development Department, Labor Market Information Division.

Figure 2. San Benito County Employment by Industry, 2001



Source: California Employment Development Department, Labor Market Information Division.

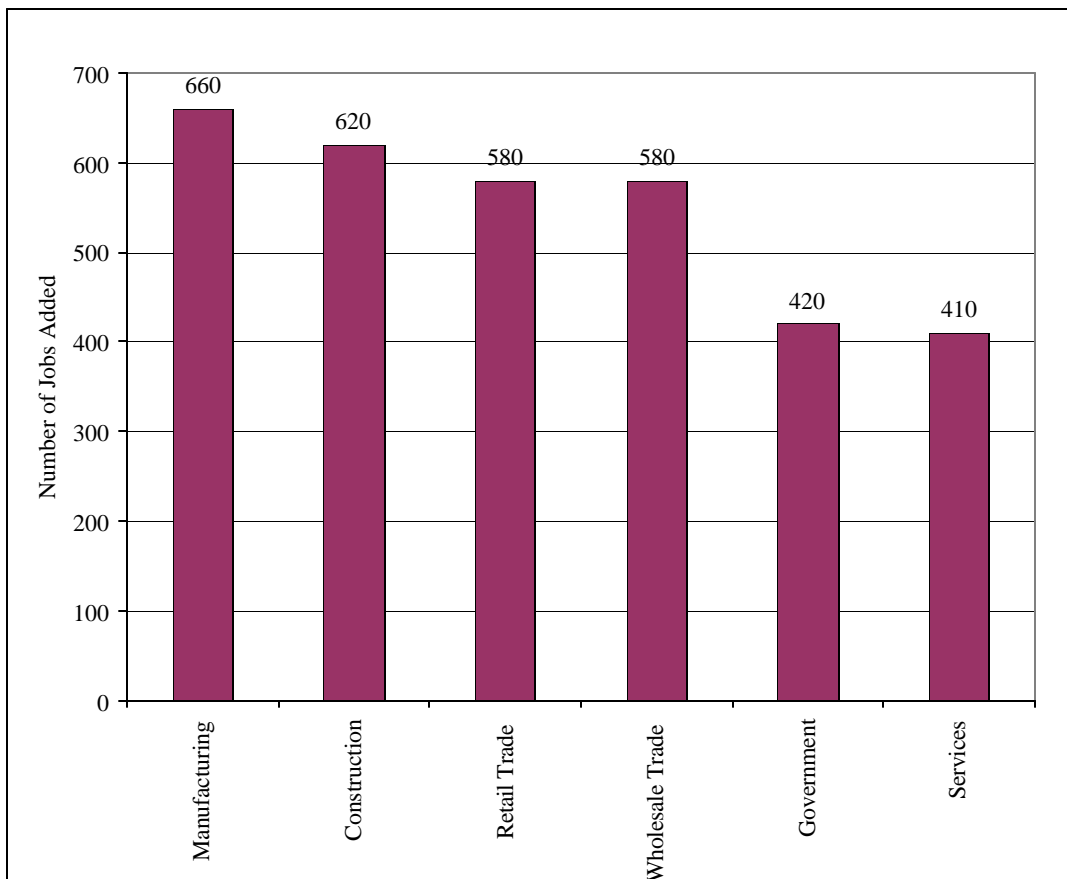
c. Projected Employment Growth by Industry

According to industry projections, this shift in the San Benito County economy away from agriculture will continue and total nonfarm employment is expected to grow substantially between 1999 and 2006. Manufacturing, construction, retail and wholesale trade will also add the largest number of new jobs during the same period (see Figure 3 below and Table 2 in Appendix).

- **Between 1999 and 2006, non-farm employment is projected to grow by 26% adding nearly 3,280 jobs.** Over 60% of these jobs will be in service industries rather than goods producing industries.
- **Manufacturing is expected to add the largest number of jobs between 1999 and 2006.** Manufacturing is projected to add approximately 660 jobs between 1999 and 2006. Most of these jobs (520) will occur in durable goods manufacturing rather than nondurable goods manufacturing such as food processing.

- **Construction is projected to experience the next largest increase in jobs, continuing its dramatic growth trend over the last 10 years.** The construction industry, the sixth largest in terms of employment, is projected to add 620 jobs from 1999 to 2006, building on 10 years of growth between 1991 and 2001, when the industry grew by 132% or from 570 to 1,320 jobs.
- **Retail trade and wholesale trade are projected to add the next largest number of jobs from 1999-2006.** Both retail and wholesale trade are projected to add 580 jobs, with about 40% of the growth in retail trade occurring at restaurants and bars (eating and drinking places) and 25% at food stores.
- **The government sector is projected to experience the next largest increase in employment, adding 420 jobs from 1999-2006.** 90% of these jobs will be in local government, which is projected to add positions to accommodate the needs of the county's increasing population.

Figure 3. Projected Job Growth by Industry, 1999-2006



Source: California Employment Development Department, Labor Market Information Division.

d. Major Employers of San Benito County

The list of the 10 largest employers in Benito County further illustrates the mix of industries active in the county (see Table 2) with the majority involved in either manufacturing or services. Among the largest employers in the county, four are involved in manufacturing and four are in services (including Hazel Hawkins Memorial Hospital and San Benito High School).

Table 2. Ten Largest Employers in San Benito County

Employer Name	Industry
El Modeno Gardens Inc.	Wholesale Trade: Misc. Nondurable goods
Hazel Hawkins Memorial Hospital	Services: Hospital
Jesus Quintero Inc.	Agriculture: Personnel Supply Services/Farm Labor Contractor
Moore Dry Yard Inc.	Wholesale Trade: Groceries & Related Products
McCormick Selph Inc.	Manufacturing: Misc. Chemical Products
Milgard Manufacturing	Manufacturing: Fabricated Structural Metal products
Ridgemark Golf & Country Club	Services: Misc. Amusement, Recreation Services
San Benito High School	Services: Elementary & Secondary Schools
West Marine Distribution Center	Retail Trade: Boat Dealers
Willis Construction	Manufacturing: Concrete, Gypsum & Plaster Products

Source: California Employment Development Department (EDD); Labor Market Information Division (LMID).

e. **Projected Occupational Growth by Industry, Training and Wages¹**

Occupations Projected to have the Largest Number of Openings

In general, the majority of occupations with large numbers of projected openings from 1999 to 2006 are in the low paying retail trade and service industries (see Figure 4 below and Table 3 in Appendix). However, there are also a number of occupations in the wholesale trade and manufacturing industries are also projected to have large numbers of openings.

- **15 of the 30 occupations projected to have the largest number of job openings are in services and retail trade.** These occupations include cashiers (260 openings), retail salespersons (190 openings), waiters and waitresses (180 openings) and combined food preparation and service workers (130 openings). This is in line with projections that the retail trade industry will add a large number of workers over the next few years. Most of these occupations require only short-term training.
 - **Unfortunately many of these service and retail trade occupations have annual wages close to minimum wage.** For example, none of the occupations in Table 3 primarily employed by the retail trade industry has a mean annual wage of more than \$25,000. In addition, the average annual pay of workers in the retail trade industry as a whole in 2000 was only \$18,356 and only \$12,585 for bars and restaurants. For the services industry overall, average annual pay is \$23,061.
 - **Only three service occupations projected to have large numbers of openings have relatively high mean annual wages.** Elementary and secondary school teachers and registered nurses are all occupations that are projected to add between 80 and 50 jobs between 1999 and 2006. These occupations have mean annual wages of between \$40,000 and \$60,000 and they require at least an associate or bachelor's degree.
- **Eight of the 30 occupations with the largest number of openings are in manufacturing and wholesale trade.** These occupations include non-scientific sales representatives, except retail (170 openings), assemblers and fabricators (150 openings), truck drivers, heavy (80 openings), truck

¹ Data on wages by occupation in this section are from the California Employment Development Department's Labor Market Information Division, Occupational Employment Statistics Survey Results for Kings and San Benito Counties. Data on wages by industry are from the California Employment Development Department's Labor Market Information Division, Covered Wages and Employment for San Benito County, 2000.

drivers, light (80 openings), stockroom and warehouse stock clerks (60 openings), packers and packagers (60 openings), scientific sales representatives, except retail (50 openings), and sales floor stock clerks (50 openings).

- **Wages in manufacturing and wholesale occupations range widely.** The average annual wages of these top-growing manufacturing and wholesale occupations ranged from \$17,281 for hand packers and packagers to \$61,264 for scientific sales representatives, except retail. In 2000, average annual pay in the industry as a whole was \$33,237 and \$34,907 for wholesale trade. All of these occupations require only short or moderate-term on-the-job-training.
- **The three construction occupations with the largest projected number of openings have somewhat higher wages.** These three occupations include carpenters (\$49,904, 120 openings), painters and paperhangers—construction (60 openings), and sheet metal workers (50 openings). The average annual pay of construction workers was \$29,497.

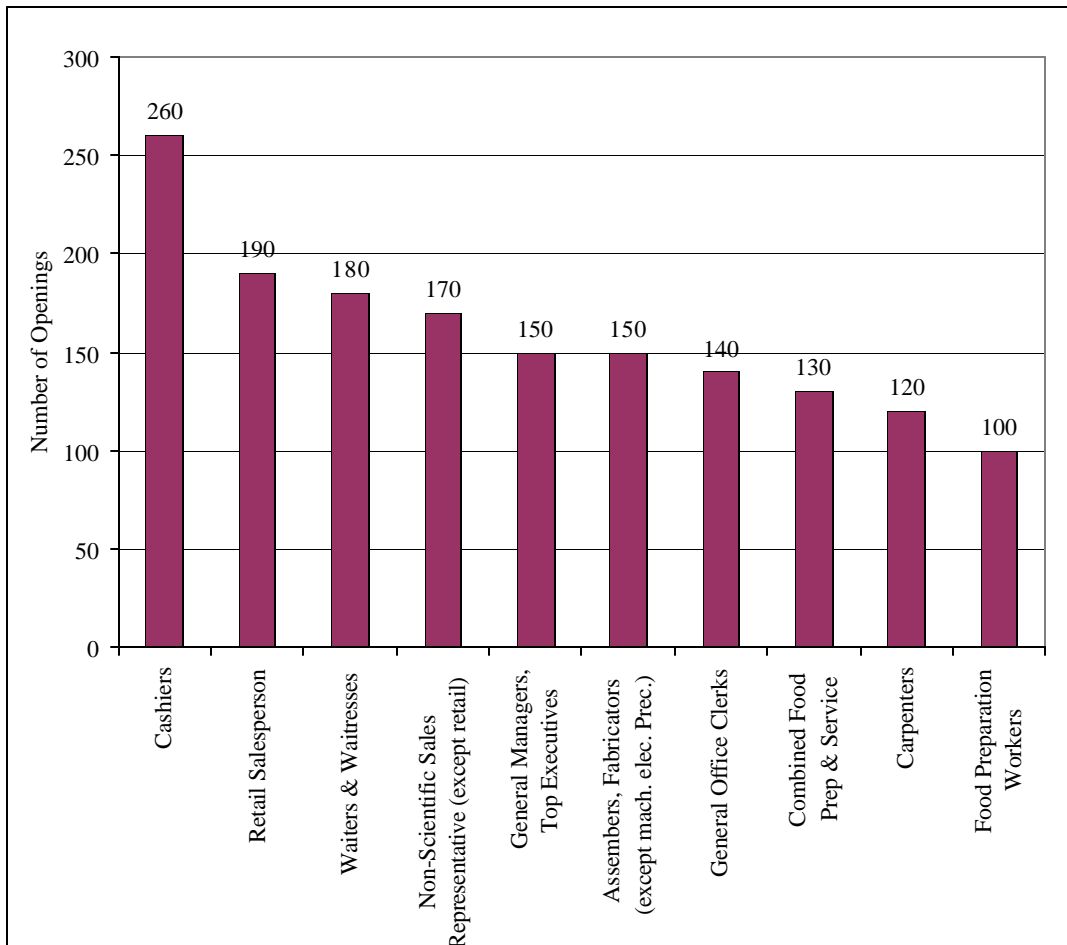
Occupations Projected to have the Fastest Growth

Construction and manufacturing occupations made up the majority of those projected to have the fastest growth in San Benito County, reflecting the county's growing strength in those areas (see Table 4 in Appendix).²

- **Half of the top 10 occupations were in construction.** These occupations include carpenters' helpers (100% increase), painters' helpers (100% increase), construction managers and supervisors (75% increase), tapers (66.7%) and construction painters and paperhangers (50% increase). The wages for these occupations were fairly high and ranged from \$30,419 to \$53,561.
- **Three of the 10 occupations projected to have the fastest growth were in manufacturing.** These occupations include scientific sales representatives except retail (80% increase), truck drivers, light (50%), and packaging and filling machine operators and tenders (50% increase). The wages for these occupations varied from \$61,264 to \$24,993.

² California Employment Development Department, Labor Market Information Division.

Figure 4. Top 10 Occupations with the Most Openings



Source: California Employment Development Department, Labor Market Information Division, 2000 Occupational Employment Statistics Survey.

2. Employer Skill Requirements and Worker Skill Deficiencies³

This report will next examine the most important skills employers look for in their employees and their difficulties they have in finding workers with these skills. In general, few employers said they were currently having difficulty finding workers. However, some employers did report trouble in recruiting workers with very specific technical skills and experience. Employers also said that having a positive work ethic

³ Data for the next section is primarily based on focus groups held with six San Benito County employers and industry representatives on June 27, 2002 and interviews with four other employers or industry representatives in June and July, 2002. These interviews included: Mark Tognazzini, San Benito County Agricultural Commissioner, July 2, 2002; David Gutierrez, Lifesparc, July 26, 2002; Terry Marburger, Executive Director of the San Juan Bautista Chamber of Commerce, July 10, 2002; Annet Giacomazzi, President of the San Benito Wine Growers Association, July 10, 2002.

and strong basic skills were typically more important than occupational training or experience for low-skilled or entry-level workers. By contrast, computer skills were less important for these workers.

- **In general, the employers reported having trouble finding employees because of the current poor state of the economy.** Entry level and low-skilled positions were the easiest to fill.
- **Employers said that it is somewhat difficult to find highly skilled, educated and experienced workers.** For example, employers reported that it is difficult to find workers such as wine-makers or senior high tech sales or business development staff. For these kinds of typically high-paying positions, having the right educational background, training, and/or experience is what is critical and employers often have to look outside the county to fill them.
- **Employers said that for most entry-level/low-skill positions, having a good work ethic and being motivated to work are the most important qualifications.** They would prefer to hire untrained workers who have a strong work ethic and provide them with on-the-job-training rather than hire workers who have been through an occupational training program or even have experience.
 - **Employers said it is very difficult to find low-skilled and entry-level workers with a strong work ethic.** Instead, they said most workers lack motivation, are “lazy” and no longer really want to work. They said this was particularly true for younger workers. Employers contrasted these workers with older and immigrant workers who they find very motivated.
 - **For this reason, these employers have begun hiring more immigrant workers.** However, this has been challenging because immigrant workers often do not speak English well. To help them be more effective with these workers, employers would like more on-site English-as-a Second-Language (ESL) training for their workers and better access to Immigration Services from the INS.
- **Basic math and English communication skills were also very important for low-skilled and entry-level positions.** These skills included basic English speaking and writing skills and the ability to do simple math problems.
 - **Employers also complained that entry level and low-skilled workers often lack basic skills.** For example, a representative of an apprenticeship program said that many applicants cannot pass the basic math test required for entrance to the program. In addition, many immigrant workers have limited English language skills which has serious safety and efficiency implications.

- **For entry level and low-skilled employees, computer skills are important but not essential.** Employers said they are often willing to provide training on necessary computer skills to new workers if needed.

3. Barriers to Recruiting Workers⁴

In San Benito County, transportation and housing were both mentioned as barriers by employers which have made it more difficult for them to meet their recruitment needs.

- **Transportation was a barrier both because of the scarcity of public transportation and traffic congestion.**
 - **Employers said it is very difficult for their employees to get to work by public transportation if they are not located in Hollister.** This was due to the scarcity of public transportation available outside Hollister.
 - **Increasing traffic congestion has made it more difficult for workers to commute by car.** Increasing development in northern San Benito County in recent years has led to lengthy commute times. For example, the 2000 Census found that the mean travel time to work in San Benito County was 33.7 minutes, several minutes higher than the state average.
- **However, manufacturers who compete with Silicon Valley firms for workers noted that traffic congestion sometimes works to their benefit.** This is because many local workers prefer not to commute to Santa Clara County and will accept lower wages to work in San Benito County to avoid the commute.
- **Housing was the other major barrier to finding workers.** Employers noted that this was a particular problem when trying to recruit workers for specialized high-skilled positions from outside coastal California. This was because these workers are unwilling to relocate to a place where housing costs are so high, compared to many other areas.
 - **Housing costs in San Benito county have increased substantially over the past decade.** For example, the median value of owner-occupied housing increased by 37.5% between 1990 and 2000, from \$206,600 to \$284,000. In addition, the

⁴ Data for the next section is primarily based on focus groups held with six San Benito County employers and industry representatives on June 27, 2002 and interviews with four other employers or industry representatives in June and July, 2002. These interviews included: Mark Tognazzini, San Benito County Agricultural Commissioner, July 2, 2002; David Gutierrez, Lifesparc, July 26, 2002; Terry Marburger, Executive Director of the San Juan Bautista Chamber of Commerce, July 10, 2002; Annet Giacomazzi, President of the San Benito Wine Growers Association, July 10, 2002.

median rent in the county increased by 55.8% over the decade, from \$491 to \$765.⁵

- **On the other hand, for employers recruiting staff from Silicon Valley, housing costs in San Benito County work in their favor.** This is because housing costs in San Benito County are still lower than in Santa Clara County, which makes it easier to convince workers from Santa Clara County to re-locate to the area. For example, the median value of owner-occupied housing in Santa Clara County (\$446,400) was 36.3% higher than in San Benito County. In addition, the median gross monthly rent in Santa Clara County (\$1,185) was 54.9% higher than in San Benito County⁶.

4. Where Employers Find Workers ⁷

Most employers in the county recruit workers through employee referrals, newspaper advertisements, word-of-mouth, walk-ins, the Internet, and temporary staffing agencies or labor contractors. By contrast, few employers use public workforce services to find workers. This was largely because employers were either unfamiliar with public workforce services or did not think they attracted appropriate workers.

- **Most employers hire through employee referral, newspaper advertisements (particularly local newspapers), word-of-mouth and walk-ins.** Several employers noted that they provide employees with “bounties” for referring candidates who are successfully hired. These methods have been particularly effective since the economic downturn.
 - Two manufacturers also use temporary staffing agencies to try and diminish the risk of hiring large numbers of entry-level staff. The company recruits the workers who then work for temporary staffing agency (rather than the company itself) during a probationary period. Eventually, if the worker performs well, the manufacturing company will hire him or her on a permanent basis. However, if workers do not perform well during the probationary period, the company has an easier time letting them go because they still employed by the staffing agency.

⁵ Census 1990 and 2000.

⁶ Ibid.

⁷ Data for the next section is primarily based on focus groups held with six San Benito County employers and industry representatives on June 27, 2002 and interviews with four other employers or industry representatives in June and July, 2002. These interviews included: Mark Tognazzini, San Benito County Agricultural Commissioner, July 2, 2002; David Gutierrez, Lifesparc, July 26, 2002; Terry Marburger, Executive Director of the San Juan Bautista Chamber of Commerce, July 10, 2002; Annet Giacomazzi, President of the San Benito Wine Growers Association, July 10, 2002.

- **Employers do not make much use of public workforce services.** In general, most of the employers who were interviewed or who participated in the focus group were relatively unfamiliar with public workforce programs and did not think they were very useful. They also said that One-Stop Center and Employment Development Department programs including CalJOBS do not attract appropriate workers, particularly for higher skilled positions, and it is too risky and difficult to hire workers from these programs. Only one employer said that she has successfully used CalJOBS to hire some of the entry-level unskilled workers she needs.

5. Analysis of Workforce Demand for Selected Industry Clusters⁸

In addition to analyzing overall demand for workers, this report will next examine the growth prospects, recruitment needs and wages⁹ for the wine, high technology/ biotechnology and tourism industry clusters. These three industry clusters represent important current and future sectors of the county's economy and employment.

a. Wine

As noted above, San Benito County's economy and employment was historically dominated by agriculture. Although agriculture is currently only the fourth largest industry in terms of employment, it continues to be an important sector of the county's economy and has been experiencing fairly steady growth over the past few years. One sub-sector of the agriculture industry that is likely to grow substantially over the next few years is the wine industry. According to the San Benito Wine Grower's Association, wine grapes are the county's third largest crop with approximately 35,000 acres of grape vines in the county, six wineries and three more wineries to open shortly. Most positions in wine industry are for low-paid, un-skilled or low-skilled vineyard or winery workers and employers have not had trouble finding these workers.

⁸ Data for the next section is primarily based on focus groups held with six San Benito County employers and industry representatives on June 27, 2002 and interviews with four other employers or industry representatives in June and July, 2002. These interviews included: Mark Tognazzini, San Benito County Agricultural Commissioner, July 2, 2002; David Gutierrez, Lifesparc, July 26, 2002; Terry Marburger, Executive Director of the San Juan Bautista Chamber of Commerce, July 10, 2002; Annet Giacomazzi, President of the San Benito Wine Growers Association, July 10, 2002.

⁹ Data on wages by occupation in this section are from the California Employment Development Department's Labor Market Information Division, Occupational Employment Statistics Survey Results for Kings and San Benito Counties. Data on wages by industry are from the California Employment Development Department's Labor Market Information Division, Covered Wages and Employment for San Benito County, 2000.

- **Growth Prospects.** This industry has positive growth prospects for several reasons: the county's success in developing renown for certain types of wine suitable to the county's geological conditions; the growing fame of the wine industry in California as a whole which is making it easier to sell California wines worldwide; the suitability of San Benito County's climate for growing high quality grapes; and the proximity of San Benito County to the major wine-drinking markets of the Bay Area making it easy for Bay Area residents to spend a day trip visiting area wineries.
- **Barriers to Growth.** The high cost of housing was mentioned as a significant barrier to growth of the wine industry because of the difficulty experienced by many of the unskilled workers employed by wineries to find affordable housing. Transportation has not been reported to be a major issue because most unskilled workers are provided by labor contractors who supply transportation to the worksite.
- **Skill Requirements.** Most positions in the wine industry are for unskilled or low-skilled vineyard or winery workers. Much of the work is also seasonal. In the wineries themselves, there is also some need for workers to staff wine-tasting rooms and gift shops that are also typically low-skilled retail or service jobs. For these low-skilled positions, most wineries are willing to provide workers with the training they need on the job and are primarily looking for workers with a strong work ethic.
- **Availability of Qualified Workers.** For unskilled and low-skilled positions, most wineries have not found it difficult to hire workers, although they do experience difficulty in hiring very specialized positions such as wine-makers.
- **Where Employers find Workers.** Many wineries use labor contractors to hire temporary migrant workers to harvest grapes or help with processing the grapes. Those workers not hired through labor contractors are usually recruited through word of mouth.
- **Wages.** Although wages in the agriculture industry are typically quite low (particularly for farm workers who have an average annual wage of only \$13,635), the average annual pay in the grapes industry is \$28,690, 31% higher than that for the agriculture industry overall (\$21,888) in San Benito County. Unskilled workers involved in the wine-making process earn mean annual wages of approximately \$30,144.¹⁰ For positions that require very specialized skills and experience, wages can be much higher. For example, experienced wine-makers have average annual wages that may exceed \$60,000.

¹⁰ Average annual pay for Food and Kindred Products industry.

b. High Technology/Biotechnology

Due to San Benito County's proximity to the Silicon Valley, the high technology and biotechnology industries are likely to become important sectors of the county's economy. Both industries have a need for well-educated, highly skilled and experienced workers who receive high wages, and for low-skilled and unskilled workers who are relatively low-paid. Currently, due to the downturn in the economy, it is not difficult for high tech or biotech firms to recruit either skilled or unskilled workers.

- **Growth Prospects.** The high technology and biotechnology industries are not doing well at present largely because of the poor state of the overall economy. However, this is expected to change as the economy rebounds and these industries are likely to experience substantial future growth. One major reason for this future growth is the proximity of Silicon Valley with its large reservoir of skilled workers, venture capital, and related industries to support high technology and biotechnology firms in the county. In addition, because commercial real estate and housing are less expensive in San Benito County, future high tech and biotech firms may choose to locate in the county to save money but still remain close to Silicon Valley. In addition, an increasing number of San Benito County residents are likely to commute to Santa Clara County to work in the high tech industry in Silicon Valley.
- **Barriers to Growth.** Even though housing has become much more expensive recently in San Benito County, this is not seen as much of a barrier to the high technology or biotechnology industries. Housing is still cheaper than in Santa Clara County, making it easier to recruit highly skilled workers away from Silicon Valley. On the other hand, increasing traffic congestion and limited public transportation in the county are barriers because they make workers less willing or able to commute to their workplace.
- **Skill Requirements.** The high technology and biotechnology industries have a need for both well-educated, highly skilled and experienced workers for product research and development, marketing and management positions and for relatively unskilled workers for low-level manufacturing positions.
 - For unskilled workers, employers report that having a good work ethic is more important than prior training or experience. Employers would also like workers to have good communications skills, but computer skills are not considered essential for manufacturing workers. For example, one high tech manufacturing firm reported that only 20% of its workers use computers.
 - For skilled positions, employers prefer workers with both specialized skills, education and experience.

- **Skill Deficiencies.** With unskilled or semi-skilled workers, employers report that there are significant problems with work ethic and absenteeism, particularly among younger workers.
- **Availability of Qualified Workers.** Currently, due to the downturn in the high technology and biotechnology industries, it is not difficult for firms to recruit either skilled or unskilled workers. Only if there is a need to recruit staff from outside of coastal California, does the high cost of housing make recruitment difficult.
- **Where Employers find Workers.** Many high technology and biotechnology firms recruit via the internet for specialized, high skilled jobs and through employee referral, newspaper ads and word of mouth for low skilled workers. Some employers do post jobs on CalJOBS, but primarily for low-skilled entry-level jobs.
- **Wages.** Wages in the electronics manufacturing industry (average annual pay of \$27,555) are modest due to the large number of relatively low-skilled workers required by manufacturing. By contrast, wages in the computer and data services industry, which typically require more high-skilled workers, are substantially higher (average annual pay of \$44,359). Wages for common occupations in the high technology and biotechnology industries range from \$26,949 for welders, cutters, solderers and brazers to \$48,126 for computer systems analysts and for \$60,059 for computer and information systems managers.

c. Tourism

Tourism in San Benito County is centered around San Juan Bautista with its mission and state historical park, and is one of the town's economic mainstays. Although tourism in the county has been affected by the recent economic downturn, it is likely to grow once the economy rebounds and as the population in California increases. Most staffing needs in the tourism industry are for low-skilled positions such as retail clerks, waiters and waitresses, cooks, and dishwashers which typically pay very low wages. Currently, due to the downturn in the economy, it is not difficult for firms to recruit workers.

- **Growth Prospects.** Although tourism in San Juan Bautista has been affected by the recent economic downturn, it is likely to grow in the future once the economy rebounds and as the population in California, particularly the Bay Area increases. Growth in the wine industry may also boost tourism in the county and may help it to expand beyond San Juan Bautista.
- **Skill Requirements.** Most businesses dependent on the tourism industry in San Juan Bautista are small shops, restaurants and motels, 90% of which are owner-operated. As a result, most of their staffing needs are

for low-skilled positions such as retail clerks, waiters and waitresses, cooks and dishwashers.

- **Availability of Qualified Workers.** Currently, due to the downturn in the economy, it is not difficult for firms to recruit workers.
- **Where Employers Find Workers.** Employers typically use newspaper ads and word of mouth to recruit workers.
- **Wages.** Wages in the tourism-related services and retail trade industries are typically quite low. For example, average annual wages in the restaurant and bar industry (eating and drinking places) are only \$12,585 and wages in the amusement and recreation services industry are only \$15,532. In terms of occupations, cashiers have average annual wages of only \$15,142 and even front-line retail sales managers have average annual wages of only \$28,563.

III. ANALYSIS OF LABOR MARKET SUPPLY AND JOB SEEKER NEEDS

The next section of this report will examine the supply of labor in San Benito County. This will include an analysis of aggregate data on the county's population, labor force, and education system. The analysis of labor market supply will also examine the needs of youth, adults, and dislocated workers to be successful in the labor market and achieve their career aspirations.

1. Aggregate Analysis of Labor Market Supply

To analyze the overall demand for workers in the county, this report will first examine a number of overall indicators and trends for the county's population, labor force, and educational system. These indicators include the racial, ethnic, age, and gender breakdown of the county's population as well as the county's median income and the percentage of county residents below the poverty line. The report will also analyze data on the county's educational system, including educational attainment, standardized test score rankings, the percentage of students passing the state's high school exit exam, dropouts, and enrollment in adult and higher education.

a. Characteristics of San Benito County's Population and Labor Force

As noted above, the population of San Benito County grew rapidly over the past decade, increasing from 36,697 in 1990 to 53,234 in 2000 according to the Census. By contrast, the racial and ethnic breakdown of residents in the county stayed about the same during the 1990s, with nearly half of all county residents identifying as Latino and nearly 70% identifying as white. In terms of age, the county's population is slightly younger than the state's population, although somewhat more people will reach retirement age over the next few years than from 1990 to 2000. The percentage of women in the labor force also stayed nearly constant over the past 10 years. Finally, although median household income in the county increased by over 57% between 1990 and 2000, approximately 10% of county individuals were below the poverty line in both years.

- **The racial/ethnic breakdown of the county's population remained nearly the same from 1990 to 2000 (see Table 3 below).** The percentage of white residents remained approximately 70% while other populations increased slightly. The percentage of Latino residents also increased slightly from 45.8% to 47.9%

Table 3. Population of San Benito County by Race

Category	Population in 1990	% of Population	Population ¹¹ in 2000	% of Population
White	25,617	69.8%	37,059	69.6%
Asian or Pacific Islander	804	2.2%	1,954	3.7%
American Indian/Alaskan Native	353	1.0%	1,189	2.2%
African-American	204	0.6%	791	1.5%
Other race	9,719	26.5%	14,928	28%

Source: Census 1990 and 2000

- **About three-fifths of the county’s population is from 18 to 64 years old according to the 2000 Census (see Table 4 below).** 59.7% of San Benito County residents were 18 to 64 years old, slightly lower than the percentage statewide (62.1%). By contrast, 35% of the county’s population is 19 and under (compared to 30.1% statewide) and 8.1% is 65 and older (compared 10.6% statewide).
 - **Nearly 17% of the county’s population will enter the labor force over the next decade.** 16.8% (8,918) of the county’s population is between the ages of 10 and 19 and will enter the labor force over the next 10 years. This is slightly higher than the percentage of 10-19 year-olds statewide (14.8%).
 - **Slightly more county residents are likely to retire over the next decade than from 1990 to 2000.** 16.5% (8,804) of the county’s population is between the ages of 45 and 59 years old compared to 17.1% statewide. In 1990, only 13% (4,787) of the population was between the ages of 45-59. This is important because this means that it is likely that more younger workers will be needed to fill positions formerly held by retirees.

¹¹ Note: Census race data now allows respondents to select more than one race, so percentages may be higher in 2000 because respondents may identify with more than one race. Population numbers by race may also add up to more than the total population.

Table 4: San Benito County Population by Age in 1990 & 2000

Age Group	Number in Age Group 1990	Percentage of Population 1990	Number in Age Group 2000	Percentage of Population 2000
9 years and under*	N/A	N/A	9,720	18.2%
10-14 years*	N/A	N/A	4,766	9.0%
15-19 years*	N/A	N/A	4,152	7.8%
18-64 years	21,671	55.4%	31,776	59.7%
45-59 years	4,787	13%	8,804	16.5%
65 and older	3,625	9.9%	4,315	8.1%

Note: Percentages do not add up because of overlapping years in different categories.

Source: Census 2000.

*Census figures in 1990 did not include this grouping.

- **About 44% of the county’s labor force was female in 2000, up slightly from 1990 (42%) according to the Census.**
 - The percentage women in the population 16 and older who were in the labor force stayed constant at about 59% between 1990 (59.4%, 7,752) and 2000 (59.1%, 11,184).
- **Median household income in 1989 in San Benito County was \$57,469, up 57.6% from 1990 (\$36,473) according to the Census.** Despite this increase, the county’s median income was still 22.7% less than Santa Clara County’s median household income of \$74,335.
- **About 10% of all individuals in San Benito County were below the federal poverty level in both 1989 and 1999 according to the Census.** In 1990, 9.5% of individuals were below the poverty level as compared to 10% in 2000. For female householders with no husband present, the percentage below the poverty level was 21.9% in 1999 as compared to 27.1% in 1989.
- **According to the 2000 Census, 17.8% (8,633) of county residents said they didn’t speak English “very well.”**
- **The average cost of childcare in San Benito County in 1998 was slightly higher than statewide.** For example, for children 2-5 years old, the cost of child care in San Benito County (\$5,118) was 2.5% higher than for the state as a whole (\$4,993).¹²

¹² Center for Information on County Government, 1998.

- **In 1998, 98 county residents (2.05 per 1000 people) were admitted to a hospital for drug or alcohol treatment.** 822 county residents (16.54 per 1000 people) were served by county mental health programs.¹³
- **18.8% (5,625) of San Benito County residents between the ages of 21 to 64 years old have a disability.** 40.5% of these disabled residents are unemployed.¹⁴
- **Approximately 7,300 San Benito County residents were migrant and seasonal farmworkers in 2000.** An additional 5,690 residents were part of a household including migrant and seasonal farmworkers in 2000.¹⁵
- **Between 1991 and 2000, juvenile felony arrests generally decreased, declining from 108 to 72.** On average, there were 98 juvenile felony arrests per year during that period, 83 of which were of male youth. 25.5% (25) of these arrests were for violent offenses, 52% (51) for property offenses and 7.1% (7) for drug offenses.

b. Educational Characteristics of San Benito County

Overall Educational Characteristics

In general, San Benito County residents have lower levels of educational attainment than the statewide average but more than in 1990. The county also has fairly high levels of illiteracy compared to other counties.

- **San Benito County's residents have lower levels of education on average than California residents overall, but more than they did a decade ago.**
 - **25.1% of all San Benito County residents 25 years or older did not have a high school diploma in 2000 according to the Census.** This was slightly higher than the statewide percentage of 23.2% but lower than 10 years before when 31.6% of county residents lacked a high school diploma.
 - **17.1% of San Benito County residents 25 years or older had a bachelor's degree or higher in 2000 according to the Census.** This was lower than the percentage for California as a whole

¹³ Ibid.

¹⁴ Census 2000.

¹⁵ Migrant and Seasonal Farmworker Enumeration Profiles Study, California . Alice C. Larson, Larson Assistance Services. Prepared for Migrant Health Program, Bureau of Primary Health Care, Health Resources and Services Administration, September 2000.

(26.6%) and but higher than in 1990 when only 14.4% of county residents had a bachelor's degree or higher.¹⁶

- **San Benito County has high rates of low literate and non-literate people compared to other California counties.** For example, in the 1992 National Adult Literacy Survey, 14.9% of county residents were reported to be non-literate. This was the second highest percentage of non-literate people in the state behind Imperial County. In addition, a Synthetic Estimate of Literacy conducted by Portland State University in 1996 found that approximately 23% of county residents were at the lowest level of literacy.

K-12 Public School System

San Benito County has over 3,000 public secondary school students, approximately 10% of whom are enrolled in alternative education. About a fifth of county students were classified as English learners and 781 students at San Benito High were classified as migrant students in 2002. In addition, almost a third of county students (31.2%) had household incomes low enough to be eligible for free and reduced price lunches and over 5% were CalWORKS (formerly AFDC) participants in 2000-2001. Finally, county districts with high schools spent just slightly less than the state average per student.

Overall academic performance for county schools is mixed with schools faring better than the state on several indicators, but doing worse than in 1990. For example, while county high schools fared better than the state as a whole in terms of dropouts, high school exit exams, and percentages of students completing courses required for University of California and California State University admission, several of these indicators had worsened since the early 1990s.

- **In 2001-2002, there were 3,326 public secondary students (grades 9-12) in San Benito County, representing 28.8% of all public students in the county.**
 - **Of these secondary students, 9.7% (323 students) were enrolled in alternative education.** These alternative students were primarily at San Benito High (258 students) with a few (65 students) at schools under the San Benito County Office of Education.¹⁷

¹⁶ Census 1990 and 2000.

¹⁷ California Department of Education, Dataquest.

- **19% (2,203) of all students in San Benito County public schools were classified as English Learners (formerly Limited English Proficient or LEP) as of spring 2002.**¹⁸
- **In 2001-2002, 731 students at San Benito High School were classified as migrant students.**¹⁹
- **Almost a third of county students (31.2%) had household incomes low enough to be eligible for free and reduced price lunches and over 5% were CalWORKS (formerly AFDC) participants in 2000-2001.** At San Benito High School in 2000-2001, 333 (11.6%) students were eligible for free and reduced price lunches and 120 (4.2%) were on CalWORKS. At Aromas/San Juan Unified School District in 2000-2001, 516 (37.8%) students were eligible for free and reduced price lunches and 54 (4%) students were CalWORKS participants.²⁰
- **There were 346 special education students in grades 9-12 in San Benito County as of December 31, 2001.** The most common disability suffered by special education students ages 14-19 was having a specific learning disability (283 students).²¹
- **San Benito County districts with high schools spend just slightly less than the state average per student.** In 2000-2001 San Benito High School spent \$6,529 per student which is just slightly less than the statewide average for high school districts (\$6,534). Aromas/San Juan Unified spent \$6,341 per student, which is also less than the statewide average for unified school districts (\$6,414).²²

Academic Performance

- **In general, academic performance for San Benito County high schools is mixed.** While county high schools fared better than the state as a whole on several indicators, some were lower than in the early 1990s.

Academic Performance Index (standardized tests)

¹⁸ California Department of Education, Dataquest, English Learners in California Public Schools - San Benito County.

¹⁹ Santa Clara County Office of Education, Migrant Education Region One. Region 1, I & R Profile.

²⁰ California Department of Education, Dataquest, selected county data.

²¹ California Department of Education, Special Education Division, reporting cycle: December 1, 2001.

²² California Department of Education, School Fiscal Services Division – J200/SACS reports, Current Expense of Education per ADA data.

- **San Benito High School was ranked 7 (out of 10 with 10 being highest) when compared to other similar schools.** This was up from a ranking of only 2 in 1999. However, San Benito High School did not meet its target for improved scores in 2000-2001 and its score of 654 is far below the state's target of 800.
- **Anzar High School was ranked only 2 (out of 10 with 10 being highest) when compared to other similar schools.** This was the same ranking the school had in 1999. Anzar High School also missed its target for score improvement in 2000-2001 and its score of 599 is lower than that for San Benito High School.

High School Exit Exam (CAHSEE)

- **Slightly more San Benito County students (68%) passed the English portion of the California High School Exit Exam than statewide (64%) while slightly fewer county students (41%) passed the math portion as compared to statewide (44%).** Students at Anzar High School (35% math, 67% English) did slightly worse than students county-wide and at San Benito High School (41% math, 68% English).

Dropout and Graduation Rates

- **San Benito County's dropout rate²³ of 1.5% in 2000-2001 was lower than the state's overall dropout rate (2.8%).** The county's dropout rate was about the same as Santa Clara County's dropout rate of 1.6%. San Benito High School's dropout rate was also 1.5% while schools under the San Benito County Office of Education had a dropout rate of 2.5% and Aromas/San Juan Unified School District had a drop-out rate of only .6%.
- **The county's drop-out rate was also significantly lower than in a decade earlier.** In 1991-1992, the county's dropout rate was 3.6%. In 1991-1992, San Benito High School's dropout rate was 3.4%, while schools under the San Benito County Office of Education had a dropout rate of 12.5%.
- **28.4% more students graduated from San Benito high schools in 1999-2000 (573) as compared with 1993-1994 (410).** This was due to primarily to increases in 12th grade enrollment. In 1993-1994, 408 students graduated from San Benito High School and two graduated from schools under the San Benito County Office of Education. By contrast, in 1999-2000, 537 students graduated from San Benito High School, 9 from San Benito

²³ All the rates referred to in this section are one-year rates from the California Department of Education's Dataquest system.

County Office of Education schools and 27 from Aromas/San Juan Unified School District.

Completion of Courses Required for University of California/California State University Admission

- **The percentage of San Benito County students completing all courses required for University of California (UC) or California State University (CSU) entrance in 2000-2001 (41.3%) was higher than for the state as a whole (35.6%).** However, this percentage was lower than in 1992-1993 (47.2%). This decline is due to a decrease at San Benito High School where the number of students completing these courses dropped from 47.2% in 1992-1993 to 37% in 2000-2001.

c. Adult and Higher Education

San Benito County has very limited adult and higher education resources with only one adult education provider (San Benito High School) with very limited adult enrollment. In addition, the county does not have its own community college, although Gavilan College has established a satellite campus in Hollister.

- **San Benito County has very limited adult education resources.** For example, in 1999-2000, the only adult education provider in the county was San Benito High School. However, no students at San Benito High School were enrolled in adult basic education and only 222 students were enrolled in ESL classes throughout the year.²⁴
- **No GEDs were awarded in San Benito County in 2000 because of the lack of a testing center in the county.** However, many San Benito County students take GED tests in Morgan Hill and Salinas, which are the closest centers.
 - **At Morgan Hill Adult School, 218 students passed the GED in 2001, 81.3% of the total who took the test.** At Salinas Adult Education Center, 555 students passed the GED in 2001, only 54.1% of those who took the test. 33.8% of all students in Salinas opted to take the GED in Spanish.
- **San Benito County residents also have somewhat limited access to community college facilities.** Although Gavilan College serves San Benito County, its main campus is in Gilroy and only a smaller satellite campus is located in Hollister. Gavilan College is also one of the smallest community colleges in the area, with only 5,797 students

²⁴ California Department of Education, Adult Education Office, CA Adult School Enrollment Report J18/19 1999-00.

compared to Cabrillo College (14,542), Hartnell College (10,165) or San Jose City College (10,076).²⁵

2. Services Workers Need to Reach Career Goals

This section of the report will examine the needs of youth, adults, and dislocated workers to compete successfully in the county's labor market and achieve their career aspirations. The section will first examine the overall needs of youth and then the needs of specific populations of youth. The report will then analyze the needs of adults and dislocated workers both overall and specific populations.

a. Unmet Needs for Youth to be Successful in the Labor Market

Youth providers reported several high priority needs²⁶ for youth to be successful in the labor market and meet their career goals.²⁷ These needs included increased coordination between youth-serving agencies, more marketing of programs to youth, more assistance in developing a strong work ethic, more internships and job shadowing programs and increased coordination with businesses to provide more high-quality job opportunities for youth. Other needs included the establishment of a teen center, opening of a local GED testing center, more high-quality GED instruction, more youth program staff and smaller caseloads, more mentorship programs and better transportation resources. For specific populations of youth, providers said that more attention should be given to youth on probation, youth in foster care and disabled youth.

Priority Overall Youth Needs

- **Increased coordination between youth-serving workforce agencies in San Benito County and greater marketing to youth** Youth providers said that many youth lack the services they need, not because the services are unavailable, but because youth-serving agencies don't coordinate well. This lack of coordination has meant that providers and youth lack knowledge about how to access all available services. For this reason, providers wanted more coordination and information-sharing between

²⁵ California Community College Chancellor's Office. Data for spring 2002.

²⁶ These priority needs came directly from the focus groups. Near the conclusion of each focus groups, participants were asked to discuss what they felt were the highest priority needs for the county.

²⁷ Unless otherwise cited, this section is based on a focus group held with 10 San Benito County youth service providers on June 26, 2002. Participants included representatives from the California Employment Development Department, San Benito High School, San Benito County Office of Education, Hollister Police Department, a parent, the San Benito County Community Services and workforce Development Department, and a representative from an apprenticeship program.

providers and more marketing efforts targeted at youth. In a related effort, a number of providers are currently creating a youth resource guide.

- **More assistance in developing skills related to a strong work ethic.** These skills include punctuality, responsibility, diligence, and motivation. Employers are more likely to hire untrained youth with a strong work ethic and train them on the job rather than youth with specific occupational training who lack a strong work ethic. One provider also suggested that motivational speakers be used to help youth develop these skills.
- **Internship and job shadowing programs for all youth.** Youth providers said that youth need more structured opportunities to gain work experience and learn about different careers through internships or job shadowing. Because San Benito High School no longer has a work experience program and the Workforce Investment Act (WIA) Youth program has very stringent eligibility requirements, there is currently no program to provide these opportunities to most youth.
- **Increased coordination with businesses to provide more high-quality jobs for youth.** Many employers are unwilling to hire youth under 18 because of liability/worker's compensation problems and their lack of experience and perceived lack of motivation. As a result, there are too few high-quality jobs that can lead to well-paid careers for youth. For example, a recent job fair with 25 employers attracted 300 youth, far more than the employers were seeking to recruit.
- **Establishment of a teen Center.** Youth providers noted that youth in Hollister do not have a place to go after school or in the evening that is affordable and offers constructive recreation and educational activities. They noted that the YMCA closes at 5 pm and most of their programs are targeted at younger youth. They also said that city recreational programs are too expensive for many youth. Focus group participants said that the proposed teen center would be a supervised place for youth to congregate and could offer informal computer classes or information about jobs similar to a one-stop career center for youth.

Other Overall Youth Needs²⁸

- **Establishment of a Local GED Testing Center.** Providers noted that the lack of a GED testing center in the county makes it difficult for youth to earn a GED. Currently, the closest testing centers are in Morgan Hill or Salinas, but a lack of public transportation to these centers (none to Salinas, none at night to Gilroy or Morgan Hill) makes it hard for youth

²⁸ These needs were discussed by focus group participants but were not selected by focus group participants as priority needs.

to access them. The cost of taking the GED (\$65) is also a burden for some youth.

- **The San Benito County Office of Education has just received a grant to open a GED testing center this year.** However, the representative for the County Office of Education said that the short duration of the grant (one year) and the amount of paperwork and time required to set up a testing center may make it difficult to keep the center open for very long.
- **More high-quality GED instruction.** Although GED classes are available at San Benito High School in the evening, because these classes are self-study with little assistance from teachers, they are not very helpful to many youth. Focus group participants said the WIA GED program is much better, but has very limited enrollment.
- **More program staff and smaller caseloads are needed to successfully work with youth.** Because of the importance of working closely with youth (helping them fill out job applications, driving them to workshops, calling them to make sure they're following through) to ensure their success in programs, providers agreed that there is a need for more youth staff and smaller youth caseloads.
- **High-quality mentorship programs.** Mentorship programs can play an important role in helping youth be successful. However, although various organizations have tried to establish mentorship programs, they have not been very successful because of problems recruiting and training volunteers. For this reason, providers said the county needs mentorship programs.
- **Better public transportation resources.** The lack of public transportation in San Benito County makes it very difficult for youth to participate in workforce programs and find and keep jobs. This is particularly true for youth who live or work outside Hollister. For example, a parent in the focus group talked about how her daughter had repeatedly been late to work because of the public transportation system.

Needs of Specific Populations of Youth²⁹

- **Youth on probation need additional assistance.** Youth on probation, particularly those at risk of re-offending, could benefit from youth workforce programs but need special assistance to successfully participate in them.
- **Youth in foster care need additional assistance.** These youth typically face multiple barriers related to school and their home environment. For

²⁹ These needs were discussed by focus group participants but were not selected by focus group participants as priority needs.

this reason, they need additional assistance and motivation from programs to be successful.

- **More marketing of workforce programs to disabled youth is needed.** Although there are a number of special education programs for disabled youth, these youth often lack information about these programs.

b. Unmet Services Adults and Dislocated Workers Need to be Successful in the Labor Market

For adults and dislocated workers, the most important reported need³⁰ is for more adult education services, including better quality GED instruction, a local GED testing center, more ESL classes and more locally available vocational classes³¹. Both service providers and customers also wanted more opportunities for internships or other structured work experience programs, and more career assessment and guidance, particularly early on so that job-seekers can determine what is needed to achieve their career goals. Focus group participants also said that more public transportation, affordable housing, childcare, substance abuse treatment services, and mental health services were needed to help job-seekers and workers find and retain jobs. Finally, service providers said that people with disabilities and migrant and seasonal farmworkers need more assistance.

Overall Adult and Dislocated Worker Needs

- **More adult education resources in San Benito County.** Very little adult education is provided in the county. As noted above, San Benito High School operates only a limited number of ESL classes and a GED self-study program which are insufficient to meet the need for such services. Gavilan College also has a satellite campus located in Hollister, but offers only a limited number of classes.
 - **More ESL classes are needed to satisfy demand.** As noted above, adult education services, including ESL classes, are very limited in the county. However, many county residents need to improve their English skills to be successful in meeting their

³⁰ These priority needs came directly from the focus groups. Near the conclusion of each focus groups, participants were asked to discuss what they felt were the highest priority needs for the county.

³¹ Unless otherwise cited, this section is based on focus groups held with San Benito County adult and dislocated service providers and 12 adult Workforce Investment Act (WIA) customers held on June 26, 2002. Service provider participants included representatives from the California Employment Development Department, the San Benito County Community Services and Workforce Development Department, California Department of Rehabilitation, and the San Benito County Human Services Agency, Employment and Training Program. All WIA Adult customers were participating in GED preparation course.

career goals. Employers also said that many of their employees need better English skills to improve productivity and safety.

- **A GED testing center.** Customers and service providers all mentioned the need for a GED testing center in Hollister to make it easier for San Benito County residents to get their GEDs.
- **More formal GED preparation.** Both customers and service providers agreed that there is a need for more structured programs to assist county residents in getting their GED. They do not feel that the self-study program at San Benito High School is sufficient. Customers also said that the WIA GED program was understaffed and there are too many students of varying levels in the class, making it hard for students to progress.
- **More vocational training programs in the county.** Too few vocational training programs are available locally. For most training programs, customers have to travel to either Santa Clara County or Salinas. Customers were also concerned that Individual Training Accounts could not be used for programs at Gavilan College, the nearest community college.
- **Internships or other structured work experience programs.** Customers and service providers said that many workers need experience to find a good job, even if they have occupational training in the field. For this reason, they need opportunities for volunteer or subsidized work experience to help them strengthen their resumes.
- **More career assessment and guidance.** WIA customers said they would like to have more career assistance and guidance, particularly early on, to help them develop career plans and goals. They also thought job shadowing would be helpful because it would allow them to have a better sense of particular careers and jobs.
- **More support services.** Transportation, affordable housing, child care, substance abuse treatment services, and mental health services were support services mentioned by both customers and service providers as being available in insufficient numbers.
 - **Public transportation.** The greatest challenge for job-seekers and entry-level workers was due to the limited availability of public transportation. Both customers and providers talked about how difficult it is for job-seekers and workers without cars to get to their jobs or training/educational programs, particularly outside Hollister. For example, customers mentioned the difficulty in getting to a GED test center or community college classes in either Salinas or Gilroy/Morgan Hill.
 - **Affordable housing.** Both providers and customers said that finding affordable housing is very challenging and there are long

waiting lists for subsidized housing. Adult customers also said that their housing subsidy from the WIA program was too low. Housing was also noted as a challenge by employers who said it was particularly difficult for unskilled workers with low wages. A number of customers were so frustrated by the cost of housing in the county they were planning to relocate to more affordable areas in the Central Valley.

- **Affordable childcare.** Both youth and adult service providers and customers said that there is a need for more affordable child care centers and providers. Most job-seekers and entry-level workers have very little income and cannot afford to pay for licensed or center-based childcare unless the cost is subsidized by the center or a program like WIA or CalWORKS. However, most centers offering subsidized childcare have lengthy waiting lists and programs often provide very low subsidies.
- **Substance abuse treatment and mental health services.** There are too few substance abuse treatment and mental health services for adults in the county.

Needs of Specific Populations of Adults and Dislocated Workers

- **Disabled people need more workforce services.** The availability of services and staff for disabled people are very limited in the county and many important services are only available in Santa Clara County.
- **More assistance for migrant and seasonal farmworkers.** The county program that serves migrant workers has only two staff members which is too few to serve the county's population.

APPENDIX

Table 1. San Benito County Employment by Industry, 1991 & 2001

Industry	Employment 1991	Percentage of County Employment 1991	Employment 2001	Percentage of County Employment in 2001
Government	2,000	18.1%	2,510	18.2%
Retail Trade	1,810	16.4%	2,650	17.0%
Manufacturing	1,490	13.5%	2,480	16.0%
Agriculture	2,810	25.4%	2,180	14.0%
Services	1,220	11.0%	2,110	13.6%
Construction and Mining	570	5.2%	1,320	8.5%
Wholesale Trade	560	5.0%	1,300	8.4%
Finance Insurance and Real estate	300	2.7%	330	2.1%
Transportation & Public Utilities	290	2.6%	290	1.9%

Source: California Employment Development Department, Labor Market Information Division.

Table 2. Projected Job Growth by Industry in San Benito County, 1999-2006

Industry	Number of Jobs projected to be added 1999-2006	Percentage Change 1999-2006
Construction and Mining	620	48.4
Manufacturing	660	30.0
Wholesale Trade	580	54.7
Retail Trade	580	22.1
Services	410	20.9
Government	420	15.8

Source: California Employment Development Department, Labor Market Information Division.

Table 3: Top 30 Occupations with the Most Openings in San Benito County

Occupation	Openings 1999-2006	Education/ Experience	Mean Annual Wage in 2000 (1)	Industry Primarily Employed by
1. Cashiers	260	Short-term on-the-Job Training	\$15,142	Retail Trade, Services
2. Retail Salespersons	190	Short-term on-the-Job Training	\$18,206	Retail Trade
3. Waiters And Waitresses	180	Short-term on-the-Job Training	\$13,000 (minimum wage)	Retail Trade, Services
4. Non-Scientific Sales Representative Except Retail	170	Moderate-term on-the-Job Training	\$32,620	Wholesale Trade, Manufacturing
5. General Managers/Top Executives	150	Work experience plus BA/BS or higher	\$77,966 (2)	Varied
6. Assemblers, Fabricators (Except Mach. Elec. Prec.)	150	Short-term on-the-Job Training	\$22,984 (3)	Manufacturing
7. General Office Clerks	140	Short-term on-the-Job Training	\$24,662	Varied
8. Combined Food Preparation and Service	130	Short-term on-the-Job Training	\$13,000 (4) (minimum wage)	Retail Trade, Services
9. Carpenters	120	Long-term on-the-Job Training (apprenticeship)	\$49,904	Construction
10. Food Preparation Workers	100	Short-term on-the-Job Training	\$15,409	Retail Trade, Services
11. Truck Drivers, Heavy	90	Short-term on-the-Job Training	\$30,481	Transportation, Wholesale Trade, Manufacturing
12. Teachers--Elementary School	80	Bachelor's Degree	\$44,884	Services
13. Teacher Aides, Paraprofessional	80	Associate Degree	\$21,762 (5)	Services
14. Truck Drivers, Light	80	Short-Term On-The-Job Training	\$26,810	Transportation, Wholesale Trade, Services
15. Bookkeeping, Accounting	70	Moderate-Term On-The-Job Training	\$27,943	Services

Clerks				
16. Laborers, Landscaping & Groundskeeping	70	Short-Term On-The-Job Training	\$25,605	Agriculture
17. Teachers--Secondary School	60	Bachelor's Degree	\$58,156	Services
18. Stock Clerks--Stockroom, Warehouse	60	Short-Term On-The-Job Training	\$20,406 (6)	Retail Trade, Wholesale Trade
19. Counter Attendants--Food	60	Short-Term On-The-Job Training	\$18,777	Retail Trade, Services
20. Janitors, Cleaners--Except Maids	60	Short-Term On-The-Job Training	\$20,066	Varied
21. Painters, Paperhangers--Construction	60	Moderate-Term On-The-Job Training	\$30,419 (7)	Construction
22. Hand Packers And Packagers	60	Short-Term On-The-Job Training	\$17,281	Retail Trade, Wholesale Trade, Manufacturing
23. Registered Nurses	50	Associate Degree	\$51,188	Services
24. Scientific Sales Reps --Except Retail	50	Moderate-Term On-The-Job Training (10)	\$61,264	Wholesale Trade, Manufacturing
25. Counter And Rental Clerks	50	Short-Term On-The-Job Training	\$15,827	Retail Trade, Services
26. Stock Clerks--Sales Floor	50	Short-Term On-The-Job Training	\$20,406 (8)	Retail Trade
27. Secretaries, General	50	Post-Secondary Vocational Education	\$24,012 (9)	Varied
28. Correction Officers, Jailers	50	Long-Term On-The-Job Training	\$49,419 (10)	Government
29. Maintenance Repairers, General Utility	50	Long-Term On-The-Job Training	\$31,373 (11)	Varied
30. Sheet Metal Workers	50	Moderate-Term On-The-Job Training	\$32,705	Construction, Manufacturing

Source CA EDD, LMID, 2000 Occupational Employment Statistics Survey.

(1) Data is for Kings and San Benito Counties; (2) The mean annual salary for Chief executives cannot be reliably computed because too many workers earn more than the top step in the OES survey; (3) This wage is for team assemblers only. (4) This wage is for Combined Food Preparation and Serving Workers, including Fast Food. (5) This wage is for Teacher Assistants. (6) This wage is for stock clerks and order fillers. (7) This wage is for Painters, Construction, and Maintenance. (8) This wage is for stock clerks and order fillers. (9) Except legal, medical and executive. (10) This wage is for all protective service operations. (11) This wage is for Maintenance and Repair Workers, General

Table 4. 10 Occupations with the Fastest Growth in San Benito County, 1999-2006

Occupation	Absolute Growth in Jobs	Percent Change 1999-2006	Education/ Experience	Wages (1)	Industries Primarily Employed
1. Helpers--Carpenters & Related	20	100.0	Short-Term On-The-Job Training (11)	\$32,240	Construction
2. Helpers--Painters & Related	20	100.0	Short-Term On-The-Job Training (11)	Not available	Construction
3. Sales Reps, Scientific--Ex Retail	40	80.0	Moderate-Term On-The-Job Training (10)	\$61,264	Manufacturing, Wholesale Trade
4. First-Line Sup/Mgr-Construction	30	75.0	Work Experience (8)	\$53,561	Construction
5. Telemarketers, Solicitors & Related	20	66.7	Short-Term On-The-Job Training (11)	\$25,864	Varied
6. Tapers	20	66.7	Moderate-Term On-The-Job Training (10)	\$44,658	Construction
7. Truck Drivers, Light	60	50.0	Short-Term On-The-Job Training (11)	\$26,810	Transportation, Wholesale Trade, Manufacturing
8. Painters, Paperhangers--Const	40	50.0	Moderate-Term On-The-Job Training (10)	\$30,419 (2)	Construction
9. Counter & Rental Clerks	30	50.0	Short-Term On-The-Job Training (11)	\$15,827	Retail Trade, Services
10. Packaging, Filling Machine Operators, Tenders	30	50.0	Moderate-Term On-The-Job Training (10)	\$24,993 (3)	Manufacturing

Source: California Employment Development Department; Labor Market Information Division; 2000 Occupational Employment Statistics Survey. (1) Data is for Kings and San Benito Counties; (2) This wage is for Painters, Construction, and Maintenance. (3) This wage is for Production Occupations.

**Santa Cruz County
Needs Assessment Interim Report**

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SANTA CRUZ COUNTY NEEDS ASSESSMENT REPORT

EXECUTIVE SUMMARY

The Tri-County Needs Assessment Interim Report represents the first stage in a four-part project to develop a Community Asset Investment Portfolio for the three counties of Santa Cruz, Monterey, and San Benito. The Tri-County Community Asset Investment Portfolio will eventually include an analysis of the needs of these three counties, an assessment of all available workforce services, an evaluation of the gaps in services and a final report, which will recommend how the counties might address these gaps.

This report is divided into sub-reports focusing on the needs of each county and an overall regional summary. This sub-report will focus on the needs of Santa Cruz County. It will analyze both the demand for labor by employers and industries and the county's workforce and supply of labor. The analysis of employer and industry demand will include an examination of aggregate labor market statistics, an analysis of employer skill requirements and worker skill deficiencies, overall barriers employers face in meeting recruitment needs, how employers find workers, and an examination of the needs and growth prospects of specific industry clusters. The analysis of labor supply will include an examination of aggregate data on the county's population, labor force, and educational system and a discussion of what youth, adults, and dislocated workers need to be successful in the labor market and meet their career aspirations.

This report is aimed at providing a snapshot of the workforce needs of Santa Cruz County. The report is based on three primary sources of data: secondary data gathered from numerous sources available on the Internet such as labor market information from the California Employment Development Department; data collected during four focus groups conducted with employers, adult job seekers, youth, and providers of adult and youth workforce services; and four telephone interviews with leading employers and representatives of particular industries. The findings of this report, particularly the sections based on focus group and interview results, are limited and represent the opinions of focus group and interview participants which may or may not capture the views of other stakeholders who were not able to participate or the broader community. Furthermore, the findings of this report are primarily for use in developing the final Portfolio and therefore focus on only a limited range of workforce issues in the county.

Labor Market Demand

Aggregate Indicators of Labor Demand

Santa Cruz County's population and labor force as a whole has been growing more slowly than the state's. By contrast, Watsonville has been growing much more rapidly. In addition, Watsonville has continued to experience unemployment rates much higher than the county as a whole. The county's economy has also shifted toward a greater reliance on services, retail trade and government in terms of employment, although agriculture continues to play an important role in Watsonville.

Key Findings.

- Santa Cruz County's population and labor force grew more slowly than the state as a whole between 1990 and 2000. The county's population grew by only 11% and the county's labor force by only 5% over the last decade. During the same period, Watsonville's population grew much more rapidly, increasing by 42.3% from 31,099 to 44,265.
- Unemployment rates declined in Santa Cruz County during most of the 1990s, declining from a peak of 10.3% in 1993 to a low of 5.6% in 2000, although unemployment was slightly higher than for the state as a whole. In 2001, unemployment increased to 6.1% as the county experienced the effects of the national recession, although by June 2002 unemployment was back down to 5.9%, lower than the statewide unemployment rate of 6.6%.
- Between 1991 and 2001, county employment became even more concentrated in services, retail trade and government. By contrast, the percentage of workers employed in agriculture and manufacturing declined. However, a significant percentage (17%) of Watsonville residents continue to be employed in agriculture.
- Services, government, retail trade and construction will add the largest number of new jobs between 1999 and 2006. By contrast, manufacturing is expected to experience the greatest loss in jobs.
- Manufacturing, mining, wholesale trade and construction had the highest overall average annual pay and retail trade and agriculture had the lowest overall average annual pay of any industry in the county.
- Most of the occupations projected to have the largest number of openings between 1999 and 2006 are in the service or retail trade industries. These occupations, with the exception of elementary and secondary school teachers and registered nurses, require little experience or training and pay very low wages.

Employer Skill Requirements and Worker Skill Deficiencies¹

In general, the economic downturn appears to have made recruitment easier. However, certain skills were still hard to find. Employers also said that having a positive work ethic and strong basic skills were typically most important to them for low-skilled or entry-level workers. By contrast, computer skills were less important for these workers and easier to find. For high-skilled positions, employers said that specific technical skills and experience were most important.

Key Findings.

- In general, employers did not report having much trouble finding employees because of the current poor state of the economy.
- However, several employers noted having difficulty finding workers with very specific technical skills or experience. These included health care occupations such as registered nurses, physicians and maintenance mechanics.
 - Employers would like assistance forming partnerships with training providers to develop programs for these hard-to-fill occupations.
- Having a strong work ethic is the most important qualification employers look for when filling un-skilled and low-skilled positions. They also reported that this is a qualification that is often very difficult to find.
- Basic skills in math and English communication were also noted as being important, and employers said many workers lack these basic skills.
 - Employers would like more assistance with upgrading the basic skills of current and prospective workers.
- Basic computer skills were important in some industries, such as high tech, but not as much in other industries or occupations. Employers said these skills were easier to find among prospective workers.

Barriers to Recruiting Workers and Business Expansion²

In Santa Cruz County, the high cost of living and housing and an unsupportive business climate were the barriers most often mentioned by employers.

¹ Section based on employer focus group and phone interviews.

² Section based on employer focus group and phone interviews.

Key Findings.

- The high cost of housing and living in Santa Cruz County was the most common major barrier to finding workers and business expansion.
- An unsupportive business climate was another barrier to business expansion mentioned by a number of employers and job-seeker customers.
- Transportation was not noted as a major barrier for most employers.

Where Santa Cruz County Employers Find Workers³

Most employers in the county recruit workers through traditional means. Some also use the Internet. By contrast, few employers use public workforce services to find the workers.

Key Findings.

- Most employers hire through employee referrals, newspaper advertisements, the internet, word-of-mouth and through temporary staffing agencies or labor contractors.
- Employers do not make much use of public workforce services, including career centers. This was largely because employers were either unfamiliar with public workforce services or did not think they were very effective in attracting high-quality workers and required too much paperwork.

Analysis of Workforce Demand for Selected Industry Clusters⁴

The high technology, health care services, tourism, and agriculture industry clusters represent important current and future sectors of the county's economy and employment.

- **High Technology.** Although Santa Cruz County's high technology sector is substantially smaller than Silicon Valley's, it has become an important part of the county's economy and is likely to grow in the future. Despite the county's proximity to Santa Clara County, future growth in the county is dependent on successful start-up companies or expansion by existing firms rather than attraction of Silicon Valley high technology firms. Currently, due to the downturn in the high technology and biotechnology industries, it is not difficult for firms to recruit either skilled or unskilled workers. The only exception is that it is often

³ Section based on employer focus group and phone interviews.

⁴ Section based on employer focus group and phone interviews.

difficult to find senior high technology sales or management staff. Wages in the high technology industry are very high relative to other industries.

- **Health Care Services.** The service industry is the largest industry in Santa Cruz County in terms of employment. The health care services industry makes up a sizeable portion of the county's service industry with many high-paying occupations. This industry is currently growing despite the overall downturn in the economy due to the aging of the county's population and an influx of new medical technology. However, one of the major barriers to growth is that health care service firms in the county have a very difficult time finding workers.
- **Tourism.** Tourism has long been a major industry in Santa Cruz County, particularly in the central and northern regions of the county. Made up primarily of small and medium-sized service and retail trade businesses, the industry has a major economic impact on the county, generating \$14 million in annual transient occupancy and sales tax. Although the industry grew steadily for most of the 1990s, future growth in the industry is reportedly hampered by an unsupportive business climate and the anti-growth policies of the county and many cities. In general, most tourism businesses have not had a hard time finding sufficient workers because of the current economic downturn.
- **Agriculture.** Although the agriculture industry employed only 7.9% of the county's workforce in 2000, the industry is still a mainstay of southern Santa Cruz County's economy and employment. The agriculture industry has enjoyed steady growth over the past few years. However, one major threat to growth is the steady loss of agricultural land in the county. In general, wages in the agriculture industry are quite low and most growers have not found it difficult to hire workers.

Analysis of Labor Market Supply and Job Seeker Needs

Aggregate Analysis of the Labor Supply in Santa Cruz County

Between 1990 and 2000, the racial and ethnic breakdown of residents in the county stayed almost the same. On average, the county's population is slightly older than the state's, while the population of Watsonville is younger. Finally, although median household income in the county increased by 45% between 1990 and 2000, the percentage of county individuals below the poverty line remained about 10% in both years.

Key Findings.

- The racial/ethnic breakdown of the county's population did not change substantially between 1990 and 2000. 78.9% of county residents identified as white and 26.8% as Latino in 2000.

- About two-thirds (66.2%) of the county's population is from 18 to 64 years old (compared to 62.1% statewide), 27.5% are 19 and under (compared to 30.1% statewide) and 10% are 65 and older (compared to 10.6% statewide). Watsonville has a younger population than the county as a whole.
- Although median household income in Santa Cruz County grew by 45.5% between 1989 and 1999 from \$37,112 to \$53,998, the percentage of individuals below the federal poverty level increased from 10.7% to 11.9% over the same period.

Educational Characteristics of Santa Cruz County

Overall Educational Characteristics

In general, Santa Cruz County residents have higher levels of educational attainment than the statewide average and compared to 1990.

- Santa Cruz County's residents have higher levels of education on average than California residents overall and more than they did a decade ago.
- Santa Cruz County's percentage of low literate and non-literate residents is fairly low compared to other California counties. However, Watsonville has a much higher percentage of low literate residents than the rest of the county.

K-12 Public School System

Santa Cruz County has over 12,000 public secondary school students, approximately 11.5% of whom are enrolled in alternative education. About 10,000 county students were classified as English Learners and nearly 12,000 students were served by migrant education in 2002.

Overall academic performance for county schools is mixed with schools faring well on some indicators and poorly on others. For most schools, standardized test score rankings compared to other similar schools generally decreased. On the other hand, county schools did better than the statewide average on high school exit exams, dropout rates, and the percentage of students who completed all courses required for admission to the University of California or California State University.

Key Findings.

- In 2001-2002, there were 12,356 public secondary students (grades 9-12) in the county, with 11.5% (1,426 students) enrolled in alternative education.

- 10,896 students in Santa Cruz County public schools were classified as English Learners and Pajaro Valley Unified School District serves 12,000 migrant students and their parents.
- Over a third of all county students (35.5%) had household incomes low enough to be eligible for free and reduced price lunches and over 5% were CalWORKS (formerly AFDC) participants in 2000-2001.
- There were 1,148 special education students in grades 9-12 in Santa Cruz County as of December 1, 2000.
- Four (of eight) county high schools had academic performance index rankings based on standardized test scores lower than five (10 being highest) compared to similar schools in the state.
- Slightly more Santa Cruz County students (67%) passed the English portion of the California High School Exit Exam than statewide (64%).
- Santa Cruz County districts with high schools spend about the same per student as other similar districts.
- Santa Cruz County's dropout rate⁵ of 1.7% in 2000-2001 (see Table X) was lower than the state's overall dropout rate (2.8%).
- The percentage of Santa Cruz County students completing all courses required for UC or CSU entrance in 2000-2001 (39.1%) was higher than for the state as a whole (35.6%).
- The percentage of parents who report that they are "very satisfied" with their child's secondary education have continuously decreased since 1996.

Adult and Higher Education

Santa Cruz County has numerous adult and higher education resources. The county has two adult schools, one community college, and one public university.

Key Findings.

- Santa Cruz County has two adult schools, Santa Cruz Adult School and Watsonville/Aptos Adult School. A total of 461 adults in Santa Cruz County were awarded a GED in 2001.
- Santa Cruz County has one community college (Cabrillo College) with enrollment of over 14,000 students in fall 2001.
- Over 12,000 students attended University of California, Santa Cruz in the fall of 2001.

⁵ All the rates referred to in this section are one-year rates from the California Department of Education's Dataquest system.

Unmet Needs for Youth to be Successful in the Labor Market⁶

Youth and youth providers reported several high priority youth needs⁷, including improved basic math and reading skills among youth and increased coordination between youth-serving workforce agencies and with county businesses to work on specific needs or issues. Youth providers also wanted to make youth services more youth friendly, conduct more outreach to youth and work more holistically with youth and their families. Youth providers also recommended that programs work more intensively with youth over longer periods of time and focus on increased parent participation. For specific populations of youth, providers said that more attention should be given to youth on probation, youth in foster care and pregnant and parenting youth.

Key Findings.

Respondents noted the following needs:

- Improved basic skills in math and reading.
- Increased coordination between youth-serving workforce agencies in Santa Cruz County.
- More accessible and “youth friendly” services for youth and their families. This includes making youth services more “youth friendly” and welcoming, conducting more outreach to youth and their families, and working holistically with both youth and their families.
- More of a long-term, intensive focus on working with youth.
- Increased parent participation with youth education and workforce programs.
- More programs for youth on probation, pregnant and parenting youth and youth in foster care.

Unmet Services Adults and Dislocated Workers Need to be Successful in the Labor Market⁸

For adults and dislocated workers, the highest priority⁹ unmet need was for increased collaboration between service providers and employers. Additional high

⁶ Section based on focus groups.

⁷ These needs were prioritized by focus group participants.

⁸ Section based on focus groups.

⁹ These needs were prioritized by focus group participants.

priority needs included structured long-term follow-up services, more support services, and more assistance for disabled people and limited English speakers.

Key Findings.

Respondents noted the following needs:

- Increased collaboration between workforce service providers and employers. This collaboration might include partnerships between training providers and employers focused on specific industry sectors and collaboration between workforce service providers to make services more seamless.
- Structured long-term follow-up services for customers to help with job retention and career advancement.
- More affordable housing, childcare, substance abuse treatment, domestic violence, and mental health services.
- More assistance for disabled people and limited English speakers.

I. OVERVIEW

The Tri-County Needs Assessment Interim Report represents the first stage in a four-part project to develop a Community Asset Investment Portfolio for the three counties of Santa Cruz, Monterey, and San Benito. The Tri-County Community Asset Investment Portfolio will eventually include an analysis of the needs of these three counties, an assessment of all available workforce services, an evaluation of the gaps in services and a final report, which will recommend how the counties might address these gaps.

This report is divided into sub-reports focusing on the needs of each county and an overall regional summary. This sub-report will focus on the needs of Santa Cruz County. It will analyze both the demand for labor by employers and industries and the county's workforce and supply of labor. The analysis of employer and industry demand will begin with an examination of aggregate labor market statistics such as unemployment rates and growth projections for industries and occupations. The demand analysis will also include an examination of the skill requirements and worker skill deficiencies, the overall barriers employers face in meeting recruitment needs, and where employers find workers. Finally, the analysis of demand for labor will conclude with an examination of the needs and growth prospects of specific industry clusters.

Following the analysis of demand for workers, the report will next examine the county's supply of labor. This will include an examination of aggregate data on the county's population and labor force, as well as educational statistics, including the age and racial makeup of the county, the number of individuals below the poverty line and the success of area high schools. The analysis of labor supply will also include a discussion of what youth, adults, and dislocated workers need to be successful in the labor market and meet their career aspirations.

This report is aimed at providing a snapshot of the workforce needs of Santa Cruz County. The report is based on three primary sources of data: secondary data gathered from numerous sources available on the Internet such as labor market information from the California Employment Development Department; data collected during four focus groups conducted with employers, adult job seekers, youth, and providers of adult and youth workforce services; and four telephone interviews with leading employers and representatives of particular industries. The findings of this report, particularly the sections based on focus group and interview results, are limited and represent the opinions of focus group and interview participants which may or may not capture the

views of other stakeholders who were not able to participate or the broader community. Furthermore, the findings of this report are primarily for use in developing the final Portfolio and therefore focus on only a limited range of workforce issues in the county.

II. ANALYSIS OF LABOR MARKET DEMAND

This report will begin its assessment of workforce needs in Santa Cruz County by examining the demand for labor by industries and employers. This will include an analysis of aggregate data on the labor market, including unemployment rates, employment by industry and projections for employment by industry and occupation over the next few years. The analysis of labor market demand will also examine the skills employers are looking for and the difficulties they have in finding workers who have those skills, the overall barriers employers face in recruiting workers, and where employers find workers. Finally, the report will focus on selected industry clusters in the county and examine their growth prospects, recruitment needs, skill requirements, and wages.

1. Aggregate Labor Market Demand

As part of the analysis of labor market demand, this report will first examine a number of basic labor market indicators and trends. In general, while Santa Cruz County's population and labor force as a whole has been growing more slowly than the state, Watsonville has been growing rapidly. In addition, Watsonville has continued to experience unemployment rates much higher than the county as a whole. The county's economy overall has also shifted toward a greater reliance on services, retail trade and government in terms of employment, although agriculture continues to play an important role in Watsonville.

a. Santa Cruz County Labor Force and Unemployment

Although the population and labor force of Santa Cruz County grew only slightly during the 1990s, the population of Watsonville grew rapidly during the same period. County unemployment rates have also decreased since the early 1990s, although pockets of high unemployment remain in the communities of Watsonville and Freedom.

- **Santa Cruz County's population increased just over 10% between 1990 and 2000.** According to the 2000 Census, the total population of Santa Cruz County was 255,602, which represented an 11% increase from the 1990 Census. By contrast, California's population increased by 13.8% during the same period. According to the Association of Bay Area Governments (AMBAG), the population of Santa Cruz County is projected to continue to grow, increasing by 19% to over 303,000 residents by the year 2020.
- **Santa Cruz is the largest city in the county and had population growth similar to that of the county.** The population of Santa

Cruz, where approximately 21% of county residents live, increased by 11% to 54,593.

- **By contrast, Watsonville, the next largest city in the county, grew dramatically between 1990 and 2000.** The population of Watsonville increased by 42%, moving from 31,099 persons in 1990 to 44,265 in 2000.
- **Santa Cruz County’s labor force increased by only 5% over the last 10 years (see Table 1 below).** From 1991 to 2001, the county’s labor force increased 5%, from 137,220 to 143,800. By contrast, California’s labor force increased by 14% during the same period and Santa Clara County’s labor force increased by 20%. AMBAG projects that Santa Cruz County’s labor force will grow at a faster rate over the next 20 years, increasing 17% by 2020.

Table 1. Average Annual Labor Force Santa Cruz County 1992-2002

	1991	2001	Percent Increase 91-01
Santa Cruz County	137,200	143,800	5.0%
Santa Clara County	842,400	1,012,700	20.0%
California	15,176,600	17,362,200	14.0%

Source: California Employment Development Department; Labor Market Information Division; not seasonally adjusted.

- **Unemployment rates declined by nearly 50% in Santa Cruz County during the 1990s.** Unemployment in the county decreased from a high of 10.3% in 1993 to a low of 5.6% in 2000. Most of this decrease was due to the overall national economic recovery and expansion.
- **However, unemployment in Santa Cruz County was slightly higher than for the state as a whole.** Santa Cruz’s County’s unemployment rate was typically a percentage point higher than the state’s from 1991 to 2001.
- **In 2001, unemployment increased to 6.1% as the county experienced the effects of the national recession.** However, by June 2002, unemployment in the county had dropped to 5.9%, below the state’s unemployment rate of 6.6%.
 - **The unemployment rate for Santa Cruz in 2001 (5.3%) was somewhat lower than for the county as a whole.** Most other communities in the county had even lower unemployment rates of between 2.8 (Live Oak) and 4.5% (Capitola).
 - **However, pockets of high unemployment remained in South County.** For example, Watsonville had an unemployment rate of

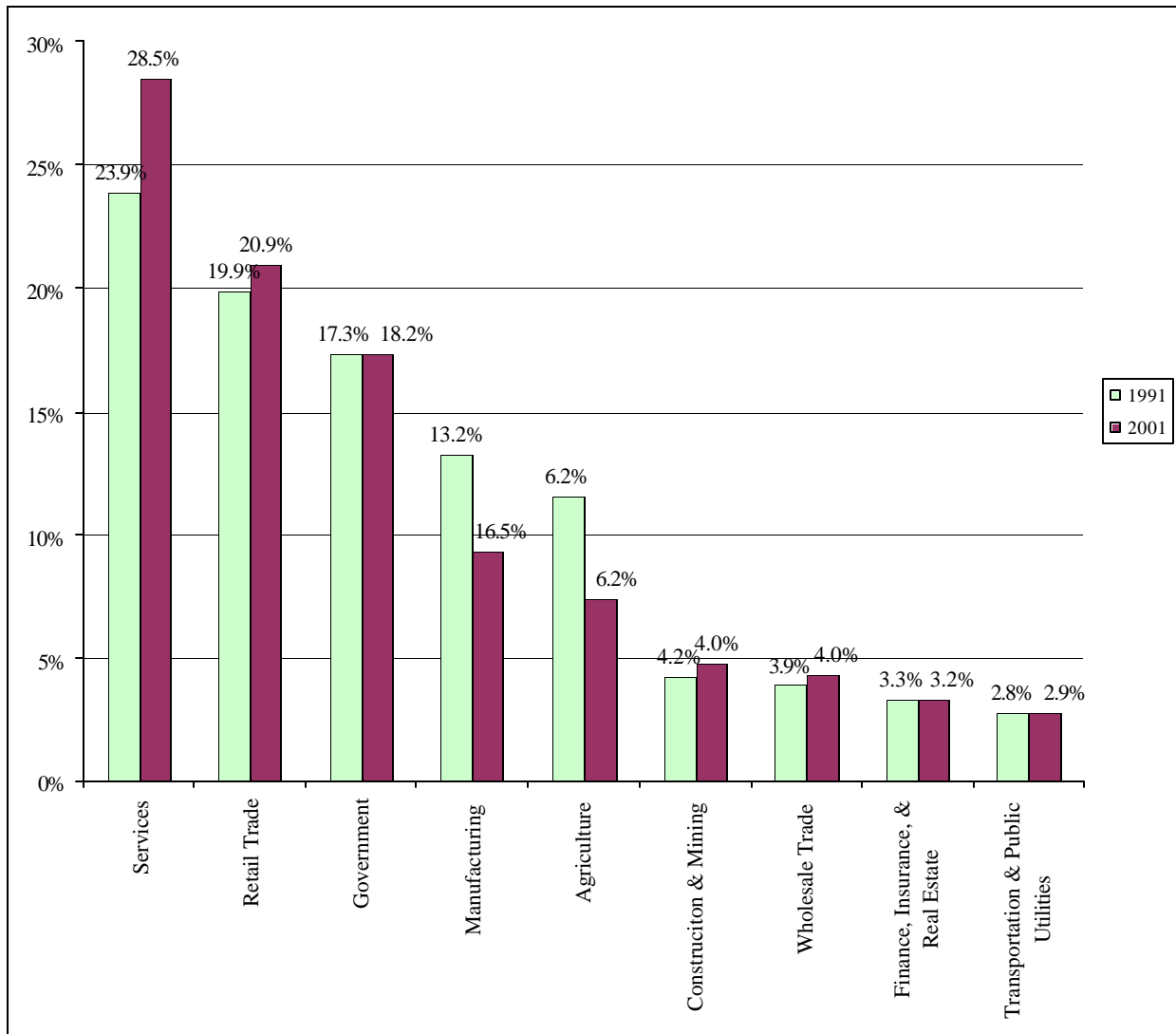
12.8% and Freedom had an unemployment rate of 13.6% during the same period.

b. Employment by Industry

Between 1991 and 2001, Santa Cruz County's economy became even more dependent on services, retail trade and government where the largest percentage of workers are employed (see Figures 1 and 2 and Table 1 in the Appendix). By contrast, the percentage of county workers employed in agriculture and manufacturing declined, although agriculture continued to play an important role in Watsonville.

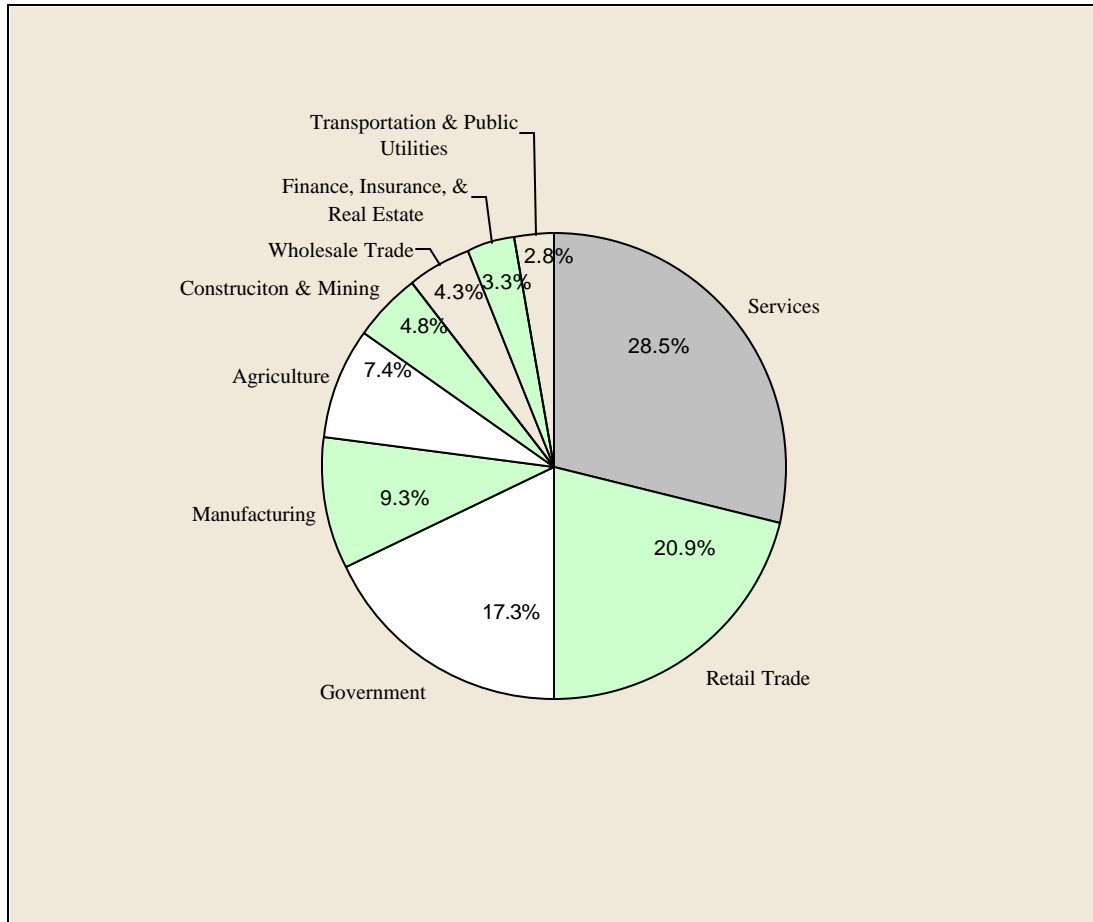
- **Services employed the largest percentage of workers in Santa Cruz County in both 2001 and 1991.** In 2001, 28.5% of county workers were employed in services as compared to 23.9% in 1991. In absolute terms, county workers employed in services grew by 30% over the last decade (1991-2001) as service employment increased from 23,000 to 30,600.
 - **The City of Santa Cruz is more dependent on services than Watsonville.** Santa Cruz City had a larger percentage of workers (55.7%) employed in services than Watsonville (34.6%) according to the 2000 Census.
- **Retail Trade was second largest industry in terms of employment in both 2001 and 1991.** Retail Trade employed 20.9% of county workers in 2001 as compared to 19.9% in 1991. In absolute terms, employment in retail trade grew by 17.3% between 1991 and 2001, increasing from 19,100 to 22,400 workers.
- **Government employed the third largest percentage of county workers in both 2001 and 1991.** In 2001, 18.8% of all workers in the county were employed by various government organizations, which was a slight increase from 1991. While the percentage of employees working in government increased slightly, absolute employment in government grew by 21.7% between 1991 and 2001, from 16,600 to 20,200 workers.
- **The percentage of county workers employed in agriculture declined from 11.6% in 1991 to only 7.4% in 2001.** In absolute terms, the number of employees working in agriculture declined by 28.8%, falling from 11,100 to 7,900 employees.
 - **However, agriculture continued to play a key role in the economy of Watsonville.** 17.6% of Watsonville's residents were employed in agriculture in 2000 according to the Census. By contrast, only 1% of Santa Cruz city residents were employed in agriculture during the same year.
- **Employment in manufacturing declined from 13.2 to 9.3% between 1991 and 2001.** Absolute employment in manufacturing also declined by 21.3% from 12,700 in 1991 to 10,000 in 2001.

Figure 1. Santa Cruz County Employment by Industry, 1991 & 2001



Source: California Employment development Department, Labor Market Information Division. Note percentages and total do not add up because of rounding.

Figure 2. Santa Cruz County Employment by Industry, 2001



Source: California Employment development Department, Labor Market Information Division. Note percentages and total do not add up because of rounding.

c. Projected Employment Growth by Industry

Overall, non-farm employment is expected to grow by just over 10% between 1999 and 2006. Services, government, retail trade and construction will add the largest number of these new jobs during this period (See Figure 3 and Table 2 in Appendix). By contrast, manufacturing is expected to experience the greatest loss in number of jobs.¹

- Between 1999 and 2006, non-farm employment is projected to grow by 10.7% adding 10,100 jobs.** Service-producing jobs make up the bulk of this increase, adding 10,400 jobs. By contrast, goods producing jobs are expected to decrease by 200 between 1999 and 2006, with the projected increase in construction jobs (1,000) outweighed by the projected loss in manufacturing jobs (1,200) and mining jobs (100).

¹ Projection not available for agriculture.

- **The service industry is expected to experience the largest increase in employment between 1999 and 2006, adding 4,900 jobs.** This continues a long term growth trend over the past few decades. Most of these jobs (2,100) are projected to be in the business services industry.
 - A telephone survey conducted by ERISS similarly found that the service industry had the highest projected relative demand² for workers (28%) of any industry in 2002. Lodging (22%) and business services (19%) were two service industries projected to have particularly high relative demand for workers in 2002.³
- **Government is expected to experience the second largest increase in employment over the next few years, adding 3,300 jobs.** This anticipated growth is consistent with the industry's growth over the last 10 years, in which government maintained its position as the third largest employer in the county. The ERISS survey also found that government organizations would have a 15% relative demand for workers in 2002.⁴
- **Retail trade is expected to add 1,500 jobs, making it the third largest source of new jobs between 1999 and 2006.** As noted above, retail trade was the second largest industry in terms of employment in 1991 and 2001. The ERISS survey also found that the retail trade industry would have the third highest relative demand for workers in 2002.⁵
- **The construction industry is projected to add 1,000 jobs between 1999-2006, making it the fourth largest source of new jobs.** This increase is consistent with the growth seen from 1991 to 2001, when employment in construction increased from 4,000 jobs in 1991 to 5,100 in 2001. The ERISS survey found an 18% projected relative demand in the construction industry for workers in 2002.⁶
- **Manufacturing is expected to lose 1,200 jobs between 1999 and 2006.** This is the largest projected employment decline in a single industry and is consistent with the decline in manufacturing employment in the county between 1991 and 2001.

² Projected relative demand is the number of new employees that will be needed to fill new positions plus the number of employees who need to be replaced because of turnover divided by the total number of current employees.

³ ERISS Santa Cruz County survey results, 2002.

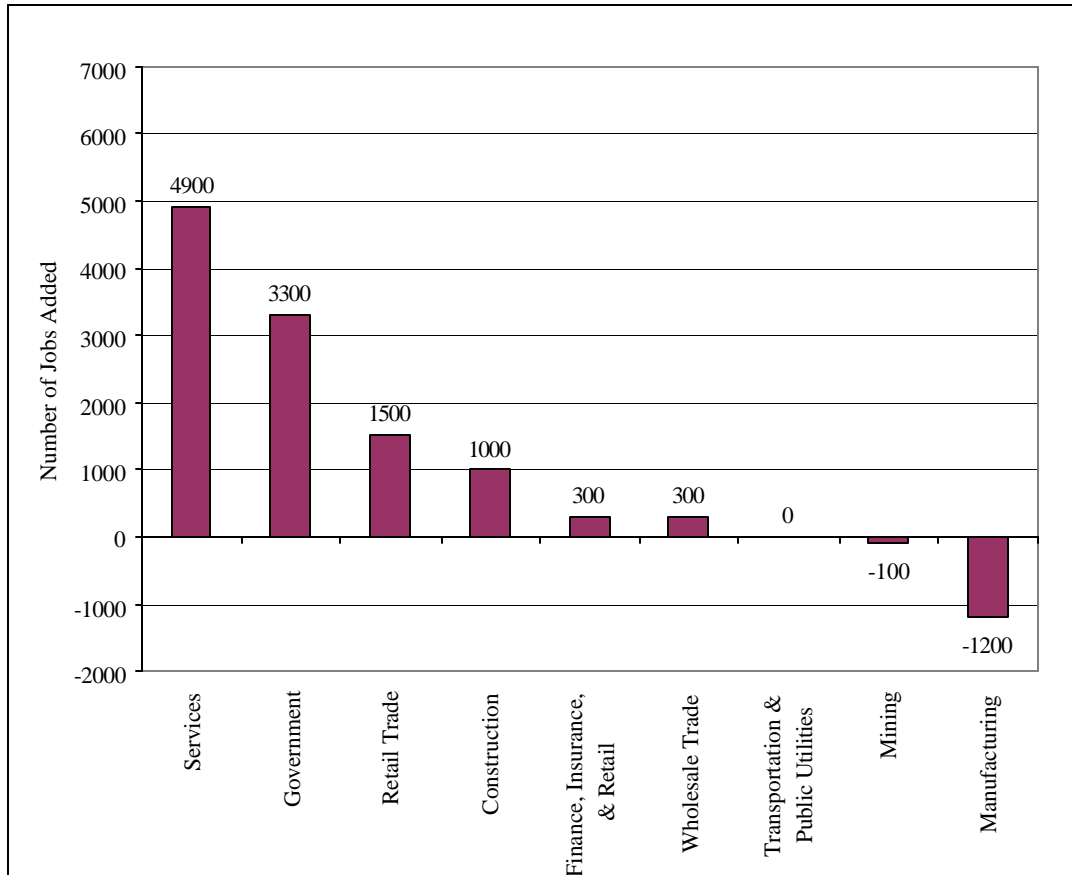
⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

- By contrast the ERISS survey found that the manufacturing industry would experience 5% growth in 2002 and would have a projected relative demand for workers of 21%.

Figure 3. Employment Projections by Industry from 1999 to 2006



Source: California Employment development Department, Labor Market Information Division. Note percentages and total do not add up because of rounding.

d. Wages and Salaries by Industry

Overall, manufacturing, mining, construction, and government paid the highest average annual and hourly wages in Santa Cruz County. By contrast, the lowest average annual and hourly wages were in the agriculture and retail trade industries.

- **Overall average annual pay. (see Table 2 below)**
 - Manufacturing (\$77,259), mining (\$58,492), wholesale trade (\$42,378) and construction (\$41,092) had the highest overall average annual pay of any industry in Santa Cruz County in 2000.

- Retail trade and agriculture had the lowest overall average annual pay of any industry in Santa Cruz County in 2000.
- **Average hourly wage rates in 2002.⁷ (see Table 3 in Appendix)**
 - Construction (\$22.62), government (\$22.25) and mining (\$21.54) reported the highest average hourly wages for experienced workers. For inexperienced workers, the highest wages were paid by government (\$17.77), transportation and utilities (\$12.41), finance (\$11.19) and construction (\$10.50).
 - The lowest average hourly wages for both experienced and inexperienced workers were in agriculture (\$8.16 and \$7.57) and retail trade (\$10.26 and \$7.75).

Table 2. Average Annual Pay by Selected Industry in 2000

Industry	Average Annual Pay
Manufacturing	\$77,259
Mining	\$58,492
Wholesale Trade	\$42,378
Construction	\$41,092
Services	\$35,636
Finance, Insurance, and Real Estate	\$35,145
Transportation and Public Utilities	\$34,750
Agriculture	\$21,530
Retail Trade	\$19,440

Source: California Employment development Department, Labor Market Information Division, Covered Employment and Wages, 2000.

e. Major Employers of Santa Cruz County

The 15 largest employers in Santa Cruz County in 2002 are primarily involved in the retail trade, wholesale trade and services industries. (See Table 3 below).

- **Among the 15 largest employers, five are in retail trade, four are in wholesale trade and three are in services.** Only two of the top 15 employers are involved in agriculture and manufacturing.
- **Several of the county’s largest firms are involved in high technology and health care services.** Two of the 15 largest employers are high tech

⁷ The data in this section is from the ERISS Santa Cruz County survey results, 2002

firms (Borland Software, Plantronics), and two are hospitals (Dominican Hospital, Watsonville Community Hospital).

Table 3. 15 Largest Employers in Santa Cruz County

Employer Name	Industry
Borland Software Corp	Retail Trade: Radio, Television, & Computer Stores ⁸
Costco Wholesale Corp	Retail Trade
Couch Distributing Co	Wholesale Trade: Beer, Wine & Distilled Beverages
Dominican Hospital	Services: Hospitals
Gottschalks	Retail Trade: Department Stores
Granite Construction Co	Construction: Highway & Street Construction
La Rosa Market & Bakery	Wholesale Trade: Groceries & Related Products
Larse Farms Inc	Wholesale Trade: Groceries & Related Products
Mervyns	Retail Trade: Department Stores
Navarro Farms	Agriculture: General Farms, Primarily Crop
Plantronics	Manufacturing: Communications Equipment
Santa Cruz Beach Boardwalk/Seaside Company	Services: Misc. Amusement, Recreation Services
Threshold Enterprises LTD.	Retail Trade: Misc. Food Stores
Watsonville Community Hospital	Services: Hospitals
West Marine, Inc.	Retail Trade: Boat Dealers

Source: California Employment development Department, Labor Market Information Division, 2002.

⁸ Although Borland has been classified as a retail business by EDD, the company also develops and manufactures software, and provides extensive support for its software.

f. Projected Occupational Growth by Industry, Training and Wages⁹

Occupations Projected to have the Largest Number of Openings¹⁰

In general, the majority of occupations with large numbers of projected openings in Santa Cruz County from 1999 to 2006 are in the retail trade and service industries (see Figure 4 and Table 4 in Appendix). Most of these occupations require only short-term training and pay low average annual wages of between \$16,000 and \$22,000 per year.

- **15 of the 30 occupations projected to have the most openings from 1999-2006 are in retail trade and services.** These occupations include salesperson/retail (1,380), cashiers, (1,180), waiters and waitresses (1,000), and combined food preparation and service (630). The ERISS survey in 2002 also found high demand for similar occupations such as fast food cooks (74%), buspersons and barbacks (42%), fast food counter workers (36%), and food preparation workers (35%).
 - **These occupations typically require little training and have mean annual wages of between \$15,000 and \$26,000.** Overall, average annual pay for the retail trade industry in Santa Cruz County is only \$19,440, while the average annual pay for the services industry is \$35,636.
 - **By contrast, three of the seven service-related occupations have much higher mean annual wages.** These occupations are in the educational and health services industries (secondary teachers, elementary teachers, and registered nurses) and have average annual salaries greater than \$40,000. However, they also require either an associate or bachelor's degree.
- **Two high technology-related occupations are among those projected to have the largest number of openings.** These include computer engineers and computer support specialists. Both require a Bachelor's degree, and have average annual pay of from \$56,457 to \$92,272. The ERISS survey also found high projected growth in certain high tech business services which have much higher wages than the service industry as a whole. For example, the ERISS survey projects high

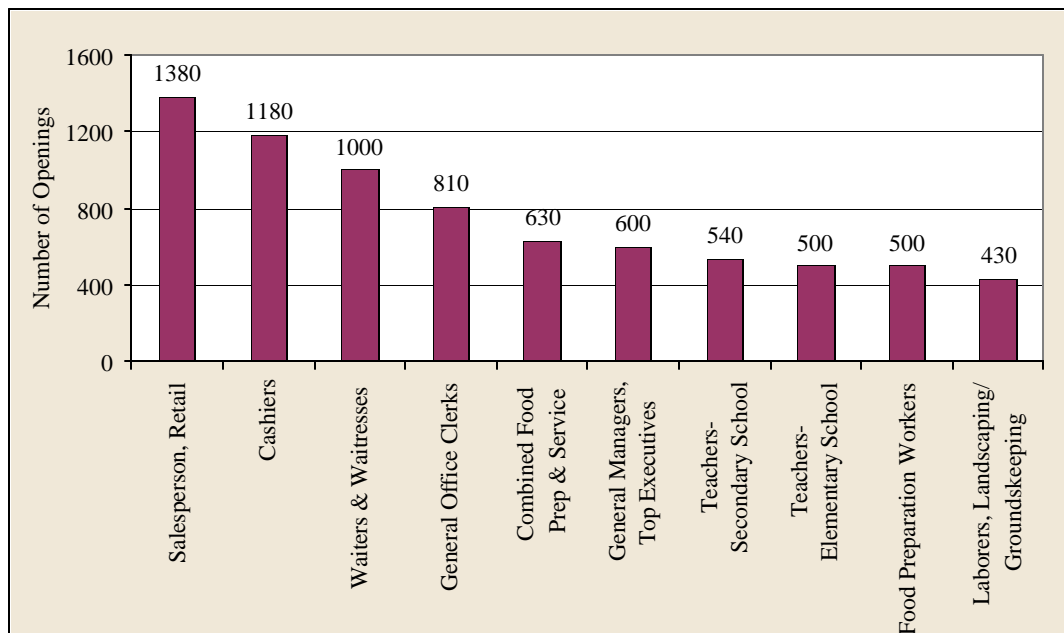
⁹ Data on wages by occupation in this section are from the California Employment Development Department's Labor Market Information Division, Occupational Employment Statistics Survey Results for Santa Cruz County. Data on wages by industry are from the California Employment Development Department's Labor Market Information Division, Covered Wages and Employment for Santa Cruz County, 2000.

¹⁰ Please note that these projections were made before the onset of the current economic downturn and as a result may be overly optimistic.

relative demand over the next year for computer system software engineers (19%, mean annual wage \$92,450) and computer applications software engineers and web developers (19%, mean annual wage \$57,500).

- **Registered nurses and carpenters are the only two higher-paying occupations that don't require a bachelor's degree.** Both carpenters (350 openings) and registered nurses (220 openings) are projected to have high numbers of openings over the next few years, pay relatively high wages and do not require a bachelor's degree. For example, registered nurses have mean annual wages of \$58,817 but require only an associate degree, while carpenters earn average annual wages of \$48,215 and require long-term on-the-job training (over one year), typically through an apprenticeship.

Figure 4. Top 10 Occupations with the Most Openings



Source: California Employment Development Department, Labor Market Information Division, 2000 Occupational Employment Statistics Survey.

Occupations Projected to have the Fastest Growth

Service occupations also make up the majority of the occupations projected to have the fastest growth between 1999 and 2006, somewhat mirroring the above results (see Table 5 in Appendix). Several technology related occupations are also expected to experience rapid growth over the next few years.

- **Three of the five fastest growing occupations from 1999 to 2006 are expected to be technology related.** These occupations include computer engineers (57.8% growth), computer support specialists (44.2% growth),

and systems analysts—electronic data processing (37.9% growth). All three occupations require a bachelor's degree.

- **Six of the 10 fastest growing occupations are projected to be in the service industry.** These occupations include paralegal personnel (50% growth), human service workers (36.8% growth), bill and account collectors (36.4% growth), and pest controllers and assistants (36.4% growth). The level of education required for these positions ranges from short-term on-the-job training to a bachelor's degree.
 - However, due to funding cuts among public agencies resulting from the current recession, there is likely to be substantially less growth in the human service worker occupation than projected.

2. Employer Skill Requirements and Worker Skill Deficiencies¹¹

This report will next examine the most important skills employers look for in their employees and their difficulties in finding workers with these skills. In general, few employers said they were currently having difficulty finding workers. However, some employers reported having trouble recruiting workers with very specific technical skills and experience, particularly in the health care services industry. Employers also said that having a positive work ethic and strong basic skills were typically more important than occupational training or experience for low-skilled or entry-level workers. By contrast, computer skills were less important for these workers and easier to find. For high-skilled positions, employers said that specific technical skills and experience were most important.

- **In general, few employers reported having trouble finding employees because of the current state of the economy.** Entry level and low skilled positions were the easiest to fill.
- **However, several employers noted having difficulty finding workers with very specific technical skills or experience.** For example, health care employers noted that it is difficult to find both experienced and entry-level workers in health care occupations. Nurses were noted as the most difficult to find. The ERISS survey also found that it took the health services industry over five months (167 days) to fill positions for experienced workers and over three months (99 days) for inexperienced

¹¹ Data for this section is primarily based on a focus group held with seven Santa Cruz County employers on June 27, 2002 and interviews with three other employers or industry representatives between June and August, 2002. These interviews included, Jess Brown, Santa Cruz County Farm Bureau, July 2, & 9, 2002; Marvin Labrie, Physicians Medical Group, July 9, 2002; Steven Beedle, Tech Alliance, June 14, 2002; Jo-Anne Dlott, Seaside Company, August 16, 2002.

workers. Two other employers said that they had difficulty finding maintenance mechanics and one noted her company had had a hard time finding an electrician.

- **For this reason, employers wanted assistance developing partnerships with training providers to develop training programs for these hard-to-fill occupations.** For example, employers would like to see the Health Services Partnership used as a model for similar programs in other industries with hard-to-fill occupations.
- **Having a strong work ethic is the most important qualification employers look for when filling unskilled and low-skilled positions.** This included having a positive attitude toward work, punctuality, courtesy, appropriate dress and being ready for work. Employers said they would prefer to hire untrained workers with a strong work ethic and provide them with on-the-job-training rather than hire workers who have been through an occupational training program or even have experience.
 - **Employers said that it is often very difficult to find workers who have a strong work ethic.** The Spring 2000—Business Visitation Project similarly found that 37% of employers reported that the lack of an adequate, motivated workforce was a weakness of Santa Cruz County.
- **Basic skills in math and English communication were also noted as being important.** These skills included the ability to read and write in English and do basic math. English skills were particularly an issue among employers who hire large numbers of immigrant workers.¹² Employers also noted that even among workers who are native speakers of English, communication skills are very important. The Spring 2000 Business Visitation Project also found that many employers saw basic math skills (20%) and English language skills (17%) as among the most important skills.¹³
 - **Employers said that many employees lack these basic skills in math and English.** For this reason, employers wanted to see more programs to help them upgrade the basic skills of their workers.
- **Customer service skills, creativity, and an ability to grow and learn were also noted by employers as being important skills for low-skilled and unskilled workers.** These skills included problem-solving, taking

¹² The Spring 2000-- Santa Cruz County Business Visitation Project found that 52% of surveyed firms hire limited English proficient workers.

¹³ Spring 2000—Santa Cruz County Business Visitation Project. Note that this survey took place before the current economic downturn when firms were having difficulty hiring for most positions.

responsibility for their work, a willingness to learn new things and take on multiple roles, a desire to advance and take on leadership responsibilities, and an understanding of corporate culture and values. The Spring 2000 Business Visitation Project also found that 66.5% of employers said that communication and customer service skills were among the most important skills.¹⁴

- **Employers said that it is often very difficult to find workers with creativity and an ability to grow and learn.**
- **Basic computer skills were important in some industries, such as high tech, but not as much in other industries or occupations.** For example, although one employer in the high tech industry said that even administrative staff should have basic web programming skills, another employer in the health care industry reported that workers need only basic computer skills and these were not as important as other skills. In addition, the recently completed ERISS survey found that 48% of surveyed employers said they required no computer skills for their general employees and many other employers required only word processing and basic internet skills.¹⁵
 - **Workers with basic computer skills were not as difficult to find.** Employers said that many workers already have sufficient computer skills.
- **Specific technical skills and experience were the most important when filling high-skilled positions.** For most of these positions, employers have very specific educational, skill, and experience requirements. To be hired for these positions, workers must first meet technical and experience requirements, although employers also want these workers to have positive work attitudes and good communication skills.

a. Barriers to Recruiting Workers and Business Expansion¹⁶

In Santa Cruz County, the high cost of living and housing and an unsupportive business climate were the barriers most often mentioned by employers.

¹⁴ Ibid.

¹⁵ ERISS Santa Cruz County survey results, 2002.

¹⁶ Data for this section is primarily based on a focus group held with seven Santa Cruz County employers on June 27, 2002 and interviews with three other employers or industry representatives between June and August, 2002. These interviews included, Jess Brown, Santa Cruz County Farm Bureau, July 2, & 9, 2002; Marvin Labrie, Physicians Medical Group, July 9, 2002; Steven Beedle, Tech Alliance, June 14, 2002; Jo-Anne Dlott, Seaside Company, August 16, 2002.

- **The high cost of housing and living in Santa Cruz County was the most common major barrier to finding workers.** Employers noted that the high cost of living and housing in the county made it difficult to attract workers from outside the area. In addition, although the cost of housing in Santa Clara County is somewhat higher than in Santa Cruz County, wages in Santa Cruz County are lower¹⁷ making it difficult for Santa Cruz County businesses to compete with Silicon Valley firms for employees.¹⁸
 - **Housing costs in Santa Cruz County have increased dramatically over the past 10 years.** For example, the median rent increased by nearly 50% between 1990 and 2000, increasing from \$651 to \$924. The median value of owner-occupied housing also increased by 47.4% over that 10 year period from \$256,100 in 1990 to \$377,500.¹⁹
 - **Santa Clara County’s housing costs are still higher.** Median gross rent in Santa Clara County was \$1,185 in 2000 and the median value of owner-occupied housing in Santa Clara County was \$446,400.²⁰
- **An unsupportive business climate was another barrier to business expansion mentioned by a number of employers and job-seeker customers.** A number of employers and job seekers said that both Santa Cruz County and Santa Cruz City are not supportive of business expansion, which has made it very difficult for businesses to grow or to attract new businesses and create more jobs. The Spring 2000—Business Visitation Project similarly found that 30% of employers noted a lack of government support as a weakness of Santa Cruz County.²¹
- **Transportation was not noted as a major barrier for most employers.** Some employers said that congestion on Highway 17 actually made it easier to recruit local workers who were unwilling to deal with the commute. However, one employer did note that increasing congestion on

¹⁷ In 2001, Santa Cruz County’s mean annual wage was only \$35,359 compared to Santa Clara County’s mean annual wage of \$48,455.

¹⁸ The Spring 2000—Business Visitation Project also reported that 53% of employers said that the cost of living and housing availability were a weakness of Santa Cruz County and 38% of employers surveyed in the ERISS Santa Cruz County Survey said that cost of living/housing were barriers to expansion in the county.

¹⁹ Census 1990 and 2000.

²⁰ Ibid.

²¹ By contrast, the ERISS survey of employers in early 2002 reported that only 13% of employers said that a lack of government support was a barrier to expansion in the county.

Highway 1 and limited public transportation between Watsonville and Santa Cruz makes it difficult for workers in south county (where unemployment is much higher) to get to jobs in central and north county.

b. Where Employers Find Workers²²

Most employers in the county recruit workers through employee referrals, newspaper advertisements, the Internet, word-of-mouth and through temporary staffing agencies or labor contractors. By contrast, few employers use public workforce services to find the workers. This was largely because employers were either unfamiliar with public workforce services or did not think they were very effective in attracting high-quality workers and required too much paperwork.

- **Most employers hire through employee referrals, newspaper advertisements, the Internet, word-of-mouth and temporary staffing agencies or labor contractors.** Similarly, the Spring 2000 Business Visitation Project found that 81.3% of employers successfully used advertisements to find workers with adequate skills, 70.7% used referrals, 25.3% used a personnel agency and 14% used walk-ins.
 - **Many employers were wary of posting jobs on internet search engine sites (such as Monster.com).** This was due to the large volume of unqualified responses they received although they did use these websites for hard-to-find, high-level positions. Many employers also rely on posting positions on their websites, particularly in the high tech industry, because many prospective workers prefer to research specific local companies and to see if they are hiring.
- **Employers do not make much use of public workforce services, including career centers.** In general, most of the employers who were interviewed or who participated in the focus group were either relatively unfamiliar with public workforce programs or did not think they were very useful. They said that these programs generally do not attract high-quality workers who are likely to succeed in their companies and often the paperwork required or generated by these programs was not worth the effort. This was particularly true when they were trying to fill positions requiring very specific skills.
 - **Both the ERISS Santa Cruz County Survey and the Spring 2000 Business Visitation Project reported similar results.**²³

²² Data for this section is primarily based on a focus group held with seven Santa Cruz County employers on June 27, 2002 and interviews with three other employers or industry representatives between June and August, 2002. These interviews included, Jess Brown, Santa Cruz County Farm Bureau, July 2, & 9, 2002; Marvin Labrie, Physicians Medical Group, July 9, 2002; Steven Beedle, Tech Alliance, June 14, 2002; Jo-Anne Dlott, Seaside Company, August 16, 2002.

However, the ERISS survey did find that 50% of employers make use of One-Stop partner services, including Cabrillo College (72 businesses), State Employment Tax Board (32 businesses), ROP and ARBOR OJT (18 businesses each) and adult education (16 businesses).

3. Analysis of Workforce Demand for Selected Industry Clusters²⁴

In addition to analyzing overall demand for workers, this report will next examine the growth prospects, recruitment needs and wages²⁵ for the high technology, health care services, tourism, and agriculture industry clusters. These four industry clusters represent important current and future sectors of the county's economy and employment.

a. High Technology

Although Santa Cruz County's high technology sector is substantially smaller than Silicon Valley's, it has become an important part of the county's economy and is likely to grow in the future. However, future growth in the county is dependent on successful start-up companies or expansion by existing firms rather than attraction of Silicon Valley high technology firms. Currently, due to the downturn in the high technology industry, it is not difficult for firms to recruit either skilled or unskilled workers. Firms do have difficulties finding senior high technology sales or management staff. Wages in the high technology industry in Santa Cruz County are very high relative to other industries.

- **Growth Prospects.** The technology sector in the county is not growing at present largely because of the poor state of the overall high technology industry and particularly the economic downturn in Silicon Valley. Overall, the technology sector is likely to rebound in the future.

²³ The ERISS Santa Cruz County Survey found that 89% of surveyed employers said they had not used career center services during the last 12 months and 85% were not familiar with the Workforce Investment Board. The Spring 2000—Business Visitation Project found that 86% were not aware of the Workforce Investment Act and only 17.5% (26 businesses) had used career center services.

²⁴ Data for this section is primarily based on a focus group held with seven Santa Cruz County employers on June 27, 2002 and interviews with three other employers or industry representatives between June and August, 2002. These interviews included, Jess Brown, Santa Cruz County Farm Bureau, July 2, & 9, 2002; Marvin Labrie, Physicians Medical Group, July 9, 2002; Steven Beedle, Tech Alliance, June 14, 2002; Jo-Anne Dlott, Seaside Company, August 16, 2002.

²⁵ Data on wages by occupation in this section are from the California Employment Development Department's Labor Market Information Division, Occupational Employment Statistics Survey Results for Santa Cruz County. Data on wages by industry are from the California Employment Development Department's Labor Market Information Division, Covered Wages and Employment for Santa Cruz County, 2000.

However, future growth in Santa Cruz County is dependent on successful start-up companies or expansion by existing firms in the county rather than attraction of Silicon Valley high technology firms. This is because the lack of inexpensive commercial land in Santa Cruz County makes Silicon Valley firms looking to expand outside the Valley more likely to move to southern Santa Clara, or San Benito Counties or eastern Alameda County.

- **Barriers to Growth.** There are a number of barriers to growth of the high technology industry in Santa Cruz County:
 - The high cost of housing which makes it difficult for firms to attract and retain workers with very specific skills.
 - The lack of inexpensive commercial real estate, particularly in northern Santa Cruz County, makes it difficult for firms to expand and also makes it less likely for out-of-area firms to relocate in the county.
 - Lack of access to capital as Santa Cruz County firms are less likely to have access to Silicon Valley venture capital firms.
 - The lack of a strong internet “backbone.”
 - Lack of a high technology sector large enough to convince high-skilled workers from the Silicon Valley that working in Santa Cruz County will not harm their careers because there are fewer opportunities for advancement.
- **Skill Requirements.** With the exception of a few very large firms, which both develop and manufacture high technology products, most high technology firms in the county are relatively small. For this reason, most firms do not have the resources to provide extensive training to workers and look for workers with very specific technical skills and experience. In addition, workers in these small firms must have a wide range of skills to allow them to play multiple roles.
 - Technical and computer skills are critical for employees in Santa Cruz County’s high technology industry. For example, even administrative staff are expected to have not only MS Office skills, but also basic web programming using Front Page, Dream Weaver and basic Java script. It is also important for workers to have knowledge of the latest software and hardware as firms are looking for workers with the most up-to-date skills.
 - Employers are often looking for very specific skills and experience, making it difficult for workers without those skills to break into the field.
- **Availability of Qualified Workers.** Currently, due to the downturn in the high technology industry, it is not difficult for firms to recruit either

skilled or unskilled workers. Firms did report difficulties in finding senior high technology sales or management staff. Although these staff are available in Silicon Valley, they are often unwilling to be “out of the mix” of Silicon Valley and take the lower salaries offered by Santa Cruz County firms.

- There is high turnover in high technology as workers tend to “job hop” in the industry. However, turnover is slightly less of a problem in Santa Cruz County as there are fewer firms, so fewer opportunities for “job-hopping.”
- The ERISS Santa Cruz County Survey projects a 27% demand for computer system software engineers and a 19% demand for computer applications software engineers and web developers.
- **Where Employers find Workers.** Many high technology firms recruit primarily via the Internet for specialized, high skilled jobs. This generally consists of placing a job description on their website or receiving e-mails from prospective employees.
- **Wages.** Wages in the technology sector in Santa Cruz County are very high relative to other industries. For example, wages in the electronic and other electric equipment manufacturing industry (average annual pay of \$83,399) are quite high. Wages in the computer and data services industry are even higher (average annual pay of \$96,374). On the other hand, low skilled manufacturing workers often have relatively low wages. For example, electrical and electronic equipment assemblers have average annual wages of \$31,117.
- **Assistance Firms Need.** The high technology industry needs help from the public sector to maintain a healthy community of businesses and supportive business services. This assistance could include:
 - A marketing campaign about the success of the high technology industry in Santa Cruz County to overcome the negative perception many firms have that Santa Cruz is anti-business.
 - Tax breaks and other incentives for high technology businesses.

b. Health Care Services

The service industry is the largest industry in Santa Cruz County in terms of employment. The health care services industry makes up a sizeable and growing portion of the county’s service industry with many high-paying occupations. However, one of the major barriers to growth is that health care services firms in the county have a very difficult time finding workers.

- **Growth Prospects.** The health care industry in Santa Cruz County is currently growing despite the overall downturn in the economy due to the

aging of the county's population and an influx of new medical technology that is lengthening average life spans.

- **Barriers to Growth.** The high cost of housing and living in the county is the most significant barrier to growth of the health care services industry. This makes it very difficult to recruit and retain sufficient qualified workers because they cannot afford housing and other living costs in the county.
- **Skill Requirements.** Most positions in the health care service industry require very specific skills. These range from fairly low-skilled occupations such as medical receptionists to extremely high-skilled occupations such as physicians. Because of the requirement for specific skills, employers prefer workers with either specific educational degrees or occupational training.
- **Skill Deficiencies.** With low-skilled workers, employers report that there are significant problems with work ethic and customer service skills, such as being courteous, taking responsibility for their jobs and being able to problem-solve.
- **Availability of Qualified Workers.** Health care services firms have a very difficult time finding workers. This is true for most occupations in the industry, but is most acute for nurses. There is a nationwide nursing shortage which has been made worse in Santa Cruz County by the high cost of living which has made many nurses unwilling to relocate to or stay in the county. The shortage in physicians in the county is also primarily due to the high cost of living.
 - Even if employers can recruit workers, many of them leave after a short time because of the high cost of living. For example, one employer predicted that the turnover rate in the industry is likely to be as high as 40% in 2002.
- **Where Employers Find Workers.** Health care employers primarily advertise in newspapers, use employee referrals, and temporary agencies.
- **Wages.** Overall, the health care services industry has average annual wages of \$35,161. Within the industry, doctor's offices and clinics tend to pay higher average wages (\$44,021) than do hospitals (\$39,763), dentist's office and clinics (\$33,161) or other health practitioners (\$19,006). In terms of occupations, wages for high-skilled workers such as family and general practitioners (\$106,275), pharmacists (\$83,258), and registered nurses (\$58,817) are quite high. Even less-skilled occupations such as medical records and health information technicians (\$29,189) and medical assistants (\$29,757) make higher wages than in other fields. The lowest wages in the health care services field are home health aides (\$18,030), pharmacy aides (\$21,172) and medical equipment preparers (\$23,622).

- **Assistance Firms Need.** Because of the difficulty in finding qualified workers, health care services firms need help recruiting and training sufficient numbers of these workers to meet industry needs.

c. Tourism

Tourism has long been a major industry in Santa Cruz County, particularly in the central and northern regions of the county. Made up primarily of small and medium-sized services and retail trade businesses, the industry has a major economic impact on the county, generating \$14 million in annual transient occupancy and sale tax.²⁶

Although the industry grew steadily for most of the 1990s, future growth in the industry is reportedly hampered by regulatory constraints. In general, most tourism businesses have not had a hard time finding sufficient workers because of the current economic downturn.

- **Growth Prospects.** The tourism industry grew steadily for most of the 1990s until 2001 when it was affected by the economic downturn and particularly the slowdown in Silicon Valley where many tourists originate.
- **Barriers to Growth.** Employers noted several barriers to future growth of the tourism industry in the county. One was the county's unsupportive business climate and anti-growth policies. The high cost of housing was another barrier noted by employers who said many employees leave their jobs because they can't afford housing. Finally, congestion on Highway 1 and a lack of sufficient buses between Watsonville and Santa Cruz and Capitola were other barriers because they make it difficult for many low-skilled employees from Watsonville to get to their jobs in central and north county.
- **Skill Requirements.** Many occupations in the tourism industry require few specific skills or experience. As a result, employers are typically looking for employees with a strong work ethic and good basic English and math skills and are willing to provide on-the-job-training for employees with these skills. Computer skills are not as important for most of these positions.
- **Skill Deficiencies.** Employers report that they often have significant problems finding workers with a strong work ethic and basic skills.
- **Availability of Qualified Workers.** In general, most tourism businesses have not had a hard time finding sufficient workers because of the current economic downturn. However, they do sometimes have difficulty find workers with specific skills, such as mechanics and electricians.

²⁶ Source: Santa Cruz County Convention and Visitors Council.

- **Where Employers find Workers.** Tourism businesses typically find workers through newspaper advertisements, referrals, and walk-ins. For seasonal employees, they also do outreach to local high schools and colleges.
- **Wages.** Overall, wages within the tourism industry are fairly low. For example, for amusement and recreation services, average annual wages were only \$13,833, for hotels and other lodging places only \$17,628 and were only \$12,087 for restaurants and bars (eating and drinking places). Similarly, many occupations in the tourism industry also have low wages. For example, waiters and waitresses have mean annual wages of only \$20,282, hotel, motel and resort desk clerks have mean annual wages of \$19,590 and cashiers have mean annual wages of \$19,438.
- **Assistance Firms Need.** Tourism firms need help dealing with the problems of high housing costs, poor transportation between Watsonville and the rest of the county, and crime in Santa Cruz. This assistance might include more affordable housing, widening of Highway 1 and more public transportation between Watsonville and the rest of the county, and crime prevention programs in Beach Flats and downtown Santa Cruz.

d. Agriculture

Although the agriculture industry employed only 7.9% of the county's workforce in 2000, the industry is still a mainstay of southern Santa Cruz County's economy and employment. For example, in 2000 the total value of agricultural production in the county was valued at \$351.9 million (26th largest in the state). Currently, the county's biggest crop is strawberries (\$126.5 million in 2000), followed by raspberries (\$44.4 million), head lettuce (\$30 million), and landscape plants (\$23.2 million).²⁷

The agriculture industry in Santa Cruz County has been growing steadily, but future growth is threatened by the steady loss of agricultural land in the county. In general, wages in the agriculture industry are quite low and most growers have not found it difficult to hire workers.

- **Growth Prospects.** The agriculture industry in Santa Cruz County has been growing steadily despite a decline in overall employment.
- **Barriers to Growth.** The major barrier to growth of agriculture is the increasing urbanization of the county leading to a steady loss of agricultural land. In addition, new residents of areas where there is a lot of farming activity often try to limit those activities because they do not like to have farming operations too close to their homes. Housing is less

²⁷ Source: Santa Cruz County Farm Bureau.

of a barrier because farmworkers are more flexible about housing and are willing share housing with more people to make it affordable.

- **Skill Requirements.** Most positions in agriculture are for un-skilled or low-skilled farmworkers, although employers prefer experienced pickers and cultivators. They also prefer workers who speak English. Much of the work is seasonal.
- **Availability of Qualified Workers.** For un-skilled and low-skilled positions, most growers have not found it difficult to hire workers, although the tightening of the borders after September 11 has resulted in fewer immigrant workers. It is difficult for growers to find workers with strong English-speaking and writing skills so most supervisors are bilingual. Many workers also lack basic math skills.
- **Where Employers find Workers.** Many growers use farm labor contractors to hire temporary migrant workers to harvest crops or process foods. Those workers not hired through labor contractors are usually recruited through word of mouth.
- **Industry Wages.** Wages in the agriculture industry are typically quite low, with average annual pay in the county in 2000 of only \$21,530. For example, crop, nursery, and greenhouse farmworkers and laborers have mean annual wages of only \$14,309 and agricultural products graders and sorters have mean annual wages of \$16,213. By contrast first line supervisors and managers of farmworkers have mean annual wages of \$46,131.
- **Assistance Firms Need.** Firms need assistance upgrading the English and math skills of their existing workers.

III. ANALYSIS OF LABOR MARKET SUPPLY AND JOB SEEKER NEEDS

The next section of this report will examine the supply of labor in Santa Cruz County. This will include an analysis of aggregate data on the county's population, labor force, and education system. The analysis of labor market supply will also examine the needs of youth, adults, and dislocated workers to be successful in the labor market and achieve their career aspirations.

1. Aggregate Analysis of Labor Market Supply

To analyze the overall demand for workers in the county, this report will first examine a number of overall indicators and trends for the county's population, labor force, and educational system. These indicators include the racial, ethnic age and gender breakdown of the county's population as well as the county's median income and the percentage of county residents below the poverty line. The report will also analyze data for the county's educational system, including educational attainment, standardized test scores, the percentage of students passing the state's high school exit exam, dropouts, and enrollment in adult and higher education.

a. Characteristics of Santa Cruz County's Population and Labor Force

As noted above, the population of Santa Cruz County grew only slightly over the past decade, increasing from 229,734 in 1990 to 255,602 in 2000 according to the Census. During that same period, the racial and ethnic breakdown of residents in the county stayed almost the same, although the percentage of county residents identifying as Latino increased from 20% to 27%. In terms of age, the county's population is slightly older than the state's population, and more people will reach retirement age over the next 10 years than in 1990. The percentage of women in the labor force also stayed nearly constant over the past 10 years. Finally, although median household income in the county increased by 45% between 1990 and 2000, the percentage of county individuals below the poverty line increased slightly from 10% to 12%.

- **The racial/ethnic breakdown of the county's population is similar to 10 years ago (see Table 4 below).** Overall, the racial/ethnic breakdown of the population remains about the same, although the percentage of Latino residents in the county increased from 20.4% to 26.8%.
- **Watsonville has far more Latino residents than Santa Cruz.** The majority (75.1%) of residents in Watsonville describe themselves as Latino. In contrast, only 26.8% of residents in Santa Cruz city describe themselves Latino.

Table 4. Population of Santa Cruz County by Race

Category	Population in 1990	% of Population	Population in 2000 ²⁸	% of population
White	192,849	83.9%	201,777	78.9%
Asian	8,512	3.7%	11,916	4.7%
African-American	2,632	1.1%	3,771	1.5%
American Indian/Alaskan Native	1,821	0.8%	5,296	2.1%
Other	23,920	10.4%	43,921	17.2%

Source: Census 1990 and 2000.

- **About two-thirds of the county’s population is from 18 to 64 years old according to the 2000 Census (see Table 5).** 66.2% of Santa Cruz County residents were 18 to 64 years old, which was slightly higher than the percentage statewide (62.1%). By contrast, 27.5% (70,190) of county residents are 19 and under (compared to 30.1% statewide) and 10% (25,487) are 65 and older (compared 10.6% statewide).
 - **Nearly 15% of the county’s population will enter the labor force over the next decade.** 14.7% (37,569) of the county’s population are between the ages of 10 and 19 and will enter the labor force over the next 10 years. This is almost the same percentage as statewide (14.8%).
 - **Slightly more county residents are likely to retire over the next decade than from 1990 to 2000.** 20.5% (52,342) of the county’s population is between the ages of 45 and 59 years old compared to 17.1% statewide. In 1990, only 13% (29,779) of the county’s population was 45-59 years old. This is important because this means that it is likely that more younger workers will be needed to fill positions formerly held by retirees.
 - A much smaller percentage (12.6%) of residents in Watsonville are likely to retire over the next 10 years.

²⁸ Note: Census race data now allows respondents to select more than one race, so percentages may be higher in 2000 because respondents may identify with more than one race. Population numbers by race may also add up to more than the total population.

- Santa Cruz contains closer to the county average with 18.5% of the population between 45 and 59 years old.

Table 5: Santa Cruz County Population by Age in 1990 & 2000

Age Group	Number in Age Group 1990	Percentage of Population 1990	Number in Age Group 2000	Percentage of Population 2000
9 years and under*	N/A	N/A	32,621	12.8%
10-14 years*	N/A	N/A	17,630	6.7%
15-19 years*	N/A	N/A	19,939	7.8%
18-64 years	149,164	64.9%	169,374	66.2%
45-59 years	29,779	12.9%	52,342	20.5%
65 and older	25,866	11.3%	25,487	10.0%

Note: Percentages do not add up because of overlapping years in different categories.

Source: Census 2000.

*Census figures in 1990 did not include this grouping.

- **About 45% of the county’s labor force was female in 2000, about the same as in 1990 (44%), according to the Census.**
 - The percentage of women in the population who are 16 and older who were in the labor force stayed relatively constant between 1990 (60%) and 2000 (61.2%).
- **Median household income in 1999 in Santa Cruz County was \$53,998, up 45.5% from 1990 (\$37,112) according to the Census.** Santa Cruz County’s median income was still 27.4% less than Santa Clara County’s median household income of \$74,335.
 - The median household income was much lower in Watsonville (\$37,617) than in Santa Cruz City (\$50,605).
- **About 10% of all individuals in Santa Cruz County were below the federal poverty level in both 1989 and 1999 according to the Census.** In 1989, 10.7% of individuals were below the poverty level as compared to 11.9% in 1999. For female householders with no husband present, the percentage below the poverty level was 17.9% in 1999 as compared to 1989 (21.3%).
- **14.3% (34,399) of county residents say they speak English less than “very well.”²⁹**

²⁹ Census 2000.

- **Approximately 19,000 Santa Cruz County residents were migrant and seasonal farmworkers and an additional 15,000 residents were part of a household including migrant and seasonal farmworkers in 2000.**³⁰
- **15.6% (24,161) of Santa Cruz County residents between the ages of 21 to 64 years old have a disability.** 58.4% of these disabled residents are unemployed.³¹
- **In 2001, an estimated 32,058³² children needed childcare in Santa Cruz County.** However, in 1999 there were only 8,411 licensed child care slots available in the county.
 - **Infant and school-aged child care are both very limited in the county.** 5,163 infants need care in the county although there are only 1,123 licensed spaces. 14,600 county school-age children need care although there are only 1,315 licensed spaces.
 - **Childcare in Santa Cruz County is more expensive than the statewide average.** For example, in 1998, it cost \$8,609 for full-time, center-based infant care vs. the statewide average of \$6,549 for the same care.
 - **Not enough subsidized child care is available.** Although 9,295 children ages 0-13 were eligible for subsidized childcare from the California Department of Education, only 1,727 children were in subsidized childcare programs.
- **In 1998, 1,434 county residents (5.72 per 1000 people) were admitted to a hospital for drug or alcohol treatment.**
- **In 1998-1999, 3,742 county residents were served by county mental health programs.** This was a rate of 14.77 per 1000 people.³³
- **In 2000, there were 1,936 juvenile arrests, 465 of which were felonies.** 82.2% of all felony arrests were of male youth. 24.5% (114) of all felony

³⁰ Source: Migrant and Seasonal Farmworker Enumeration Profiles Study, California. Alice C. Larson, Larson Assistance Services. Prepared for Migrant Health Program, Bureau of Primary Health Care, Health Resources and Services Administration, September 2000.

³¹ Source: Census 2000.

³² Source: Santa Cruz County Community Assessment Project, Year 7, 2001. Quality of Life Indicator 38, "Child Care Enrollment." All other statistics in this section are from: 1999 Needs Assessment: Child care and School-age Recreation in Santa Cruz County, Santa Cruz Child Care Planning Council.

³³ Source: California Institute for County Government, county profiles, 1998.

arrests were for violent offenses, 40% (186) for property offenses and 14% (65) for drug offenses.³⁴

- **There were 371 teen births (births to mothers 19 and under) in Santa Cruz County in 2000, down from 475 in 1995.** 63% of these births in 2000 took place at Watsonville Community Hospital compared to 22.6% at Dominican Hospital. 76.3% of teen births in 2000 were to Hispanic women and 68.2% were to women ages 18-19.³⁵
- **As of July 2000, there were 411 youth in out-of-home placements in the County, an increase of 9.6% from July 1996.** This represented a rate of 6.2 out-of-home placements per 1,000 youth, which was lower than the state rate of 11 per 1,000.³⁶

b. Educational Characteristics of Santa Cruz County

Overall Educational Characteristics

In general, Santa Cruz County residents have higher levels of educational attainment than the statewide average and compared to 1990. The county also has fairly low levels of illiteracy compared to other counties.

- **Santa Cruz County's residents have higher levels of education on average than California residents overall and more than they did a decade ago.**
 - **16.8% of all Santa Cruz County residents 25 years or older did not have a high school diploma in 2000 according to the Census.** This was lower than the statewide percentage of 23.2% and slightly lower than 10 years before when 18.1% of county residents lacked a high school diploma.
 - **Less than half (49.1%) of residents 25 years and older in Watsonville had a diploma.** By contrast, most (89.1%) Santa Cruz city residents 25 years or older had a high school diploma.
 - **34.2% of Santa Cruz County residents 25 years or older had a bachelor's degree or higher in 2000 according to the Census.** This was higher than the percentage for California as a whole

³⁴ Source: Santa Cruz County Community Assessment Project, Year 7, 2001. Quality of Life Indicator 75, "Juvenile Crime." California Attorney General's Office, Juvenile Felony Arrests by gender, offense, and arrest rate, 1991-2000.

³⁵ Source: Santa Cruz County Community Assessment Project, Year 7, 2001. Quality of Life Indicator 55, "Teen Births."

³⁶ Source: Santa Cruz County Community Assessment Project, Year 7, 2001. Quality of Life Indicator 86, "Foster Care Placements."

(26.6%). This was also higher than in 1990 when 29.7% of county residents had a bachelor's degree or higher.

- **44.4% of Santa Cruz city residents 25 years and older had a bachelor's degree.** In contrast, only 8.7% of Watsonville residents 25 years and older had a degree.
- **Santa Cruz County's percentage of low literate and illiterate people is fairly low compared to other California counties.** For example, in the 1992 National Adult Literacy Survey, only 6.8% of county residents were reported to be illiterate. In addition, in 1996, a Synthetic Estimate of Literacy conducted by Portland State University found that only 18% of county residents were at the lowest level of literacy.
 - **Watsonville has a much higher percentage of low literacy residents than Santa Cruz.** In Watsonville, 39.0% of persons are at the lowest level, whereas only 15% are at this level in Santa Cruz, according to the same Portland State University study.

c. K-12 Public School System

Santa Cruz County has over 12,000 public secondary school students, approximately 11.5% of whom are enrolled in alternative education. About 10,000 county students are classified as English learners and nearly 12,000 students are served by migrant education. In addition, in 2000-2001, over a third of county students (35.5%) had household incomes low enough to be eligible for free and reduced price lunches and over 5% were CalWORKS (formerly AFDC) participants. In 2001, the county also had over 1,100 special education students in grades 9-12. Finally, county districts with high schools spend about the state average per student.

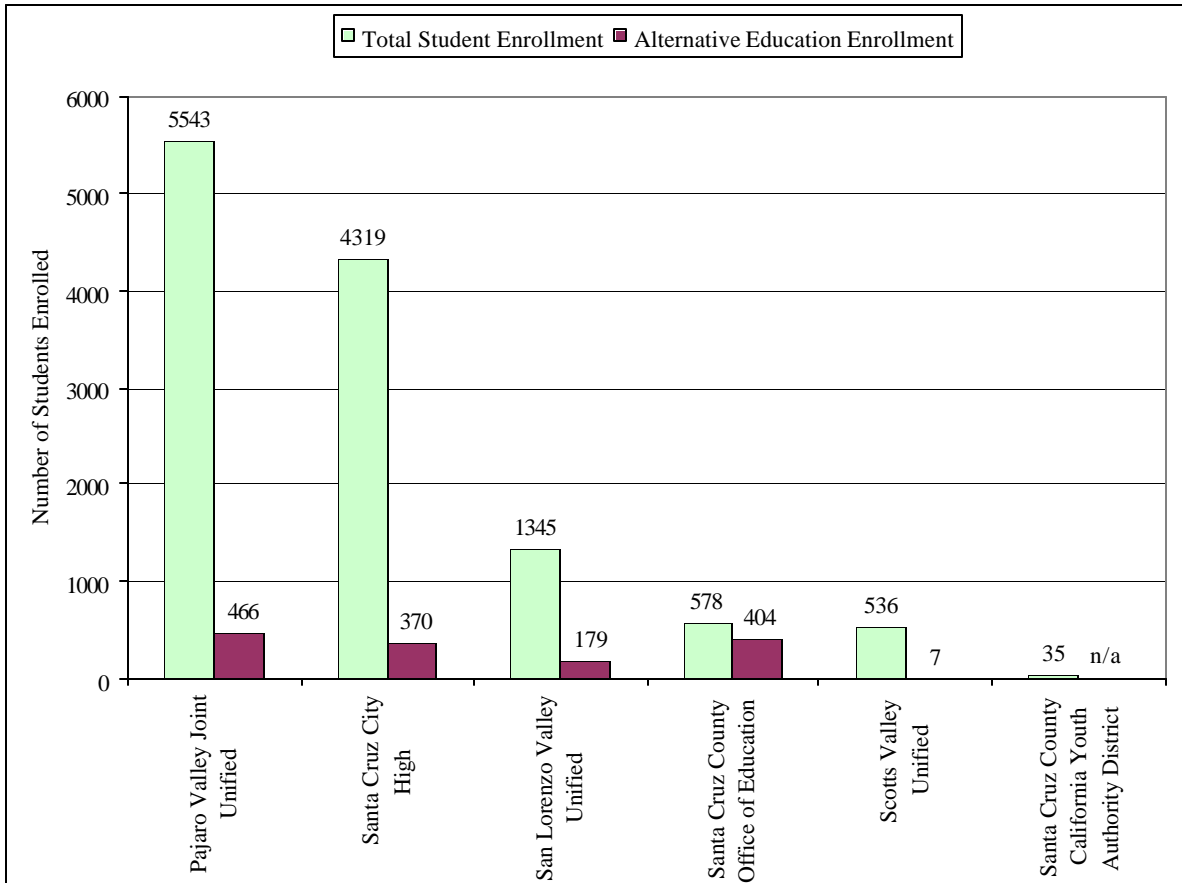
Overall academic performance for county schools is mixed with schools faring well on some indicators and poorly on others. For most schools, standardized test score rankings compared to other similar schools generally decreased. The percentage of parents who report that they are "very satisfied" with their child's secondary education has also continuously decreased since 1996. On the other hand, county schools did better than the statewide average on the high school exit exam, dropout rates, and the percentage of students who completed all courses required for admission to the University of California or California State University.

- **In 2001-2002, there were 12,356 public secondary students (grades 9-12) in Santa Cruz County, comprising 30.9% of all public students in the county (see Figure 5 and Table 6 in Appendix).** The districts with the largest number of secondary students were Pajaro Valley Joint

Unified School District (5,543 students) in Watsonville and Santa Cruz City High School District (4,319 students).

- **11.5% (1,426 students) of county secondary students were enrolled in alternative education in 2001-2002.** The number of alternative students in each district ranged from 7 students in Scotts Valley Unified to 466 students at Pajaro Valley Joint Unified.

Figure 5. Total Student and Alternative Education Enrollment for Grades 9-12, 2001-02.



Source: California Department of Education, Enrollment in Alternative Education by County, 2001-02, Santa Cruz.

*Total student enrollment includes alternative education students.

**Because this high school is new, no (0) students have yet reached Grade 12.

- **26.9% (10,896) of students in Santa Cruz County public schools were classified as English Learners (formerly Limited English Proficient or LEP) in 2000-2001.**³⁷
- **Region XI Migrant Education Program of the Pajaro Valley Unified School District serves approximately 12,000 migrant students and their parents.**³⁸
- **32% of Santa Cruz County 11th graders in 2000-2001 reported using marijuana and 51% reported using alcohol.** By contrast, 24% of students statewide reported using Marijuana and 44% reported using alcohol.³⁹
- **Over a third of county students (35.5%) had household incomes low enough to be eligible for free and reduced price lunches and over 5% were CalWORKS (formerly AFDC) participants in 2000-2001.** Pajaro Valley Joint Unified School District had the highest percentage of students eligible for free and reduced price lunches (53.5%) and 6.8% of students were CalWORKS participants. Santa Cruz City School District had 12.4% of students eligible for free and reduced price lunches and 4% of students were CalWORKS participants.⁴⁰
- **There were 1,148 special education students in grades 9-12 in Santa Cruz County as of December 1, 2000.** The most common disability suffered by special education students ages 14-19 was having a specific learning disability (1,049 students).⁴¹
- **Santa Cruz County districts with high schools spend about the same per student as other similar districts.** For example, in 2000-2001 Santa Cruz City Elementary/High district spent \$6,630 per student, which is slightly more than the statewide average for unified school districts (\$6,414).⁴² Pajaro Valley Joint Unified spent very close to the state average at \$6,412.

³⁷ Source: California Department of Education, Dataquest, English Learners in California Public Schools-Santa Cruz County.

³⁸ Source: Migrant Education Region 11, website.

³⁹ Santa Cruz County Community Assessment Project, Year 7, 2001. Quality of Life Indicator 67, "Current Substance Abuse Use by Students."

⁴⁰ Source: California Department of Education, Dataquest, selected county data.

⁴¹ Source: California Department of Education, Special Education Division, reporting cycle: December 1, 2000.

⁴² Source: California Department of Education, School Fiscal Services Division – J200/SACS reports, Current Expense of Education per ADA data.

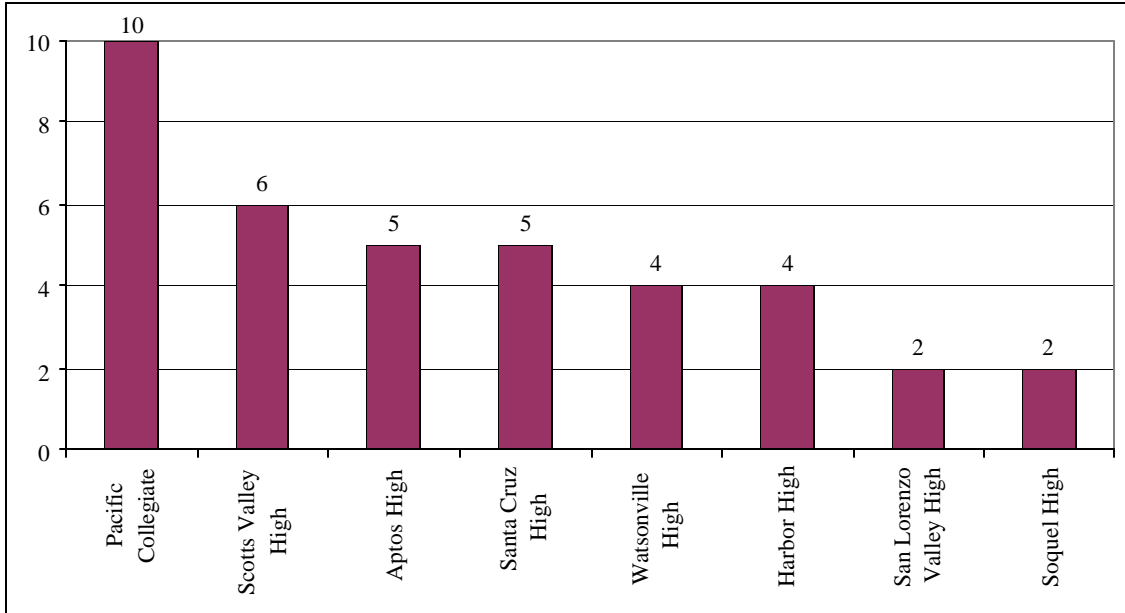
Academic Performance

- **In general, academic performance for Santa Cruz County high schools is mixed compared to statewide results.** For most schools, standardized test score rankings compared to other similar schools in the state generally decreased. However, county schools did better than the statewide average on the high school exit exam, dropout rates, and the percentage of students who completed all courses required for admission to the University of California or California State University.

Academic Performance Index (standardized tests)

- **Six of eight Santa Cruz County high schools had fairly low (below 6 out of 10, 10 being highest) Academic Performance Index (API) rankings (see Figure 6 below and Table in Appendix).** These schools included Soquel High and San Lorenzo Valley High, both ranked 2; Watsonville High and Harbor High, both ranked 4, and Aptos High and Santa Cruz High, both ranked 5.
- **The highest ranked high schools were the two newest schools.** Pacific Collegiate received the highest possible rank for similar schools (10 out of 10) and Scotts Valley High received a fairly high ranking of 6 out of 10 (with 10 being the highest).
- **Four schools had lower rankings in 2001 than in 1999.** On a 10 point rating with 10 being the highest, each of the four schools dropped 2 or 3 points. These schools included Aptos High (dropped from 7 to 5), Watsonville High (dropped from 7 to 4), San Lorenzo Valley High (dropped from 5 to 2) and Soquel High (dropped from 3 to 2).
- **Santa Cruz High School's academic performance increased.** Although Santa Cruz High had a ranking of only 5, this was much higher than its ranking in 1999 of 2 (out of 10).

Figure 6. Santa Cruz County School Rankings (10=highest, 1=lowest)



Source: California Department of Education, Dataquest.

High School Exit Exam (CAHSEE)

- **Slightly more Santa Cruz County students passed the English and math portions of the California High School Exit Exam than statewide (see Table 6).** More county students passed both the English (67%) and math portions (48%) as compared to statewide (64% and 44%, respectively). Both Santa Cruz City High School District (58% Math, 74% English) and San Lorenzo Valley Unified School District (67% Math, 86% English) had a greater percentage of students that passed both tests compared to the county and state averages. Pajaro Valley Joint Unified (36% math, 55% English) and schools under the Santa Cruz County Office of Education (9% math, 49% English) districts did notably worse than students countywide.

Dropout and Graduation Rates

- **Santa Cruz County’s dropout rate⁴³ of 1.7% in 2000-2001 (see Table 7) was significantly lower than the state’s overall dropout rate (2.8%).** Pajaro Valley Joint Unified School District (Aptos High and Watsonville High), had a much higher dropout rate (3%) than other districts in the county, which reported dropout rates ranging from 0% to 0.8%.

⁴³ All the rates referred to in this section are one-year rates from the California Department of Education’s Dataquest system.

Table 6. County Students Passing the High School Exit Exam

District	Students Passing Math	Students Passing English/Language/Arts
Pajaro Valley Joint Unified	488 (36%)	756 (55%)
San Lorenzo Valley Unified	193 (67%)	249 (86%)
Santa Cruz City High	510 (58%)	685 (74%)
Santa Cruz County Office of Education	4 (9%)	21 (49%)
Scotts Valley Unified	146 (77%)	168 (91%)
San Lorenzo Valley Unified School District Charter School	7 (33%)	17 (74%)
Countywide	1348 (48%)	1,896 (67%)
Statewide	161,967 (44%)	236,646 (64%)

Source: California Department of Education, Dataquest.

- **The county’s drop-out rate was also significantly lower than a decade earlier.** San Lorenzo Valley Unified School District reported the greatest decrease in drop-outs from 8.0% in 1991-92 to 0.4% in 2000-2001. Santa Cruz City High School District’s dropout rate also dropped from 3.2% to 0.8% and Pajaro Valley Joint Unified School District’s dropout rate declined from 5.6% to 3%.
- **40.9% more students graduated from Santa Cruz County high schools in 2000-01 (2,366) as compared with 1993-1994 (1,366).** This was primarily due to increases in 12th grade enrollment. While more students graduated, the percentage of 12 grade students who graduated has decreased from 95.1% in 1993-94 to 88.1% in 2000-01.⁴⁴

⁴⁴ California Department of Education, Dataquest.

Table 7. Student Dropout Rates by District in Santa Cruz County, 2000-01

District	Dropout Rate
Pajaro Valley Joint Unified	3.0%
San Lorenzo Valley Unified	0.4%
Santa Cruz City High	0.8%
Santa Cruz County Office of Education	0.0%
Scotts Valley Unified	0.0%

Source: California Department of Education, Dataquest.

Completion of Courses Required for University of California (UC)/California State University (CSU) Admission

- **The percentage of Santa Cruz County students completing all courses required for UC or CSU entrance in 2000-2001 (39.1%) was higher than for the state as a whole (35.6%).** This is an improvement since 1992-1993 when only 34.6% completed all required courses. Most of this improvement can be attributed to the Pajaro Valley Joint Unified district, in which the percentage of students completing all required CSU/UC courses increased from 21.6% in 1992-93 to 38.9% in 2000-01.
- **The percentage of parents who report that they are “very satisfied” with their child’s secondary education has continuously decreased since 1996.** In 1996, 49% of parents interviewed were very satisfied, while in 2001 only 26.2% of the parents gave this rating.⁴⁵

d. Adult and Higher Education

Santa Cruz County has numerous adult and higher education resources. The county has two adult schools enrolling over 6,500 students, one community college enrolling approximately 14,000 students and one public university with enrollment of approximately 12,000 students.

- **Santa Cruz County has two adult schools, Santa Cruz Adult School and Watsonville/Aptos Adult School.** The Santa Cruz Adult School had 264 students enrolled in Adult Basic Education and 2,153 students enrolled in English as a Second Language (ESL) courses in 1999-2000. By contrast, Watsonville/Aptos Adult School had 3,802 students enrolled

⁴⁵ Source: Santa Cruz County Community Assessment Project, Telephone Survey.

in ESL course and 262 students enrolled in Adult Basic Education during the same period.⁴⁶

- **A total of 461 adults in Santa Cruz County were awarded a GED in 2001.** 255 GEDs were awarded to students at Watsonville/Aptos Adult School and 206 were awarded to students at Santa Cruz Adult School. The percentage of students who passed the GED was much higher at Santa Cruz Adult School (92.8%, 206 passed out of 222) than at Watsonville/Aptos Adult School (68.7%, 255 passed out of 371).
- **Santa Cruz County has one community college (Cabrillo College) in which over 14,000 students attended in fall of 2001.** Cabrillo College is significantly larger in size compared to other community colleges in the area and has more students (14,542) than Gavilan College (5,797), Hartnell College (10,165), or San Jose City College (10,076).
 - **The number of students graduating from Cabrillo College has increased over the past few years.** 699 students graduated in 1999-2000 as compared to 547 in 1993-1994. The number of graduating Associate of Arts students has almost doubled over this 7-year time span, from 210 to 407 graduates. At the same time, the number of Associate of Science degrees awarded (around 200/year) remained about the same. A smaller number of students received Certificates of Proficiency each year (around 100/year) during the same period.
- **Over 12,000 students attended University of California, Santa Cruz (UCSC) in the fall of 2001.** Around 13% of the freshmen come from the Monterey Bay/Santa Clara region between 1995 and 2000. In 1999-2000, UCSC awarded 2,432 undergraduate, 240 graduate, and 100 doctoral degrees.

2. Services Workers Need to Reach Career Goals

a. Services Workers Need to Reach Career Goals

This section of the report will examine what youth, adults and dislocated workers need to compete successfully in the county's labor market and achieve their career aspirations. The section will first examine the overall needs of youth and then the needs of specific youth populations. The report will then analyze the needs of adults and dislocated workers both overall and for specific populations.

⁴⁶ Source: California Department of Education, Adult Education Office, CA Adult School Enrollment Report J18/19 1999-00.

b. Unmet Needs for Youth to be Successful in the Labor⁴⁷ Market

Santa Cruz County youth and youth providers reported a number of unmet needs that affect how likely youth are to be successful in the labor market and in meeting their career goals. High priority youth needs⁴⁸ included providing services to strengthen basic math and reading skills, and increasing coordination between youth-serving workforce agencies and with county businesses to work on specific needs or issues. Service providers also wanted to make youth services more youth friendly, conduct more outreach to youth and work more holistically with youth and their families. Youth providers also recommended that programs work more intensively with youth over longer periods of time and focus on increased parent participation.

Other youth needs mentioned included providing more work readiness and soft skills training, more career education and work experience opportunities, more substance abuse treatment and prevention services and better public transportation resources. For specific populations of youth, providers said that more attention should be given to youth on probation, youth in foster care, and pregnant and parenting youth.

Priority Overall Youth Needs

- **Improved basic skills including both reading and math skills.** Many youth today are leaving secondary schools without mastering the basic math and reading skills necessary for them to be successful in either the workplace or higher education. For this reason, more services are needed to ensure that all youth exiting secondary schools have strong basic skills.
- **Increased coordination between youth-serving workforce agencies in Santa Cruz County.** Due to funding constraints for youth services, providers said that it is important to create a forum for youth-serving agencies to collaborate and focus on trying to bring together their resources to solve specific problems.

⁴⁷ Unless otherwise cited, this section is based on focus groups held with Santa Cruz County youth and youth providers on June 27, 2002. Focus group participants included: a Cabrillo College student; a recent graduate of Watsonville High School and former WIA Youth Services participant; a student in an alternative education program from the Watsonville area, a representative from Workforce Investment Act Youth programs, a Representative from the City of Watsonville, a Representative from the Santa Cruz County Probation Department, a representative from Cabrillo College, a representative from the Santa Cruz County Health Services Agency, a representative from Pajaro Valley Prevention, a representative from the Santa Cruz County Office of Education, a representative from Watsonville/Aptos Adult School and a representative from SC Barrios Unidos. Both groups focused primarily on south Santa Cruz County.

⁴⁸ These priority needs came directly from the focus groups. Near the conclusion of each focus groups, participants were asked to discuss what they felt were the highest priority needs for the county.

- One focus group participant talked about the success achieved by the partnership between employers and educators through the Health Careers Partnership and thought this success could be replicated in other areas.
- Another participant noted that increased collaboration could help to overcome the problem of limited eligibility and staff/funding resources in their own programs because providers could direct youth to other county programs with the resources or services to meet their needs. Increased collaboration could also make services more accessible to youth because providers would know where to direct youth for additional services and be able to make services more seamless so youth would be less likely to “fall through the cracks.”
- **More accessible and “youth friendly” services for youth and their families.** This includes:
 - **More “youth friendly” and welcoming youth services.** Youth will not use services where they feel intimidated or disrespected, so services for youth need to make sure they are welcoming and respectful. Participants indicated that making services more “youth friendly” means staff are trained and comfortable working with youth, services are geared specifically to youth needs and the location is accessible and comfortable for youth.
 - **More outreach to youth and their families.** Youth, particularly out-of-school youth and those facing multiple barriers are unlikely to seek out services on their own. For this reason, culturally competent outreach services are critical to reaching youth who need services. For example, youth focus group participants said that they and their friends didn’t know about many of the career-related services available at the Career Center, their high school or at the community college.⁴⁹ In addition, another focus group participant said that an outreach worker hired by the Migrant Education program was able to increase enrollment in a Watsonville/Aptos Adult School re-entry program for youth ages 15-19 by 40% in one year.
 - **A holistic approach to working with both youth and their families.** Youth typically face multiple barriers and to help them be successful, it is important to approach their problems holistically and work on all of those barriers. Much youth success

⁴⁹ The Monterey Bay Region School-to-Career Partnership High School Census conducted in 1999 and 2000 found that more than 75% of high school students in both Santa Cruz and Monterey counties said they had little or no knowledge of school-to-career activities at their high school.

is also dependent their families, so youth services need to work with families as well as individual youth.

- **More of a long-term, intensive focus on working with youth.** Focus group participants agreed that youth, particularly those facing multiple barriers such as out-of-school and gang-involved youth, are more successful when staff can work with them intensively over a long period of time. However, as providers noted, this means that either more youth staff are needed or caseloads need to be smaller.
- **Increased parent participation.** Providers noted that numerous studies have shown that youth are more academically successful when their parents are more involved with their education. For this reason, they felt that more efforts should be focused on increasing parent participation.

Other Overall Youth Needs⁵⁰

- **More opportunities for educators to understand the skills required by employers and pass these skills on to students.** Focus group participants said that teachers need opportunities to spend time with employers to understand the kinds of skills employers are looking for. One program that does this in the county (Our Future is Our Business) has been successful but is only available at some high schools. Focus group participants wanted to see this or other similar programs expanded countywide.
- **More work readiness and soft skills training for youth.** Youth need more training about basic work readiness skills such as punctuality, dressing for work and appropriate behavior.
- **More career education and opportunities for work experience.** Youth focus group participants said they wanted more information about career paths and opportunities for work experience. They said that many youth don't know what career paths are available to them and what is needed to reach these career goals. They also said that many youth are unable to find good jobs (i.e. not fast food jobs) because they lack work experience and they would like more opportunities to gain experience through internships or other types of supported work experience.
- **More substance abuse treatment and prevention services for youth.** Substance abuse treatment programs for youth are severely limited and many youth who need substance abuse treatment are not being served.

⁵⁰ These needs were discussed by focus group participants but were not selected by focus group participants as priority needs.

Needs of Specific Populations of Youth⁵¹

- **More programs for youth on probation.** Youth on probation, particularly first-time offenders at risk of re-offending, could benefit from more youth workforce programs. The programs that currently exist have been successful but serve too few youth. Furthermore, many of these youth come from families with incomes too high for them to be eligible for services such as Workforce Investment Act Youth Services.
- **More programs for pregnant and parenting youth.** There is a large number of pregnant and parenting youth, particularly in the Watsonville area, who need special services. While programs exist to serve these youth, space is limited so many are not being served.
- **Youth in foster care need additional assistance.** These youth typically face multiple barriers related to school and their home environment. For this reason, they need additional assistance and motivation from programs to be successful.

c. Unmet Services Adults and Dislocated Workers Need to be Successful in the Labor Market⁵²

Santa Cruz County service providers and customers reported a number of unmet needs of adults and dislocated workers to be successful in the labor market. One high priority⁵³ unmet need noted by service providers was the need for increased collaboration between workforce service providers and employers. Another high priority need was for structured long-term follow-up services provided to customers to help with job retention and career advancement. Service providers also wanted to see more support services, including more affordable housing, childcare, substance abuse treatment, domestic violence, and mental health services.

⁵¹ These needs were discussed by focus group participants but were not selected by focus group participants as priority needs.

⁵² Unless otherwise cited, this section is based on focus groups held with Santa Cruz County adult and dislocated service providers and 9 adult and dislocated worker Workforce Investment Act (WIA) customers (primarily from central and northern Santa Cruz County) held on June 27, 2002. Service provider participants included representatives from Fast Track to work, representatives from Workforce Investment Act Adult and Dislocated Worker programs and the One-Stop Career Center, Representative from the City of Watsonville, a Representative from the Santa Cruz County Probation Department, a representative from Cabrillo College, a representative from the Santa Cruz County Health Services Agency, and a representative from Watsonville/Aptos Adult School.

⁵³ These priority needs came directly from the focus groups. Near the conclusion of each focus groups, participants were asked to discuss what they felt were the highest priority needs for the county.

Other needs mentioned included more funding, longer time periods and more local eligible providers for customers receiving training through Individual Training Accounts. Customers also wanted more programs to provide networking, job coaching and mentoring for job seekers. Finally, service providers said that disabled people and limited English speakers need more assistance.

Prioritized Overall Adult and Dislocated Worker Needs

- **Increased collaboration between workforce service providers and employers.** Service providers made this their top priority and wanted to see coordination focused on specific industry sectors and creating more seamless services. Both types of collaboration would require some additional resources to coordinate efforts and keep them moving forward⁵⁴:
 - **Collaboration between training providers and employers focused on specific industry sectors.** Service providers and employers both wanted to replicate the model created by the Health Careers Partnership program which has successfully brought training providers and employers together to meet very specific workforce needs. They would like efforts to be focused on another industry sector that is forecast to add a large number of jobs with good wages and career advancement paths. Service providers thought this kind of sectoral approach would be more likely to be successful with employers because they could see direct benefits.
 - **Collaboration between workforce service providers to make services more seamless.** Service providers also wanted to increase collaboration between programs and funding streams to decrease paperwork and provide customers with greater access to services. For example, one focus group participant suggested that providers might want to create a website with each program's updated eligibility requirements to help staff make appropriate referrals. Another participant wanted to see MIS systems for different programs and funding streams combined to create a single intake process and streamline paperwork.
- **Several support services were noted to be available in insufficient numbers.** These services included affordable housing, childcare, substance abuse treatment, domestic violence and mental health services.

⁵⁴ For example, the Health Careers Partnership project has relied on a grant to pay for a coordinator. This grant will expire in 2002 and the partnership will be looking for funding to continue the program.

- **Affordable housing.** Both providers and customers said that finding affordable housing is very challenging and the high cost of housing makes it difficult for workers to stay in the county. As noted above, the cost of housing has increased substantially over the past 10 years in Santa Cruz County. Housing was also noted as a challenge by employers who said the high cost of housing makes it very difficult for them to recruit workers.
- **Childcare.** Both youth and adult service providers and customers said that there is a need for more affordable child care centers and providers. Most job-seekers and entry-level workers have very little income and cannot afford to pay for licensed or center-based childcare unless the cost is subsidized. However, centers offering subsidized childcare typically have lengthy waiting lists and programs often provide very low subsidies. In addition, specialized child care such as after hours care, care for sick children, infant care and school-aged care are in very short supply.
- **Substance abuse (alcohol and drugs) treatment services.** Substance abuse (including both alcohol and drugs), is a big problem among low-income job-seekers and workers, particularly among CalWORKS recipients. However, there are too few substance abuse treatment services to meet the need in the county. One provider noted that in a recent survey in six surrounding counties, approximately 20% of CalWORKS recipients self-identified as having a problem with drug or alcohol.
- **Domestic violence and mental health services.** There is a large demand for domestic violence and mental health services in the county, particularly among low-income job seekers. More services are needed to meet this demand.

Other Overall Adult and Dislocated Worker Needs⁵⁵

- **More funding, longer time periods and more eligible providers are needed for adult and dislocated worker customers who receive training through Individual Training Accounts (ITAs).** WIA service providers and customers said that too little funding is available to pay for customer training and customers have too little time to complete training through ITAs to be effective. Customers also said that too few local training providers are on the state’s Eligible Training Provider List making it difficult for them to get the training they need.

⁵⁵ These needs were discussed by focus group participants but were not selected by focus group participants as priority needs.

- **More programs to provide networking, job coaching and mentoring for job seekers.** Adult and dislocated worker customers said that there should be more programs to provide networking, job coaching and mentoring programs which they said are crucial to finding and keeping jobs.

Needs of Specific Populations of Adults and Dislocated Workers⁵⁶

- **More career advancement assistance to limited English speaking workers.** Limited English speaking workers are often stuck in low wage jobs without many options for advancement. Although there are many ESL classes available in the county, providers wanted these workers to be provided with more targeted assistance to help them move into higher paying jobs.
- **Disabled people need more workforce services.** The availability of services and staff for disabled people are very limited in the county, particularly due to recent state funding cuts.

⁵⁶ These needs were discussed by focus group participants but were not selected by focus group participants as priority needs.

APPENDIX

Table 1. Santa Cruz County Employment by Industry, 1991 & 2001

Industry	Employment 1991	Percentage of County Employment 1991	Employment 2001	Percentage of County Employment in 2001
Government	16,600	17.3%	20,200	17.3%
Retail Trade	19,100	19.9%	22,400	20.9%
Manufacturing	12,700	13.2%	10,000	9.3%
Agriculture	11,100	11.6%	7,900	7.4%
Services	23,000	23.9%	30,600	28.5%
Construction and Mining	4,000	4.2%	5,100	4.8%
Wholesale Trade	3,700	3.9%	4,600	4.3%
Finance Insurance and Real estate	3,200	3.3%	3,500	3.3%
Transportation & Public Utilities	2,700	2.8%	3,000	2.8%

Source: California Employment development Department, Labor Market Information Division. Note percentages and total do not add up because of rounding.

**Table 2. Average Hourly Wages for Selected Industry
for Santa Cruz County in 2002**

Industry	Avg. Hourly Wages for Experienced Workers	Avg. Hourly Wages for Inexperienced Workers
Government	\$22.25	\$17.77
Construction	\$22.62	\$10.50
Mining	\$21.54	N/A
Transportation and Public Utilities	\$15.42	\$12.41
Manufacturing	\$15.14	\$9.89
Finance	\$14.72	\$11.19
Services	\$13.57	\$9.37
Wholesale Trade	\$13.15	\$8.31
Retail Trade	\$10.26	\$7.75
Agriculture	\$8.16	\$7.57

Source: ERISS Santa Cruz County survey results, 2002.

**Table 3. Santa Cruz County Employment Projections by Industry
from 1999 to 2006**

Industry	Absolute Change	Percent Change
Mining	-100	-100.0
Construction	1,000	21.7
Manufacturing	-1,200	-11.3
Transportation & Public Utilities	0	0.0
Wholesale Trade	300	6.7
Retail Trade	1,500	7.2
Finance, Insurance & Real Estate	300	8.1
Services	4,900	17.5
Government	3,300	17.6

Source: California Employment development Department, Labor Market Information Division.
Note percentages and total do not add up because of rounding.

Table 4: Top 30 Occupations with the Most Openings in Santa Cruz County

Occupation	Openings 1999-2006	Education/ Experience	Mean Annual Wage in 2000 (1)	Industry
1. Salespersons, Retail	1,380	Short-term on-the-job training	\$20,482	Retail Trade
2. Cashiers	1,180	Short-term on-the-job training	\$19,438	Retail Trade, Services
3. Waiters And Waitresses	1,000	Short-term on-the-job training	\$20,282	Retail Trade, Services
4. General Office Clerks	810	Short-term on-the-job training	\$24,392	Varied
5. Combined Food Prep And Service	630	Short-term on-the-job training	\$15,928(2)	Retail Trade, Services
6. General Managers, Top Executives	600	Work experience plus BA/BS or higher	\$81,087(3)	Varied
7. Teachers--Secondary School	540	Bachelor's degree	\$48,024(4)	Services
8. Teachers--Elementary School	500	Bachelor's degree	\$41,900(4)	Services
9. Food Preparation Workers	500	Short-term on-the-job training	\$17,925	Retail Trade, Services
10. Laborers, Landscaping/ Groundskeeping	430	Short-term on-the-job training	\$22,741	Agriculture
11. Carpenters	350	Long-term on-the-job training	\$48,215	Construction
12. Guards And Watch Guards	330	Short-term on-the-job training	\$19,731	Varied
13. Janitors, Cleaners--Except Maids	320	Short-term on-the-job training	\$19,334	Varied
14. Counter And Rental Clerks	300	Short-term on-the-job training	\$21,550	Retail Trade, Services
15. Computer Engineers	280	Bachelor's degree	\$58,946- \$95,272(5)	Varied
16. Teacher Aides/Educational Assistants, Clerical	270	Short-term on-the-job training	\$22,218(6)	Services

17. Counter Attendants--Food	270	Short-term on-the-job training	\$17,386	Retail Trade, Services
18. Secretaries, General	260	Post-secondary vocational education	\$25,900(7)	Varied
19. Cooks--Restaurant	250	Long-term on-the-job training	\$20,923	Retail Trade, Services
20. Receptionists, Information Clerks	240	Short-term on-the-job training	\$25,924	Varied
21. Bookkeeping, Accounting Clerks	230	Moderate-term on-the-job training	\$30,829	Services
22. Registered Nurses	220	Associate degree	\$58,817	Services
23. Computer Support Specialists	210	Bachelor's degree	\$56,457	Varied
24. Teacher Aides, Paraprofessional	210	Associate degree	\$22,218(6)	Services
25. Maintenance Repairers, General Utility	210	Long-term on-the-job training	\$31,716(8)	Varied
26. Recreation Workers	200	Bachelor's degree	\$21,214	Services, Government
27. Maids And Housekeeping Cleaners	200	Short-term on-the-job training	\$17,434	Services
28. Truck Drivers, Light	200	Short-term on-the-job training	\$24,980	Transportation, Wholesale Trade, Services
29. Police Patrol Officers	190	Long-term on-the-job training	\$38,498(9)	Government
30. Truck Drivers, Heavy	180	Short-term on-the-job training	\$34,922	Transportation, Wholesale Trade, Manufacturing

Source: California Employment Development Department, Labor Market Information Division, 2000 Occupational Employment Statistics Survey.

Notes: 1) Santa Cruz County; (2) Includes fast food; (3) this wage is for general and operations manager. Wage not available for chief executives since a substantial portion earn more than \$70.01 per hour; (4) Does not include special and vocational education; (5) Computer Hardware Engineer \$58,946, Computer Software Engineer (Applications) \$89,805, Computer Software Engineer (Systems Software) \$95,272; (6) this wage is for teacher assistant; (7) does not include legal, medical, and executive; (8) this wage is for maintenance and repair workers, general; (9) this wage is for protective service occupations.

Table 5. 10 Occupations with the Fastest Growth in Santa Cruz County for 1999-2006

Occupation	Absolute Growth in Jobs	Percent Change 1999-2006	Education/ Experience	Industry
1. Computer Engineers	260	57.8	Bachelor's Degree	Varied
2. Paralegal Personnel	70	50.0	Associate Degree	Services
3. Computer Support Specialists	190	44.2	Bachelor's Degree	Varied
4. Police Patrol Officers	120	38.7	Long-term on-the-job training	Government
5. Systems Analyst—Electronic Data Processing	110	37.9	Bachelor's Degree	Varied
6. Human Service Workers	70	36.8	Moderate-Term On-The-Job Training	Service
7. Bill and Account Collectors	40	36.4	Short-Term On-The-Job Training	Services
8. Pest Controllers and Assistants	40	36.4	Moderate-Term On-The-Job Training	Services
9. Teachers—Special Education	140	34.1	Bachelor's Degree	Services
10. Duplicating Machine Operators	30	33.3	Short-Term On-The-Job Training	Services
11. Sheet Metal Workers	30	33.3	Moderate-Term On-The-Job Training	Construction

Source: California employment Development Department, Labor Market Information Division.

Table 6. Santa Cruz County Total Student and Alternative Education Enrollment for Grades 9-12, 2001-02

District	Total Student Enrollment Grades 9-12	Alternative Education Enrollment Grades 9-12
Pajaro Valley Joint Unified	5,543	466
Santa Cruz County Office of Education	578	404
Santa Cruz City High	4,319	370
Santa Cruz County California Youth Authority District	35	N/A
San Lorenzo Valley Unified	1,345	179
Scotts Valley Unified	536	7

Source: California Department of Education, Enrollment in Alternative Education by County, 2001-02, Santa Cruz.

Table 7. Santa Cruz County Academic Performance Index Scores and Rankings 1999 & 2001

School	Similar Schools Rank in 2001 (1=low, 10=high)	Academic Performance Index (API) in 2001	Similar Schools Rank in 1999 (1=low, 10=high)	Academic Performance Index (API) in 1999
Aptos High	5	673	7	620
Watsonville High	4	488	7	475
San Lorenzo Valley High	2	717	5	733
Harbor High	4	703	4	719
Santa Cruz High	5	724	2	706
Soquel High	2	705	3	687
Pacific Collegiate	10	884	--	--
Scotts Valley High	6	770	--	--

Source: California Department of Education, Dataquest.

ANNOTATED BIBLIOGRAPHY OF PRIMARY DATA SOURCES

Name of Data Source	Agency Compiling Data	Brief description of what it measures	Jurisdictions covered	How Often Updated	Contact information
California Criminal Justice Profiles	California Office of the Attorney General, Criminal Justice Statistics Center	Trend data are presented for crimes, arrests, arrest dispositions, criminal justice personnel and expenditures for the most recent 10 years. Included are over 1,600 statistical tables, most of which (in the 1999 publication only) can be downloaded to spreadsheets	Primarily state and counties; some statistics are reported for other law enforcement jurisdictions such as cities	Last updated in 2000. Also annual reports for 1998-1999	http://caag.state.ca.us/cjsc/publications/profiles
California Department of Education DataQuest	California Department of Education	Data are presented for enrollment, drop-out rates, graduation rates, STAR scores, and percentage of students completing CSU and UC required courses, percentage of students eligible for free and reduced price lunches, among others	Primarily organized by county; followed by district, and school	Last updated on April 30, 2002	http://www.cde.ca.gov/dataquest/
California Institute for County Government	California Institute for County Government	Data are presented for economic, demographic and financial trends for each county	Organized by county	Last updated 2002	http://www.cicg.org/
California State Association of Counties	California State Association of Counties	Data are presented for social programs and services	Organized by county	Last updated June 13, 2002	http://www.csac.org/

Name of Data Source	Agency Compiling Data	Brief description of what it measures	Jurisdictions covered	How Often Updated	Contact information
California Community Colleges Chancellor's Office	California Department of Education	Data are presented for enrollment in various community colleges around the state	Primarily organized by states followed by colleges	Last updated 2002	http://www.cccco.edu u/
California Employment Development Department, Labor Market Information Division	California Employment Development Department	A wide variety of Labor Market Information (LMI) is available, including monthly and annual labor force data, unemployment rates, employment by industry, job growth projections by industry, occupation growth projections, and wages by occupation, among others	Primarily organized by counties and states. Limited information is available for sub-county areas	Updated monthly and annually, depending on indicator	http://www.calmis.ca.gov/
Santa Cruz County Job Market Survey	The ERISS Corporation for the Workforce Investment Board of Santa Cruz County	Occupation and employer specific data on wages, demand for workers, skill requirements and deficiencies, and other workforce issues	Available for Santa Cruz County and all cities and major places within the county	Report published spring 2002	http://www.usworks.com/santacruzwib/
Migrant and Seasonal Farmworkers Enumeration Profiles Study	Migrant Health Program, Bureau of Primary Care, Health Resources and Services Administration	Estimates of numbers of migrant and seasonal farmworkers.	Organized by selected states (including California) with information by county	September, 2000	http://bphc.hrsa.gov/migrant/Enumeration/EnumerationStudy.htm

Name of Data Source	Agency Compiling Data	Brief description of what it measures	Jurisdictions covered	How Often Updated	Contact information
Monterey County Children and Youth Report	Applied Survey Research for Tellus/Diganos	Data presented to illustrate the quality of life for youth and children of the county.	Monterey County and sub-county cities and places	Report published in 2001	http://www.tellusdiganos.org/mccyr2001.pdf
Santa Cruz County Business Visitation Project	Applied Survey Research with the Santa Cruz County Workforce Investment Board, Career Works, & the Cities of Santa Cruz, Scotts Valley & Watsonville	Report on businesses and their needs in Santa Cruz County	Santa Cruz County and most cities and places in the county	Report published in Spring 2000	The report is available at http://www.santacruzwb.com/html/visitation.html
Santa Cruz County Community Assessment Project	Applied Survey Research for Santa Cruz County Community Assessment Project	Data presented for wide variety of indicators illustrating the quality of life in Santa Cruz County	Santa Cruz County and sub-county cities and places.	Updated annually since 1994. The project will continue until 2002	http://www.appliedsurveyresearch.org/

Name of Data Source	Agency Compiling Data	Brief description of what it measures	Jurisdictions covered	How Often Updated	Contact information
Tellus/ Diganos	Applied Survey Research for Tellus/Diganos	Data presented for wide variety of indicators illustrating the quality of life in Monterey County	Monterey County and sub-county cities and places	Last updated May 13, 2002. First complete report published in 1999. Annual reports also published in 1996 and 1995	http://www.appliedsurveyresearch.org/ www.tellusdiganos.org
University of California Data (UC Data)	University of California, Berkeley Survey Research Center	Archive of computerized social science and health statistics information	US and state data	Last updated May 30, 2002 Updated yearly since 1995	//ucdata.berkeley.edu
US Census, Factfinder	US Dept. of the Census	Wide variety of population, poverty, housing, commuting, , disability, educational attainment, ancestry, languages spoken, employment and occupation	Available for states, counties and places or cities. Some information collected as part of the 2000 Census has not yet been released	Generally, every 10 years. Most recently in 2000	http://factfinder.census.gov/