

Agenda

Issue 1 :: Adapting to the New World of Work

The challenges & opportunities of a tight labor market.

Issue 2 :: Economic Distress in North County

Increasing economic opportunity for every community in North County

Issue 3 :: Infrastructure & Economic Opportunity

The employment opportunities associated with infrastructure investments

Part 1

Adapting to the New World of Work

The New Reality in the World of Work

1. In the last 12 months (March 2021 to March 2022) the unemployment rate in SDC has gone from over seven percent to less than three and half percent.
2. In March of 2022, most North County cities are largely below the County average of 3.4%;
 - Carlsbad 3.1% Del Mar 1.1% Encinitas 2.6%
 - Escondido 3.1% Poway 2.2% San Marcos 3.1%
 - Solana Beach 1.3%
3. Overall, Labor Force Participation Rates (LFPR) struggle to fully recover as the portion of the population that is in the primary working age (25 to 54 years old) shrinks in North County and is expected to continue shrinking.

Challenges of a Tight Labor Market & Low LFPR

Economic Recovery & Resilience

North county's current businesses need qualified workers for business growth & recovery particularly in labor-intensive industries like Hospitality, Healthcare, and Retail.

Dependency Ratio & Fiscal Sustainability

A lower LFPR will increase dependency on those that are working and reduce the number of individuals that are generating tax revenues while potentially increasing the number of people that need benefits (Medicare, Unemployment Insurance,...)

Economic Vitality & Entrepreneurship

Entrepreneurs and new start-up ventures need talent, particularly in emerging technologies, to start and grow new businesses

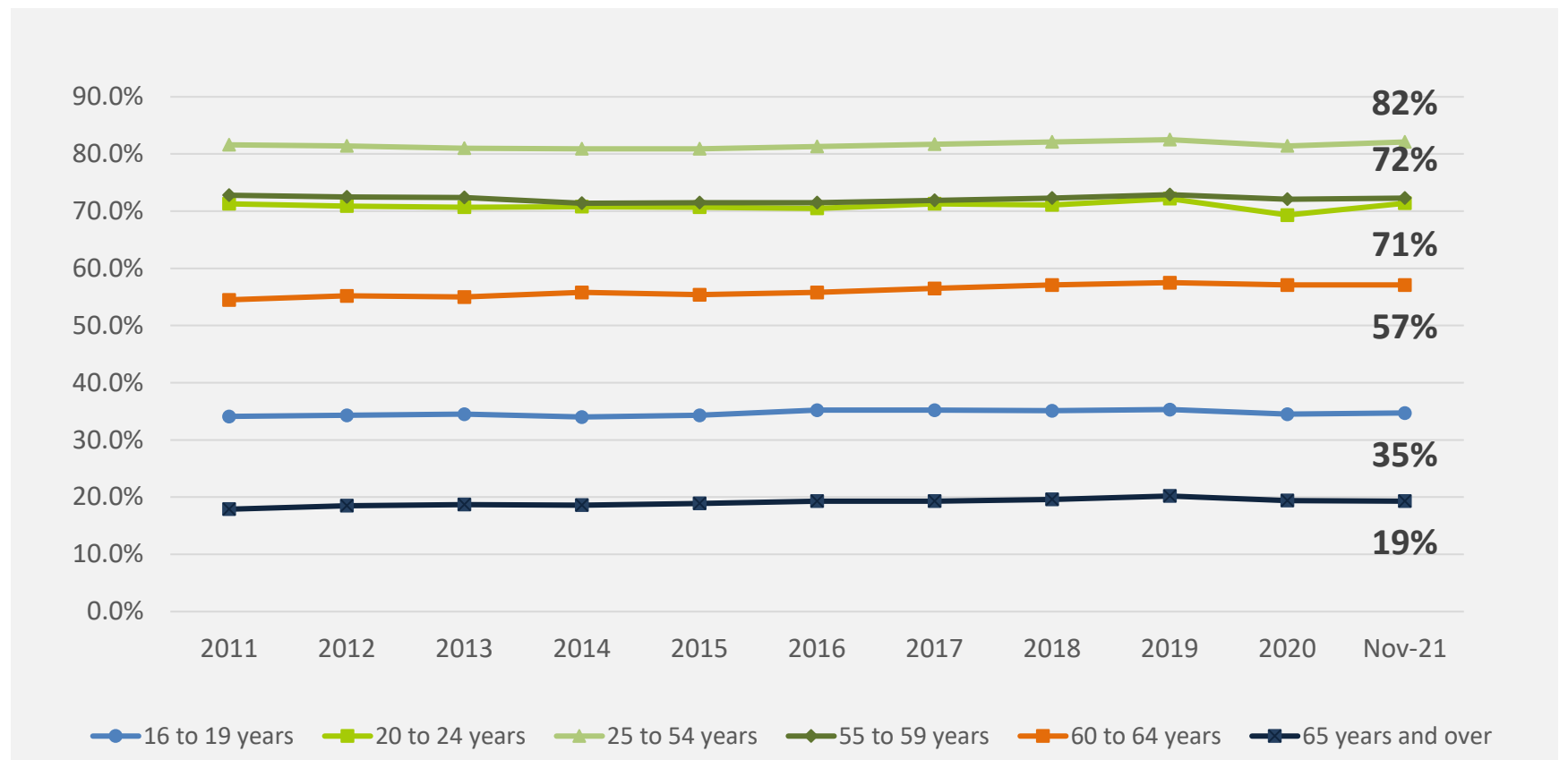
3 Myths about the New World of Work

1. **The Great Resignation is to Blame** – Young people dropping out of the workforce and older workers retiring early is why LFPR is declining – no longer true - Between 2017 to the end of 2021, LFPR has increased in primary working aged Americans (25 to 54 years old), and older workers (55 to 64 years old) and declined by less than one percent in younger workers (20 to 24 years old).
2. **All industries and regions are impacted equally** by the tight labor market – Different industries and geographic areas are facing different workforce challenges (LFPR in Nebraska is 71% in Mississippi is 53%)
3. **The pandemic is driving the tight labor market** – While the pandemic had some impact in the short-run, the long-term challenges we are facing as a region are based on demography, educational attainment, and industry profile

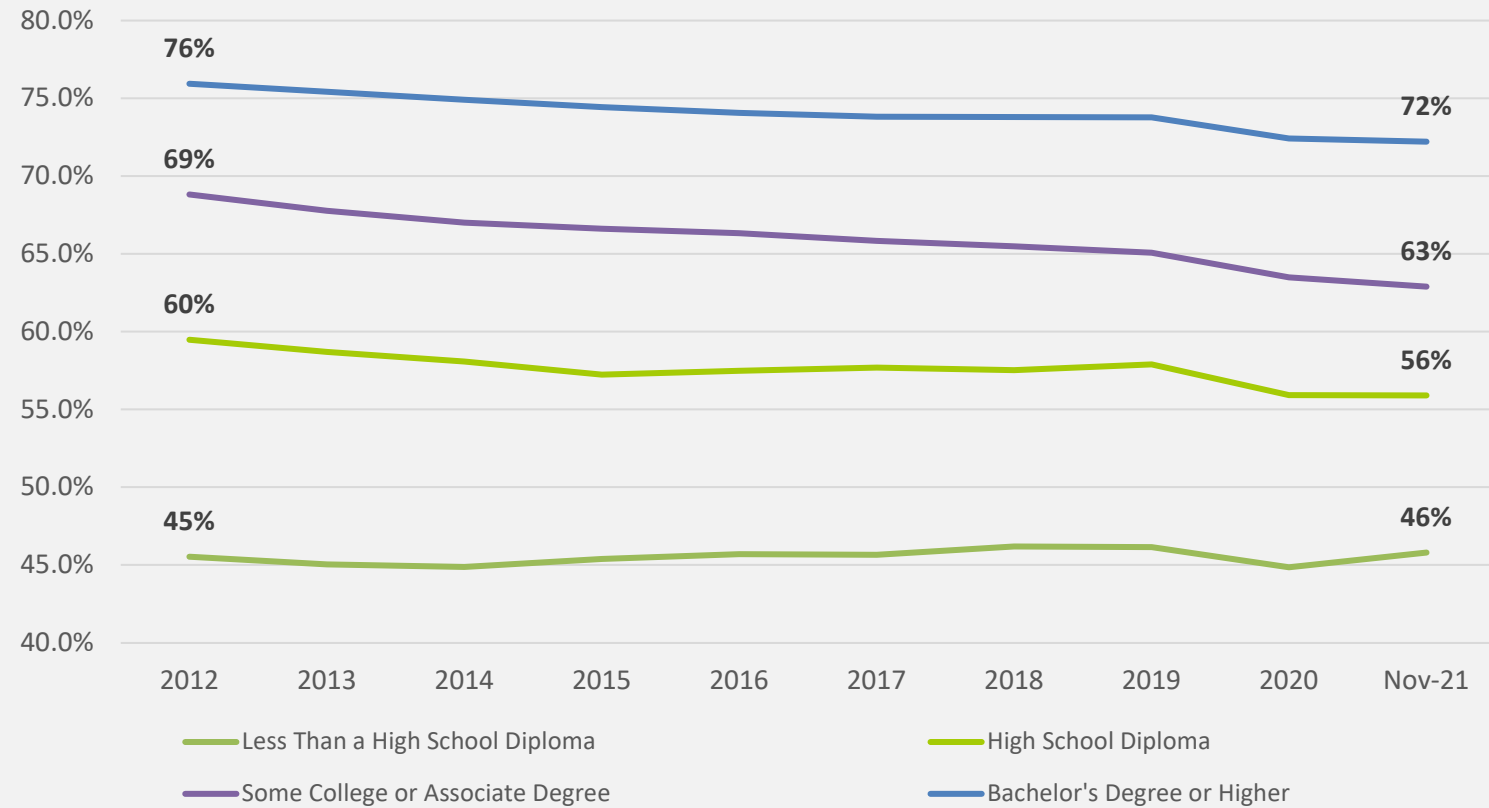
What Drives the Availability of the Workforce

1. **Demography** – Ratio between primary working age residents (25 to 54 years old) and all other aged residents is key
2. **Market Demand for Skills** – Technology, automation, and trade have increased the importance of educational attainment in LFPR & Fluidity
3. **Culture around Work** – Woman saw increasing participation (1950 to 1995) over the long-run, but a considerable decline during pandemic
4. **Economic Environment** – Increase in perceived economic opportunity can increase the number of people that are willing to work

LFPR by Age Group



LFPR by Educational Attainment



International Research on Labor Availability

1. **Demography is important to Labor Availability** – But policies to increase educational attainment and immigration can counteract LFPR declines in an aging population.
2. **Active Labor Market Programs Work** – A study of advanced economies (Grigoli, IMF, 2018) demonstrates that investment in programs to help individuals move out of declining occupations or industries and job-matching improves LFPR.
3. **Automation and returns on education impact Labor Availability** - Over the last 15 years, young people (15 to 24 years old) have lowered LFPR, while women and older adults (55 to 64 years old) have increased LFPR with increased educational attainment and support around working outside the house.

What are the Solutions

1. **Increase educational attainment** among North County's least educated adult cohorts
2. **Identify & Communicate the opportunities for Career Pathways & Lattices** that require less than a 4-year degree
3. **Develop more housing** for younger, working age individuals & families
4. Consider additional strategies to increase Labor Availability among North County residents;
 - **Childcare**
 - **Broadband access and digital literacy**
 - **Cohort & Industry specific strategies**

Part 2

Economic Distress in North County

North County in 2022

Unlike the slow, tepid economic recovery after the great recession & financial crisis of 2008, the recovery from the pandemic has been swift and robust.

North County is experiencing;

1. Low Unemployment (<3.4%)
2. High average household income (\$128k)
3. High % of educated adult residents (44% have a 4-year degree or more)

These strong overall averages for North County hide pockets of economic distress that exist within several communities in the region.

Metrics of Economic Distress

1. High poverty rate (>10%)
2. High % of residents without health insurance (>10%)
3. Low level of educational attainment among adult (25+) residents (>18% with less than a HS diploma or equivalency)
4. High unemployment rate (>6%)
5. Lower median annual household income (<65k)
6. High % of residents that are paying more than 35% of gross income on rent (>50%)

Zip Code Analysis of North County

Zip codes that met 3 or more of these measures of economic distress are identified below;

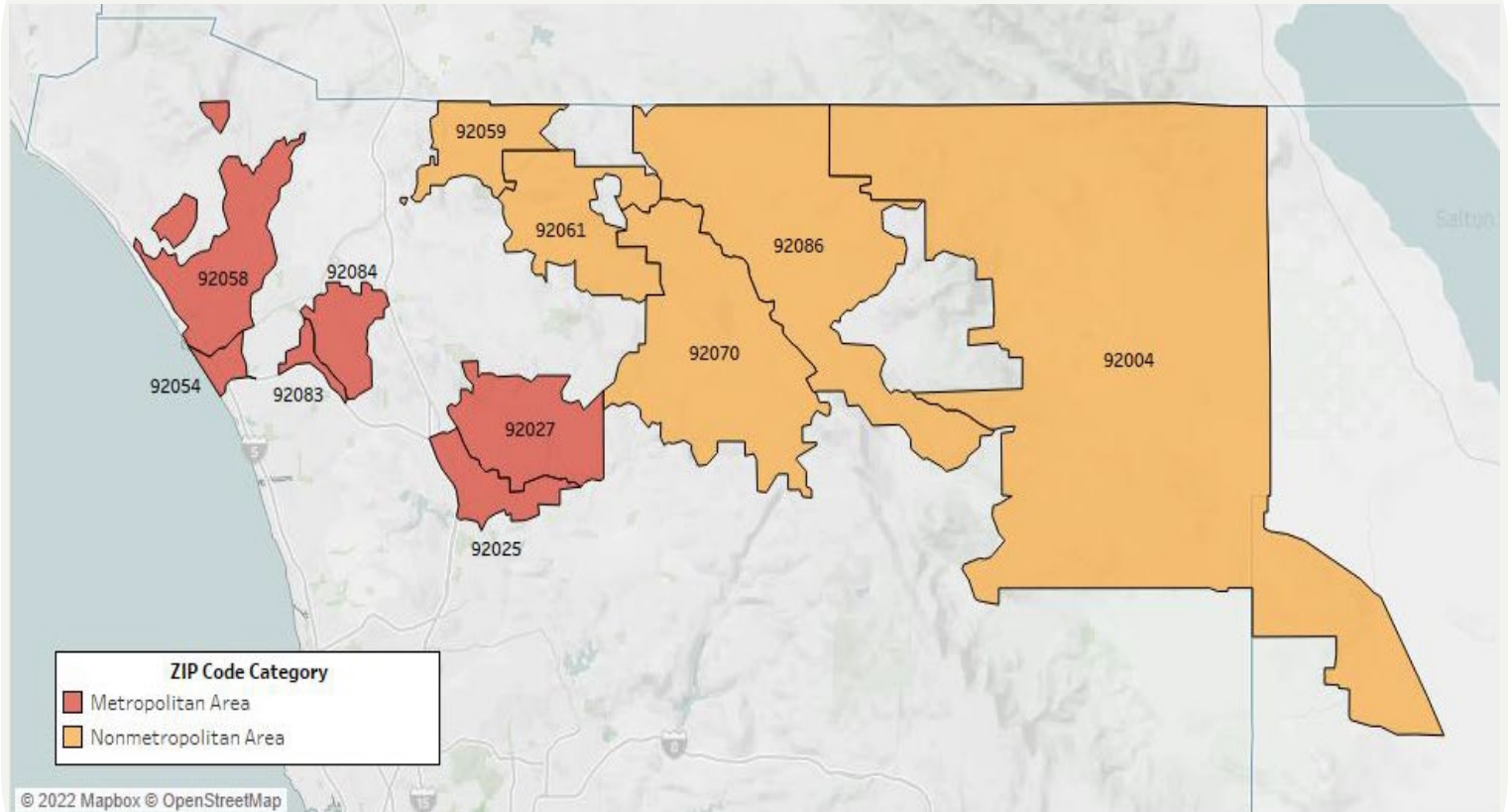
Urban/Suburban (5,000+ residents)

- 92025 (Escondido) 92083 (Vista)
- 92058 (Oceanside) 92084 (Vista)
- 92054 (Oceanside) 92027 (Escondido)

More rural (<5,000 residents)

- 92061 (Pala) 92059 (Pala)
- 92070 (Santa Ysabel) 92086 (Warner Springs)
- 92004 (Borrego Springs)

Economic Distress in North County



Economic Distress in North County

North County's Priorities for Distressed Communities

- Workforce development & educational programs to support workers and increase labor availability & fluidity
- Infrastructure & educational investments to support economic mobility & opportunity
- Economic support for those neighborhoods that were hit hardest by the pandemic and/or never recovered from the great recession and create economic opportunities for all North County residents.

Part 3

**Infrastructure &
Economic Opportunity**

Why are we Investing in Infrastructure

1. Need for replacing our aging infrastructure (Safety & Productivity)
2. Climate Change and the transition to a low to no carbon economy (Sustainability, Resilience, & Innovation)
3. Emerging Technologies and the need for integrated/smarter applications and activities (Productivity & Innovation)

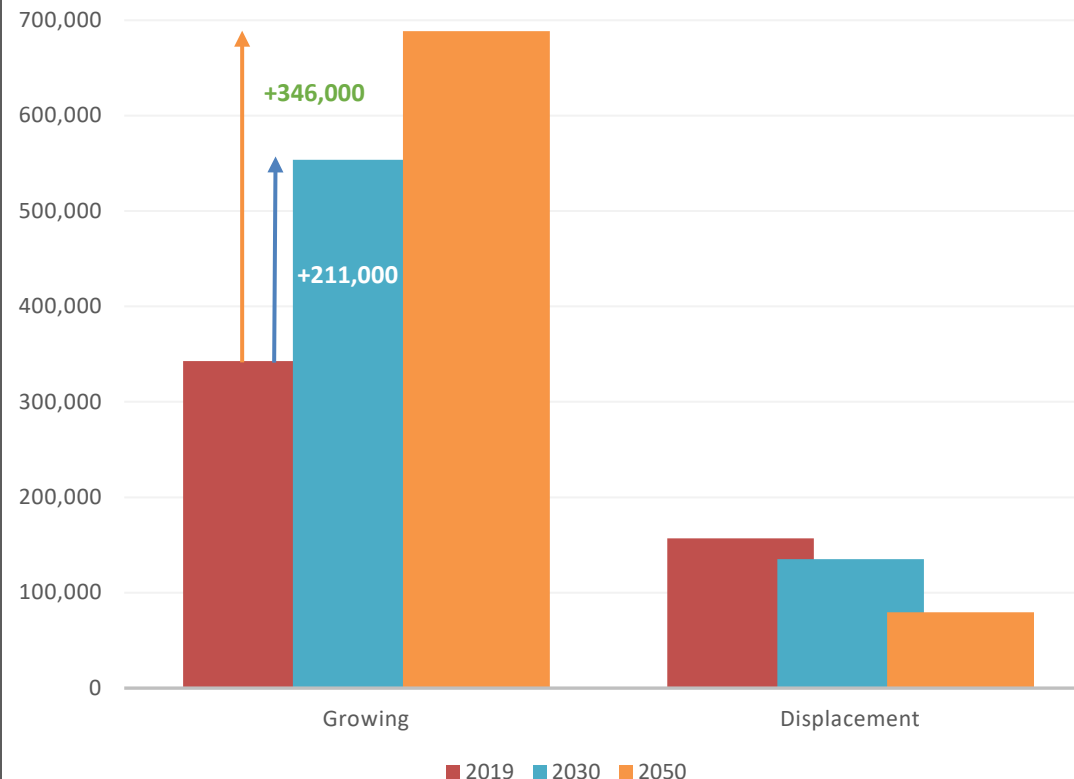
CASE STUDY – State of New York

Key Employment Findings: Overall Growth Sub-Sectors

Scoping Plan scenario investments spur hundreds of thousands of new jobs in coming decades

Employment in growth sub-sectors increases by at least **211,000 jobs by 2030**, a 62 percent increase in the workforce from 2019 to 2030.

Employment grows in these sub-sectors by at least **346,000 jobs through 2050**.



- Clean energy jobs, in their comparable sub-sectors, are expected to **grow at more than twice the rate** of annual growth from 2021 through 2030 as they experienced between 2016 through 2020, in the state of New York.
- By 2050, growth sub-sectors, in the state of New York will reach **nearly 700,000 jobs**.

Benefits of Infrastructure Investments

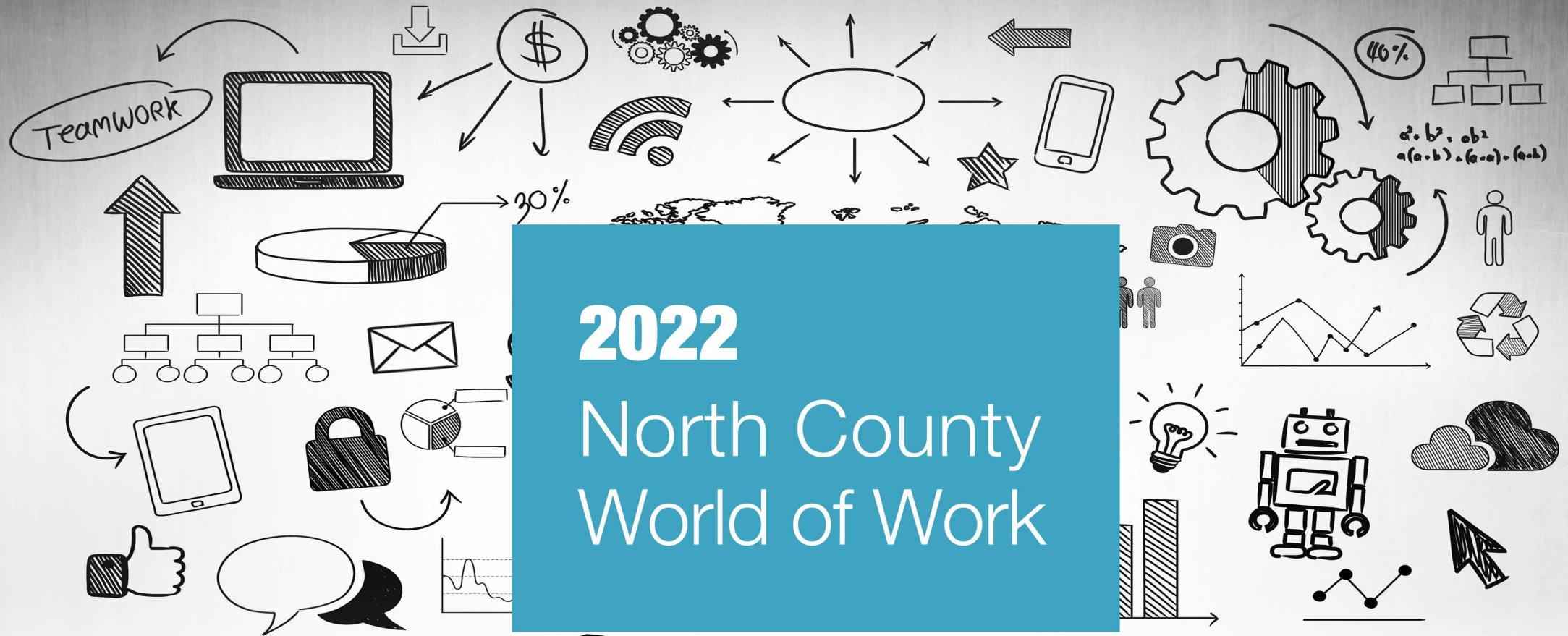
1. Early adoption and supply chain opportunities
2. Job quality and sustainable employment opportunities in construction, design & manufacturing, and professional services
3. Regional economic innovation & diversity
4. Economic and ecological resilience & sustainability

Infrastructure Investment Opportunities

1. **Transition to Low/No Carbon Economy** – Building Electrification & Efficiency, Electrical grid, Energy Storage, & Offshore Wind
2. **Transportation** – Ports & logistical centers, electric & hydrogen vehicle infrastructure, high-speed rail & public transit, and roads, highways, and bridges
3. **Healthcare** – Increase connectivity for remote services & integrated technologies, hospital capacity & resilience, and increase connectivity of diagnostic tools & resources
4. **Broadband** – Increase Internet access & capacity in rural and poorer communities. Expand bandwidth for smart applications and remote/satellite offices.
5. **Water** – Desalination, Digital technologies to monitor water quality, Reservoirs and other water storage resources

Regional Considerations For Infrastructure Investments

- 1. Regional Planning** - what is the economic & employment impact of this infrastructure investment in North County over the next 10 years.
- 2. Identify & Catalog Regional Businesses, Contractors, and Supply Chains** that could support this infrastructure investment
- 3. Identify opportunities for economic mobility** in underserved and poorer communities
- 4. Understand the workforce implications** and develop the education & training pipeline



2022

North County World of Work





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