

SPR

SOCIAL POLICY RESEARCH ASSOCIATES

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

November 13, 2002

Prepared by:

Kate Dunham
Vinz Koller

Prepared for:

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

This page is intentionally left blank.

Insert blank page here when making double-sided copies.

OVERALL TABLE OF CONTENTS

REGIONAL SUMMARY.....	1
SANTA CRUZ COUNTY NEEDS ASSESSMENT.....	114
ANNOTATED BIBLIOGRAPHY.....	174

This page is intentionally left blank.

Insert blank page here when making double-sided copies.

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.

**Santa Cruz County
Needs Assessment Interim Report**

This page is intentionally left blank.

Insert blank page here when making double-sided copies.

TABLE OF CONTENTS
SANTA CRUZ

EXECUTIVE SUMMARY	112
I. OVERVIEW	123
II. ANALYSIS OF LABOR MARKET DEMAND.....	125
1. Aggregate Labor Market Demand	125
a. Santa Cruz County Labor Force and Unemployment	125
b. Employment by Industry.....	127
c. Projected Employment Growth by Industry.....	129
d. Wages and Salaries by Industry	131
e. Major Employers of Santa Cruz County	132
f. Projected Occupational Growth by Industry, Training and Wages	134
2. Employer Skill Requirements and Worker Skill Deficiencies.....	136
a. Barriers to Recruiting Workers and Business Expansion.....	138
b. Where Employers Find Workers	140
3. Analysis of Workforce Demand for Selected Industry Clusters.....	141
a. High Technology	141
b. Health Care Services	143
c. Tourism.....	145
d. Agriculture	146
III. ANALYSIS OF LABOR MARKET SUPPLY AND JOB SEEKER NEEDS	148
1. Aggregate Analysis of Labor Market Supply	148
a. Characteristics of Santa Cruz County’s Population and Labor Force	148
b. Educational Characteristics of Santa Cruz County	152
c. K-12 Public School System.....	153
d. Adult and Higher Education.....	159
2. Services Workers Need to Reach Career Goals.....	160
a. Services Workers Need to Reach Career Goals	160
b. Unmet Needs for Youth to be Successful in the Labor Market.....	161
c. Unmet Services Adults and Dislocated Workers Need to be Successful in the Labor Market	164
APPENDIX	168

This page is intentionally left blank.

Insert blank page here when making double-sided copies.

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

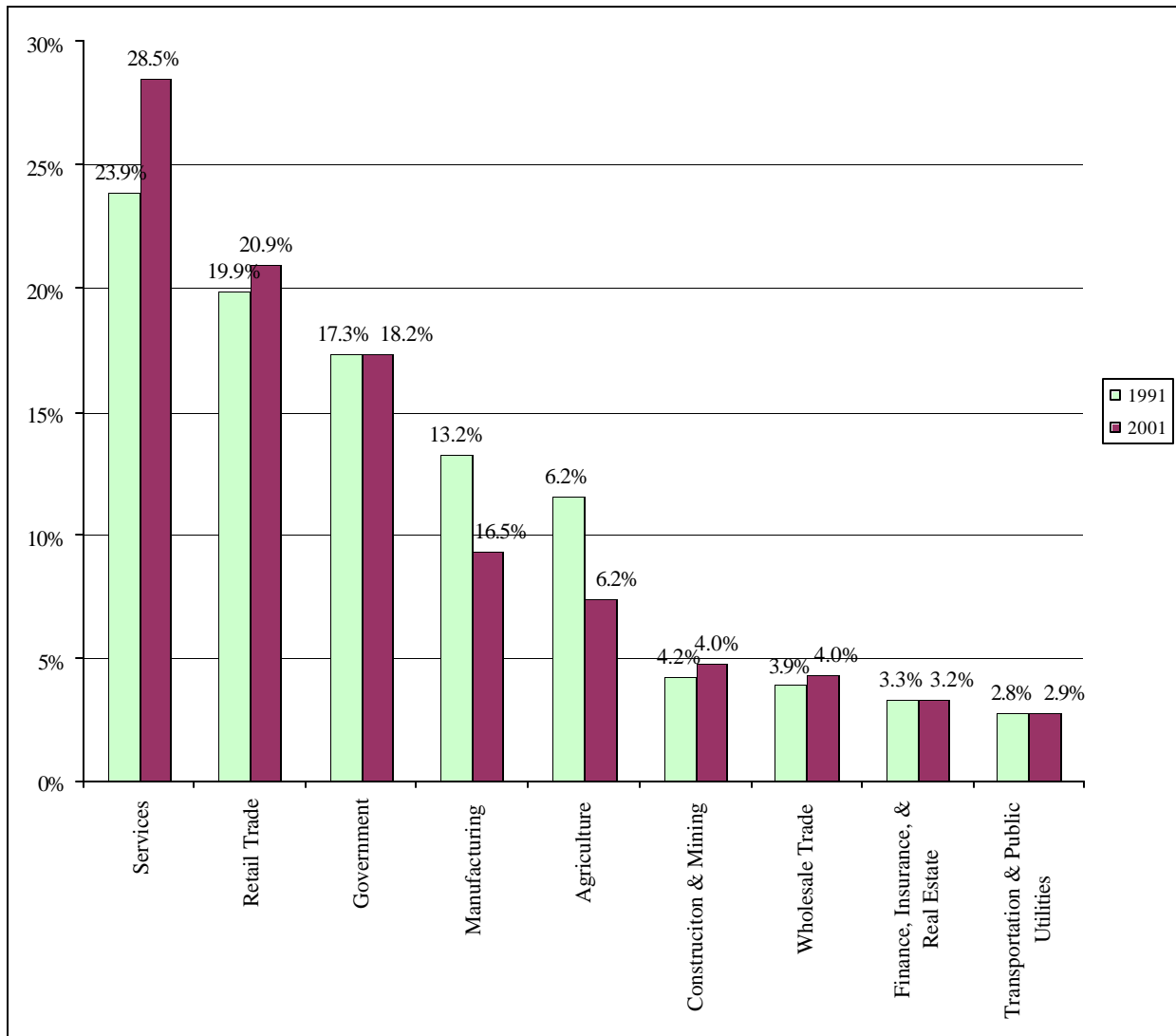
12.8% and Freedom had an unemployment rate of 13.6% during the same period.

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.

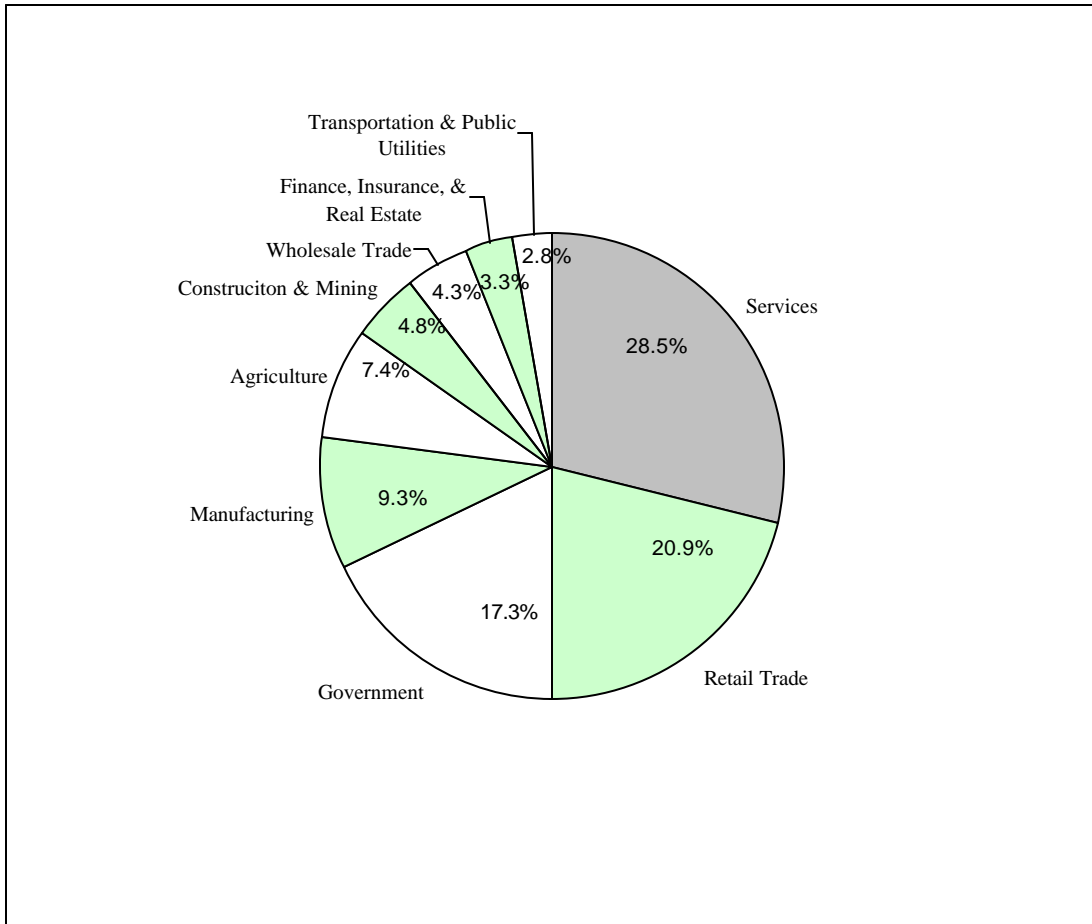
- **Services employed the largest percentage of workers in Santa Cruz County in both 2001 and 1991.** In 2001, 28.5% of county workers were employed in services as compared to 23.9% in 1991. In absolute terms, county workers employed in services grew by 30% over the last decade (1991-2001) as service 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.

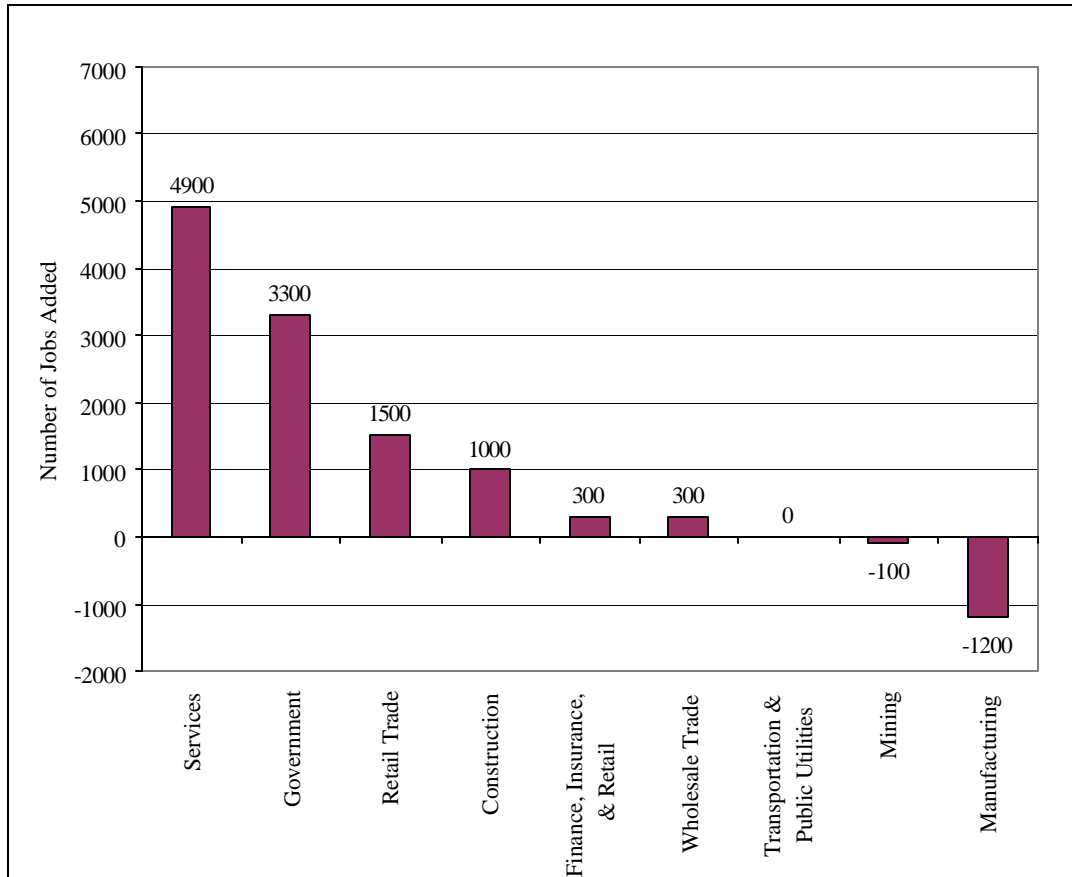
⁴ Ibid.

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

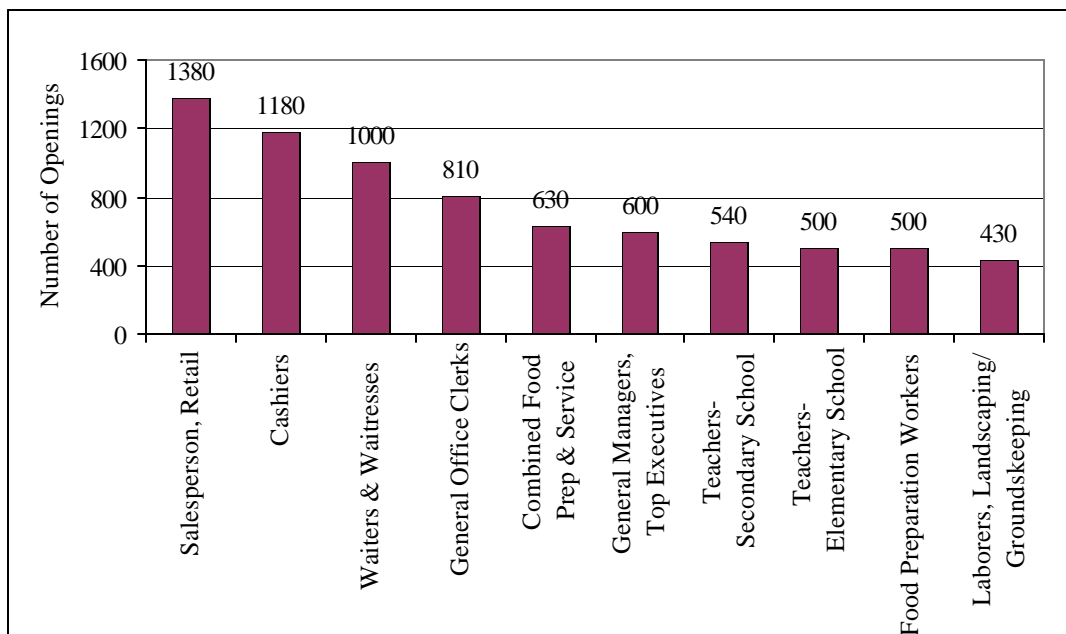
⁹ Data on wages by occupation in this section are from the California Employment Development Department's Labor Market Information Division, Occupational Employment Statistics Survey Results for Santa Cruz County. Data on wages by industry are from the California Employment Development Department's Labor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

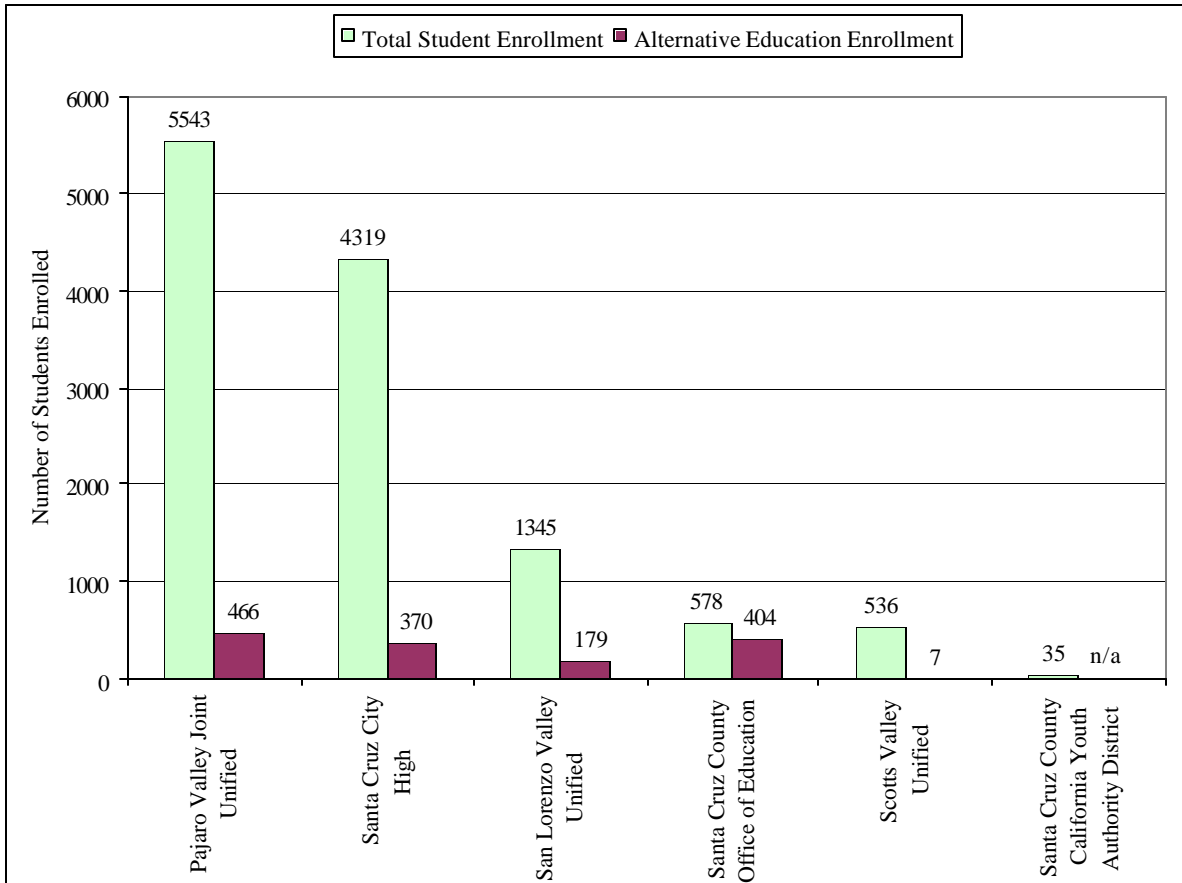
Overall academic performance for county schools is mixed with schools faring well on some indicators and poorly on others. For most schools, standardized test score rankings compared to other similar schools generally decreased. The percentage of parents who report that they are "very satisfied" with 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.

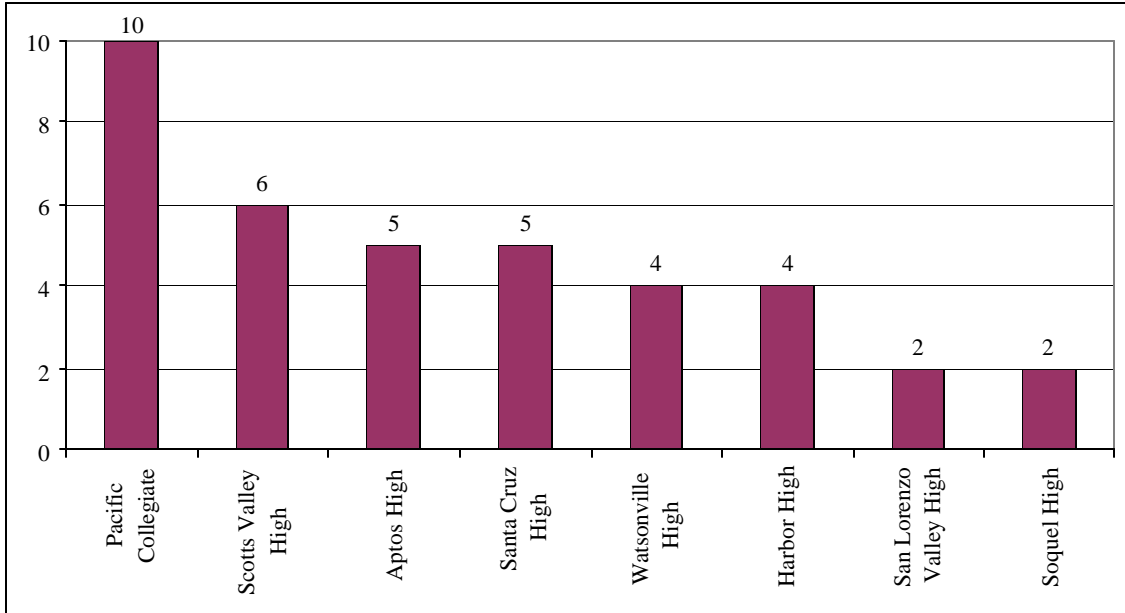
Academic Performance

- **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/