

2003

SANTA CRUZ COUNTY

STATE OF THE WORKFORCE



SANTA CRUZ COUNTY STATE OF THE WORKFORCE BRIEF

What is the State of the Workforce Brief?

The State of the Workforce Brief represents the key issues emerging from an analysis of Santa Cruz County's workforce demand, workforce supply, emerging workforce, and quality of life. Extensive data has been gathered about the county through employer surveys, focus groups, telephone interviews, the census, and state and local databases. Together, this rich compilation of information tells the story of Santa Cruz's State of the Workforce.

Santa Cruz County has many assets! It has:

- Economic strengths in agriculture and hospitality.
- A highly skilled and successful entrepreneurial community.
- An available labor pool.
- A major university and good schools.
- Proximity to Silicon Valley.
- An outstanding natural environment, including a marine sanctuary.
- High quality of life due to climate and scenery.

But Santa Cruz County also has challenges that must be addressed to maintain its high quality of life:

- The high cost of housing is burdensome to residents and limits the type of businesses that can be attracted.
- Two mainstay sectors of the economy – agriculture and hospitality – are dominated by low paying jobs and are less likely to offer benefits than other sectors. There are fewer opportunities in high paying occupations and career ladders are limited. Additionally, these sectors tend to be more cyclical in nature, being susceptible to both weather and outside economic conditions.
- Unemployment rates have been consistently higher in the county than the state and nation.
- Most of the occupations projected to have the largest number of openings between 1999 and 2006 are in the service or retail trade sectors, require little training, and pay low wages.
- Nearly 58,000 families are in poverty.
- 41% of the county's households earn less than the self-sufficiency standard for two adults and two children.
- One-fifth of residents speak English "less than very well."
- Some population groups and areas suffer higher rates of poverty and unemployment and lower school success than other population groups and areas.

WORKFORCE DEMAND

Santa Cruz County's Key Economic Drivers are Changing

Agriculture has long been a foundation of the Santa Cruz economy and it continues to be critical, particularly in the Watsonville area. Countywide, however, it is losing ground to services, retail trade, and government. Services, which includes tourism and business services, grew by 4,700 jobs between 1997 and 2001. Farming suffered a loss of 3,300 jobs over the same time period, which may have been due to a combination of the availability and growth of jobs in other sectors, more efficient production that created less need for workers, or other factors (Tri-County Community Asset Investment Portfolio Final Report, Santa Cruz County, hereafter referred to as the Tri-County Portfolio).

Manufacturing has never been a particularly large segment of overall employment, and its share dropped from 13% to 9% over the last decade (Figures 1 and 2).

The trends are predicted to continue. While employment projections for agriculture are not available, from 1999 to 2006 the services sector is projected to grow by 4,900 and government by 3,300 jobs (Figure 3). Manufacturing is the only industry with a projected loss at 1,200 positions, mostly due to declines in electrical and electronic equipment and industrial machinery. The growth in services is primarily due to business services (temporary employment agencies, guard services, computer and data processing and janitorial services) with 2,100 new opportunities and social services with 800 jobs. Interestingly, health services are expected to show a slight decline.

Government is anticipated to grow by 3,300 positions, eighty percent (80%) of which are projected to be at the local level as a result of the growing population. The county's population grew by 11% over the last decade. During the same period, Watsonville's population increased by 42.3%. Government has grown steadily every year from 1994 through 2001, from 16,300 to 20,200 jobs. Although the current recession has resulted in government budget cuts all over the country, this may only be a "blip" in the trend, and growth may resume as predicted when conditions improve. The population of the county is projected to grow by 19% to over 303,000 residents by 2020. Retail trade growth will be led by restaurants and bars.

Santa Cruz County Employment By Industry, 1991

Source: Tri-County Community Asset Investment Portfolio Final Report; Santa Cruz County, April 200

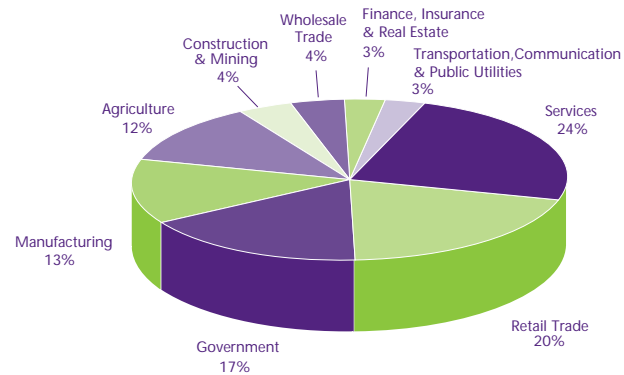


Figure 1

Santa Cruz County Employment By Industry, 2001

Source: Tri-County Community Asset Investment Portfolio Final Report; Santa Cruz County, April 2003

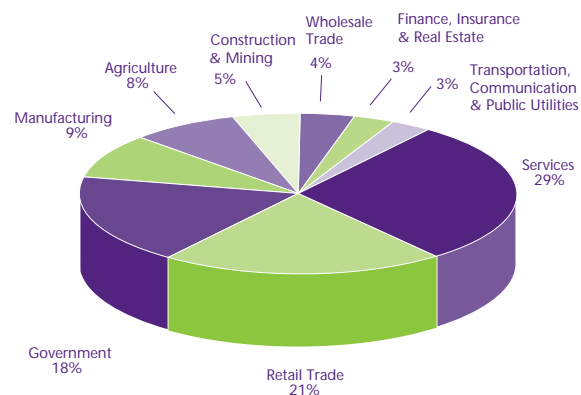


Figure 2

Projected Employment Growth By Industry, 1999-2006

Source: Tri-County Community Asset Investment Portfolio Final Report; Santa Cruz County, April 2003

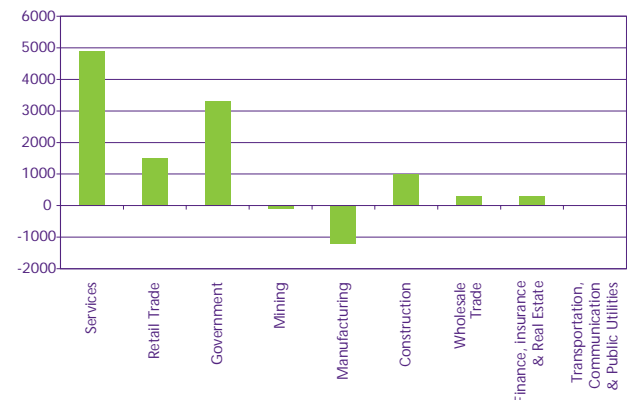


Figure 3

Average Annual Pay by Selected Industry, 2000

Asset Investment Portfolio Final Report: Santa Cruz County, April 2003

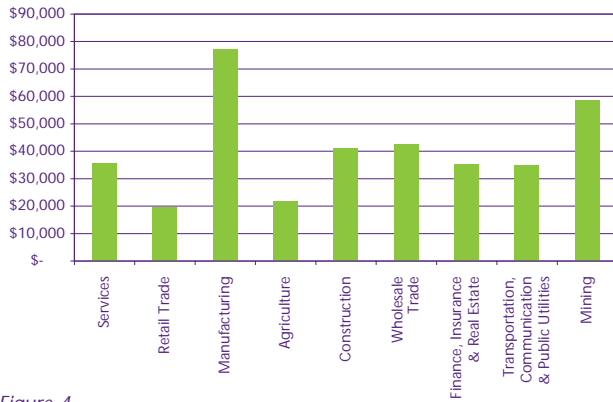


Figure 4

These shifts have tremendous implications for wages and skills. The average annual pay by selected industry for 2000 reveals that the declining manufacturing sector is far ahead of any other industry with an average annual pay of \$77,259. The high growth areas of services and retail trade on the other hand offer average annual pay of \$35,636 and \$19,440 respectively (Figure 4).

Figure 5 demonstrates that although manufacturing has shrunk as a percentage of overall employment, it has grown in the percentage of overall payroll, reflecting the growth of wages in this sector. Farm employment has declined substantially in its share of overall payroll. Retail trade has declined 0.4% despite its growing share of employment.

The projections developed by the California Employment Development Department (as reported in Figure 3 from the Tri-County Portfolio) are consistent with historical trends from 1991-2001. A survey of 957

Percent of Total Payroll by Industry, 1997 & 2000

Source: 2002 Santa Cruz County Comprehensive Economic Development Strategy

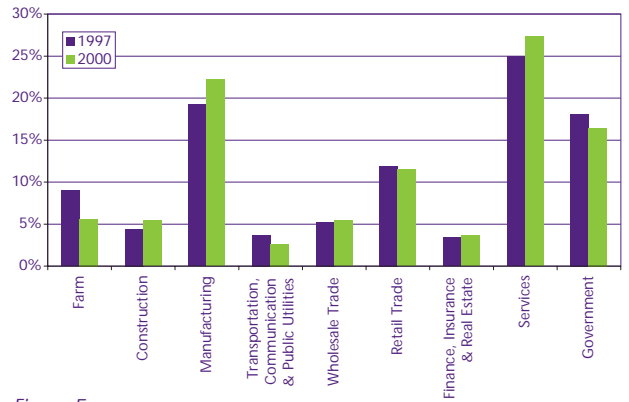


Figure 5

employers in the county in January-February 2002 (2002 Santa Cruz County Job Market Survey) was generally supportive of the trends with the exception of manufacturing. Projected demand (growth plus turnover) continues to show services in the lead at 28%, closely followed by lodging and retail. Surprisingly, however, manufacturing is also high at 21% (Figure 6). While some of this may be due to turnover, manufacturers responding to the survey had also projected a growth of 6% over the coming year. The discrepancy between the survey and state projections may be a result of how many and which manufacturing employers responded to the survey.

Highest Growth Occupations Require Little Training and Pay Low Wages

Occupational growth patterns mirror the industry trends. Retail trade and service occupations are projected to have the most openings from 1999-2006 (Figure 7). Low skill, entry-level jobs have significant turnover, which contributes to the high demand. The 2002 Santa Cruz County Job Market Survey identified services and retail trade as having the highest turnover rates.

This is good news for entry-level workers. There is an on-going demand for people who need to develop work skills, build a work history, and support themselves without extensive education and training. Turnover in these entry-level jobs is to be expected as people move on to better employment. There is a problem if such jobs do not turn over. Workers should not stay for long periods in "entry level" employment. What is of concern, however, are the reasons employers give for turnover. The 2002 survey of 957 employers revealed that turnover was often due to a lack of work ethic (19% of respondents) and skill deficiencies. Only 7% indicated workers left voluntarily

Projected Demand by Industry for 2002

Source: Santa Cruz County Job Market Survey 2002

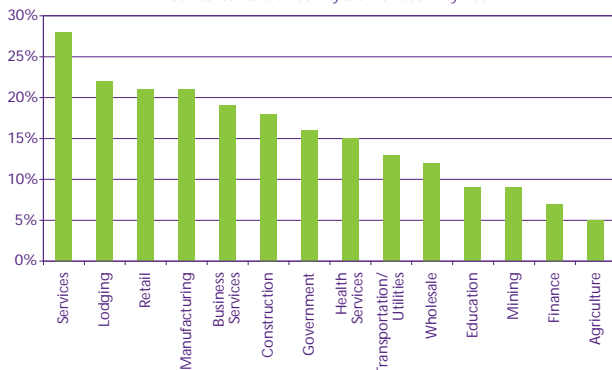


Figure 6

due to school, retirement, and so forth. However, one-third of employers replied “none” when asked what their two most common reasons were for recent employee turnover. It can only be hoped that this response indicates employees left for higher-level employment, and that the employers were either unaware of the reason or did not want to admit that workers left for other jobs. A missing piece of information is workers’ own reasons for leaving employment, because “workforce demand” is also a function of the desirability of certain industries or occupations, but the workers were not asked. A telephone survey of 668 county residents (conducted by Applied Survey Research (ASR) for the United Way) asked if workers felt they have opportunities to work in the area. Nearly 30% said “no.” Of the 197 respondents who gave reasons for their “no” response, 30.2% said there were not enough jobs and 20.8% attributed their answer to low-paying

Unemployment rates in Santa Cruz County are higher than the state and nation on a consistent basis. The annual average for Santa Cruz in 2002 was 8%, while the state rate was 6.7% and the national 5.7%.

jobs. Only 3.7% claimed they needed training, skills, and education, which is significantly less than the employers’ responses would imply. Because of the small number of responses, however, this may only be taken as an indication of employers and workers’ perceptions, and not a definitive analysis of turnover. If focus groups were conducted with workers in industries with high turnover, or with workers in industries that claim difficulty in finding “inexperienced” workers, knowledge about the causes of turnover would increase and so would the potential for finding solutions for labor market inefficiencies. Resolving workforce issues is about more than just “fixing” the workforce supply. It may also mean working with the demand side of the equation, including creating pathways for people to advance beyond entry-level employment.

Unemployment rates in Santa Cruz County are higher than the state and nation on a consistent basis. The annual average for Santa Cruz in 2002 was 8%, while the state rate was 6.7% and the national 5.7%. A comparison of the month of April for 2002 and 2003 shows that the rate went up for the county, state, and nation, but was considerably higher in Santa Cruz County (Figure 8). The survey respondents who felt there were not enough jobs may have been justified in their perceptions – or they may be experiencing structural unemployment due to having skills that don’t match the needs of the labor market. Santa Cruz is heavily impacted by downturns in Silicon Valley because so many county residents work there and because

Top Ten Occupations with Most Openings, 1999-2006

Source: Tri-County Community Asset Investment Portfolio Final Report. Santa Cruz. April 2003

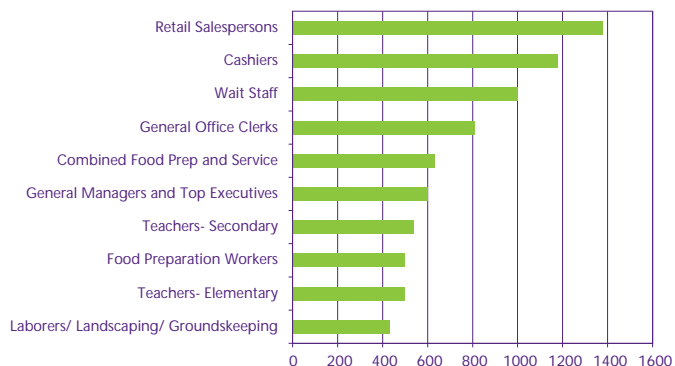


Figure 7

Unemployment Rates, April 2002 & April 2003

Source: California Employment Development Department

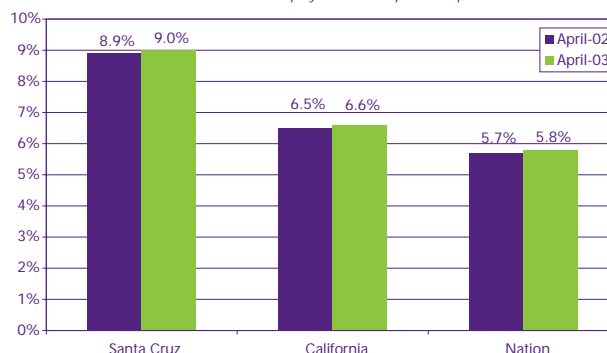


Figure 8

of the number of technology firms located in northern Santa Cruz County. According to an article in the March 1, 2003 edition of the San Jose Mercury News titled “Valley of the Grim,” Santa Clara County lost 17.9% of its jobs from its peak in December of 2000, for a total of 191,500 jobs. And there is no indication that the job market will improve quickly.

WORKFORCE SUPPLY

County Population is Relatively Well-Educated

Santa Cruz County has a higher percentage of people with associate, bachelor and graduate or professional degrees than the state or nation and the rates are increasing (Figures 9 and 10). In 2000, 34.5% of county residents had bachelor degrees or higher, compared to 26.6% in the state and 25.1% nationally. The county's 2000 rate is higher than its 1990 rate of 29.7%. The percent of associate degrees declined slightly, however, from 8.5% to 7.3%, and employers report difficulty filling technical positions such as diesel and maintenance mechanics and nurses. The decline in associate degrees represents not just a percentage change but an actual numerical loss of 868. What is not known is whether people who reported having AA degrees in 1990 later went on to earn bachelor degrees, and are thus represented in the higher education numbers rather than having left the county.

Santa Cruz's largest industries are generally low-paying, so thousands of workers commute elsewhere to work. This supply and demand discrepancy offers an opportunity to employers. Those who may have jobs requiring higher educational levels may find it advantageous to locate or expand in the county. According to the 2000 U.S. Census, Santa Clara County takes in 21,540 commuters from Santa Cruz every day, while only 3,463 Santa Clara residents come to work in Santa Cruz County. On the other hand, only 5,164 Santa Cruz residents commute to Monterey County, while Monterey County provides 7,601 workers back to Santa Cruz. The county also "exports" more people to San Mateo and Alameda than it "imports."

Educational Attainment, 1990

Source: 2002 Santa Cruz County Comprehensive Economic Development Strategy

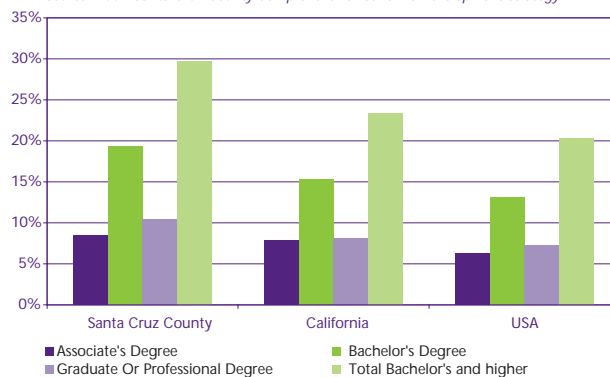


Figure 9

Educational Attainment, 2000

Source: 2002 Santa Cruz County Comprehensive Economic Development Strategy

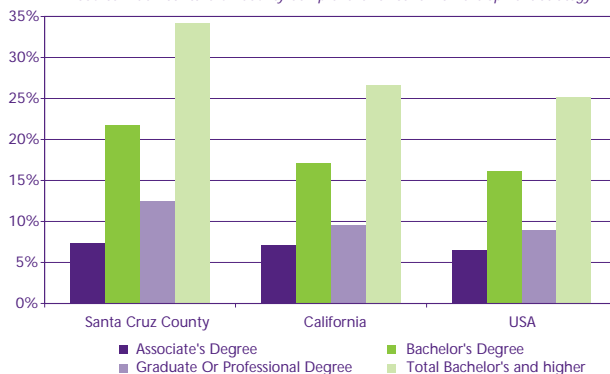
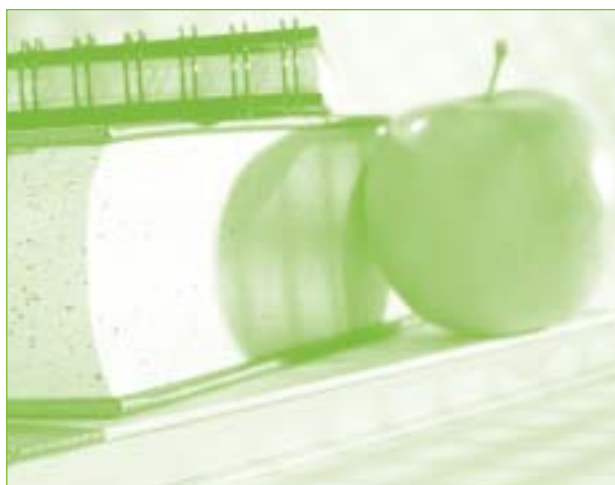


Figure 10



Nationally, the percent of jobs that require a bachelor's degree is only 23%. Over 34% of Santa Cruz residents have BA degrees or higher and the percentage with associate degrees declined from 1990 to 2000. Dr. Kenneth Gray writes in *Getting Real: Helping Teens Find their Future (2000)*, "while increasing numbers of college graduates were ending up in low-wage service jobs, the nation's economy was generating record numbers of unfilled positions for technicians in high-skill/high-wage technical jobs." One in three college graduates are not employed in college-level work.

Current Labor Shortages Exist and Future Shortages May be Looming

Despite the fact that a large percentage of residents in a county predominated by low wage jobs have degrees, and despite the relatively high unemployment rate, some employers still report difficulties in finding both inexperienced and experienced workers. A small part of this may be due to differences in median wages. According to the 2002 Comprehensive Economic Development Strategy, computer scientists, dental hygienists, accountants, truck drivers, carpenters, cashiers, and cooks all report higher median wages in Santa Cruz County than in the state as a whole; however, general and operations managers, community and social service workers, secretaries, general office clerks, construction laborers, and child care workers have lower median wages in the county than statewide, and one could anticipate that workers in those occupations might be harder to find.

The 2002 Santa Cruz County Job Market Survey revealed that on the average, employers in ten out of 14 surveyed industries report taking over 90 days to fill openings for experienced workers, and employers in nine of the 14 industries reported taking over 90 days to fill positions for non-experienced workers. Employers from the Health services sector reported the longest time to find experienced workers, and construction reported the longest time by far to find “non-experienced” employees (note that construction laborers were one of the occupations with lower median wages in Santa Cruz than the state average). Along with construction, government and wholesale trade were the only industries reported to have a harder time finding non-experienced than experienced workers. The reasons for labor shortages in a high unemployment area may include:

- Low wages if the occupations in the industry are among those paying lower than state-average median wages;
- Educational mismatch, if the population is over-educated for the positions that are hard to fill, or educated in disciplines that don't match the demand;
- Skill deficits, if the population that is educationally appropriate for the jobs lack basic skills or work ethic that would enable them to succeed.

Employers in a June, 2002 focus group facilitated by Social Policy Research Associates for the Tri-County Portfolio and interviews with three other industry representatives revealed little trouble finding employees because of the current state of the economy, with entry

What are the three most important skills employees need to have in your business?

- Communication/customer service skills (66.5%)
- Mechanical/trade skills (27.5%)
- Basic math skills (20.3%)
- Computer word-processing proficiency (18.1%)
- English language skills (17.0%)
- Analytical skills (14.8%)

Source: 2000 Santa Cruz County Workforce Investment Board Employer Visitation Project

level and low skilled positions being the easiest to fill. However, there were only seven employers in the focus group, making their responses more anecdotal than sufficient for analysis.

The aging population may point to future labor supply shortages. About 66.2% of Santa Cruz residents were 18-64 in 2000, which was just slightly higher than the state average of 62.1%. However, only 27.5% of county residents were 19 and under compared to 30.1% statewide. Young people will be needed to fill vacancies left by baby boomers as they retire. The percentage of the population aged 45-59 in the county increased from 13% in 1990 to 20.5% in 2000. A higher percentage of baby boomers compared to a lower percentage of youth under 19 could signify growing difficulty in meeting labor demand in the next 5-10 years.

Training The Current Workforce is Critical

Employers responding to the 2002 Santa Cruz County Job Market Survey noted training of the current or incumbent workforce is critical to their future growth. When asked what service would be most important in the next year, 23% said “additional training for existing employees” and 19% said standard training for existing employees. The 2000 employer visitation program showed similar findings. Over 33% of the responding employers said “employee training/support services” would improve the well-being of their businesses and 16.1% indicated their current workforce lacks adequate mastery of the three most important skills needed for their business. Despite these stated needs, only 2.5% provide tuition/education



tive to change private sector investment and behavior. Public funds may be used, for example, to provide tax break advantages to people and businesses that invest their own resources in skill development.

English Language Needs May Increase, Along with Ethnic Inequities

Santa Cruz County residents of all races and ethnicities face barriers to success that include poverty, low wages, lack of English proficiency and poor educational attainment. However, these barriers are more common among the Latino population of Santa Cruz County. Communities with the largest population of Latinos, including Freedom and Watsonville, have lower median household incomes and a lower percentage of individuals without a high school diploma. Poverty rates and four-year dropout rates are also higher among Latinos than among Caucasians and Asians. Since the Latino population is growing, it is important to be aware of the ways in which this ethnic group may experience socio-economic disadvantages.

The ethnic distribution is changing in the county, albeit more gradually than in many other areas of the nation. In 2000, the Latino population at 26.8% was lower than the state average of 32.4%, but the number represents a trend towards increasing numbers of this ethnic group since the 23.8% shown in July of 1998 and 20.4% in 1990 (Figure 11). Watsonville, which has a far higher percentage of agricultural employment (17.6%) than the county as a whole, also has a far higher percentage of residents who classify themselves as Latino (75.1%) and a far lower percentage of individuals with high school diplomas or higher (53.6% compared to 81.9% county-wide). Watsonville's percentage of individuals at the lowest level of literacy is far higher than Santa Cruz City (39% compared to 15%). Watsonville's median household income

assistance as a benefit. Only 8% of employers on the 2002 Santa Cruz County Job Market Survey reported using Career Center services for training existing employees.

To fill the gap between perceived need and public/private investment in skill development, there needs to be a better understanding of skill requirements – not educational requirements – of workplaces compared to skills possessed by workers. The demand for skills is much better understood than the supply. Assisting both workers and employers to build needed skill sets for success will require personal and private investment and may also require using public funds for leverage or incen-

Population of Hispanic Origin, 1990 & 2000

Source: US Census Bureau

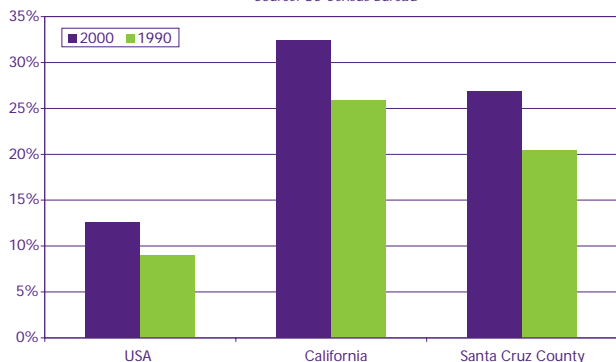


Figure 11

Percent of Population Speaking English Less than "Very Well," 2000

Source: US Census

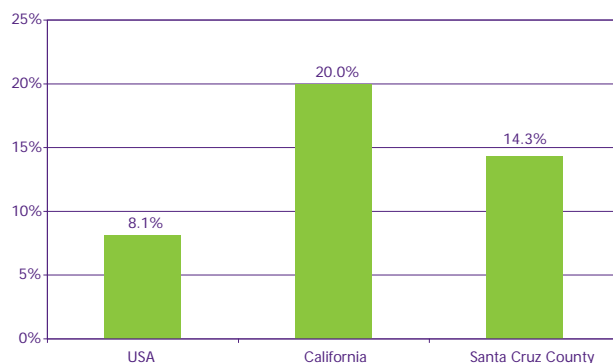


Figure 12

Four Year Dropout Rate, 2000-2001 School Year

Source: Santa Cruz Community Assessment Project, Year 8, 2002

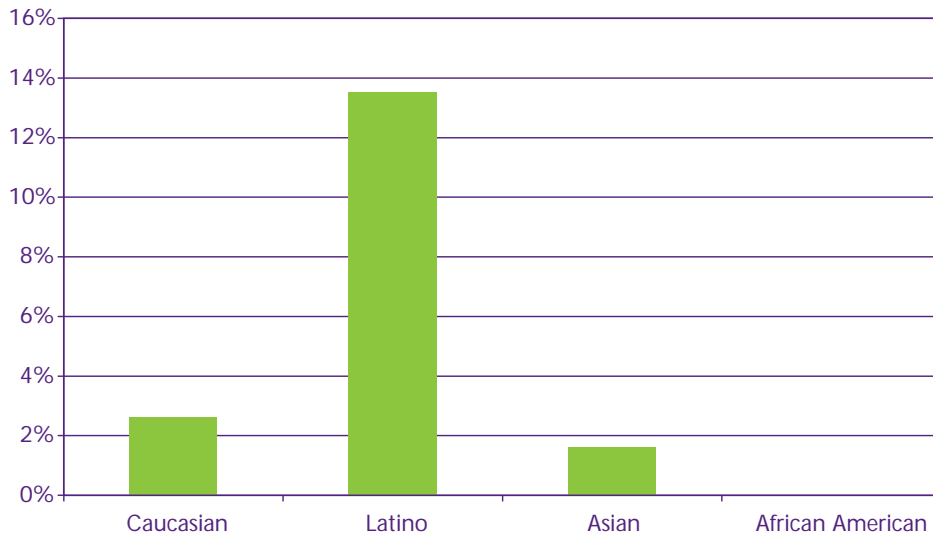


Figure 13

was also much lower than in Santa Cruz City (\$37,617 versus \$50,605), which highlights the connection between education and skills and income. On the positive side, enrollment in Pajaro Valley Joint Unified School District Adult Education programs increased 22% from 99/00 to 00/01, although much of that was due to a 156% increase in parental education.

Nearly 35,000 people in Santa Cruz County reported that they speak English less than “very well” according to the 2000 census.

Nearly 35,000 people in Santa Cruz County reported that they speak English less than “very well” according to the 2000 census (Figure 12), and 27.8% speak a language other than English at home. Spanish is the most common non-English language, spoken by 80% of those who do not speak English at home. Over half (56.7%) of the Spanish speakers report they speak English less than very well.

Four-year school dropout rates by ethnicity show a 13.5% rate for Latino students compared to 2.6% for Caucasian and 1.6% for Asian (Figure 13). Over 19% of the Latino population was in poverty in 2000 compared to 8.7% of Caucasians. The percentage of whites in poverty decreased by 3.3% from 1990 to 2000, while the percentage of Latino in poverty increased by 6.0% (Figure 14).

Continued growth of the Latino population may have an impact on overall educational levels and poverty rates in the county due to a greater tendency to drop out of school and hold low-wage jobs, as shown in the data above. Improving the overall quality of life, equity of opportunity, and income of Santa Cruz County residents will require reducing the disparities that affect the social fabric of the community.

Poverty Status of Caucasians and Latinos, 1990 & 2000

Source: Santa Cruz County Community Assessment Project, Year 8, 2002

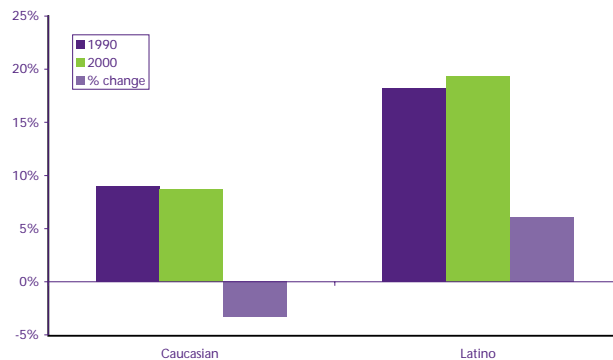


Figure 14

THE EMERGING WORKFORCE

Santa Cruz County has over 12,000 public secondary school students, 11.5% of whom are enrolled in alternative education. About 10,000 county students are classified as English learners and nearly 12,000 are served by migrant education. In 2000/2001, over a third of the county's students (35.5%) had household incomes low enough to be eligible for free and reduced price lunches. Nearly 15% of the county's population are youth between the ages of 10 and 19 who will enter the labor force over the next decade. Their level of preparation will have significant impact on the county's workplaces.

Student Performance is Unequal Across the County

Generally, the students of Santa Cruz County perform fairly well. They surpass the state average in many subjects at several grade levels on the Standardized Testing and Reporting (STAR) assessment. Santa Cruz students also average higher scores than the state on the SAT and ACT. Watsonville, however, is an outlier. Watsonville students scored an average of 836 in 2000/01 on the total SAT (Figure 15). California's average is 1008, which is lower

Average Total SAT Score (Verbal and Math), 2000-2001 School Year

Source: Tri-County Community Asset Investment Portfolio Final report, Santa Cruz, April 2003

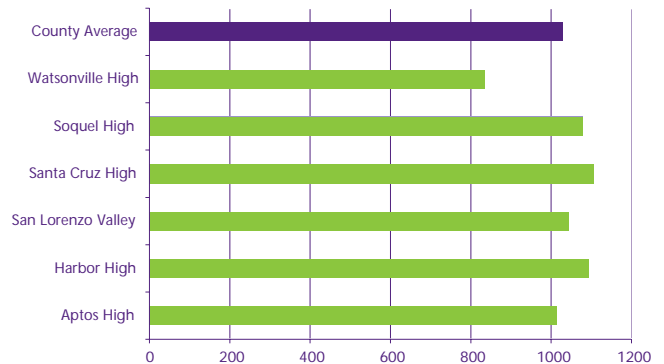


Figure 15

than the county average, but higher than Watsonville's. Additionally, Watsonville's average SAT score represents a 2.9% decline from the 1999/00 school year. On the Academic Performance Index¹ Watsonville High was in the state's 4th decile for 2001, which represents a drop from



the 7th decile in 1999. It was among four schools in the county that had lower API ratings in 2001 than they did in 1999.

Watsonville, with the lowest school performance, is also the largest district in the county. Pajaro Valley Joint Unified School District has 5,543 students compared to 4,319 in the Santa Cruz City High School District. Pajaro Valley also has the largest number of students in alternative education with 466 students enrolled in 2001/02, and an expulsion rate per 1000 students of 4.5 compared to a county average of 3.3.

Student Performance is Unequal Across Ethnicities

Latino students are much less likely to complete college prep courses before they graduate from high school (Figure 16). Additionally, although Latinos comprise 26.8% of the total population and 46.9% of all public school students, they comprise only 20.7% of Cabrillo Community College graduates. Their four-year drop-out rate for 2000/01 was considerably higher than that of other ethnicities (Figure 13). Caucasians, Asians, and African Americans all saw significant declines in their four-year dropout rate since 1994/95, but the Latino percentage is nearly as high as it was several years ago [school

years 98/99 and 99/00 were relatively low at 6.9% and 7.8% respectively.] Interestingly, satisfaction with the education system is highest among Latinos – 44.8% as compared to 18.5% of Caucasians. The percent of all parents who report being “very satisfied” with their child’s secondary education has continuously decreased from 1996 to 2001, although it rose dramatically in 2002.

Assisting Latino students to succeed could be improved by providing more teachers as role models. While 46.9% of all public school students are Latino, only 10.5% of teachers are.

Although the percentage of Latino youth is growing and they have more academic problems to overcome than Caucasian youth, a telephone survey of 2002 conducted by Applied Survey Research showed that the percent of survey respondents who think bilingual education is “very important” dropped from 55.7% in 1995 to 52.9% in 2002. The percent indicating such education is “somewhat important,” however, increased from 25.4 to 28.9%.

Assisting Latino students to succeed could be improved by providing more teachers as role models. While 46.9% of all public school students are Latino, only 10.5% of teachers are.

Percent of Students Passing High School Exit Exam, 2001-2002 School Year

Source: Tri-County Community Asset Investment Portfolio Final report; Santa Cruz County, April 2003

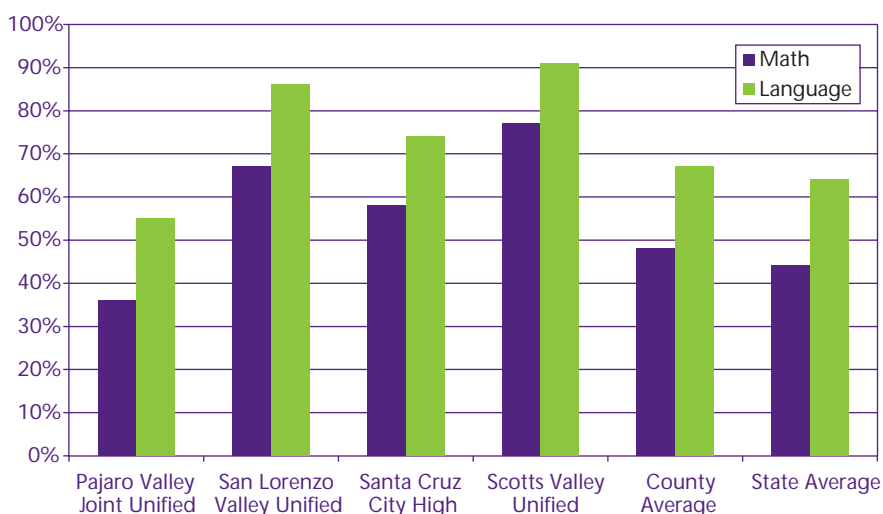


Figure 16

1 The Academic Performance Index (API) summarizes a school’s performance on STAR. All schools that receive APIs are ranked in deciles by grade level of instruction. A rank of 10 is the highest and 1 is the lowest. Life in Santa Cruz County. Community Assessment Project Comprehensive Report, Year 8, 2002.

QUALITY OF LIFE

Housing Dominates Quality of Life Issues

Santa Cruz County's climate and scenery attract residents, tourists, and business. Nearly 60% of surveyed residents say these features contribute most to their quality of life. The natural environment is often cited as a regional strength. The county is the gateway to a marine sanctuary and has been increasing its recreational trail miles and protected acreage. Air quality is improving, with only six days exceeding air quality standards in 2001 compared to 12 in 1997. Residents decreased their solid waste 8% in 2002 over 2001, and recycling rates are higher than the state average. The county is a wonderful place to live – if you can afford to live there.

The median sale price for new homes in 2001 was \$527,500 – three times the national average of \$174,100. Overall housing prices rose 5.8% from 2001 to 2002 compared to 4.6% nationwide. In 2002, only 8% of new and existing homes were affordable to a family with a

median income. (Figure 17). Housing is usually considered affordable if it requires one-third or less of a family's income. In 2002, nearly half (45%) of respondents to a telephone survey indicated they spend half or more of their income on housing and 21% say they spend 75% or more. For Latinos, the situation is even worse due to lower than average median incomes and higher poverty rates. Of the Latino respondents to the survey, 68.1% said they spend half or more on housing, and 45.2% spend 75% or more.

Forty percent (40%) of housing units in the county are rented. Average rents climbed 17.4% from 2001 to 2002 for a studio (up to \$930 per month), 14.1% for a 1 bedroom, and 2.6% for a two bedroom. Santa Cruz holds the distinction of being the 2nd least affordable area in the nation.

Because of the steep cost of housing, the number of units occupied by housing authority program participants increased 22.7% in the last year alone. The number of homeless children enrolled in county schools was 2,685 in 2000/01. Many of them live in doubled or tripled family homes due to the inability to find permanent housing (housing data taken from the 2002 Comprehensive Economic Development Strategy).

Recent economic difficulties have had one positive effect: apartment rents in the county declined slightly in the first quarter of 2003 according to an April 22, 2003 article in the Santa Cruz Sentinel. A property manager in Aptos noted that young professionals who lived in the county and commuted to Silicon Valley no longer have those jobs, and thus can no longer hold their apartments. But other factors are at play, including the impact of UC Santa Cruz enrollment on the demand for rental units. The current rent concessions being made due to the soft market could easily change next year.

Traffic Congestion Lower than Neighbors, but Too High to be Attractive

Economic development partners² list deficiencies in public transportation and road congestion among the local economic weaknesses. Over 9% of telephone survey respondents (See box, left) said if they could make one major change, it would be less traffic. The situation is not

"Generally speaking, what contributes most to your quality of life in Santa Cruz County?"

Scenery/ Geography/ Climate	59.3%
Community/ low population/ slow pace	8.7%
Family/ friends/ friendly people	14.3%
Social climate	8.5%
Quiet/ peaceful	3.1%

"If you could make one major change locally, what would it be?"

Affordable housing	22.7%
Less traffic	9.2%
Improve schools	8.2%
Homeless issues	5.0%
Improve local government/ government officials	8.1%
Stop growth/ slow growth	5.2%
Jobs/ job training	2.9%
Crime	3.8%
More bike trails/ pedestrian friendly	1.0%

Source: Life in Santa Cruz County, Community Assessment Project, Comprehensive Report, Year 8, 2002 (selected responses)

² Applied Survey Research developed a list of "development partners" for the 2002 Comprehensive Economic Development Strategy consisting of known business associations with a broad number of constituents and a focus on economic development, and prominent community institutions that either conduct economic development programs or have the ability to fund or influence economic development projects.



likely to improve as the population continues to grow. The number of vehicles registered in Santa Cruz County increased by 5,235 from 2000 to 2001. Vehicle miles traveled daily (VMT) increased by 10.5% from 1996 to 2000. Still, Santa Cruz County compares favorably to neighboring Santa Clara, San Mateo, and Monterey Counties. In 2000, Santa Cruz's VMT was only 5,408,900 compared to 41,135,900 in Santa Clara. Commute times are relatively short. Approximately 62% of residents who do not work from home commute less than 30 minutes to work. Only a little over 3% commute 90 minutes or more.

Residents could relieve some of the traffic congestion themselves by using public transportation. Ridership on the Santa Cruz Metropolitan Transit buses actually decreased 25% from 2000/01 to 2001/02, and riders on the Highway 17 Express bus declined by 14% during the same time period. When asked what would encourage them to use alternative forms of transportation in the 2002 telephone survey) almost 20% indicated nothing – they simply wouldn't use it, and another 10% said only if their car broke down. Over 15% said more frequent bus schedules. Other response categories were very small. Despite the high cost of living in Santa Cruz, less than 1% indicated they would be enticed to ride if the transportation was free (Life in Santa Cruz County Community Assessment Project Comprehensive Report, Year 8, 2002).

Because of low ridership, Metro bus officials recently voted to cut service throughout the system according to an April 26, 2003 article in the Santa Cruz Sentinel. The cuts included elimination of two routes that served old San Jose Road and the area around Dominican Hospital. The routes are not likely to be reestablished because they are "hardly used."

Licensed Childcare Enrollments Declining While Number of Children Needing Care Grows

In order to work, workers need housing to live in and transportation to get to work. If they have children, they also need quality childcare. In 2002, 58.7% of Latino and 34.8% of Caucasian respondents reported in a telephone survey that they needed someone to care for their children in order for them to work, go to school, or be in training. The number of children enrolled in licensed childcare declined 11.1% from December 2000 to December 2001, while the estimated number of children needing care rose .9%. It can only be assumed that many people are using unlicensed situations, including family members, for care. Survey respondents were not asked about what arrangements they use, and employers have not been asked whether child care issues affects absenteeism or their ability to retain workers. Approximately 64% of respondents in 2002 indicated they were "very satisfied" with their child care arrangements, while 32.3% were "somewhat satisfied" and 3.8% were not at all satisfied. Those who were very satisfied have declined from a high of 84.9% in 1999 (Life in Santa Cruz County Community Assessment Project Comprehensive Report, Year 8, 2002).

A missing piece of information is the reason for less than total satisfaction. It would be helpful to understand if the reason is related to cost, accessibility, or quality of care.

BOTTOM LINE

Higher Skill, Higher Wage Jobs Needed

High wage manufacturing jobs are declining as a percentage of total employment as well as in absolute numbers, while sectors that employ many lower wage retail trade and services workers are growing. The shift in industry mix mirrors national trends. Manufacturing's contribution to total wages is greater than its share of total employment, but its relative employment share is falling and it is susceptible to recessionary factors. Replacing those high wage jobs will require development of high wage skills and the attraction of industry sectors and firms that require them. Although the population is currently relatively well educated, that might not translate into the kinds of technical skills that are required to grow the number of quality jobs. Santa Cruz will need to diversify its industry base, and simultaneously ensure that its population has the right kinds of skills for those jobs.

Higher Skill, "Right Skill" Workforce Needed

Santa Cruz has a high unemployment rate that should indicate an available labor force, yet many employers have difficulty finding both entry-level and experienced workers. Inefficient labor exchange mechanisms may be an issue, but skills are also at the heart of the problem. The workforce is aging and there is a smaller percentage of young people ready to fill the experience and skill gaps that will be left when baby boomers retire. Currently employed workers need training, but investments in skill development may be insufficient, and many workers may not perceive themselves as being in need of training. The need for people with two-year technical degrees is increasing across the nation, but the number with those degrees in Santa Cruz is declining. An increasing percentage of the future workforce is Latino, a population that has lower educational attainment and higher rates of poverty. A growing disparity between "haves" and

"have-nots" that is divided along ethnic lines does not make for a healthy community. Developing in-demand skills of the current and potential workforce and creating opportunities for populations with barriers to succeed will be important to the county's economic future and quality of life.

Higher Cost Housing May Lead to Lower Quality of Life

Santa Cruz County residents highly value a quality of life founded on climate and scenery, but scenery does not put a safe roof over the heads of children. Housing is the single greatest expense any family has. Income that goes for housing is income that cannot be used for investments in education, training, or even leisure activities that strengthen family life. Housing debt and overcrowding in doubled-up homes produces stresses that may impact productivity in the workplace and quality of life at home. Money poured into high rents detracts from wealth rather than building wealth for the future. Safe, clean, affordable housing is critical to attracting and keeping a productive workforce.



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