

## Does College Matter in Sonoma County?

**If there is a 50-50 chance that something can go wrong, then 9 times out of ten it will.**

Paul Harvey News, 1979

The following is a long quote that seems to encapsulate the economic changes we've been charting over recent years:

*The Labor Department's Bureau of Labor Statistics offers a rough estimate of the imbalance in the demand for jobs as opposed to the supply. Each month since December 2000, it has surveyed the number of job vacancies across the country and compared it with the number of unemployed job seekers. On average, there are 2.6 job seekers for every job opening over the first 41 months of the survey. That ratio would have been even higher, according to the bureau, if the calculation had included the millions of people who stopped looking for work because they did not believe that they could get decent jobs.*

*So the demand for jobs is considerably greater than the supply, and the supply is not what the reigning theory says it is. Most of the unfilled jobs pay low wages and require relatively little skill, often less than the jobholder has. From the spring of 2003 to the spring of 2004, for example, more than 55 percent of the hiring was at wages of \$13.25 an hour or less: hotel and restaurant workers, health care employees, temporary replacements and the like.*

*That trend is likely to continue. Seven of the 10 occupations expected to grow the fastest from 2002 through 2012, according to the Labor Department, pay less than \$13.25 an hour, on average: retail salesclerks, customer service representatives, food service workers, cashiers, janitors, nurse's aides and hospital orderlies.*

The New York Times  
March 25, 2006

Today's college students face a problematic economic future. College education is increasingly important to land a good job, but, unhappily, even a college education might not keep individuals out of the lowest paid jobs. And because our students' future has changed, SRJC faces the need to change, to adapt our instruction and our programs to the needs of our students.

With globalization and evolving technology dictating job skills, today's typical college graduate is not necessarily well equipped to find a decent job; sometimes the issue is the quality of the job, not the quality of the seeker. In Sonoma County:

- **58 percent** of new jobs between 2003 and 2005 paid below the average wage
- For the period 2003 – 2005, the ten occupations that recorded the greatest drop in employment paid an average wage of **\$51,411**
- The ten occupations in that had the greatest increase in employment for 2003 - 2005 paid an average wage of **\$28,750**

It appears that even individuals with two or four years of college might find it difficult to secure a job that matches their skills. Although a college education may provide countless benefits unrelated to money or earning power, most students will have to work and most expect a positive return on the money and time they invest in education. It's not useful to students to achieve an associate's or bachelor's degree and then find work that doesn't reward higher order skills and knowledge:

*More than 45 percent of the nation's workers, whatever their skills, earned less than \$13.25 an hour in 2004, or \$27,600 a year for a full-time worker. That is roughly the income that a family of four must have in many parts of the country to maintain a standard of living minimally above the poverty level. Surely lack of skill and education does not hold down the wages of nearly half the work force. Something quite different seems to be true: the oversupply of skilled workers is driving people into jobs beneath their skills and driving down the pay of jobs equal to their skills.*

The New York Times  
March 25, 2006

Other statistics reinforce what we know about the changing economy:

- From 2001 to 2004, the Sonoma County economy shed 7,500 jobs
- In 2004/05, the local economy gained back 1,000 jobs, but the quality of the work had changed
- It is estimated that it takes **\$51,177** for a family of four to cover basic living expenses in California; in 2003
- 52 percent of all California jobs paid a median wage of **\$31,200**

*Employment peaked in Sonoma County in 2001 at the end of the tech boom when the county had 196,700 payroll jobs. By 2003, the economic downturn had wiped out 7,600 of those jobs, based on average annual employment. Through 2005, only 2,400 had returned.*

The Press Democrat, February 27, 2006

The San Francisco Chronicle of February 24, 2006, noted, "The economy (U.S.) is growing but profits are not being shared with workers." This comment echoes an observation made in the New Yorker, January 16, 2006:

*Real wages for the eighty percent of Americans whom the government labels "production and non supervisory" workers have actually fallen since 2001, and even after a burst of growth in the late nineties, the average household income is only slightly above where it was in 1973.*

Further confirmation of wage pressures in the U.S. economy is in BusinessWeek Online, January 17, 2006:

*Why Folks Are Sour... Look at a new set of wage numbers: The first thing that jumps out at you is that both the 3.2% yearly wage gain for managers and the 2.4% gain for professionals fell short of the 3.5% increase in the consumer price index. That goes a long way to explain why people are so sour about the economy. Strong growth and low unemployment don't mean much if your buying power is declining.*

The Press Democrat (February 27, 2006) projected the top 10 jobs in Sonoma County that will have the most openings through 2012 (note the similarities to the low-paying positions cited earlier from The New York Times, which used U.S. Labor Department numbers):

<b>Job</b>	<b>Median hourly wage</b>
Retail sales	\$10.44
Cashiers	\$9.69
Waiters	\$7.89
Food preparation and service, incl. Fast food	\$8.32
Office clerks	\$12.94
Carpenters	\$22.86
Laborers	\$9.71
General and operations managers	\$43.18
Food preparation workers	\$8.77

Our students seeking employment often aspire to jobs that require several years of post-high school education. Failing to have the education often dooms individuals to jobs that do not pay well and that have limited career growth. And, as we saw in the Business Week Online and The New York Times examples, even those people with degrees—managers and professionals—might not be keeping pace with inflation or finding jobs to match their skills.

*Rather than having a shortage of skills, millions of American workers have more skills than their jobs require. That is particularly true of college-educated people, who make up 30 percent of the population today, up from 10 percent in the 1960's. They often find themselves working in sales or as office administrators, or taking jobs in hotels and restaurants, or becoming carpenters, flight attendants and word processors.*

*The number of jobs that require a bachelor's degree has indeed been growing but more slowly than the number of graduates, according to the Labor Department, and that trend is likely to continue through this decade. "The average college graduate is doing very well," said Lawrence F. Katz, a labor economist at Harvard. "But on the margin, college graduates appear to be more vulnerable than in the past."*

The New York Times  
March 26, 2006

In addition to economic forces, our region is confronted by demographic change: We have an increasing number of Latinos hungry for economic opportunity and education as well as an aging population of affluent individuals intent upon wringing meaning and fulfillment out of their retirement years.

The demographic changes in Sonoma County are well documented:

- From 2005 – 2010, the number of high school seniors will decrease slightly, from 5,994 in 2005 to 5,224 in 2015; during the same period, the Latino twelfth-grade population percentage will increase, from 21 percent in 2005 to 33 percent in 2015
- By 2020, in Sonoma County, the population 40 – 59 will decline 6.5 percent; population 60 – 79 will increase nearly 100 percent; population 80+ will increase over 50 percent

- During the period 2001 – 2005, population of 30 – 39 year-olds declined 13 percent (for whites in this age group, the decline was 23 percent)
- SRJC enrollment has steadily declined in recent years: in 2001/02, the college had 61,234 unduplicated headcount during summer, fall, and spring; in 2004/05, we had 50,668

Nor will the county—or the state, for that matter—be able to grow itself out of its problems. Although the state and Sonoma County experienced rapid growth in the late 1990s as a result of the tech boom, that growth has slowed dramatically:

*The state’s (California) growth rate was 1.37 percent during the 12 months covered by the report (July 1, 2004 to June 30, 2005). By comparison, Sonoma County grew at a rate of 0.36 percent, also the slowest in at least five years.”*

*Sonoma County ranked 51<sup>st</sup> out of the state’s 58 counties in terms of population growth during the 12-month period that ended July 1, 2005... (and) 444 more people moved out than moved in. The population increase – 1,709 over the 12 months for a total of 478,724 – was attributed to births.*

The Press Democrat  
March 3, 2006

Keeping in mind the economic and demographic factors that are reshaping not only the United States but also most other nations of the world, we find that locally the old ideals of stable employment and secure retirements are over. For many years, Sonoma County could rely upon large employers to pay residents a decent wage and provide employment stability. That, too, has changed:

*The region can no longer count on giant corporations with thousands of jobs to drive the economy. The loss of hundreds of high-tech manufacturing jobs from companies such as Agilent Technologies and JDS Uniphase has put a major damper on the economy.*

Steve Weiss, North Bay Angels  
The Press Democrat, February 3, 2003

Admittedly, the county still has a number of large employers:

<b>Category</b>	<b>Number of primary employers and number of employees in county</b>	<b>Typical business</b>
1. Education	2 -- 4, 914	SRJC & SSU
2. Technology & High Tech Manufacturing	7 – 7,950	Medtronic, Agilent
3. Health	3 – 4,652	Kaiser, Sutter
4. Retail food and big box	4 – 3, 847	Wal-Mart, Best Buy
5. Wine and food processing	2 – 1,550	Kendall Jackson, Amy’s Kitchen
6. Insurance	1 – 846	State Farm
7. Autos	1 – 650	Hansell Auto Group

But the real source of employment for Sonoma County is small businesses:

- 72 percent of all Sonoma County jobs are in local firms that average six employees
- In 2003, the County had 5,500 more small firms than it did in 1990
- 40 percent of the existing small firms are five years or younger

<b>Business Churn in Sonoma County, 1990 – 2003</b>	
Number of firms that closed	23,553
Number of firms that opened	28,578
Number of firms that moved out of county	659
Number of firms that moved into county	1,084
Net	+5,500

The college must adapt its curriculum and instructional methods to accommodate changing economic demands and emerging demographic groups. A helpful guide to the jobs of the future is provided by the Sonoma County Economic Development Board, which has identified three “Sonoma County Clusters of Opportunity.” These are groups of businesses that are projected to provide the best employment prospects in the near future. A Cluster of Opportunity is defined as having:

- Job growth
- Wage increases
- Value added to basic products
- Employment concentration in the County
- Career potential

<b>Sonoma County Clusters of Opportunity, with sample career paths</b>			
<b>Cluster</b>	<b>Entry-level</b>	<b>Mid-level</b>	<b>High-level</b>
<b><i>Sonoma Experience</i></b> <b>(combines tourism, agriculture and retail)</b>	<ul style="list-style-type: none"> <li>• Restaurant staff</li> <li>• Retail sales</li> <li>• Admin support</li> <li>• Wage: \$17,000 to \$31,000</li> </ul>	<ul style="list-style-type: none"> <li>• Sales</li> <li>• Bookkeeping</li> <li>• First-line supervisor</li> <li>• Wage: \$33,000 to \$49,000</li> </ul>	<ul style="list-style-type: none"> <li>• Computer operations</li> <li>• Accountant</li> <li>• General Manager</li> <li>• Wage: \$54,000 to \$101,000</li> </ul>
<b><i>Health/Wellness</i></b> <b>(includes health services plus spas, gyms, etc.)</b>	<ul style="list-style-type: none"> <li>• Home health aid</li> <li>• Nursing aid</li> <li>• Medical assistant</li> <li>• Wage \$22,000 to \$32,000</li> </ul>	<ul style="list-style-type: none"> <li>• Office support</li> <li>• Pharmacy Tech</li> <li>• Radiological Tech</li> <li>• Wage: \$33,000 to \$54,000</li> </ul>	<ul style="list-style-type: none"> <li>• Business operations</li> <li>• Physical Therapist</li> <li>• Management</li> <li>• Wage: \$56,000 to \$88,000</li> </ul>
<b><i>Professional/Innovation Services</i></b>	<ul style="list-style-type: none"> <li>• Teller</li> <li>• Receptionist</li> <li>• Maintenance</li> <li>• Wage: \$25,000 to \$30,000</li> </ul>	<ul style="list-style-type: none"> <li>• New account clerk</li> <li>• Loan interviewer</li> <li>• First-line super.</li> <li>• Wage: \$33,000 to \$50,000</li> </ul>	<ul style="list-style-type: none"> <li>• Loan officer</li> <li>• Management analyst</li> <li>• Management</li> <li>• Wage: \$54,000 to \$107,000</li> </ul>

## **A Cautionary Tale:**

*Three statisticians went out hunting and came across a large deer. The first statistician fired but missed, by a meter to the left. The second statistician fired but also missed, by a meter to the right. The third statistician didn't fire but shouted in triumph, "On the average, we got it!"*

The college can't afford to hit the averages on the decisions it makes about enrollments and student success. On February 3, 2006, the college held its first Enrollment Enhancement Forum, to discuss ways to increase enrollment, retention, and persistence. As leaders of the forum pointed out, "The health of our enrollments directly affects the health of our budget."

That forum resulted in a wonderful range of suggestions on topics such as outreach, recruitment, adult learners, assessment, transportation, scheduling, and online education—institutional issues that the college, as a whole, must address.

To assist individual instructors in their classrooms, the Economic Development Spring Forum (April 7, 2006) will offer discussions and skills to facilitate student success. Our goal is to provide tools to help instructors and managers deal with the demographic and economic changes occurring in Sonoma County.

SRJC Economic Development Institute  
Chuck Robbins  
April 2006