

Sonoma County Change

Stripped of its core manufacturing by the movement of thousands of jobs overseas, Sonoma County is slowly adjusting to a new high-tech economy where the county's biggest employers maintain work forces that are smaller, and smarter, than ever before.

The Press Democrat
September 25, 2005

Since 2001, the Sonoma County economy has changed. Good jobs have moved offshore and the number of low wage jobs has increased. The county lost 11,900 jobs; the local economy lost one billion dollars. The county is home to an increasingly large percentage of Hispanic households at the same time that many residents are leaving the area for better work opportunities and a lower cost of living.

Demographic and economic changes present challenges to Santa Rosa Junior College. In previous data summaries, SRJC's Economic Development Institute (EDI) attempted to identify forces that were shaping a new Sonoma County. In Spring 2005, globalization and declining student enrollments appeared to have the greatest impact upon the college. Recent studies by The Press Democrat, the Sonoma County Economic Development Board, and Sonoma State University's Center for Regional Economic Analysis confirm that changing demographics and the rapidly evolving global economy present opportunities.

Among the issues facing SRJC are:

- The changing composition of Sonoma County's population
- The declining rate of high school graduation
- The evolving characteristics and goals of students at SRJC
- The evolution of the global economy
- The types of jobs available in Sonoma County
- The types of jobs that will be available in the future world economy

Population

The increasing population of Hispanics highlights the alterations in Sonoma County's demographics: The county's 92,000 Hispanics now comprise 19.4 percent of the population.

	Hispanic	Non-Hispanic White
Median age	24.4	41.7
Ave. household size	4.23	2.38
Median household income	\$46,580	\$54,492
% adults 25+ without high school diploma	52%	9%

Sonoma County Economic Development Board
LaVerdad Marketing
2005

Based on data from SRJC's Admissions & Records office, Hispanics comprised 16.2 % of the enrollment at SRJC in the Fall 2005 semester.

Other changes mark the County's population in the near-term:

- From 2001 to 2005, the number of 30- to 39-year-olds in the County dropped by nearly 13 percent (includes all races, with whites showing the greatest loss in numbers at 23 percent)
- Census trends show that 24- to 29-year-olds are also leaving
- Latinos, who overall show steady population growth, are also leaving (The loss of Latinos in the 30 – 39 age group is offset by an overall high birth rate)
- In Sonoma County kindergartens, 33% of the students are learning English as a second language
- By 2020, in Sonoma County, the population 40 – 59 will decline 6.5%; population 60 – 79 will increase 96.7%; population 80+ will increase 54.1%

The Press Democrat, July 24, 2005

In our high schools, the number of high school seniors will decrease slightly, from 5,994 in 2005 to 5,224 in 2015. During the same period, the Hispanic twelfth-grade population percentage will increase, from 21 percent in 2005 to 33 percent in 2015.

SRJC Fact Book, 2004

As always, for background, it is useful to examine the composition of the SRJC student body and their achievements (assume approximately 31,000 students each fall or spring semester):

Students	Female	59.9%
	Male	41.1%
Transfer	UC	193
	CSU	830
Awards	Degrees, AA/AS	1,013
	Certificates	4,256
	GEDs	275
Age	Average age	37 years
	Median age	28 years
	Percentage of students, 18 – 25 years	39%
	Percentage of students, 51+ years	23%
Unit Load	All students	5.5 units
	Full-time students	13.5 units
Enrollment trends	Fiscal year 2002/03 to 2003/04	Declined 5.30%
	Fiscal year 2003/04 to 2004/05	Declined 3.10%
Goals (from Fall 03)	Personal interest	26.7%
	Transfer to 4 yr	24.8%
	AA/AS	6.2%
	Vocational certificate	5.8%
	Job skills/voc. career prep	16.1%

Economy and Jobs

In studies of the Sonoma County economy, the constant is change:

The job base of the North Bay – and Sonoma County in particular – is undergoing profound change. . . . The big employers the region has depended upon to provide good-paying jobs for the last half-a-century are shrinking and restructuring as they face enormous global competitive pressures. And the region is not generating enough new jobs, or the kinds of new jobs, to replace those leaving.

Brad Bollinger
North Bay Business Journal, September 19, 2005

The majority of new jobs pay less than the average wage. . . . The gap between high- and low-paying jobs is widening. In Sonoma County, the unemployment rate was 4.4 percent in August, essentially unchanged for three years as companies continued to be cautious about hiring or chose to expand outside the county.

The Press Democrat, September 25, 2005

In regard to wages, Sonoma County mirrors larger economies:

Similar conditions exist throughout much of California and the nation. Economic growth, while robust in terms of both the nation's gross domestic product and companies' pre-tax earnings, has barely shown up in the U.S. job market.

About 2 percent fewer working age adults are working today than in the first half of 2001. The soft labor market does not give a lot of incentives to employers to raise wages to attract workers.

Arindrajit Dube
Center for Labor Research and Education, UC Berkeley
The Press Democrat, September 25, 2005

The county has gained jobs in some categories, but....

- The number of jobs in the county is still 3.3 percent, or 6,500 jobs, below 2001.
- In Sonoma County, wages are down 2.4 percent from 2003, adjusted for inflation, for the lowest fourth of workers.
- Wages are up 6.2 percent for workers in the top fourth of the wage scale.
- Fifty-eight percent of new jobs between 2003 and 2005 paid below the average wage.
- ...jobs and wages have languished so long that no one is sure when a recovery will come, and trouble spots on the horizon are causing economists to caution the job market may not improve soon.

The Press Democrat, September 25, 2005

It is estimated that 60 per cent of the new jobs added between 2001 and 2003 were lower-paying service jobs that are below the county's average wage of \$40,000 per year. That shift in the employment picture, like the global shift, also raises questions about the direction of work-force development and education.

Carl Wong, Sonoma County Superintendent of Schools, writing in The Press Democrat

The California Budget Project noted that:

... low-wage jobs are forecast to account for a large share of the California labor market. In 2003, more than half of all jobs in the state (52.4%) were in occupations with a median wage of no more than \$15 per hour, equivalent to an annual income of no more than \$31,200 for a full-time, full-year worker. Many of these jobs are in the service sector, which is expected to expand in the coming years.

Working Hard, Falling Short: Investing in California's Working Families
California Budget Project, 2004

Those observations are echoed in the following chart of job gains and losses in Sonoma County:

Sonoma County's Top Job Gains, 2003 – 05		
Job	Change	2005 Wage
Laborers/freight, stock	+890	\$22,400
Bookkeeping, accounting	+540	\$37,500
Recreation workers	+460	\$22,900
Self-enrichment teachers	+450	\$31,400
Elementary school teachers	+430	\$56,100
Counter attendants, coffee shop	+420	\$17,300
Farmworkers	+420	\$20,600
Food preparation workers	+400	\$20,100
Wait persons	+320	\$17,300
Executive secretaries	+310	\$41,900
Average Wage		\$28,750
And Losses		
Secretaries, except legal medical, executive	-960	\$32,700
Carpenters	-600	\$49,000
Personal and home care aides	-590	\$23,200
Cashiers	-520	\$22,700
Sales and related workers	-470	\$35,700
Dental assistants	-370	\$43,500
Managers	-360	\$92,300
General/ops managers	-340	\$104,500
Medical assistants	-320	\$30,600
Admin. Svcs. Managers	-300	\$61,200
Average Wage		\$51,411

The Press Democrat, September 25, 2005

If we look at the jobs listed in the previous chart that show gains in employment and compare their annual incomes to the cost of living in California, we find problems for many workers in the lower paying—but growing--occupations:

...the California Budget Project, a public policy research group in Sacramento, estimated that it takes \$51,177 a year for a two-parent California family with two children to afford rental housing, commuting costs, food and other basic items. The figure is \$71,377 if both parents work and \$53,987 for a single parent with two kids.

The San Francisco Chronicle
September 28, 2005

Some commentators have emphasized the improving economy in the state and the nation as being the cure for many economic problems. Since fall 2004, Christopher Thornberg, at UCLA's Anderson Business School, has insisted that the California economy has been out of recession for some time but has had merely modest gains recently. He believes we have a real chance of falling back into recession: "The forecast for California is mediocre at best, at worst we are liable to dip into another recession." (The Press Democrat, September 28, 2005)

Furthermore, Thornberg believes the housing bubble, which has sustained consumer spending over the past few years, will soon deflate, driving us closer to recession. "The housing sector is going to take a hit. And the fallout from that hit is going to be tough on an economy that has yet to see any sign of real growth in other sectors, including manufacturing, information and professional services."

The Press Democrat
September 28, 2005

Education

If wages are declining and good jobs are leaving, what type of training should people pursue?

There's no way for local educators, or even business leaders, to forecast exactly where the long-term growth will be, and therefore no way for employees to know exactly what kind of training they need. The key for employees . . . is cultivating a broad base of skills

Robert Eyler
Director, Center for Regional Economic Analysis at SSU
The Press Democrat, September 25, 2005

Workers need to view themselves as little businesses, little businesses that need to fully understand the internal market requirements (their companies) from a skill-set and job requirement perspective. And little businesses that are aware of external markets so they can further enhance their skill sets and be prepared for changing market conditions.

Mark Nelson, Nelson Staffing

"Workers should try to have the level of education and skill that provides them with the most flexibility. They want to be able to move from one job to the other if something happens. . . . You can do training programs and get more direct education specific to a vocation. But if a boom takes place in an industry, it's not going to matter. You'll go where the jobs are."

Robert Eyler
Center for Regional Economy Analysis at SSU
The Press Democrat, September 25, 2005

Executives and educators say it's critical that local workers get the right training to match the jobs with a long-term future in Sonoma County. "The future of the county is innovation, and for that we need physicists, we need mechanical engineers," said George Christensen, JDS Uniphase.

The Press Democrat, September 25, 2005

For today's student, the need is evidently to have more education. Unemployment data support this idea:

The unemployment report continues to underscore the importance of education	
Degree	Unemployment Rate
Bachelor's or higher	2.4%
Some college	4.0%
High school grad	4.8%
High school dropout	7.8%

BusinessWeek Online
March 2005

Individuals without a four-year college degree have challenges:

Middle-class workers have been hit hard by the steady disappearance since the 1970s of well-paying blue-collar jobs that high school graduates without a college degree could perform, said Steven Pitts, an economist specializing in labor issues at the UC Berkeley Center for Labor Research and Education.

The San Francisco Chronicle
September 28, 2005

The fallout (from the decline of manufacturing in Sonoma County) has forced down wages and left thousands still unemployed. It's placed new emphasis on education and how the county work force must be trained to meet the needs of a still-expanding global economy.

The Press Democrat
September 25, 2005

In a recent article in The New York Times, David Brooks outlined the stratification he sees occurring in the United States, "between those with higher education and those without." In addition to the obvious wage disparities between the two groups, Brooks painted a picture of increasing social stratification, citing differences in voting participation, divorce rates, volunteer activities, and even diet.

Especially in these days after Katrina, everybody laments poverty and inequality. But what are you doing about it? For example, let's say you work at a university or a college. You are a cog in one of the great inequality producing machines this country has known. What are you doing to change that?

You see the results in the college graduation data. In the 1970s, when the information age was young, kids from poorer, less educated families were catching up to kids from more affluent families when it came to earning college degrees. But now the gap between

rich and poor is widening. Students in the poorest quarter of the population have an 8.6 percent chance of getting a college degree. Students in the top quarter have a 74.9 percent chance.

David Brooks
The New York Times, September 25, 2005

Brooks goes on to note that, “The most damning indictment of our university system is that these poorer kids are graduating from high school in greater numbers.” But when they get to college they begin to fail. A lot of the problem has to do not with the cost of education, but “. . . with being academically prepared, psychologically prepared and culturally prepared for college.”

Earlier this year, the SRJC Economic Development Institute cited information from Dan Walters regarding college and California. He was writing about the current class of high school ninth graders:

Of the 300,000-plus who will graduate in 2008, about a third of them will enter college—a rate that ranks 43rd in the nation. How many of those who enter college actually will obtain bachelor’s degrees is in dispute, because postsecondary education can stretch out for decades, but by one estimate, roughly 10 percent of today’s high school freshmen will have been awarded four-year degrees by 2014. What ever the rate of college graduation may be, it’s certainly no more than a small fraction of the youngsters who enter ninth grade.

Dan Walters
Sacramento Bee, January 17, 2005

In an economy increasingly dominated by the need for a four-year college education, SRJC’s enrollment is declining:

Fiscal year	Enrollment, 3 semesters (summer, fall, spring)
2001/02	84,675
2002/03	84,937
2003/04	80,289
2004/05	77,843

Some observers believe that enrollments in community colleges move inversely with the health of the economy and labor market. That platitude may no longer be valid if the basics of the job base have changed:

	2001	2002	2003	2004
SRJC Enrollments	84,675	84,937	80,289	77,843
Sonoma County Unemployment	3.7%	5.1%	5.5%	4.9%
California Unemployment	5.4%	6.7%	6.8%	6.2%
US Unemployment	4.8%	5.8%	6.0% (peak was 6.3%)	5.5%
Note: Sonoma County’s labor force is approximately 261,400 in 2005; 1% = 2,614				

What to do...?

“There were . . . books that told me everything about the wasp, except why.”

Dylan Thomas
A Child’s Christmas in Wales

Santa Rosa Junior College has pages and pages of data about the world economy, information that tells us everything about global economic issues, including why. We also have data about Santa Rosa Junior College students, but the information is either historical--giving us a good view of the past--or static, a snapshot of where the school is but not where it’s going, not why we are in our present predicament characterized by declining enrollments at the college and by resulting budget problems.

This Economic Development Institute framing document, a distillation of existing information, can provide us a view of where we are. But in our opinion, the college needs to survey its students and its community to begin a discussion of where we are to go.

Chuck Robbins
SRJC Economic Development Institute
October 2005

Appendix:

Sonoma County's Top Employers (2004)	
Santa Rosa Junior College	3, 115
Agilent Technologies	2,500
St. Joseph Health System	2, 370
Sonoma State University	1,799
Kaiser Permanente	1,423
Optical Coating Laboratory	1,300
JDS Uniphase	1,200
Safeway	1,200
Medtronic	1,200
Kendall-Jackson Wine Estates	900
Sutter Medical Center	859
State Farm Insurance	846
Albertsons	770
Target	700
Amy's Kitchen	650
Hansel Dealer Group	650
Advanced Fibre Communication	600
SBC Communications	600
Longs Drug Stores	585
Cisco Systems	550
Home Depot	550

Sonoma County Economic Development Board
Economy. Com, 2005

Leading Industries	Employees
Farms	11,000
Full-service Restaurants	7,200
Beverage manufacturing	6,200
Grocery Stores	5,200
Construction of buildings	3,900
Traveler accommodations	3,200
Building finishing contractors	2,800
Navig., Meas., Electromech., Inst. Manuf.	2,700
Medical Equipment Manufacturing	2,600
Other Recreation	2,200
Private household workers	2,200
Building material dealers	2,200
Automobile dealers	2,200
Automotive repair	1,900
<i>High tech total</i>	<i>11,600</i>
<i>High tech as % of total employment</i>	<i>5.8%</i>

Sonoma County Economic Development Board
Economy. Com, 2004