

# Improving the Prospects for Low and Moderate Wage Workers: One Approach to Reducing Poverty and Inequality

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## Key Takeaways

- The number of workers in low and moderate wage occupations is large and will grow
- Wage gains have lagged inflation for most
- The number of middle wage job openings is small compared to the number of low/moderate wage workers
- A recent two year regional mobility project suggests a three part strategy

# Strategies are Proposed to Meet the Three Goals

**Goal 1: Improve career pathways** from low and moderate wage work to middle wage jobs.

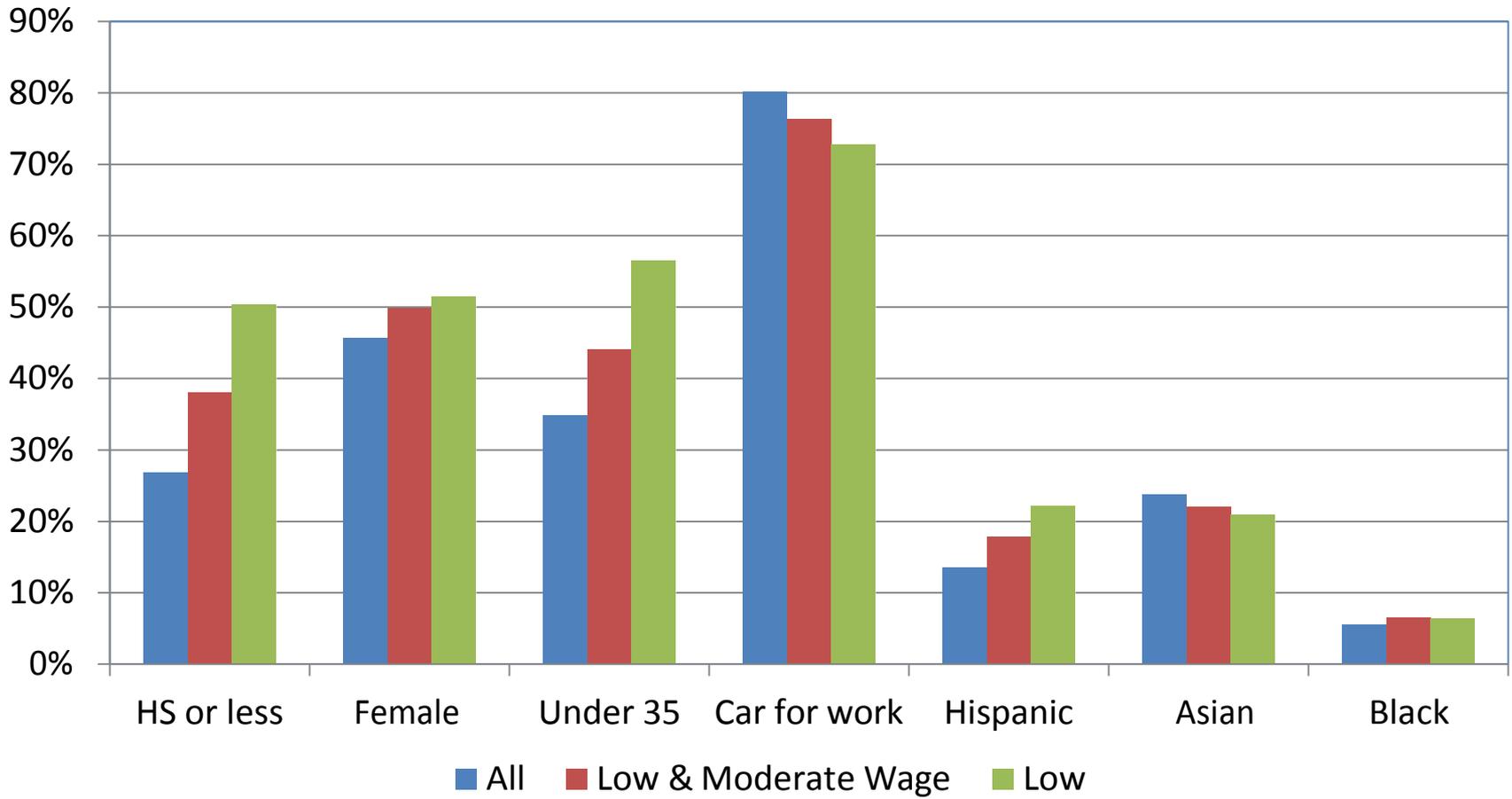
**Goal 2: Grow the economy** in the Bay Area, with a particular emphasis on growing middle-wage jobs.

**Goal 3: Upgrade conditions**, particularly for workers in existing low-wage and moderate-wage jobs.

# Profile of Low and Moderate Wage Workers

- \$18 an hour is 80% of the regional median wage and was the project cutoff for LMW workers
- Low educational attainment
- Live all over the region—no large concentrations
- Most have cars
- Slightly younger and higher share of minorities
- Project focused on people, not places
- A region wide challenge

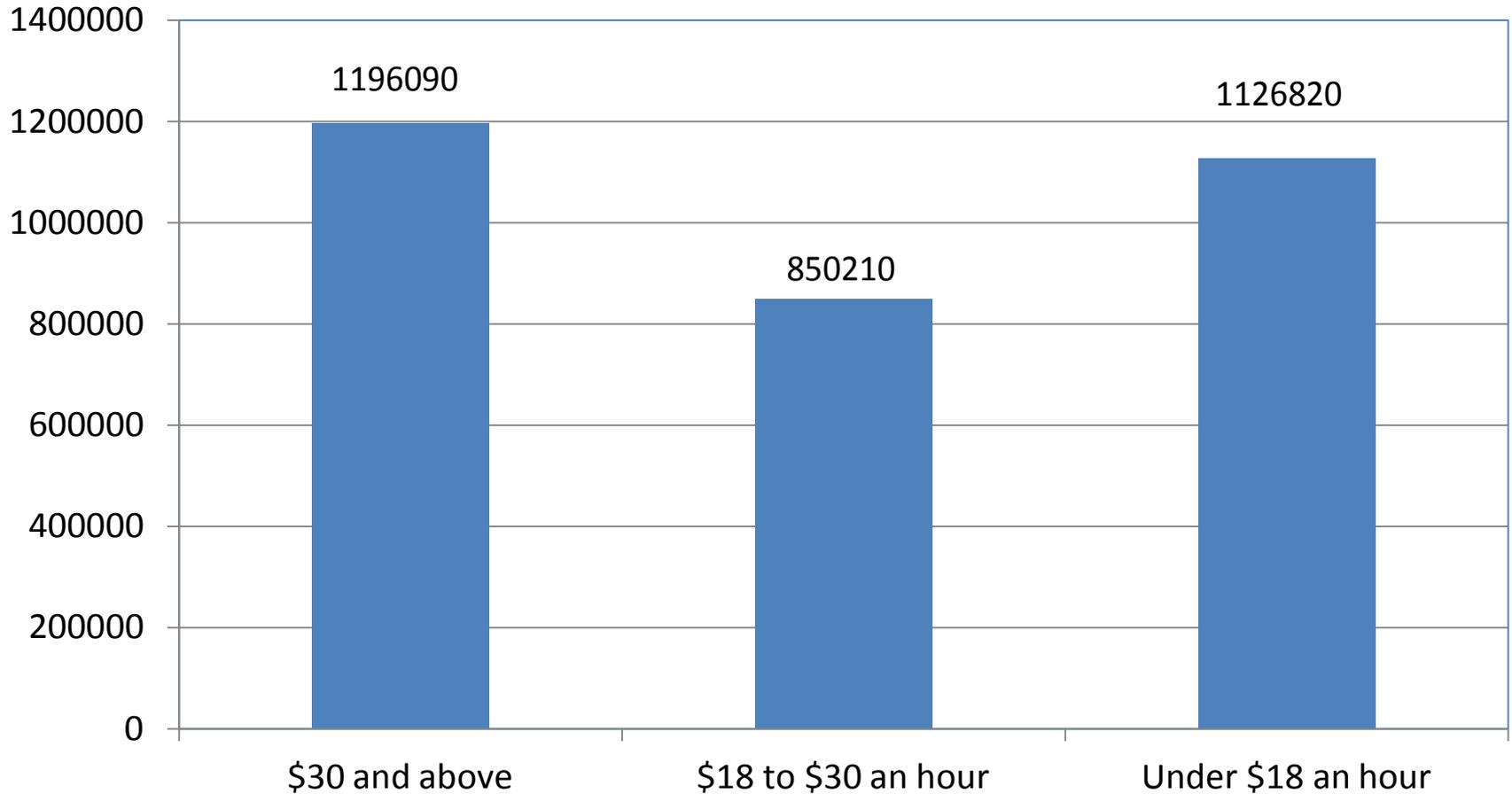
# Bay Area Worker Profile



# Principal Barriers Reported in Outreach

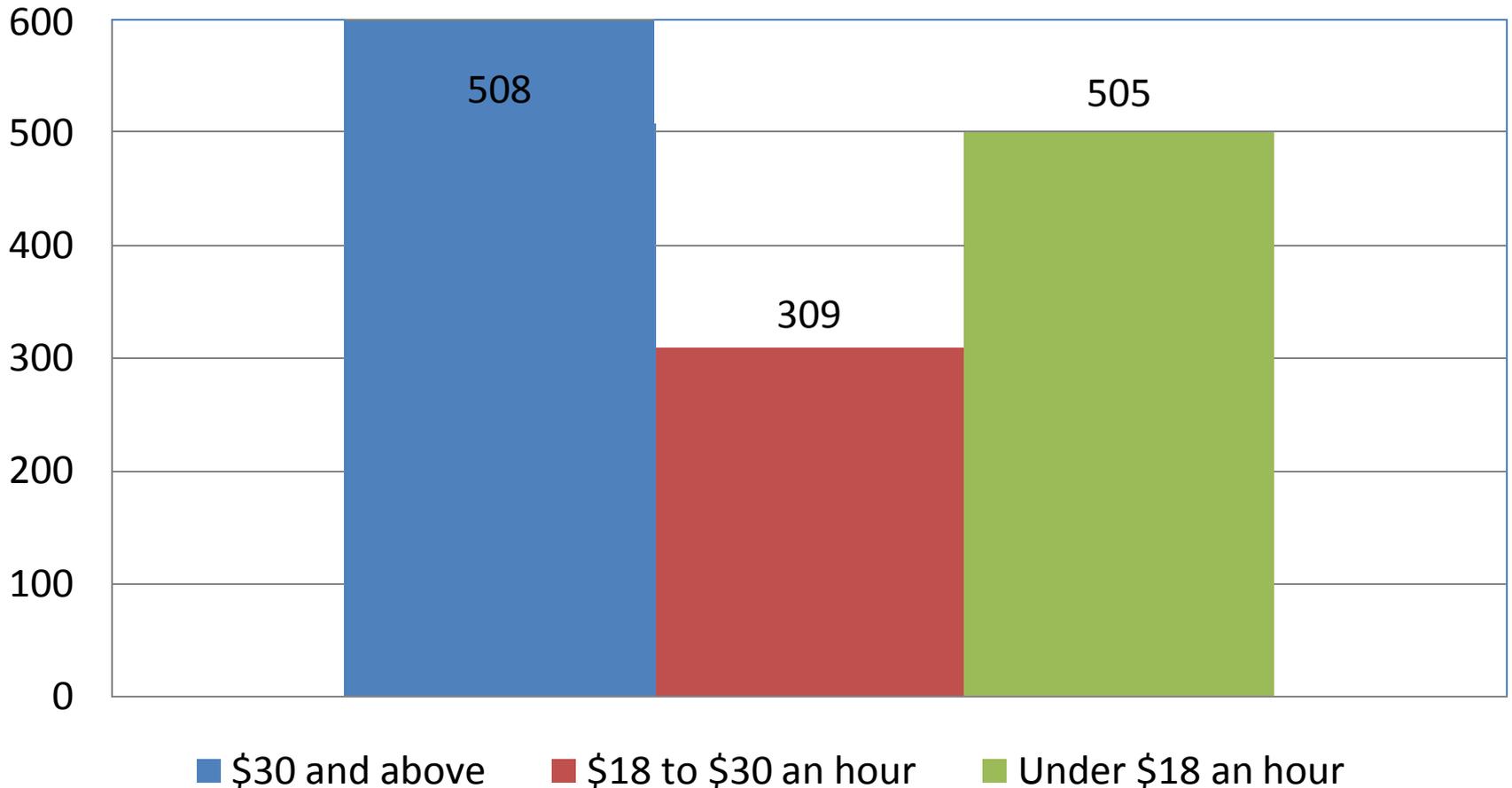
- The project included 3 outreach sessions in each of seven sub-regional areas. Barriers identified
- Lack of education and skills
- Language
- Digital Literacy
- Transportation and Housing
- Difficulty of getting training, especially for those who are working

# More than 1 Million Low and Moderate Wage Workers on 2011



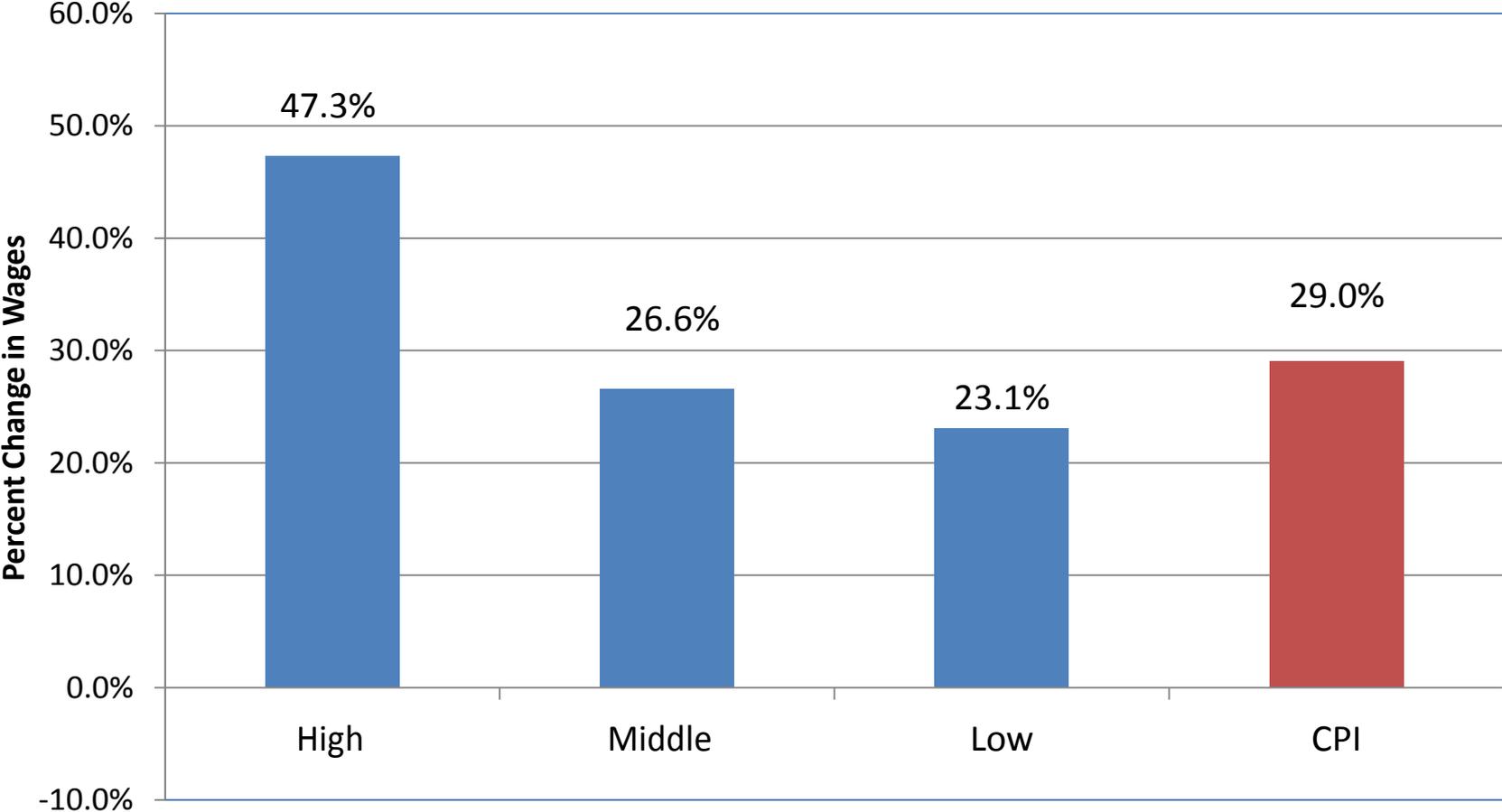
# There are only 309,000 Projected Middle Wage Job Openings

Bay Area Total Job Openings 2010-20 (Thousands)



Source: Employment Development Department

# Median Wages for Low and Middle Wage Occupations Lag Since 2001



# Strategies to Meet Goal 1: Training, Career Navigation and Access to Experience

- The best practice training strategy is industry driven partnerships that lead to real jobs
- The components are 1) an industry partner to help design curricula, 2) a training provider such as a community college or union, 3) a local workforce board and 4) a funding source
- But the industry partner is CRITICAL and regional leaders can work with the key industries identified in the Summit to make this happen.

# Strategy Goal 2: Grow the economy with an emphasis on the middle

- Key policy areas
  - Land Use and job location
  - Housing
  - Transportation and transit
  - Infrastructure funding
- These activities serve TRIPLE DUTY as foundations for economic prosperity, quality of life and helping low and moderate wage workers

# Supporting Job Growth with an Emphasis on Middle Wage Jobs

- The goals of regional economic prosperity and improving prospects for low and moderate wage workers are CONNECTED
- Middle wage jobs grow when the economy grows; Poverty increases when there is economic contraction
- It is critical that stakeholders see these goals as CONNECTED because 1) they are and 2) success requires us working as a team and not in adversarial roles.

# Improving Conditions for Low and Moderate Wage Workers: Federal and State Roles

- To support low and moderate wage workers
  - Income support, safety net and retirement security programs
  - Minimum wage increases
  - Immigration reform
  - Investment in education and workforce
- To support job growth
  - Immigration reform and public investment
  - portable benefits, a strong health care exchange
  - Environmental review process - CEQA

# Possible Local Strategies

- Linking local public investment spending to job training and programs to expand opportunity
- Local minimum wage and other improvements in working conditions and benefits; merit based hiring for people with criminal records or unauthorized immigration status
- Organize and professionalize more low and moderate wage sectors—for example, security guards