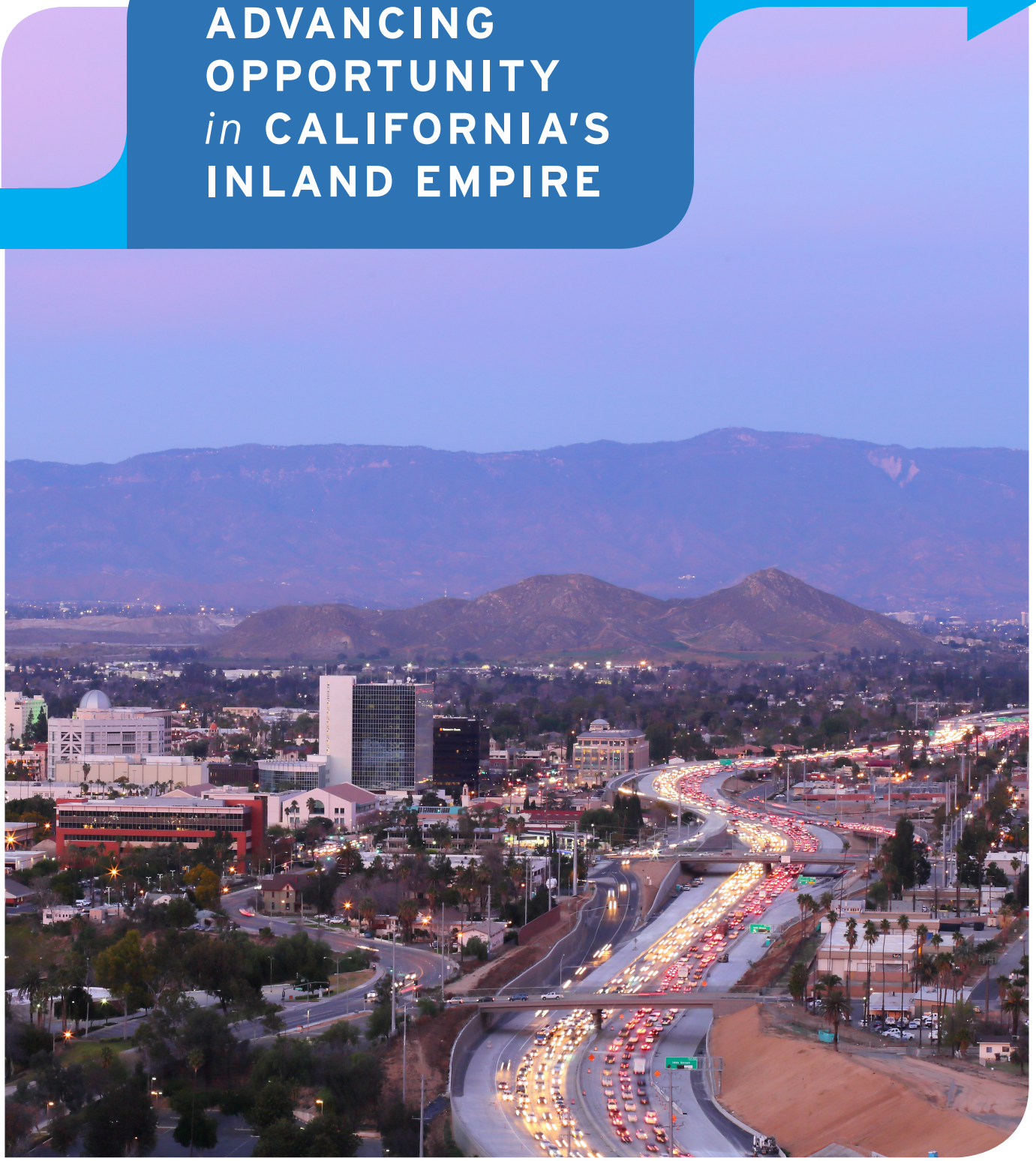
ADVANCING OPPORTUNITY *in* CALIFORNIA'S INLAND EMPIRE



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EXECUTIVE SUMMARY

Like in many U.S. metropolitan regions today, civic leaders in California's Inland Empire are seeking new strategies, tools, and resources to advance economic opportunity for more workers and families. Although the Inland Empire has seen exceptional growth for years thanks to its affordability and proximity to the Pacific Coast, it has hardly grown more prosperous. A series of booms and busts have claimed many of the region's good jobs, leaving some workers worse off. Many families now struggle to make ends meet. Meanwhile, technology and trade threaten to diminish the growth and competitiveness of several of the region's most critical industries.

The Inland Empire is not alone. Disruptive forces such as technology, trade, and geopolitics continue to reshape regional economies throughout the United States and the access to opportunity they provide.

As these economic and social trends have grown more severe in the years since the housing bust and Great Recession, they have raised alarm among the Inland Empire's leaders. For many years, the challenge in this region has been managing its breakneck pace of growth. Today, however, leaders are committed to ensuring the region's growth is not only manageable, but also sustainable. By investing in new economic and workforce development strategies, leaders are striving to create better opportunities for more workers and families to reach the middle class. Their vision for the region's future prompts this closer look at the industries, occupations, and skills that offer workers the best chances of obtaining jobs that provide family-sustaining wages and benefits.

This report considers ways in which the Inland Empire can advance economic opportunity by focusing regional growth strategies on "Opportunity Industries"—the industries that disproportionately contain the region's "good jobs" and "promising jobs." This novel distinction between good and promising jobs yields a more nuanced understanding of the dynamics of upward mobility in the region. In the report, "good jobs" refer to those that provide middle-class wages and benefits. "Promising jobs" are entry-level jobs that provide career pathways to good jobs. Although promising jobs do not provide the pay or benefits of a good job, they enable an incumbent worker to reach a good job within 10 years.

Overall, the report finds that in order to advance opportunity, the Inland Empire must increase the competitiveness and diversity of those sectors of its economy that concentrate good jobs. Tradable industries that sell their goods and services to customers outside the region, such as the Inland

Empire's logistics and manufacturing industries, are crucial drivers of economic growth and prosperity. They also contain a disproportionate share of the region's good jobs, especially for workers who do not have a bachelor's degree. Advancing the competitiveness of these industries can help ensure they continue to provide opportunities to local workers as the region diversifies into other tradable industries that can expand the number of good jobs and the promising jobs that provide pathways to them.

These high-level insights emerge from four central findings on the Inland Empire's stock of good jobs in Opportunity Industries:

1. **The Inland Empire needs more good and promising jobs than it provides.** The Inland Empire provides hundreds of thousands of good and promising jobs for both workers without a college degree and its high-skill workers who have at least a bachelor's degree. Yet it still does not provide enough. The region is home to more than 1.7 million prime-aged workers, about 76 percent of whom have less than a four-year college degree. Over 445,000, or 31 percent, of the Inland Empire's jobs are good or promising jobs held by workers without a four-year college degree. Another 215,000, or 15 percent, are good or promising jobs for high-skill workers who have at least a bachelor's degree. However, the other 784,000, or 54 percent, of remaining jobs held by the region's workers are neither good nor promising. This leaves the Inland Empire with a deficit of opportunity—roughly 347,500 of the Inland Empire's workers who hold one of these "other" jobs need a good or promising job in order to earn a family-sustaining wage. Closing this opportunity deficit by providing more good and promising jobs could have important, long-lasting economic and social benefits for the region. Unfortunately, on its current economic trajectory, the Inland Empire will not close its current deficit of good and promising jobs through growth alone. In fact, the region's deficit of opportunity is slated to grow as good and promising jobs shrink as a share of all jobs.

2. **Investing in Opportunity Industries—especially those that that are tradable—can increase the region's stock of good jobs.** Focusing economic development efforts on Opportunity Industries can increase the number and share of good jobs in the region, in turn creating more pathways to good jobs. Tradable industries comprise 22 percent of all jobs in the Inland Empire, yet they provide almost 28 percent of the region's good jobs held by sub-baccalaureate workers. On average, good jobs for these workers represent over 21 percent of jobs in tradable industries, compared to just under 16 percent in local-serving industries. The region's tradable industries also provide 22 percent of its promising jobs held by sub-baccalaureate workers, and 20 percent of its good and promising jobs held by high-skill workers. The Inland Empire's well-established tradable industries, such as logistics, wholesale, and manufacturing, each provide above-average concentrations of good jobs. Together, these industries contain 18 percent of the region's total jobs, but contain nearly 27 percent of its good jobs for sub-baccalaureate workers and nearly 18 percent of its promising jobs for these workers. Other tradable industries also provide above-average concentrations of good jobs for sub-baccalaureate workes, including information, corporate headquarters, professional services, and finance. Together, these other tradable industries account for 6 percent of all jobs in the region, but nearly 8 percent of good jobs for sub-baccalaureate workers Though thes other tradable industries are currently relatively small in the Inland Empire, they are vital to its innovation and trade.

3. **Providing education and workforce supports can improve workers' ability to obtain good or promising jobs.** Good jobs can be found in a wide variety of occupations, from manufacturing to administrative positions to management jobs. As crucial as specific knowledge and skills are to obtaining good jobs in any of these occupations, this report finds reasoning, creativity, and interpersonal abilities to be even more important. These skills appear to be important not only to provide more value to an employer, but also for adapting to a changing labor market. About 80 percent of sub-baccalaureate workers will switch between completely different types of occupations to obtain a good job, marking a significant career change. These career changes sometiems diminish the relevence of non-transferable specific knowledge and skills. On the other hand, workers who are able to navigate career pathways in which they are able to demonstrate increaingly advanced reasoning abilites and social skills achieve the greatest earnings gains. As important as these abilities are to employers and one's personal success, they are hard to obtain. People tend to learn these skills and abilities in four-year degree programs. This may require new models of learning for sub-baccalaureate workers.

4. **Addressing race and gender gaps is crucial to securing the Inland Empire's economic future.** The Inland Empire's shortage of good and promising jobs affects some workers more than others. Workers face quite different chances of obtaining a good job based on several factors. Education is a key determinant of whether someone can obtain a good job. Thirty-eight (38) percent of workers in the Inland Empire who have no more than a high school diploma hold a good job or a promising job, while 77 percent workers with a bachelor's degree hold a good or promising job. However, even among workers with the same level of education, chances of holding a good or promising job vary by gender and race or ethnicity. Among workers with only a high school diploma, 30 percent of black men hold a good or promising job, while the same is true of 45 percent of non-Hispanic men of all other races. Among workers with an associate degree, 43 percent of black women hold a good or promising job, while 74 percent of men who are neither black nor Hispanic do.

The report's findings reinforce the challenges the region faces around advancing opportunity. However, the findings also suggest that the region can adapt to change and help more workers thrive. The region faces a deep and interrelated set of issues requiring new multi-dimensional solutions that marshal the tools, resources, and expertise of actors from many different systems and institutions.

The findings point to three strategic objectives to advance opportunity in the Inland Empire:

- **Advance the capabilities and competitiveness of local firms in its opportunity-rich manufacturing and logistics industries.** Firms in these industries may require new local resources that enable them to develop innovative new products and services, in addition to implementing more efficient processes that reduce costs and improve product and service delivery. Creating centralized expertise and technology can provide a shared resource that increases the capacities of these firms, the capabilities of their workers, and the quality of their jobs.

- **Diversify the region's economic base by developing new technological and industrial capabilities that complement its logistics and manufacturing specializations.** The region's continued reliance on a small set of tradable industries leaves its entire economy vulnerable to idiosyncratic downturns or declines in the competitiveness of these industries. Yet as these industries begin to advance into new products and services, the Inland Empire can encourage the emergence of opportunity-rich industries that complement its existing strengths.

- **Connnect people to the information, education, and resources they need to obtain a good job now or in the future.** As in many regions, the Inland Empire faces deep challenges around ensuring that men and women and people of different races and ethnicities enjoy the same access to labor market opportunity. Connecting people to opportunity, especially women and people of color, is paramount to extend and sustain this region's economic progress.

Achieving these three objectives will require planning and collaboration on the part of a majority of the Inland Empire's systems and institutions, including economic development organizations, workforce development organizations, education and training institutions, and—most critically—the private sector.

The Inland Empire faces urgent challenges around advancing opportunity for more workers and families. However, the region also possesses many enviable advantages for advancing opportunity, including not only its economic momentum but also the tremendous capacity of its civic institutions. This report provides data and insights that leaders in the Inland Empire can use to shape strategies and tactics that set the region on a course to a better, more opportunity-rich future. Successful implementation of these strategies hinges on the coordination and alignment of a diverse set of institutions and systems. The future of the region's middle class—and the stability of its economic future—depends on the actions the region's leaders and institutions take today.

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