

## M E M O R A N D U M



### Agenda Item 3

TO: Regional Advisory Working Group  
FR: Aksel Olsen, ABAG/MTC  
RE: Horizon Perspective Paper #4: The Future of Jobs - Strategies

DATE: March 26, 2019

#### Background

In January, staff provided a preview of The Future of Jobs Perspective Paper to key working groups and committees. This preview focused on recent economic trends and described four “lenses” we used to structure our analysis of changes to the economy, focusing on technological, organizational, compensational, and locational shifts. This second presentation will focus on the conclusions of the paper, including priority strategies to address these regional challenges related to jobs. The Future of Jobs Perspective Paper leverages recent work from the Bay Area Comprehensive Economic Development Strategy (CEDS), which assesses the region’s economic strengths and opportunities and informs an action plan for a Bay Area Regional Economic Development District. Staff is currently planning a roundtable of experts to get feedback on the priority strategies being considered.

#### Perspective Paper Objectives

*The Future of Jobs* Perspective Paper is intended to:

- **Review key trends** affecting the regional labor market and job prospects of Bay Area residents, including automation of jobs, the emergence of the “gig economy”, and an aging labor force, among others
- **Consider** impacts on both *what* jobs entail as well as *where* they might be performed, including how the region might address long-standing jobs / housing imbalances
- **Identify strategies** on the state, regional, and local levels to address planning challenges associated with a changing regional economy
- **Continue the conversation** related to the emerging economic development role of the regional agencies following the adoption of the CEDS

Priority strategies will be advanced to the next phase of analysis - Futures Planning - where they will be considered in the context of three “*what if...*” scenarios developed for use in Horizon. Priority strategies are intended to be long-range planning concepts to move the Bay Area in a more sustainable direction- they are not intended to be specific short-term legislative proposals or calls-to-action.

#### Priority Strategies to Address Changes in Technology

In the past 15 years, growth in regional productivity in key sectors has led to GDP outpacing job creation, notwithstanding healthy growth in jobs. A growing number of tasks can be automated, while others appear immune to such challenges. The effects of automation will likely be felt across many industries and occupations, with “routine” occupations more at risk and design, analytical and care positions more stable. Priority strategies include:

- T1. Priority Production Areas to Protect Key Industrial Lands:** Identify critical areas to the regional industrial land base and establish a program to protect such areas, thus helping to stabilize land markets. (*implementing agency: local governments*)
- T2. State-Level Training Fund for Workers Displaced by Automation:** Establish a state-level fund for automation-induced displacement and distribute grants to regional programs working in partnership with county workforce development boards. (*implementing agency: state*)

#### Priority Strategies to Address Changes in Organization

The recent increase of workers employed in alternative work arrangements (both temporary and contract work, including the “gig economy”) presents both opportunities and challenges. While these

shifts can bring added flexibility, income, and opportunity for workers, it can also entail less stable wages, lacking benefits, and increased difficulty saving for retirement. Priority strategies include:

- 01. Lifelong Learning and Training Accounts (LLTAs):** Establish LLTAs to address the decline of traditional single-employer jobs, resulting in a better trained workforce with greater flexibility to change careers. *(implementing agency: state or federal government)*
- 02. Portable Benefits:** Decouple benefits from employment and address the rise of part-time employment by advancing a portable benefits system and creating a safety net for workers in alternative arrangements. *(implementing agency: state or federal government)*

#### **Priority Strategies to Address Changes in Compensation**

During the past few decades, strong economic growth in the region has been accompanied by increasing income inequality. As the world becomes increasingly digital, the education system must evolve to equip tomorrow's workforce with the skills to navigate it. Priority strategies include:

- C1. Increased Child Care Support for Low-Income Families:** Provide low cost and accessible child care for low income communities to both remove barriers to working for parents, while reducing the transportation impacts associated with driving to distant child care centers. *(implementing agency: local governments or regional agencies, or state)*
- C2. Wage Insurance:** Consider developing a wage insurance program to reduce the wages lost experienced by most re-employed displaced workers, while encouraging them to continue participating in the workforce. *(implementing agency: state or federal government)*
- C3. Universal Basic Income:** Provide households with guaranteed, unconditional cash transfers, commonly referred to as a "universal basic income", should jobs be disrupted at a scale well beyond individual control. This could disrupt existing cycles of poverty, improving financial security, health and wellness. *(implementing agency: state or federal government)*
- C4. Education Savings Accounts:** Consider establishing education accounts for entering kindergartners. These are custodial accounts helping to establish early on saving habits while forming expectations around higher education for families. *(implementing agency: state or local government)*

#### **Priority Strategies to Address Changes in Location**

While technology could spur a new wave of development on the urban fringe, so far we have seen little indication this is happening. On the contrary, we have seen the largest job growth in the region's existing centers, though patterns vary by industry. Industries involving design and new ideas appear to concentrate, while service sector jobs tend to follow population patterns. Priority strategies include:

- L1. Incubator Programs in Economically-Distressed Communities:** Create incubator programs in economically distressed areas to create business and employment opportunities for low- and moderate-income individuals. *(implementing agency: local governments)*
- L2. Means-Based Transit Pricing:** Develop regional means-based pricing for public transit to help low-income workers overcome cost-based travel barriers to access economic opportunities in the region and provide for their families. *(implemented by regional agencies)*
- L3. Balancing the Jobs Side of the Jobs/Housing Imbalance:** Consider annual caps of commercial development like San Francisco's Prop M (1986) to better align growth in commercial space and housing. Alternatively, expand impact fees instead of introducing caps, internalizing costs to infrastructure and providing a funding stream for improvements. *(implementing agency: local governments or regional agencies)*
- L4. Incentivizing Employment in Transit-Rich Areas:** Prioritize employment densification in PDAs and TPAs, with an emphasis on locations close to transit that currently have very low employment densities, through changes in development capacity or through new funding incentives. *(implementing agency: local governments or regional agencies)*

#### **Next Steps**

This paper will be released later this month, integrating feedback from stakeholders on priority strategies. After finalizing the list of strategies, staff will advance some or all of them for further testing

in the Futures Planning element of Horizon. Ultimately, the strategies that prove most effective will be integrated into the Economic Development element of Plan Bay Area 2050; however, to successfully address the challenges identified through policy action, it will require a coordinated effort across many levels of government - not just through actions taken by MTC/ABAG.

**Attachment**

- Presentation

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H O R I Z O N

# The Future of Jobs

Perspective Paper #4 - Priority Strategies

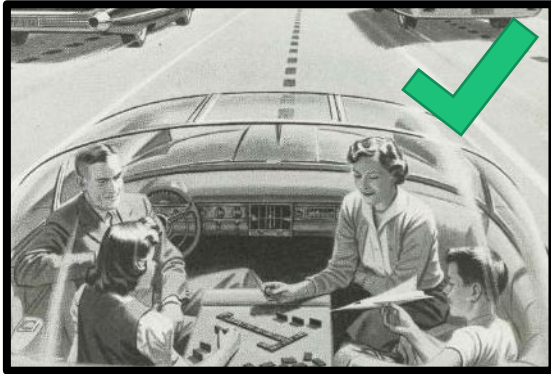
Regional Advisory Working Group

April 2, 2019

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(Aksel Olsen, Principal Author)



# Perspective Papers Overview



1) Autonomous Vehicles



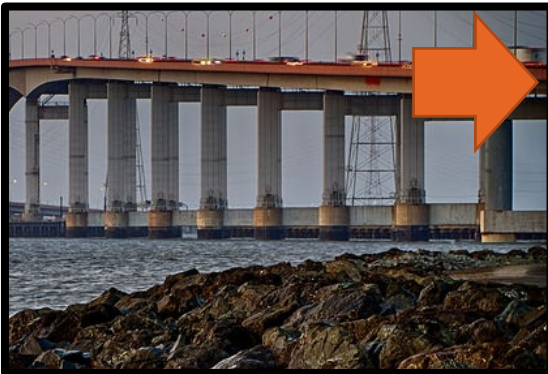
2) Toward a Shared Future



3) Growth Strategies



4) The Future of Jobs



5) Bay Crossings



6) Sea Level Rise

*Priority strategies from Horizon will be considered for inclusion in Plan Bay Area 2050 - starting in September 2019.*

# Perspective Paper 4: The Future of Jobs

## Purpose

Review key trends affecting the regional labor market and job prospects of Bay Area residents

Consider impacts on both what jobs entail as well as where they might be performed, and analyze emerging employment locational trends

Identify priority strategies on the state, regional, and local levels to address planning challenges associated with a changing regional economy

Continue the conversation related to the emerging economic development role of the regional agencies in preparation for *Plan Bay Area 2050*

# Perspective Paper 4: The Future of Jobs

## Challenges for Horizon Guiding Principles



### AFFORDABLE

- Will automation displace workers, causing households to become economically insecure and threatening their ability to afford Bay Area housing?



### CONNECTED

- Will our transportation system adequately support the movement of high intensity goods and workers' commutes?
- Will job growth patterns reduce or increase vehicle miles traveled?



### DIVERSE

- Will job growth benefit all workers? Can people from all backgrounds, abilities, and ages remain in place and access employment opportunities?
- How can we improve access to benefits such as pensions and health care as the employment compacts change?



### HEALTHY

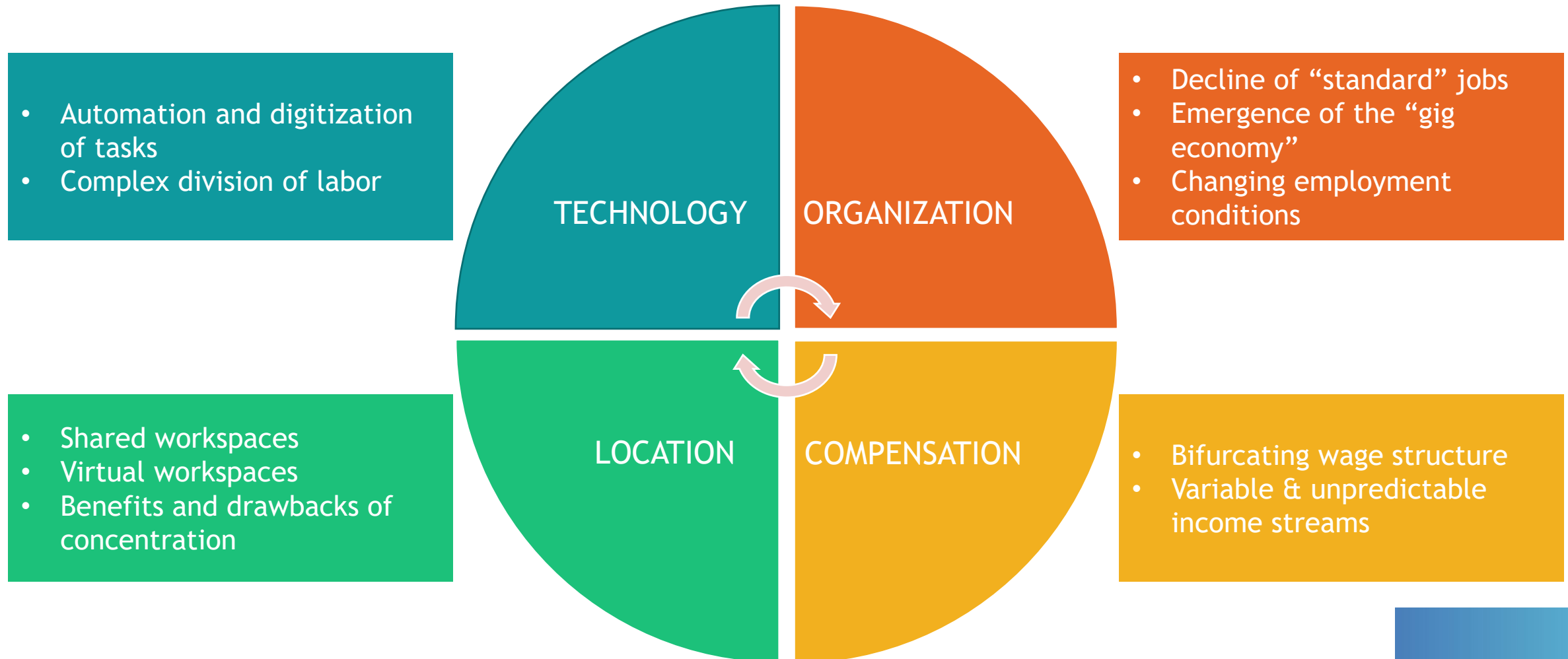
- Can changes in job structure reduce the environmental footprint of commuting and haulage?




### VIBRANT

- Can new industries thrive in the region?
- Can the Bay Area equip its workforce with the right skills for the future and support key industry sectors?

# The Future of Jobs: Four “Lenses” of Change







**Priority strategies** will be considered in the context of three “*what if...*” scenarios developed for use in Horizon.

**Priority strategies** are intended to be long-range planning concepts to move the Bay Area in a more sustainable direction.

**Priority strategies** are not intended to be specific short-term legislative proposals or calls-to-action.



# Technology: Both An Opportunity and A Challenge

- Automation **grows output faster than jobs**—or often wages for many segments of the economy.
- It **cuts across sectors and occupations**:
  - Raising wages in some
  - Lowering wages in others
  - Eliminating some occupations
- It is at the **root of many emerging industries**, especially with the emergence of artificial intelligence (AI).



T1

## Priority Production Areas (PPAs) to Protect Key Industrial Lands

### Strategy

Identify critical areas to the regional industrial land base and establish a program to protect such areas, thus helping to stabilize land markets.

### Examples

- San Francisco: PDR Zoning
- San Jose: Framework for Preservation of Employment Lands

### Benefits

Supports local supply chains for regional economic clusters; supports local jobs and training.

### Primary Guiding Principles

**DIVERSE****VIBRANT**



T2

## State-Level Training Fund for Workers Displaced by Automation

### Strategy

Establish a state-level fund for automation-induced displacement and distribute grants to regional programs working in partnership with county workforce development boards.

### Examples

- Colorado: Skillful Worker Training
- Germany: Dual-System Work/School Apprenticeship Program

### Benefits

Equips displaced workers with skills needed to quickly reenter the workforce.

### Primary Guiding Principles

**DIVERSE****VIBRANT**



# Alternative Work Arrangements

- **Independent work opportunities are expanding**, accelerated by new technologies.
- **Advantages include:**
  - More choices on how to work
  - Flexibility on when to work
  - Cash on the side
- **At the same time, there are challenges:**
  - Income instability
  - No guaranteed benefits (e.g., medical)
  - No pensions/retirement benefits





01

# Lifelong Learning and Training Accounts (LLTAs)

## Strategy

Establish LLTAs to address the decline of traditional single-employer jobs, resulting in a better trained workforce with greater flexibility to change careers.

## Examples

- Aspen Institute: \$2,000 pretax with matching funds for training
- Singapore: \$500 training credit

## Benefits

Confers rights to training to workers; useful for mid-career training.

## Primary Guiding Principle



## 02 Portable Benefits

### Strategy

Decouple benefits from employment and address the rise of part-time employment by advancing a portable benefits system and creating a safety net for workers in alternative arrangements.

### Examples

- Freelancers Union
- New York: Black Car Fund

### Benefits

Ties employment benefits to the individual, instead of the employer.

### Primary Guiding Principle



# Potential for Even Greater Inequality

- **Incomes have been bifurcating**, with highest growth rates going to the highest earning households.
- **Education is a road to higher wages**—but it may not be enough.
- **Flexible work opportunities** require workers who can reinvent themselves as the skills demanded change.
- **Living wages** may require government intervention.

2017 Wages (>32 hours/week) by Educational Attainment  
Bay Area: 25<sup>th</sup> Percentile to 75<sup>th</sup> Percentile

**\$24,300 to \$54,600** *High school or equivalent*

**\$48,500 to \$126,400** *Bachelor's degree*

**\$70,800 to \$171,902** *Postgraduate degree*

Source: PUMS (1-year), 2017



C1

# Increased Child Care Support for Low-Income Families

Strategy

Provide low cost and accessible child care for low income communities to both remove barriers to working for women, while reducing driving to distant child care centers.

Examples

Child Care Center near Multimodal Tamien Station

Benefits

Increased access to well-placed child care boosts labor force participation and eases drop-off and pickup

Primary Guiding Principles



## C2 Wage Insurance

### Strategy

Consider developing a wage insurance program to reduce the wages lost experienced by most re-employed displaced workers, while encouraging continued participation in the workforce.

### Examples

- United States: Alternative Trade Adjustment Assistance Program
- Canada: Earnings Supplement Project

### Benefits

Ties earnings replacement to gains in experience; stabilizes households during transition.

### Primary Guiding Principles





## C3

## Universal Basic Income

## Strategy

Provide households with guaranteed, unconditional cash transfers, commonly referred to as a “universal basic income”, should jobs be disrupted at a scale well beyond individual control.

## Examples

- Y-Combinator Research: UBI Pilot
- Stockton: UBI Pilot
- Finland: Universal Basic Income

## Benefits

Breaks negative feedback loops associated with poverty; makes communities more resilient.

## Primary Guiding Principles



DIVERSE



VIBRANT



C4

# Establish Long Term Education Accounts for Elementary School Students

## Strategy

Establish the pathway to a college education early on with savings accounts opened as students enter kindergarten, with incentives

## Examples

- San Francisco's Kinder-to-college (K2C) savings account program
- Oklahoma Seed 529 Program

## Benefits

Boosts first generation college enrollment by establishing funding and long term expectations for families

## Primary Guiding Principles



DIVERSE



VIBRANT





# A Changing Regional Landscape?

- Paradoxically, automation may enhance **growth in city centers**.
- **Flexible work sites** concentrate in existing job centers.
- Yet there are **many possibilities** for using space and location to enhance flexibility.
- Concentrations may **further strain regional connectivity** at the same time as counter-flow transit capacity remains underutilized.



<https://www.dezeen.com/2018/01/04/big-google-caribbean-terraced-office-buildings-sunnyvale-california/>

Office in-fill, BIG's proposed Google offices in Sunnyvale



L1

# Incubator Programs in Economically-Distressed Communities

Strategy

Create incubator programs in economically distressed areas to create business and employment opportunities for low- and moderate-income individuals.

Examples

- San Francisco: La Cocina
- The Bronx: Business Bridge Incubator
- Philadelphia: iHub

Benefits

Encourages entrepreneurship beyond tech; spurs better business plans from participants.

Primary Guiding Principles





L2

# Means-Based Transit Pricing

Strategy

Develop regional means-based pricing for public transit to help low-income workers overcome travel barriers to access economic opportunities in the region and provide for their families.

Examples

- Seattle: ORCA LIFT
- Portland: Metro Fare Discount

Benefits

Improves access to jobs for lower-income households.

Primary Guiding Principles



L3

# Balancing the Jobs Side of the Jobs/Housing Imbalance

Strategy

Consider annual caps of commercial development or expansion of impact fees, thus internalizing costs to infrastructure and providing a funding stream for improvements.

Examples

- San Francisco: Proposition M (1986)
- San Francisco: Transportation Sustainability Fee (TSF)

Benefits

Disincentivizes excessive job concentrations; provides funding for needed mitigations.

Primary Guiding Principle





L4

# Incentivizing Jobs in Transit-Rich Areas

Strategy

Prioritize employment densification in PDAs and TPAs, with an emphasis on locations close to transit that currently have very low employment densities.

Examples

- Contra Costa Centre TOD
- PSRC “Transit-Supportive Densities and Land Uses” promoting TOD jobs

Benefits

Increases transit ridership; potentially improves jobs-housing balance.

Primary Guiding Principles





H O R I Z O N

# Next Steps

Perspective Paper 4: The Future of Jobs





# What's Next for The Future of Jobs Paper?

