
Press Release

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Jobs are Recovering, but Income Falling in Southern California; Details to be released at SCAG Economic Summit

Los Angeles – Fueled by low-paying jobs that offer little opportunity for upward mobility, Southern California is on an economic collision course, according to new reports that show income levels throughout the six-county region stagnating even as jobs return.

The reports, by the region’s top economists, highlight the seismic shift that has taken place as low-paying jobs with minimal education requirements have replaced higher-paying positions that once sustained Southern California’s middle class.

In Los Angeles County alone, two-thirds of projected job openings over the next five years will come from occupations that require a high school diploma or less and little to no work experience. This continues a disturbing trend that has eroded inflation-adjusted median household incomes in the county since 1990.

“This is a call to action,” said Carl Morehouse, a councilmember from the City of San Buenaventura and president of the Southern California Association of Governments (SCAG). “We’ve talked for years about the impact of the jobs we lost – the kinds of jobs that allowed people and families to thrive – and now we’re seeing it in black and white.”

For the remaining jobs anticipated, the region will need to overcome current challenges to providing quality education and training.

“While we are growing lower paying jobs and part-time work, the paradox is that we are seeing a lot of higher-paying jobs going unfilled because of a skills gap,” said Wallace Walrod, SCAG’s chief economic advisor at the Orange County Business Council. “More needs to be done in terms of creating pathways from education and workforce development programs to available good-paying jobs. That’s where the opportunity lies.”

The economists’ reports will be the centerpiece of SCAG’s Fifth Annual Southern California Economic Recovery & Job Creation Summit, to be held on Dec. 4 at the Westin Bonaventure Hotel in Los Angeles. More than 400 of the region’s top business and government leaders are expected to attend. Featured speakers include California State Senate Pro Tem Kevin de León and former Gov. Gray Davis.

SCAG, the nation’s largest metropolitan planning organization, has become a leading voice on the region’s economic challenges. At last year’s economic summit, it reported that one in four children in the six-county region live in poverty. It has since pulled together stakeholders from throughout the region to discuss tangible solutions, and on Dec. 4, will unveil a seven-point poverty plan.

“This is not someone else’s problem; it’s our problem,” said Hasan Ikhata, SCAG executive director. “It’s also not simply about poverty, but about the quality of life for our entire region. We can’t ignore it anymore.”

The economist reports drive home that point. Though most project jobs to return to pre-recession levels sooner than expected, the quality of the jobs gained versus those that were replaced along with a looming skills gap threatens the region’s economic viability.

In the Inland Empire, the median income adjusted for inflation declined 9.1 percent from 1990 to 2013. A major factor is continued slow growth in the manufacturing sector, which produced only 142 jobs in 2013 and is on track to add a mere 125 jobs this year.

Similar stories play out throughout the region:

- In Los Angeles County, the four fastest-growing employment categories – cashiers, retail salespersons, waiters and waitresses, and food preparation and serving – pay an average of \$18,860 to \$21,480 annually. Overall inflation-adjusted median household income dropped from an equivalent of \$61,544 in 1990 to \$54,529 in 2013.
- In Orange County, despite a 90 percent chance of employment totals returning to pre-recession levels sometime in 2015, job growth in predominantly low-wage sectors and an increase in housing prices pose a significant risk to steady economic growth. Even in the health care industry, a key growth driver for Orange County, jobs are mainly comprised of low-paying services and assistant roles while high-paying RN positions are the most unfilled in terms of current job openings.
- In Ventura County, job growth has slowed since 2012-2013, and for the first time since the mid-1990s, the county’s vital defense industry has experienced an actual decline in employment. Though the leisure and hospitality sector has been one of the county’s strongest, it also tends to pay poorly.
- In Imperial County, the most impoverished county in the SCAG region with an unemployment rate of 23.9 percent, 61 percent of jobs in the fastest-growing sectors pay less than \$30,000 per year.

SCAG’s Fifth Annual Southern California Economic Recovery & Job Creation Summit

9:00 a.m. – 2:00 p.m.

Thursday, December 4, 2014

Westin Bonaventure Hotel

404 S. Figueroa St., Los Angeles

Interview, photo, video opportunities

Full copies of economic reports to be made available

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About SCAG

SCAG is the nation’s largest metropolitan planning organization, representing six counties, 191 cities and more than 18 million residents. SCAG undertakes a variety of planning and policy initiatives to plan for a livable and sustainable Southern California now and in the future. For more information about SCAG’s regional efforts, please visit www.scag.ca.gov.