

Los Angeles Times

Op-Ed

How to fix California's economy: Regulation, legislation and education

By **GEORGE DEUKMEJIAN,**
PETE WILSON AND GRAY DAVIS

PUBLISHED JANUARY 5, 2015, 5:38PM



Job seekers look through opportunities at a job fair at Los Angeles City College. (LA Times)

California's wounded economy needs serious intervention from policymakers, businesses and educators equally committed to restoring jobs and ending poverty.

During the last year, we've been reminded how unsettling the prognosis is if we don't act swiftly and with purpose.

Even the more promising headlines — such as employment levels returning to and approaching pre-recession levels — are tempered with a harsher subtext. Good-quality jobs are being replaced by those that don't pay well and require only limited education or experience.

Recent reports from Southern California's top economists indicate just how formidable our challenges are, especially in this part of the state.

In Los Angeles County, 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. Although needed to accommodate low-skilled workers, these jobs do not offer a path to the middle class. For instance, the three fastest-growing job categories in the county — cashiers, retail salespeople and waiters/waitresses — pay an average of about \$20,000 annually. This continues a disturbing trend that has seen inflation-adjusted median household income in L.A. County drop to \$54,529 in 2013 from an equivalent of \$61,544 in 1990.

In Orange County, despite a 90% chance of employment totals returning to pre-recession levels sometime in 2015, the growth is concentrated in low-wage jobs.

A similar story is playing out in the Inland Empire, where the manufacturing sector has added just 267 net manufacturing jobs during the last two “recovery” years, according to economist John Husing. Since 1990, inflation-adjusted median income has dropped more than 9% there.

Not surprisingly, the number of people below the poverty line in Southern California jumped to 3.2 million in 2012 from fewer than 1.9 million in 1990, with 1 in 4 children now living in poverty — an unacceptable statistic under any circumstances.

This summer, the Southern California Assn. of Governments, in partnership with the Southern California Leadership Council, gathered stakeholders from throughout the region to address economic challenges and the poverty crisis, and to discuss possible solutions.

Those discussions led to a multi-layered Regional Action Plan on Poverty that was unveiled at the Economic Recovery and Job Creation Summit, hosted in December by SCAG and the leadership council. The plan includes a heavy emphasis on workforce development and teaching students marketable skills, such as those required to build needed transportation and infrastructure projects. In coming years, tens of thousands of such jobs could be created as a result of hundreds of billions of dollars in infrastructure investment identified by SCAG. This investment can produce a bonanza of good-paying jobs.

But the plan will have only limited success without desperately needed regulatory reform. California takes longer than 45 other states, on average, to get a construction project approved. According to Caltrans, for example, it now takes an average of 17 years to complete a major transportation project. California must undertake serious regulatory reform, starting with the job-killing delays caused by the California Environmental Quality Act, if we are to deliver important building and infrastructure projects — and the jobs they could produce — as quickly as needed to accelerate our economic recovery.

To prevent the Legislature from producing even more delay, there should be a five-year moratorium in Sacramento on the enactment of any laws that are more likely to reduce jobs than create jobs. By punching the pause button and rethinking what must be done to generate the jobs needed to stoke the economy, the Legislature can best help move Californians out of poverty and into jobs.

And we must fix the skills gap that also encourages employers to look outside the region. Time after time, we hear of good-paying jobs going unfilled because of a lack of qualified candidates. This would include jobs in technology, manufacturing and healthcare. We need to redouble efforts to develop effective pathways from schools to workforce training to meaningful employment opportunities, through partnerships, apprenticeships and real coordination between the education community and businesses.

More broadly, schools and employers need to get on the same page so that young people have the best chance to succeed when they leave high school. Community colleges and universities can play a significant role in this as well — again, by aligning what they teach with the changing real-world needs and job opportunities that exist. The Regional Action Plan includes specific steps for doing this.

As former governors, we believe in California, but California must help itself. Business, education and government each needs to do its share to restore economic vitality and reduce the high poverty that costs everyone.

This isn't someone else's problem. It's ours to fix.

Former Govs. George Deukmejian, Pete Wilson and Gray Davis are members of the Southern California Leadership Council, a nonpartisan, nonprofit public policy partnership.

<http://www.latimes.com/opinion/op-ed/la-oe-governors-california-poverty-job-creation-20150106-story.html>