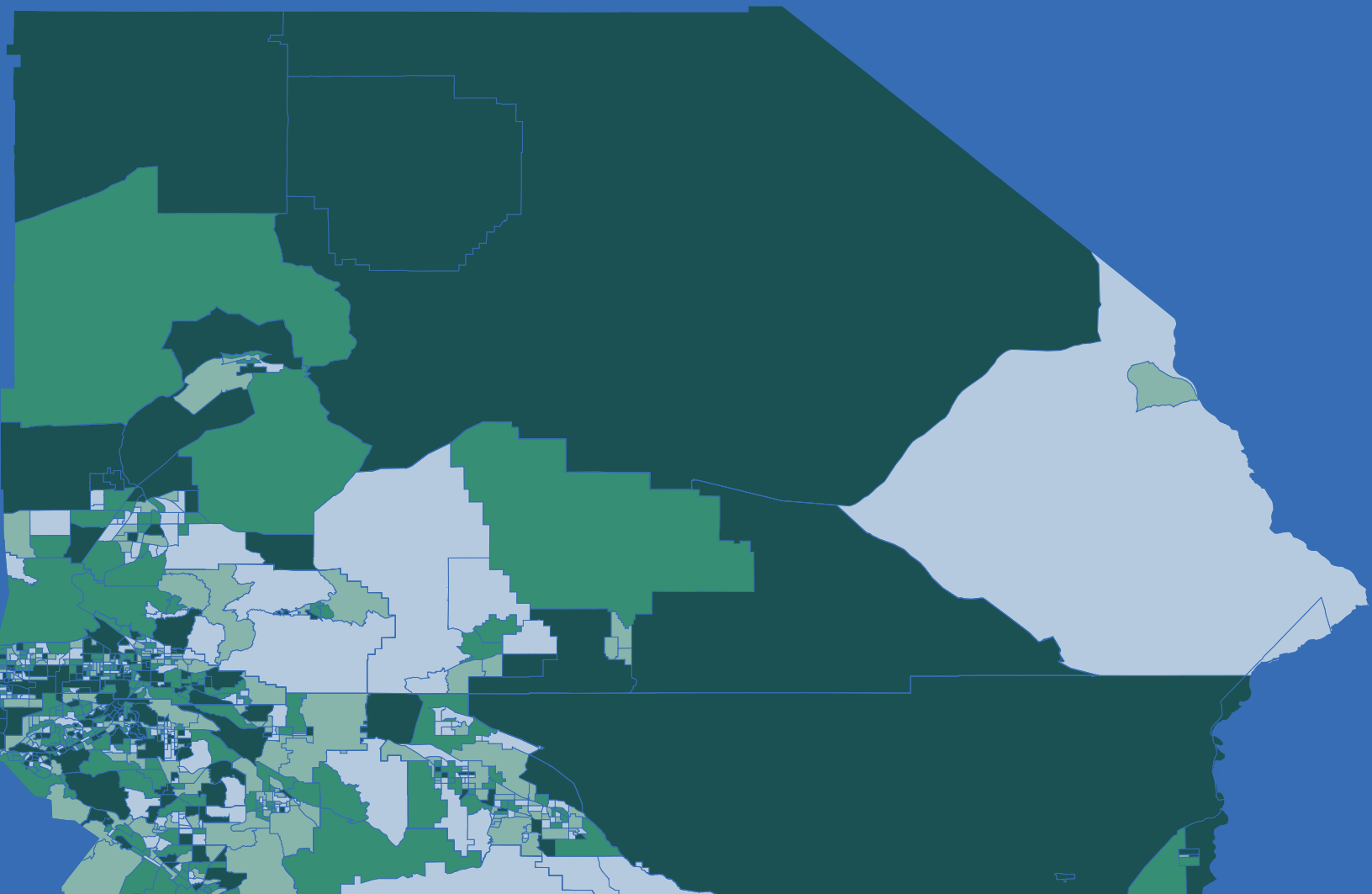


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# State of Work in the Inland Empire

NOVEMBER 2018



PART TWO OF A SERIES



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## EXECUTIVE SUMMARY

This report provides an overview of the state of work in the Inland Empire region of Riverside and San Bernardino Counties, an area that accounts for one of every 9 California residents. The region has added over 300,000 jobs since the peak of unemployment in July 2010, with logistics and healthcare driving much of the gains. At the same time, only about 4 in 10 jobs pay enough for working families to make ends meet. This problem is particularly acute for communities of color, a majority of the region's workforce.

Growing employment in health care, social assistance, and education has provided many middle-class jobs for workers and has extended vital services to the public. Yet, many public sector workers in the region are also experiencing economic insecurity from low wages, possible layoffs, and erosion of employment benefits. Educational attainment is also relatively low, constraining the ability of workers in the region to pursue higher paying professional jobs.

There also appears to be a substantial mismatch between job opportunities and affordable housing in Southern California. Shortages of good-paying job opportunities in Riverside and San Bernardino, along with the lack of affordable housing in neighboring coastal counties, means that over 350,000 Inland Empire residents are employed outside the region.

Economic development strategies also need to take better advantage of progress in workforce development. The region's colleges and universities graduate tens of thousands of students each year, but the growth of high-skilled jobs in the region is too meager to absorb most of these young workers.

Importantly, various local and regional initiatives to improve wages and benefits and promote economic mobility are underway, and show significant promise. Deeper collaborations between public agencies, businesses, community groups, and labor organizations are needed—to increase public and private-sector investments that attract more high-skilled jobs, increase access to middle-skill jobs, and improve the quality of all jobs in the region.

Improving earnings, benefits, and job stability for workers in the Inland Empire would not only help families in poverty, it would also increase consumer spending and local revenues, creating positive ripple effects for the entire regional economy.

## ECONOMIC HISTORY OF THE INLAND EMPIRE

The regional economies of Riverside and San Bernardino counties have shifted considerably over time in terms of size, major industries, and racial composition of the workforce. As we outline below, the early days of small-scale agriculture and displacement of Native Americans from their lands gave way to railroad construction, the rise of commercial agriculture, and the construction of military facilities. Soon thereafter, the region saw a spike in manufacturing and steel production, which lasted for several decades before declining in the face of military base closures and downsizing related to off-shoring and global competition. This was followed by a period of rapid expansion in transportation and warehousing connected with international trade, interstate commerce, and the logistics needs of the Southern California regional economy. Through all these changes, diversity and inequality by race, gender, and class have been important factors in the development of the Inland Empire workforce.

### From Agriculture to Wartime Manufacturing

In the region’s early history, Native Americans harvested herbs and drove deer. During the Spanish colonial period, some Native American groups lost access to communal land as missionaries settled in the region and brought cattle and European plants, such as oats and mustard, which became the dominant crops by the 1920s. Spanish missionaries relied on Native American labor to raise fruits, vegetables, grains, and cattle. The system of missions ended after the Mexican War of Independence from Spain in 1821 and, the Mexican governor of Alta California granted property to land owners who sometimes sold cowhides but otherwise presided over fairly self-sufficient ranches. After California was annexed from Mexico in 1848 and became part of the United States, the region continued to rely heavily on agriculture. In 1851, a Mormon colony was established in San Bernardino with grains as the primary agricultural commodity, while sheep ranches were established in Riverside (Patterson 2015).

In the 1870s and 1880s, The Southern California Colony Association established irrigation canals, which solidified commercial agriculture in the region and gave rise to a real estate boom. In 1882, the entrepreneur George Chaffey sold water rights and hydroelectric power through his San Antonio Water

### JOBS IN THE INLAND EMPIRE, 2017

**1,426,000**

### JOBS IN RIVERSIDE COUNTY

**696,000**

### JOBS IN SAN BERNARDINO COUNTY

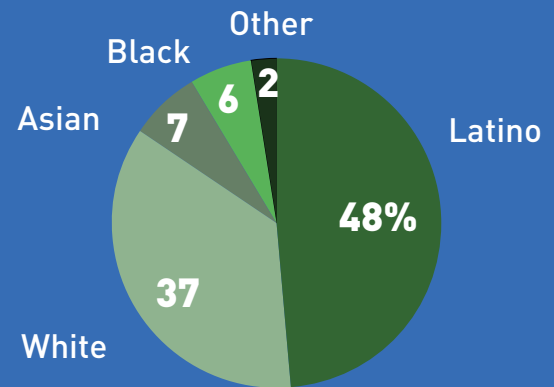
**730,000**

### IE RESIDENTS WORKING IN REST OF SO CAL

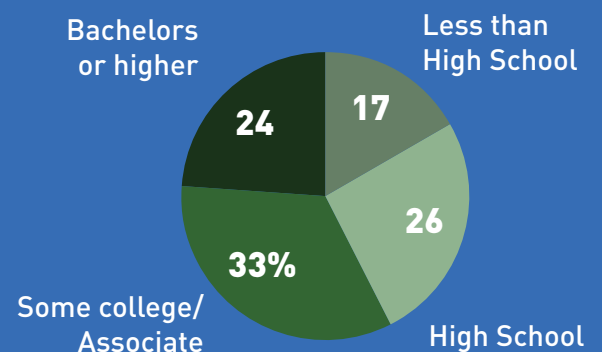
**351,000**

Sources: Quarterly Workforce Indicators, 2017  
American Community Survey 2016 5-YR PUMS

### RACIAL COMPOSITION OF WORKFORCE



### EDUCATIONAL ATTAINMENT OF WORKFORCE<sup>1</sup>



Source: Quarterly Workforce Indicators (QWI), 2017

Company, helping to further develop irrigation in the region. These developments coincided with the rapid growth of regional rail transportation and the development of the southern transcontinental Santa Fe Railroad line in 1885. Regional boosters promoted the “California Dream” of owning a house and a farm in the west; they attracted thousands of migrants from other states, mostly white and from the Midwest, who bought land and settled in the region. As they did so, much of regional economy shifted from ranching and grain farms to the farming of citrus, grapes, and other specialty crops.

As the region became transformed into an agricultural “citrus belt” or “Orange Empire,” the demand for farm workers, farm machinery, and packing houses increased (Patterson 2015). With the annexation of California from Mexico, Mexicans lost access to farm and ranch land and many of them became farm laborers; they worked in the fields and packing houses with other contract workers, including Chinese, Korean, Filipino, and Japanese immigrants. Packinghouse workers were predominantly female, while those in the fields were largely male (Carpio 2013; Patterson 2015). Organized by the Industrial Workers of the World, Riverside orange pickers and packinghouse workers held a historic strike in 1917 that was broken by a court injunction and strikebreakers from Redlands. Government repression during California’s Red Scare further dampened worker militancy in the region (Patterson 2015).

Between 1870 and 1910, the region’s population tripled, giving rise to towns that served local residents as well as tourists. From the 1870s on, hotels, including Riverside’s Mission Inn (established in 1876) and restaurants were developed near train stations to serve predominantly white tourists from the East, who visited the region for health spas and vacations. Railroad companies and other regional boosters lured tourists to the region by promoting “Garden of Eden” imagery and the health benefits of hot springs. Some new settlers also stayed at hotels until their homes were built. Hotel and resort workers were mainly Native Americans and immigrants from Ireland and Mexico (Patterson 2015). Chinese immigrants were also an important part of the labor force during this period. Although they were driven out of downtown Riverside through anti-nuisance ordinances, these immigrants established boarding houses, laundries, bathhouses, and general stores that served Chinese residents and multi-ethnic

contract workers (Carpio 2013). In 1905, the Loma Linda Sanitarium was opened on the grounds of a former hotel and a former health resort, and began to train nurses that year (Loma Linda University Health 2018).

Transportation and construction were also another major sources of employment in the region during this early period. The rise of commercial agriculture and tourism greatly depended upon the building of the transcontinental railroad in the late 19th century, which enabled farmers to sell and transport their goods to markets across the state and region. Mexican-Americans, Blacks, and Chinese immigrants built the railroad. Mexican-Americans also worked in the Portland Cement Company, founded in 1891 in Colton (Almaguer 1994 [2009]; Carpio 2013; Patterson 2015).

Finally, the siting of military installations fueled new job growth in the region, both directly through military personnel and indirectly through the growth of manufacturing and steel production. Beginning in 1918, the U.S. Army trained pilots in an airfield near Riverside (later named March Field), although it was temporarily closed between 1921 and 1926. During World War II, various military facilities were opened and expanded in the region, including the Naval Weapons Station in Norco, the Mira Loma Quartermaster Depot, Camp Anza in Arlington, Norton Air Field, the Twentynine Palms Marine Base, and the Fort Irwin in the Mojave Desert. By the early 1940s, about 80,000 military personnel were employed in Riverside and surrounding areas, greatly increasing the demand for housing. Wartime demands also encouraged industrialization. To supply his military shipbuilding enterprise, Henry J. Kaiser established a large steel mill in Fontana in 1942, which subsequently expanded and remained in the region until 1983, and encouraged the development of iron ore mines in the deserts of Riverside and San Bernardino Counties (Patterson 2015; Davis 1992 [1990]).

During the 1940s and 1950s, manufacturing workers produced various goods, including building materials, electronics, communications, machine tools, and military and aircraft equipment. Construction workers built housing developments, shopping centers, freeways, and strip malls for a growing population, while other workers were employed in retail and transportation. Many of the region’s racially and ethnically diverse workforce, especially those

employed in the building trades, manufacturing, and transportation, joined unions.

Meanwhile, citrus farming peaked in the mid-1940s. During World War II, farmers largely relied upon Mexican-Americans and Mexican contract workers through the bracero program, replacing Japanese farm workers that were relocated to concentration camps and other farm workers who gained employment in the military and factories. With the end of the bracero program, agribusiness increasingly relied upon Mexican-American workers, including undocumented Mexican immigrants. In the late 1940s and early 1950s, as trees died from citrus diseases and air pollution, and military and industrial investments in the region increased, many farmers sold their land to developers and real estate speculators.

### Economic Diversification and Downturns

By the 1950s and 1960s, although some citrus groves remained, along with dairy farms in Chino and vineyards surrounding Ontario, the economy had become much more diversified and industrialized. The expansion of various universities and colleges in this period increased employment in higher education, which in turn increased the numbers of relatively well-paid, white collar, and unionized workers in the region (Patterson 2015). The establishment of Loma Linda University Medical Center in 1967 also expanded the training of physicians and nurses, helping to increase the number of health care professionals in the region (Loma Linda University Health 2018).

Between the 1970s and 1990s, tens of thousands of military personnel and factory workers lost their jobs as factories closed and moved to other nations and as military bases were downsized or closed. This included the downsizing and ultimate closure in 1983 of the Kaiser steel mill in Fontana and the Eagle Mountain iron ore mines, which affected more than 10,000 workers [see text box]. Between 1991 and 1993, another 32,000 jobs were lost through the closure of the Norton Air Base and Pomona's guided missile factory and the downsizing of March Air Force Base.

As workers lost their jobs, many small businesses lost customers and closed, a process that accelerated with the arrival of big box retailers. Without access to local jobs, a growing number of Inland residents began commuting to jobs in coastal counties, while increasing numbers of coastal workers moved inland in response to cheaper housing prices, a trend that has continued to the present (Patterson 2015).

## PROFILE

### SANDRA

**Location:** San Bernardino

**Gender:** Female

**Occupation:** Homecare Provider

Sandra is a homecare provider through California's In-Home Supportive Services (IHSS) program and a member of the Service Employees International Union (SEIU) Local 2015.

Prior to becoming a homecare provider, Sandra was a single parent and a manager at a company and volunteered at a homeless shelter, where her mother worked as a cook for 18 years. When her mother fell sick, Sandra had to stop working as a manager to take care of her mother. The drop in income left Sandra and her without a house and dependent on the charity of others.

For a year, Sandra stayed with various family members, never telling them that she was homeless, and noting instead that she was visiting them because she needed a place to shower, eat, and connect her mother's machine. After that year, Sandra learned about the IHSS Program.

The IHSS Program was a life saver for Sandra. With the little money she could save, Sandra rented a garage, which the landlord eventually converted into a small apartment, for which she paid \$822 a month.

Sandra is an active member of the union SEIU Local 2015. SEIU Local 2015 is currently seeking to provide IHSS workers with a wage increase, healthcare benefits, and training. For Sandra, it is extremely important to receive a wage increase, because she does not want to worry about whether she will have enough money for food or to pay electricity bills, with her mother dependent on life-support machines. She notes that, on average, a care provider in the region earns about \$14,000 a year, which is not nearly enough to meet basic needs. This approximate annual income has remained fixed for the last 10 years.

In addition to wage increases, Sandra and other SEIU 2015 members also seek to obtain job training for homecare providers, who carry out many of the same tasks as Certified Nurse Assistants for the elderly and disabled.



Source: Kaiser Steel General Catalog, November 1953

### KAISER STEEL IN FONTANA

In 1942, Henry J. Kaiser borrowed money from the federal government and built a large steel mill in Fontana, then an agricultural community developed by A.B. Miller that produced citrus, walnuts, chickens, and pigs (Patterson 2015). The steel mill mostly supplied steel for the defense industry, including military ships built by Kaiser, during wartime and the Cold War period. Initially, the mill relied on iron ore from the Vulcan mine in San Bernardino County. After World War II, Kaiser developed the Eagle Mountain complex in Riverside County, which mined, smelt, and transported iron ore by rail. At its height, about 9,000 workers were employed at the Eagle Mountain complex. Meanwhile, thousands of steel workers, some transplanted from the east coast and racially and ethnically diverse, worked for the Kaiser steel mill in Fontana. Steel jobs were racially stratified with African-Americans and Chicanos employed in the dirtiest jobs in the coke ovens and blast furnaces until the early 1970s.

Beginning in the 1940s, Kaiser steel workers were represented by the Steelworkers Union, who negotiated and obtained relatively high wages and good benefits for themselves and their families (Davis 1992 [1990]). In fact, health care benefits developed through union negotiations for Kaiser steel workers in Fontana in the 1940s, along with other health care programs that Kaiser industrial companies and unions developed for workers in shipbuilding, steel production, and construction and in other U.S. cities in the late 1930s and 1940s, paved the way for the development of Kaiser

Permanente, which became open to public enrollment in 1945 (Kaiser Permanente 2018). After a long strike in 1959, steelworkers also won a novel gains-sharing plan that integrated technological change into their collective bargaining agreement, a plan that was upheld as a national model for other unions.

Failing to modernize its technology and lacking federal support in the face of rising international competition, the Kaiser family downsized the steel mill, which had once employed more than 9,000 workers, and then shut it down in 1983, along with the iron ore mine in Eagle Mountain, which employed 1,200 workers in the prior year. Altogether, more than 10,000 unionized workers lost their jobs through downsizing and layoffs (Davis 1992 [1990]; The Mining Journal 1983; Patterson 2015). After the closure of the mill, about one third of Fontana's population left the area, while Eagle Mountain became a ghost town after its remaining families faced evictions. Four years later, about half of Fontana's workers remained jobless, and CEO Bruce Hendry canceled medical coverage and pension supplements for 6,000 former Kaiser Steel employees (Davis 1992 [1990]; The New York Times 1983). Finally, in 1994, 300 Chinese workers were employed by Shaogang Steel Corporation to dismantle remnants of the mill for reassembly in China. They did so amid protests from workers and unions affiliated with the Riverside's Building Construction and Trades Council, who claimed they should have been given those jobs (DeLara 2018).

As the region's population increased, so too did the demand (and public financing) for educational services, health care, and social assistance, thereby increasing professional and public sector employment in the region. In the 1980s through the early 2000s, employment in logistics, construction, and tourism also rose, contributing to the growth of low- and moderate-wage employment in the region.

The growth in logistics employment in the IE was largely driven by the expansion of the global "just in time" retail economy. With the expansion of shipping containers and offshore production, the volume of imports entering the Port of Long Beach-Los Angeles Harbor increased dramatically in the 1980s and 1990s. Seeking land and labor that were in close proximity to the ports but less expensive than what could be found in coastal counties, developers built large warehouse and distribution centers in the IE (Bonacich and Wilson 2007).

The expansion of tribal-run casinos and luxury resorts and hotels contributed to the rise in tourism in the region. Research suggests that tribal-run casinos and related luxury hotels have helped to increase economic resources on Native American reservations in California; increases in median family incomes were greater, as were declines in poverty rates between 1990 and 2000 on gaming reservations compared to non-gaming reservations (Marks and Contreras 2007). Even so, many of the hotel and restaurant jobs in the region, on and off of tribal reservations, pay relatively low incomes when compared to jobs in other industries.

The rise in coastal housing and land prices in the 1980s onward contributed to a rise in residential, commercial, and industrial construction jobs in the IE as homeowners in Southern California sought more affordable housing and businesses sought lower priced land. When the housing bubble crashed in 2007, the region was greatly affected by the ensuing recession. The region became one of the foreclosure capitals of the nation and unemployment soared to a peak of 14.4% in July 2010 (page 9). Jobs in the construction industry declined dramatically, but they have since grown as the region began to recover from the worst effects of the recession.

## UNEMPLOYMENT AND JOB GROWTH

Since the Great Recession, unemployment in the region has declined dramatically, from a seasonally

unadjusted 14.4% in July 2010 to 4.1% in September 2018 (page 9). In addition, jobs in the region have grown faster than the statewide average. According to the U.S. Census Bureau's Quarterly Workforce Indicators (2018), job growth between 2010 to 2017 was 33% in Riverside County and 29% in San Bernardino County, compared to 23% statewide in California. Comparable job growth rates from 2000 to 2007 were 38% in Riverside, 27% in San Bernardino, and 12% percent statewide.

Jobs in transportation and warehousing have grown fastest in the region (more than doubling from about 60,000 in 2010 to 128,000 in 2017), followed by construction, health care, and accommodation/food services, which grew by 73%, 66%, and 43%, respectively, during the same period (Quarterly Workforce Indicators, 2018). In absolute growth, however, the region has gained the most in health care jobs (an increase of 85,000 jobs or a quarter of all job growth in the region from 2010 to 2017), followed by transportation/warehousing (68,000 more jobs) and construction (44,000 more jobs).

Growth in health care jobs was driven in part by increased public access to health insurance under the Affordable Care Act (Husing 2018). The baby boom generation is also becoming older, increasing the demand for health care services, including home health care, for seniors above the age of 65 (Thomason and Bernhardt 2017). The current expansion of Loma Linda hospital promises to further expand health care employment in the region, while the recent establishment of the UCR Medical School and long-standing internship programs with Riverside Medical Clinic have helped to increase the supply of health care professionals in the region.

In addition to health care expansion, the rapid growth in e-commerce, including the development of multiple Amazon warehouse and distribution centers in the region, has contributed to the growth of logistics jobs (Husing 2018). Meanwhile, the construction sector has benefited from residential and commercial development alike, with land prices and availability in the region still attractive when compared to Los Angeles and Orange County.

## INDUSTRIES

In some ways, the sectoral mix of employers in the Inland Empire is similar to those elsewhere in California (p. 10). Health care and social services, retail

trade, accommodation/food services, and educational services account for 4 of the top 5 sectors of employment in each county, in Southern California, and the rest of the state. At the same time, there are some important differences in sectoral employment. Industries with a disproportionately high share of jobs in the region include construction in Riverside County and transportation/warehousing in San Bernardino County. Importantly, transportation jobs in the region include not only those related to goods movement, but also transit-related jobs related to the region's airports, highways, and public transportation systems.

Other important differences in sectoral employment include the greater importance of agricultural jobs in Riverside County than in San Bernardino County,<sup>2</sup> and the greater importance of education and government-related jobs in the Inland Empire more generally. These latter jobs tend to have high rates of unionization, as discussed later in this report. Finally, information services and professional, scientific, and technical jobs—which tend to be higher paying and require higher skills and education—are under-represented in the Inland Empire when compared to the rest of Southern California.

## WAGES AND EARNINGS

There is considerable variation in wages and earnings among the region's top industries of employment, with accommodation and food services paying the least with less than \$2,000 in monthly earnings, and educational services paying the most at over \$4,000 a month (page 11). There are also some important geographic variations in earnings. Earnings in health care/social assistance and transportation/warehousing are higher in San Bernardino than in Riverside, while the reverse is true for earnings in educational services and accommodation/food services. Finally, jobs in transportation and warehousing pay less in the Inland Empire than elsewhere in Southern California, suggesting room for future gains in wages in the industry from some combination of wage increases through employer actions, worker actions, and up-skilling.

Data from the U.S. Census Bureau (page 11) indicate that among jobs that are numerous in the region, the highest earnings are in finance/insurance (\$6,116), public administration (\$6,084), wholesale trade (\$5,228), and the professional/scientific/technical sector (\$4,988).<sup>3</sup> While public administration jobs

are more numerous in the Inland Empire (4.5%) than in the rest of Southern California (3.1%), the region ranks much lower in its share of jobs in finance and insurance and in the professional/scientific/technical sector (page 10).

Another important aspect to wages is the extent to which they enable the region's residents to make ends meet. We use MIT's living wage standard based on household composition and cost of basic expenses.<sup>4</sup> In an Inland Empire family of four with two working adults, each parent must earn about \$18 an hour, or \$36,000 each year, to make ends meet. Only 38% of jobs in the Inland Empire meet this standard (page 14).

There are also significant racial disparities in meeting this threshold. Hispanic and Black workers in the IE are the least likely to earn this living wage standard (at 28% and 39%, respectively) compared to 46% of Asian Americans and 49% of Whites. Female workers are significantly less likely than men to earn this living wage standard (32% to 43%), and these disparities are most pronounced for women of color, with just 21% of Hispanic women and 37% of Black women earning at least \$36,000 in the past year.

## HOURS AND BENEFITS

Good jobs not only pay sufficiency wages but also offer full-time work of at least 35 hours a week, year-round employment, and employer-provided benefits such as health care coverage. Based on our analysis of the American Community Survey, the proportion of workers enjoying both full-time employment and full-year employment is lower in the Inland Empire (65%) than in Los Angeles County (69%), Orange County (68%), and statewide (68%).

This gap is due both to lower rates of full-time employment—74% of all workers in the Inland Empire work full time, compared to 77% in Los Angeles County and 77% in Orange County—as well as lower rates of full-year work (80% in Inland Empire, 83% in Los Angeles County and 82% in Orange County). Notably, transportation and warehousing workers in the region are less likely to have full-time and full-year work (67%) when compared to the same industry's workers in Los Angeles County and Orange County (76% in each).<sup>5</sup>

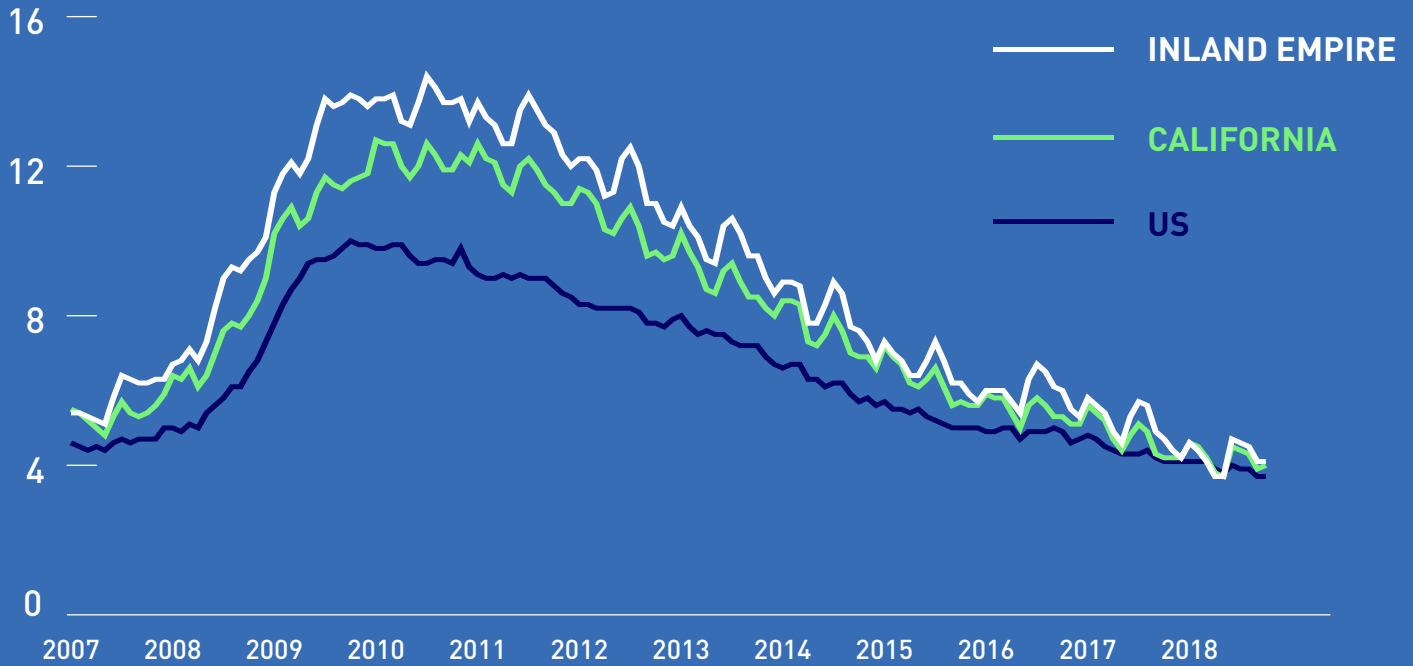
Finally, with respect to benefits, 60% of workers in the Inland Empire have employer-provided health insurance, identical to the rate in Los Angeles County



# Data Snapshot

## IE LABOR FORCE: UNEMPLOYMENT RATE, 2007 TO 2018

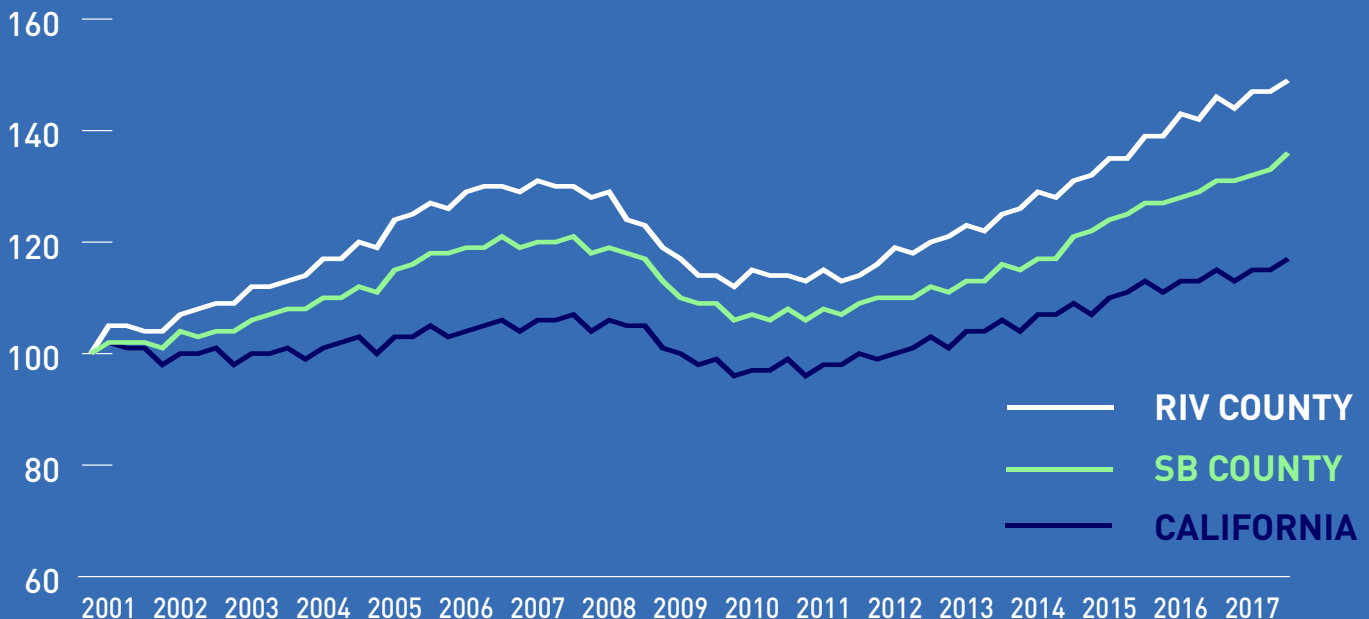
Unemployment rates in the Inland Empire declined significantly since the Great Recession, and were on par in 2018 with the rates for California and the United States.



NOT SEASONALLY ADJUSTED

Source: U.S. Bureau of Labor Statistics; CA Economic Development Department

## JOB GROWTH IN THE INLAND EMPIRE, 2001 TO 2017



100=BASELINE FOR JOBS IN EACH GEOGRAPHY, JAN 2001

Source: Quarterly Workforce Indicators, Beginning of Quarter Monthly Earnings

**JOBS BY INDUSTRY, 2017**

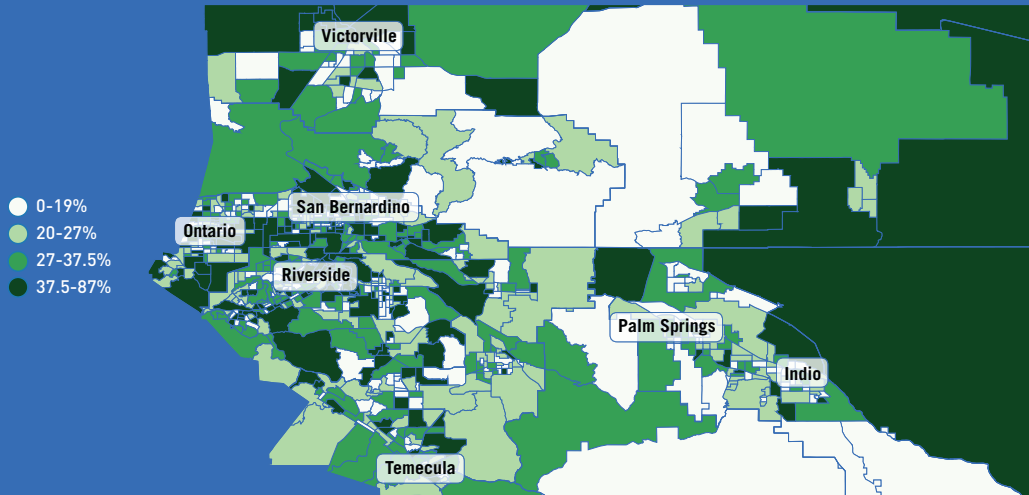
Health care and social assistance account for the highest share of jobs in the Inland Empire. Sectors with a disproportionately high share of jobs include construction in Riverside County and transportation/warehousing in San Bernardino County. Finance, information services, and professional, scientific, and technical jobs, which tend to be higher paying, are under-represented in both counties when compared to employment statewide and in the rest of Southern California.

	<b>INLAND EMPIRE</b>	<b>RIV COUNTY</b>	<b>SB COUNTY</b>	<b>REST OF SO CAL</b>	<b>CALI- FORNIA</b>
<b>TOTAL WORKERS</b>	1,426,094	695,996	730,098	6,536,452	16,648,459
<b>Health Care and Social Assistance<sup>+</sup></b>	14.6%	14.0%	15.2%	14.5%	14.3%
<b>Retail Trade<sup>+</sup></b>	12.1%	12.3%	11.8%	9.8%	9.8%
<b>Accommodation, Food Services<sup>+</sup></b>	10.8%	12.6%	9.1%	9.9%	9.9%
<b>Educational Services<sup>+</sup></b>	9.6%	10.4%	8.8%	7.7%	8.4%
<b>Transportation and Warehousing<sup>+</sup></b>	8.3%	6.1%	10.4%	3.4%	3.6%
<b>Office Support (Janitors, Laborers, etc.)<sup>+</sup></b>	7.4%	6.5%	8.4%	7.3%	6.6%
<b>Manufacturing</b>	7.0%	6.2%	7.7%	8.3%	7.8%
<b>Construction<sup>+</sup></b>	6.9%	8.9%	5.0%	4.0%	4.9%
<b>Wholesale Trade<sup>+</sup></b>	4.7%	3.6%	5.8%	5.3%	4.3%
<b>Public Administration<sup>+</sup></b>	4.5%	4.6%	4.4%	3.1%	4.1%
<b>Professional, Scientific, Technical</b>	2.9%	2.9%	2.9%	7.0%	7.4%
<b>Other Services</b>	2.8%	2.9%	2.7%	3.2%	3.2%
<b>Finance and Insurance</b>	2.0%	1.6%	2.4%	3.9%	3.3%
<b>Arts, Entertainment, Recreation</b>	1.8%	2.2%	1.5%	2.4%	2.1%
<b>Real Estate</b>	1.3%	1.4%	1.2%	2.0%	1.7%
<b>Agriculture</b>	1.0%	1.8%	0.3%	0.5%	2.4%
<b>Information Services</b>	0.8%	0.9%	0.7%	5.4%	3.8%

Source: Quarterly Workforce Indicators, Beginning of Quarter Employment Counts

<sup>+</sup> INDICATES INLAND EMPIRE SECTORS LARGER THAN STATEWIDE AVERAGE

**SHARE OF JOBS IN THE INLAND EMPIRE PAYING OVER \$40,000 A YEAR, BY CENSUS TRACT**



Source: LEHD Origin-Destination Employment Statistics

**AVERAGE MONTHLY EARNINGS BY INDUSTRY, 2017**

	INLAND EMPIRE	RIV COUNTY	SB COUNTY	REST OF SO CAL	CALI-FORNIA
<b>TOTAL WORKERS</b>	\$3,677	\$3,624	\$3,727	\$4,768	\$5,167
<b>Health Care and Social Assistance<sup>+</sup></b>	\$3,838	\$3,649	\$4,004	\$3,823	\$4,271
<b>Retail Trade<sup>+</sup></b>	\$2,724	\$2,717	\$2,730	\$3,009	\$3,005
<b>Accommodation, Food Services<sup>+</sup></b>	\$1,846	\$2,005	\$1,638	\$1,972	\$1,976
<b>Educational Services<sup>+</sup></b>	\$4,197	\$4,398	\$3,970	\$4,410	\$4,446
<b>Transportation and Warehousing<sup>+</sup></b>	\$3,369	\$3,135	\$3,501	\$4,712	\$4,428
<b>Office Support (Janitors, Laborers, etc.)<sup>+</sup></b>	\$2,465	\$2,602	\$2,363	\$3,158	\$3,347
<b>Manufacturing</b>	\$4,575	\$4,471	\$4,653	\$6,009	\$7,288
<b>Construction<sup>+</sup></b>	\$4,276	\$4,059	\$4,647	\$5,121	\$5,143
<b>Wholesale Trade<sup>+</sup></b>	\$5,228	\$5,652	\$4,979	\$5,854	\$6,278
<b>Public Administration<sup>+</sup></b>	\$6,084	\$5,983	\$6,184	\$6,814	\$6,347
<b>Professional, Scientific, Technical</b>	\$4,988	\$4,798	\$5,174	\$7,771	\$9,168
<b>Other Services</b>	\$2,839	\$2,867	\$2,811	\$3,344	\$3,236
<b>Finance and Insurance</b>	\$6,116	\$6,405	\$5,929	\$9,675	\$10,107
<b>Arts, Entertainment, Recreation</b>	\$2,407	\$2,377	\$2,448	\$4,702	\$3,753
<b>Real Estate</b>	\$3,931	\$4,060	\$3,783	\$5,689	\$5,360
<b>Agriculture</b>	\$2,131	\$2,048	\$2,630	\$2,619	\$2,329
<b>Information Services</b>	\$4,789	\$4,648	\$4,957	\$6,155	\$11,289

Source: Quarterly Workforce Indicators, Beginning of Quarter Monthly Earnings

<sup>+</sup> INDICATES INLAND EMPIRE SECTORS LARGER THAN STATEWIDE AVERAGE

## KEY DIFFERENCES AMONG INLAND EMPIRE RESIDENTS BASED ON PLACE OF WORK

Inland Empire residents who work outside the two-county region have higher rates of educational attainment and earnings, and vary in other key demographic characteristics, from those who live and work in the region.

	IE LABOR FORCE	Live in IE Work Elsewhere	Live in IE Work in IE	Live Elsewhere Work in IE	ALL IE WORKERS
<b>Population</b>	1,735,745	342,274	<b>1,393,471</b>	109,611	1,503,082
<b>BA or higher</b>	24%	28%	<b>23%</b>	34%	24%
<b>Annual Earnings</b>	\$41,836	\$54,636	<b>\$38,692</b>	\$52,491	\$39,698
<b>Below Poverty</b>	8%	4%	<b>9%</b>	6%	9%
<b>Hispanic or Latino</b>	58%	58%	<b>58%</b>	60%	58%
<b>Female</b>	45%	36%	<b>47%</b>	34%	46%
<b>Foreign Born</b>	29%	32%	<b>28%</b>	39%	29%

Source: 2016 American Community Survey 5-year PUMS

## JOB AND LABOR FORCE CHARACTERISTICS BY SUBREGION, 2017

	Number of Workers	% of Jobs above \$40k	Hispanic/Latino	Top Industries by Employment
<b>Riverside Metro</b>	343,306	38%	43%	Health; Retail; Education; Construction; Transportation/Warehousing
<b>Temecula/Murrieta</b>	102,025	33%	33%	Accommodation/Food Services; Retail; Health; Education; Construction
<b>Coachella Valley</b>	135,055	29%	47%	Accommodation/Food Services; Health; Retail; Arts/Entertainment; Education
<b>SB Metro (East Valley)</b>	226,853	41%	40%	Health; Education; Public Admin; Retail; Transportation/Warehousing
<b>SB: West Valley</b>	358,666	37%	46%	Retail; Administrative; Manufacturing; Health; Transportation/Warehousing
<b>SB: High Desert</b>	80,612	32%	35%	Health, Education; Retail; Accommodation/Food; Manufacturing

Source: LEHD Origin-Destination Employment Statistics

FOR MORE DATA AND INFORMATION, VISIT [SOCIALINNOVATION.UCR.EDU/STATE-OF-IE](https://socialinnovation.ucr.edu/state-of-ie)

and lower than the rate in Orange County (66%) and statewide (65%). There is little difference in the provision of health insurance across the region’s major industries.

### COMMUTING PATTERNS

Critical to understanding the state of work in the Inland Empire is that a fair number of residents in the region work in other parts of Southern California. Data from the American Community Survey reveal that about 79,000 more workers commute from San Bernardino County to Los Angeles County than vice versa. Similarly, there is a net outflow of 61,000 workers from Riverside County to Orange County. This pattern is both a function of a greater concentration of high-paying, high-skilled jobs in the coastal counties, and of relatively more affordable real estate in the Inland Empire. For instance, in September 2018, the median selling price of a single-family residence was \$390,000 in Riverside County and \$316,000 in San Bernardino County, much lower than the median sales price of \$620,000 in Los Angeles County and \$790,000 in Orange County.<sup>6</sup>

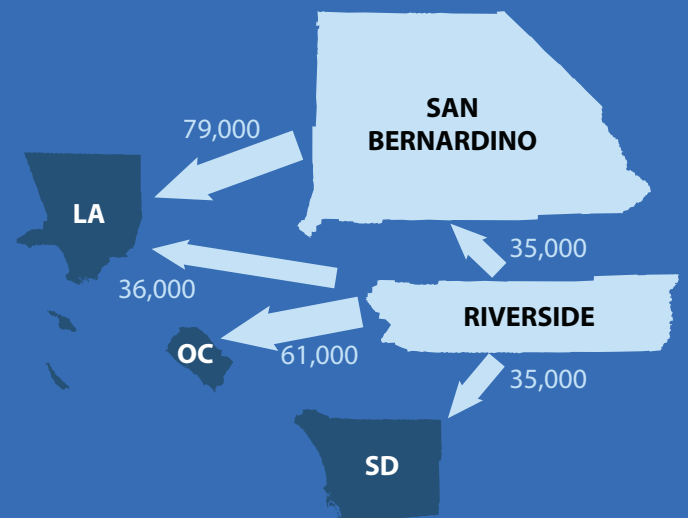
It is important to take into account these commuting patterns because it enables us to understand the different characteristics and needs of Inland Empire residents (regardless of where they work) and Inland Empire workers (regardless of where they live). As indicated in our data snapshot (p. 12), Inland Empire residents who work in Los Angeles, Orange, and San Diego County have higher levels of educational attainment and lower rates of poverty than those who live and work in the Inland Empire.<sup>7</sup> Separating out workers who commute out of the region thus gives us a better sense of the proportion of jobs in the Inland Empire that provide pathways out of poverty.

These data also suggest that improving worker outcomes will require a mix of workforce development and economic development strategies. For example, over a dozen 4-year colleges operate within a 25-mile radius of the city of Riverside, with a total enrollment of about 75,000. An additional dozen 4-year colleges within a 25-mile radius of Ontario enroll 90,000 students.<sup>8</sup> However, unless the region can attract and grow employers offering high-skill jobs, many of these college graduates will continue to commute to jobs elsewhere or move out of the region altogether. Thus, even as the region works on improving educational outcomes, it needs viable strategies to fight the “brain drain” of workers in higher-paid professions.

### NET OUTFLOW OF WORKERS

Riverside has the greatest net outflow of residents who work in Orange County, while San Bernardino has the greatest net outflow to Los Angeles County. In addition, about 35,000 more Riverside County residents work in San Bernardino County than vice versa.

	RIV	SB
Los Angeles	36,000	79,000
Orange	61,000	22,000
San Diego	35,000	1,000
San Bernardino	35,000	—

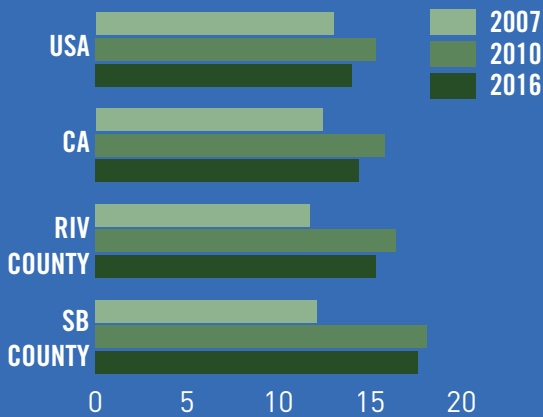


*Note: Net outflow is the difference between outflow and inflow of workers between two counties*

*Source: 2016 American Community Survey 5-year PUMS*

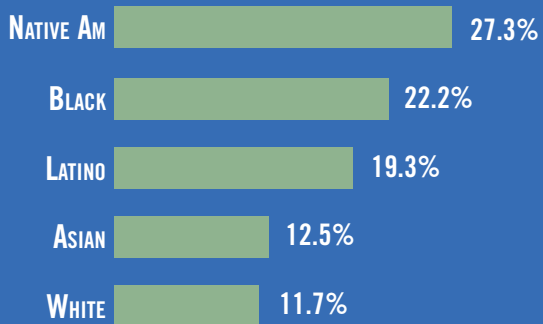
## POVERTY IN THE INLAND EMPIRE

Poverty levels in the region spiked after the Great Recession, and have not recovered to pre-recession levels despite strong job growth and low unemployment.



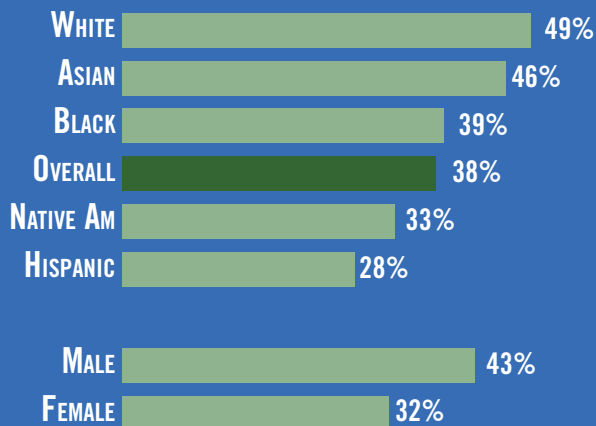
Source: U.S. Census Bureau Small Area Income and Poverty Estimate Division

## INLAND EMPIRE POVERTY BY RACE, 2016



Source: 2016 American Community Survey 1-year File

## IE WORKERS EARNING \$36,000 OR MORE



Source: 2016 American Community Survey 5-year PUMS

## POVERTY AND HOUSING COSTS

According to the U.S. Census Bureau’s Small Area Income and Poverty Estimate division, official poverty rates for those living in Riverside County and San Bernardino County, like those in the state and nation, were significantly lower in 2016 than those found at the height of the recent recession in 2010, but they remain higher than the pre-recession levels of 2007 (U.S. Census Bureau 2018). This suggests that the benefits of economic recovery in the region have been uneven among workers. Likewise, according to U.S. Census Bureau data, income inequality—measured as the ratio of mean income among the top and bottom 20% of income earners—has increased between 2010 and 2016 within Riverside and San Bernardino Counties.<sup>9</sup>

Using these Census Bureau’s official measures,<sup>10</sup> overall poverty rates were 15.3% in Riverside County and 17.6% in San Bernardino County in 2016, compared to 14.4% in California and 14% in the United States. Among children age 18 and younger, more than one out of five (20.9%) in Riverside County and more than one out of four (25.7%) in San Bernardino County live in poverty, compared to 19.9% in California and 19.5% in the United States. Like elsewhere in the state and nation, official poverty rates are highest among Native Americans, African Americans, and Latinos, and are higher among women than men.

These official poverty measures significantly underestimate the true extent of poverty (Brady, Parolin, and Ross 2018). Most notably, this measure fails to consider how various basic costs, such as for housing, gasoline, and child care vary across counties and have increased over time. For this reason, the U.S. Census Bureau has created a supplemental poverty measure, which provides a more accurate estimate of the actual cost of living and how this varies across places (Fox 2018). Using the supplemental poverty measure and data from the Current Population Survey’s Annual Social and Economic Supplement, the poverty rate for those living in the Inland Empire was about 17.1% in 2015 (Brady, Parolin and Ross 2018).<sup>11</sup>

The self-sufficiency standard is another measure designed to overcome the limitations of federal poverty rate measures; it is based on a comprehensive set of annual estimates of county-specific basic costs of living.<sup>12</sup> Using this measure, researchers find that 38% of San Bernardino County households and 35% of Riverside County households have incomes that are below the self-sufficiency standard (The Center for Women’s Welfare, Uni-

versity of Washington and Insight Center for Community Economic Development 2018). Other researchers estimate that as many as 45% of Inland Empire residents live in families that are struggling to pay for their basic living expenses (Shearer 2017).

Perhaps one of the largest household expenditures affecting IE residents, like other Californians, is housing. According to the U.S. Department of Housing and Urban Development standard, affordable housing should cost no more than one-third of a family's income. Based on that standard, researchers estimate that IE residents must earn at least \$22.23 per hour and work 40 hours per week for 52 weeks per year in order to afford a two-bedroom apartment given fair market rental costs of \$1,156 per month for the region. Yet, renters, who make up about 36% of Riverside County households and 41% of San Bernardino County households, only earn on average an hourly rate of about \$13.32 and \$14.28, respectively, and many workers do not work full-time or full-year (National Low Income Housing Coalition 2018).

Given the high cost of housing, many IE residents are doubling up. A doubled-up household forms when two or more working-age adults living together who are neither married nor unmarried couples. Nationally, about 73% of doubled-up households involve adult children living with relatives, usually their parents, but as many as 17% live with one or more unrelated roommates (Berentz 2017).<sup>13</sup> Compared to 30% of residents nationwide, about 44% of Riverside metro-area residents between the ages of 23 and 65 lived in doubled-up households in 2016, up from 30% in 2005.

## WORKERS WITH DISABILITIES

An often overlooked aspect of the labor force is the proportion of employees with disabilities. Analysis of the 2016 American Community Survey reveals that about 4.3% of employed residents in the Inland Empire are disabled, with roughly the same rates in Riverside County (4.31%) and San Bernardino County (4.37%). It is also important to consider the kind of job opportunities available to disabled residents. In the Inland Empire, about 28% of disabled residents are employed. Differences in the employment rate of disabled residents are minimal between Riverside and San Bernardino counties, but are much lower than the comparable employment rate in Orange County (39%), and slightly lower than the rate in Los Angeles County (32%). Racial gaps are also significant. Employment rates reach 32% and 31%, respectively, among disabled Asian Americans and Latinos, but are only 29% for Whites and 19% for Blacks in the region.

## PROFILE

### ANNA

**Location:** Riverside Metro

**Age:** late 20s

**Gender:** Female

**Occupations:** Retail Sales Worker; Fast Food Restaurant Worker

Anna has worked as a customer service associate for a restaurant and a retail clothing store. In both occupations, Anna recalls her jobs as low-wage and extremely challenging. As she explains, "The management was terrible. The way situations were handled and overlooked... Management just didn't care." While she worked at the restaurant, she never received overtime pay, even though, at times, she had to work overtime hours.

Retail sales work was not at all better. For Anna, working at the clothing store was excessively stressful because, at the time she was juggling work, school, and personal obligations. Work schedules were unpredictable. Anna knew when she had to clock-in, but she never knew when she would be able leave work because all employees had to stay until the store was neat and spotless.

This became a big problem for Anna. Her grades began to suffer, and she was always running on little to no sleep. Anna typically entered work at 10pm and ended at 5am, and often had to be at school by 8am. As Anna describes the management style in retail, "they work with our school schedule but when it came to our deadlines, management was inconsiderate; they didn't understand our individual situation as employees."

Through this interview, Anna hopes to create awareness and shed light on the working and employment conditions many retail workers have to endure because of necessity. She hopes that, along with greater awareness of the problem, there will be greater enforcement of workplace standards and protections, and improved conditions in retail and restaurant jobs.

## PROFILE

## MARISSA

**Location:** Coachella Valley

**Age:** Mid-to-late 20s

**Gender:** Female

**Occupation:** Peer educator

Marissa has worked for more than 5 years as a Peer Educator and even longer in the Coachella Valley Unified School District. Marissa's current job entails working with elementary school students with moderate to severe disabilities. This work can be very challenging and emotionally exhausting. As Marissa describes, "Due to working with special need students, every day is a different experience. There are days where we might have a smooth day, but there are days where we have behavior problems such as, students hitting us, fighting us, spitting on us, scratching us, or trying to hurt themselves or other students." The work also entails supporting students with severe medical conditions, "so pretty much our day is based on how our students are feeling."

On the other hand, Marissa appreciates how her job has enabled her to profoundly impact and make a difference in her students' lives. She tells me, "it is gratifying to see my students undergo multiple levels of academic progress and to ultimately see them pursue their academic goals." In addition, Marissa also enjoys the family-friendly nature of her job schedule, and her employment benefits.

Marissa is primarily concerned about the massive deficit and budget cuts in the school district, which has resulted in massive layoffs and the relocation of teachers, behavioral specialists, peer educators, attendance data clerks, kitchen workers, and other district workers in various departments. Deficits have also increased student-teacher ratios, creating new risks and challenges for students and employees alike.

Depending on the school district, public K-12 employees will have different employment benefits, such as health care insurance. While Marissa is fortunate to have full health care coverage, in neighboring school districts, such as Palm Springs Unified School District and Desert Sands Unified School District, she has heard that employees have to pay out of pocket for their health insurance. As a result, many school employees instead rely on public health insurance programs, such as MediCal.

## DIFFERENCES BY RACE AND GENDER

Consistent with prior research, gender and racial segregation across industries is not as extensive as it is across occupations. There are only slight differences in the gender and racial composition of employed workers in the region's top 5 industries (page 11).

Much bigger differences emerge, however, when we consider occupational gaps. When compared to all employed workers in the region's top 5 occupations:

- » Women are disproportionately employed as elementary and middle school teachers and cashiers and retail salespersons, while males are disproportionately employed as drivers/sales and laborers and freight, stock, material movers (hereafter, warehouse laborers). Notably, only 5% of drivers/sales and 22% of warehouse laborers are women, while women make up 75% of K-12 teachers and 74% of cashiers.
- » Asian Americans are under-represented among drivers/sales, K-12 teachers, and warehouse laborers and over-represented in retail sales.
- » Blacks are over-represented among drivers/sales workers and warehouse laborers.
- » Latinos are over-represented among drivers/sales, cashiers, and warehouse laborers and are under-represented among K-12 teachers. Latinos account for about one half of all workers in the region (page 3), but are only 25% of K-12 teachers and about 67% of warehouse laborers and
- » Whites are over-represented among K-12 teachers and are under-represented among drivers/sales, cashiers, warehouse laborers, and retail sales (although the difference is slightly less than 1 percent for retail sales).
- » Immigrants are over-represented among drivers/sales and warehouse laborers and under-represented among cashiers, retail sales persons, and K-12 teachers. Only 2.3% of K-12 teachers are immigrants, compared to nearly 15% of all employed workers.

## DIFFERENCES BY SUBREGION

Disaggregating the Inland Empire into various subregions, several important differences emerge (page 12). First is the matter of workforce size. Riverside metro (with 343,306 jobs) and the West Valley of San



Bernardino County (358,666 jobs) have significantly larger workforces than areas like Temecula/Murrieta and the High Desert, which have 102,025 and 80,612 jobs, respectively. We also find wide variation in the Latino share of workers by sub-region. Latinos account for a near-majority of jobs in the western and eastern ends of the region (West SB Valley and Coachella Valley, respectively), but only about a third of jobs in the northern and southern parts (High Desert and Temecula/Murrieta, respectively).

Important sectoral differences also emerge across subregions. Health is the top industry for Riverside Metro, San Bernardino Metro, and the High Desert, while Accommodation is the top industry for Temecula/Murrieta and Coachella Valley. Notably, transportation/warehousing is among the top industries for 3 out of the 5 subregions (Riverside, San Bernardino Metro and Western San Bernardino County).

Finally, there are some significant gaps in pay across subregions. The Coachella Valley is the area least likely to have jobs that pay over \$3,333 a month or \$40,000 a year on an annualized basis. Only 29% of jobs meet this threshold just above the living wage or self-sufficiency standard for the Inland Empire. By contrast, 41% of jobs in San Bernardino metro and 38% of jobs in Riverside metro meet this threshold.

## PUBLIC SENTIMENT

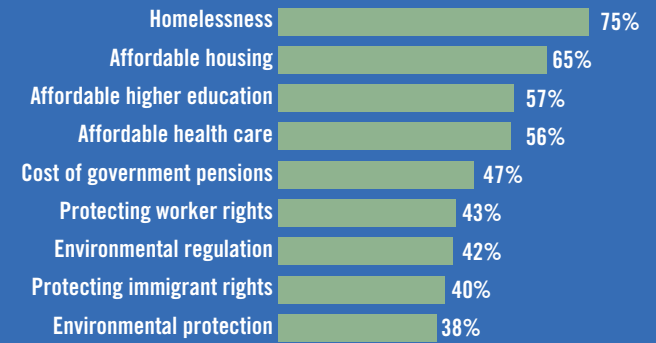
What do residents of the Inland Empire think about the state of work in the region, and what role do they envision government playing in promoting economic mobility? In October 2018, the Center for Social Innovation partnered with the Southern California News Group on a survey of political and policy attitudes in Southern California, with sizable samples of respondents in the counties of Los Angeles, Orange, Riverside, and San Bernardino.<sup>14</sup> Two questions in the survey help shed light on the state of work in the Inland Empire.

First, the survey asked respondents if they thought that state government and local government was doing too much, or not enough on a range of issues. While homelessness and affordable housing got top mentions as areas needing more government attention and involvement (page 17), respondents also wanted government to do more on promoting access to affordable higher education and to good career/technical education at the local level. Many also

## PUBLIC OPINION

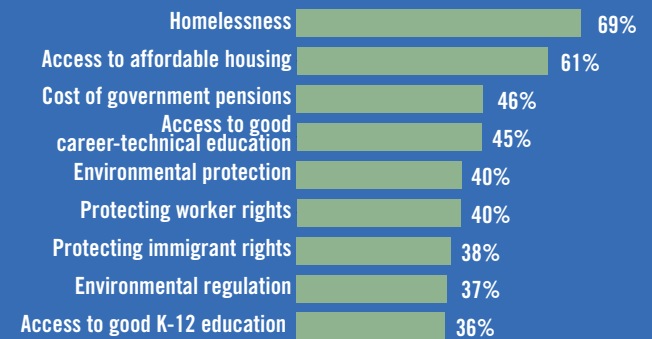
Residents in the region support greater government involvement in up-skilling (via higher education and career/technical education) as well as protecting worker rights.

### STATE GOVERNMENT IS NOT DOING ENOUGH ON...



Source: Fall 2018 Southern California Political Survey

### LOCAL GOVERNMENT IS NOT DOING ENOUGH ON...



Source: Fall 2018 Southern California Political Survey

Public opinion about industries that are likely to produce middle-class jobs largely reflects the realities of wages in the region.

### INDUSTRIES LIKELY TO PROVIDE MIDDLE-CLASS WAGES



Source: Fall 2018 Southern California Political Survey

thought that state government and local government could do more to protect worker rights, showing no necessary dichotomy between economic mobility strategies that emphasize up-skilling and those that emphasize worker protections.

The survey also asked respondents to evaluate whether industries in their region were very likely, somewhat likely, or not likely to provide jobs with middle-class wages. Public perceptions are largely in line with the reality of industry wages in the region (page 11), with health care and government jobs ranking high and the retail and hospitality sectors ranking low on their ability to produce middle-class jobs.

## PROMISING INITIATIVES

There are a host of efforts underway in the region to improve wages and working conditions. These range from advocacy efforts to various cross-sector and cross-county collaborations to improve educational attainment and occupational mobility.

## CAREER PATHWAY PROGRAMS

In both Riverside and San Bernardino counties, career pathway programs have emerged as important models for workforce development. These programs are tailored to meet regional workforce demands, and provide a “step model” that enables workers to obtain successively higher credentials in well-defined pathways to better jobs with higher earnings. Career pathway work involves considerable cross-county and cross-sectoral collaboration, including both county workforce development boards, industry partners, and the Inland Empire/Desert Regional Consortium that coordinates the career and technical education work of the region’s 12 community colleges.

Within the general framework of career pathways, counties are also experimenting with new ways to advance workforce development. For example, *GenerationGo!* is a structured, work-based learning program that aims to build the future of San Bernardino County’s workforce. The program partners with leading businesses and industry organizations to provide students with exposure to work experiences that complement their studies and career goals.

The program aims to go well beyond the standard expectations of career-technical education, by engaging promising students whose rigorous technical education, integrated work experiences, and personal

motivation set them apart. Throughout the internship program, students are also provided with ongoing support, including skills and job readiness training, to ensure their success. After completing 72 hours of training, Generation GO! interns receive a Career Readiness Certificate through a community college.

## SECTOR-SPECIFIC PROGRAMS

In addition to broad-based career pipeline programs in Riverside and San Bernardino counties, several sector-specific programs have emerged that draw on industry strengths in the region. The two county workforce development boards—operating jointly through the Inland Empire Regional Collaborative—have identified manufacturing and health care as two promising sectors under California’s Slingshot Initiative. This program encourages local governments to engage more deeply with business leaders on innovative approaches, accelerating the growth of job opportunities that provide economic mobility.

### Advanced manufacturing and logistics careers

The Chaffey College *Industrial Technical (InTech) Learning Center* is an accelerated craft training program housed in the Fontana campus of California Steel Industries. It was initially funded as part of a \$14.9 million regional award from a U.S. Department of Labor Trade Adjustment Assistance Community College and Career Training grant, with five areas of emphasis: pre-engineering/engineering technology, industrial maintenance, machining, automation and robotics, metal fabrication and welding. The Center also focuses on soft skills development and has a specialist who facilitates job placement and long-term career development. Within two years of launching in February 2016, InTech was serving over 750 students annually and had a 77% career placement rate for its graduates (InTech: Industrial Technical Learning Center 2017).

Similarly, Norco College established the *Accelerated Certificate & Employment (ACE)* program in 2015, enabling students to obtain a technical certificate with over 700 hours of training within a seven-month period. The program offers an industry-driven curriculum with training in facility maintenance, machine operations, business information systems, and industrial automation. As of 2017, the program had served over 100 students in the region, with a 100% placement rate with wages ranging from \$18 to \$34 an hour (Norco College 2017). Finally, Norco College also

prepares workers for middle management jobs in the logistics industry by offering certificates and Associate of Science degrees in logistics management.

### Health career pipeline development

Health care has accounted for a quarter of all job growth in the region since 2010, and both counties' workforce development boards are working to broaden access to health career pathways. Nonprofit leaders are also playing an important role in health career development. For example, Loma Linda University Health (LLUH) established *San Manuel Gateway College* in Fall 2016 to provide Inland Empire youth "a future beyond high school; that also empowers them to serve their under-served community."<sup>15</sup> Gateway College offers training and certification to students with a high school degree or GED for a variety of technician and assistant jobs. Although they vary in length, most certification programs last 9 months.

The students at Gateway College collaborate and train with Loma Linda medical students and residents. The college graduated its first cohort of 34 students in June 2017, including 12 students in its medical assistant program and 22 students in its community health worker program. Partners in the effort include the San Manuel Band of Mission Indians, San Bernardino City Unified School District, and the city of San Bernardino. Future plans for the college include expanding enrollment and creating new medical certification programs for nursing assistants and pharmacy technicians. In addition to these workforce development efforts, Loma Linda's economic development efforts will create hundreds of new health care jobs with the creation of a new, 16-story adult hospital and an expanded children's hospital.

Another promising nonprofit effort is *Health Workforce Development (HWD)*, a collaborative project involving the Lewis-San Antonio Hospital Healthy Communities Initiative, a national program focused on teen physical and mental health (HealthCorps), and local school districts in the Inland Empire. The program encourages and facilitates early student engagement in health careers by providing opportunities for college interns to serve as mentors in local high schools, and having high school students, in turn, serve as role models for students in junior high. While the scale of nonprofit efforts like HWD are currently small, greater investments and greater coordination with the region's major healthcare institutions can reap larger rewards.

## PROFILE

### LINDA

**Location:** San Bernardino metro

**Gender:** Female

**Occupation:** Warehouse worker

Linda is a full-time warehouse worker for Stater Brothers, a regional grocery chain, where she has worked for 15 years. Linda works during the night shift, and usually helps select items to fill orders for Stater Brothers stores. Sometimes she also works to keep the warehouse clean of spills or debris, which helps prevent workplace accidents.

Linda is a proud member of Teamsters Local 63 and comes from a union family. Her father was a truck driver who was also represented by the Teamsters as is her husband, who is also employed as a warehouse worker for Stater Brothers. Her union contract provides her with good pay (\$26/hour of standard pay and \$13/hr of bonus pay during periods in which she exceeds the standard level of productivity), good benefits, and employee protection, which is why she has stayed employed as a warehouse worker at Stater Brothers for so long. Linda and her husband are sometimes expected to work overtime, especially during holiday seasons or other busy periods.

Linda and her husband greatly value their union contract which provides them with employer-provided benefits, including health insurance for her family, a generous retirement pension, sick days, and paid vacation time (which varies by employees' length of service). Because she has worked at Stater Brothers for 15 years, Linda will have 4 weeks of paid vacation time beginning this year. Employees who have worked for the company for 5-14 years are given 3 weeks of paid vacation time, while employees that have worked for less than 5 years are given one week of paid vacation time.

Linda enjoys having the protection of the union, which advocates for their members if needed and ensures that the company complies with labor laws and treats their employees fairly. During her work shift, she is always given the required work and meal breaks.

Linda's daughter is currently employed as a warehouse worker for Amazon and lacks union representation. Her daughter earns less than her parents and has fewer benefits. Although Amazon offers health insurance for their employees, her daughter could not afford to use it for her family. The monthly cost of this insurance would be about half her monthly income. For this reason, her daughter, who is not yet 26, is covered through her parents' health insurance plan.

## COLLECTIVE IMPACT EFFORTS

There are two, major collective impact efforts underway in the region, one focused more on growing middle-skill jobs that pay middle-class wages and the other focused more on increasing college graduation rates in the region.

### Inland Economic Growth and Opportunity

The Inland Economic Growth & Opportunity (IEGO) project is a collaboration between The Brookings Institution and dozens of leaders from business, education, government, and civic groups in the region with the goal of focusing development efforts toward (1) supporting sectors and firms that create middle-income jobs requiring less than a four-year college degree, and (2) increasing access to those jobs for all residents, reflecting the diversity of the region.

Extensive research and stakeholder outreach over 18 months has produced a strategy that includes capitalizing on the region's strengths in logistics and advanced manufacturing, generating better, sustainable jobs through "centers of excellence" that deepen collaborations between higher education, industry, and the public sector. IEGO also seeks to accelerate the growth of emerging industries with greater potential to grow higher-wage jobs for those with mid-level skills. These industries include solar energy and battery storage; information technology and cybersecurity; and emissions technology. These sectors show promise for leveraging important assets in the region, including well-established solar energy companies, strong programs in cybersecurity and entrepreneurship development at CSU San Bernardino, and the pending relocation of California Air Resources Board (CARB) to UC Riverside. Finally, IEGO seeks to scale up career and technical education efforts, reaching more diverse residents and better connecting the region's workforce and economic development efforts.

### Growing Inland Achievement

A vital component to improving access to middle-class jobs is increasing the educational attainment of the region's residents. Studies indicate that only 151 out of 1,000 high school freshmen in the Inland Empire have gone on to finish a four-year college degree.<sup>16</sup>

Growing Inland Achievement, a collective impact effort involving industry, K-12, and higher-education leaders in the region, seeks to increase baccalaureate attainment by 15% over 6 years and better align

post-secondary education with workforce development needs. So far, the effort has received a \$5 million grant from the Governor's Innovation Award in Higher Education, and additional support from College Futures Foundation and The James Irvine Foundation.

## REGION-SPECIFIC INITIATIVES

In addition to local and county-wide efforts, there are promising regional initiatives seeking to improve educational achievement and occupational mobility. For example, efforts by *One Future Coachella Valley* and the *Coachella Valley Economic Partnership* aim to boost economic investment and upward mobility in the eastern part of Riverside County.

One Future Coachella Valley, previously known as Pathways to Success, works at the intersection of educational attainment, career success, and business growth in the region. The organization has initiated a Regional Plan for College and Career Readiness, which aims to grow higher-paying jobs in the region by increasing high school graduation rates, college readiness, completion of college and higher skills training, and career readiness. The organization also raises millions of dollars in scholarships that leverage student aid from federal and state government. It also partners with local businesses and organizations to offer students a variety of internships that potentially lead to permanent jobs in the region.

More generally, there is a recognition that, in order to prevent a "brain drain" that has been endemic to the Coachella Valley, educational achievement and workforce development need to be paired with collective efforts to improve economic development. The Coachella Valley Economic Partnership is a business-led nonprofit organization that facilitates a common vision for economic development in the region and runs a state-designated business incubator and a business services center. The organization partners with various government entities, including cities, tribal governments, county agencies, and regional associations to support economic development in the region.

While economic growth may be more concentrated in the western parts of Coachella Valley than in the east, these coordinated regional efforts offer promising signs of boosting inclusive economic development through strategic partnerships involving significant commitments and investments by government agencies and leaders in education, nonprofit, and business sectors.

## UNIONIZATION AND BUILDING WORKER VOICE

Finally, unionization and other efforts to strengthen worker voices are important strategies for improving wages and working conditions. Research finds that, controlling for other factors that influence earnings, union workers tend to earn more wages and incomes than non-union workers, and also have greater access to employment benefits such as health insurance, pensions, and paid vacations (Mischel et al. 2012).

Unionization has been growing in the Inland Empire. As of 2017, 351,033 workers in the Inland Empire (about 20.7% of the workforce) belonged to a union, a 26% proportional increase in union membership compared to 10 years ago. By comparison, union members increased only 0.6 percent in California and declined 5.5 percent nationally in the past 10 years. Consistent with national patterns, union density in the region was much higher in the public sector (63%) than in the private sector (12%). (Lansner 2018).

In part, some of the rise of unionization in the region is related to the growth of industries that have already been unionized, including the growth of public sector jobs. There have also been various successful campaigns to organize new workers and win first union contracts in recent years. For example, International Brotherhood of Teamsters Local 1932, which represents over 14,500 public sector workers in the region, won the right to collectively bargain for about 500 early childhood education workers employed by the San Bernardino Preschool Division and then successfully negotiated a first contract in 2018 for these workers that raised their wages; they did so with the active support of parents and community members (Teamsters 1932 2018).

Other unions have also made notable gains. In 2017, United Food and Commercial Workers organized 54 CVS stores in the Inland Empire, representing about 900 workers. Prior to 2017, only one CVS store was unionized in the region. In 2016, UFCW also organized about 500 workers in JBS, a meat packaging plant in Riverside.<sup>17</sup> And in 2018, Hotel Employees and Restaurant Employees (HERE) Local 11 won collective bargaining rights for about 125 concession workers at Citizens Business Bank Arena in Ontario.<sup>18</sup>

Finally, in addition to unions, worker centers provide collective voice, leadership development, legal support and vital resources to workers who are difficult to unionize, such as immigrant, subcontracted, and temporary workers. Since 2011, the Warehouse Work-

## PROFILE

### MICHAEL

**Location:** Riverside County

**Gender:** Male

**Industry:** Public Administration

**Occupation:** Food Services Supervisor

Michael is a member of SEIU Local 721 and a Riverside County employee over many years. Although Michael enjoys being a county employee represented by a union, he and his family have been adversely affected by the county's budget deficit and related woes, such as staff layoffs and downsizing of departments, and uncertainty over the timing and terms of a new contract agreement between the County of Riverside and union members.

Michael explains that, in July 2017, Riverside County sent a notice to all unions notifying them of their current budget crisis, and ultimately, informing them that they did not have enough money to support any form of raises and any increases in medical health insurance costs. Yet, Michael and other county employees question the wisdom of the county spending upwards of 40 million dollars on a private consulting firm, even as it struggles with its budget woes.<sup>19</sup> As Michael puts it, "the county is currently not giving us a fair contract, because they claim they have no money, but they are spending it in things they shouldn't have."

Currently, Michael is still worried about impacts that county budget cuts will have on his job stability and economic security. As a result of the budget uncertainty and union contract stalemate, Michael has had to sell one of his cars, so he could have some income saved in case there is a radical change in his employment status and/or benefits. Michael has also started working a second job, in the event that contract negotiations with the county go sour.

If Riverside County workers lose a decent and fair contract Michael notes, "people will lose hope, faith in their union, and a lot of people will lose personal assets." He is especially worried about families who have more than one family member working for the county. Nevertheless, Michael continues to work with his union in pushing for a fair agreement regarding health care and retirement benefits and cost of living pay raises.

ers Resource Center (WWRC) has provided education, advocacy, and other vital services and resources for warehouse workers in the Inland Empire. WWRC has organized health clinics for their members, helped them to obtain health insurance, provided English language and citizenship classes, and provided legal advocacy and training for their members. The organization has also pursued a range of strategies, from litigation and advocacy to participating in collective impact efforts such as IEGO (page 20) that seek to improve economic mobility in the region by involving industry, labor, education, and civic leaders alike.

## POLICY OPTIONS

The Inland Empire has benefited from strong job growth since 2010, with low rates of unemployment that are now comparable to those statewide and across the country. At the same time, workers employed in the region are struggling to make ends meet. Compared to employees in the rest of Southern California and statewide, Inland Empire workers have higher rates of poverty and lower earnings, lower percentages with full-time, full-year employment, and lower percentages with employer-provided health insurance. In addition, disparities by race and gender remain significant within the Inland Empire.

There are many solutions already underway, which generally can be grouped as efforts to expand opportunities for up-skilling and efforts to improve worker protections and benefits. These need not be seen as mutually exclusive. Indeed, most residents in the region see both strategies as important, with state and local governments playing an important role in improving workforce development as well as worker protection.

In addition to the promising initiatives already described in this report, the following areas merit further research and potential implementation:

1. effective labor market regulations and enforcement that can improve wages, benefits, and working conditions, including on “gig,” subcontracted, and self-employed work,
2. regulatory reforms that can promote job growth as well as improve environmental conditions,
3. effective public investments—in infrastructure, educational institutions, health care and more—that can expand access to good jobs, and
4. strategies to retain the region’s college graduates, ranging from venture capital investment and other entrepreneurship support to the development of more vibrant commercial and cultural centers that attract workers and employers alike.<sup>20</sup>

The Inland Empire, like the rest of inland California, represents the demographic future of the state. At 4.5 million residents today, Riverside and San Bernardino counties already account for 1 of every 9 Californians. The region has added over 300,000 new jobs since 2010, although many workers in the region struggle to make ends meet. By expanding investments in economic development, workforce development, and workforce protection, the Inland Empire has the opportunity to make sure that future economic growth in the region is inclusive, sustainable, and strong.

## ENDNOTES

- 1 Educational attainment figures are calculated for non-institutional, civilian employees ages 25 and over. Other workforce figures in this report are for non-institutional, civilian employees, ages 16 and over.
- 2 Indeed, our State of Immigrants in the Inland Empire (2018) report reveals that immigrants are a critical part of the agricultural workforce in Riverside County.
- 3 Monthly earnings in Utilities (\$8,175) and Mining, Quarrying, and Oil and Gas Extraction (\$6,032) are high but together account for fewer than 0.8 percent of the region’s jobs.
- 4 This is a simpler measure than the University of Washington’s sufficiency standard based on the ages of children.
- 5 The percentages of workers with full-time, full-year employment for the transportation and warehousing industry reported here would be even less if temporary warehouse workers (included under the Administrative Support industry) were included in these figures. Warehouse occupations are among the most common occupations among temporary workers in the Inland Empire according to American Community Survey data for 2016.
- 6 CoreLogic. (2018). “Southern California Home Resale Activity: Home Sales Recorded in September 2018.”
- 7 Looking closer at educational attainment, we find that those who live elsewhere but work in the IE have the largest share of workers with four-year college degrees (34%). These workers primarily hold occupations like elementary & middle school teachers, accountants and auditors, managers, and physicians and surgeons. Similarly, workers with college degrees make up about (28%) of those who live in the IE but commute out. Some of the top occupations of these workers include: managers, nurses, and elementary & middle school teachers. Finally, about 23% of those who live and work in the IE have four-year college degrees. Most of these workers hold jobs in education, medical care, or managerial positions.
- 8 Data retrieved from <https://collegesimply.com>, October 30, 2018.
- 9 Data retrieved via FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/release/tables?rid=414&eid=301476&od=#>, November 14, 2018.
- 10 The ACS measures poverty rates in terms of the U.S. Census Bureau’s official measure, which is based on the percent of families whose pre-tax household incomes are below the federal poverty threshold. The federal poverty threshold is an annual estimate of the cost of a minimally sufficient food diet for households of a given size and age composition in the United States and multiplying this figure by three to account for other household costs (United States Census Bureau 2017).

- 11 Even this estimate may be underestimating the extent of poverty. Defining poverty in terms of the percentage of residents with household incomes less than 50% of the state's median household income (and using a comprehensive definition of income), researchers find that the poverty rate for those living in the Inland Empire is about 18.1%, compared to 14.7% for California in 2015 (Brady, Parolin and Ross 2018).
- 12 These annual estimates include the county-specific cost of housing, child care, food, transportation, health care, emergency savings, taxes, and various other basic household expenditures, and takes into account various tax credits available to households and families (Pearce 2018).
- 13 Many adult children live with their parents because they either cannot afford a home of their own and/or because they are helping to care for their aging, sick, and/or disabled parents.
- 14 The online survey was conducted using the Qualtrics platform and sample, with responses collected between October 24 and October 30, with 1,291 respondents and a margin of error of +/- 3%. Overall, there were 379 respondents in Los Angeles County, 357 in Orange County, 330 in Riverside County, and 225 in San Bernardino County.
- 15 "Ceremony empowers first graduates of San Manuel Gateway College as 'community faculty,'" Loma Linda University Health. <https://news.llu.edu/education/ceremony-empowers-first-graduates-of-san-manuel-gateway-college-community-faculty>
- 16 Growing Inland Achievement. 2018. Home page. Available at <http://inlandempiregia.org/>
- 17 Author communication, UFCW Local 1167 staff, Aug 24, 2018.
- 18 Author communication, HERE Local 11 staff, Sep 17, 2018.
- 19 Amidst considerable criticism, Riverside County voted in September 2018 to wind down its consulting contract with KPMG to restructure county government operations (Horseman 2018).
- 20 Notable examples include the development of an entertainment district in Ontario and downtown redevelopments in the cities of Riverside, Redlands, and Palm Springs.

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