CERF Executive Summary Draft

The Orange County Community Economic Resilience Fund (CERF) Regional Plan focuses on four key objectives: equity, sustainability, job quality and access, and economic competitiveness and resilience. One major aspect of the Orange County CERF's equity objective is its focus on disinvested communities; the CERF Regional Plan's use of this term (incorporating, among other things, lower-than-average homeownership rates and educational attainment) reflects analysis of key quality of life factors in one of the nation's most expensive areas. Overall, more than 100 county census tracts qualify as disinvested under this expanded definition, including 32 in Santa Ana, 31 in Anaheim, 16 in Garden Grove and 11 in Huntington Beach.

The Orange County CERF **Stakeholder Mapping** process included an online survey (in English, Spanish and Vietnamese) was circulated among High Road Transition Collaborative (HRTC) members and other local and regional stakeholders to better understand what each entity does, where they operate, what communities they serve, and how they can contribute to a High Road economy. These stakeholders fall under the following categories:

1. California Native American Tribes
2. Community-Based Organizations (20.9 percent of the total)
3. Organizations Working with Disinvested Communities (14.2 percent of the total)
4. Local Governments and Economic Development Organizations
5. Education and Training Organizations (22.9 percent of the total)
6. Businesses, Employers and Business Associations
7. Environmental Organizations
8. Labor Organizations
9. Philanthropic Organizations
10. Workforce Entities

The file that aggregates all these responses can be used as a tool for anyone to better understand who does what, and where, in order to foster collaboration between like minded organizations or for cross sector collaboration.

The CERF **Regional Summary** focuses on Orange County's history, changing demographics, housing landscape, economy and economic development, climate and environment and public health. Three main themes from this summary are particularly important for stakeholders:

- Orange County is one of the most expensive housing markets in the United States. The county's median home price hit an all-time high last year, peaking at $1,325,000 in April. While this price has somewhat declined, it remains over one million dollars and thus significantly above state and national averages. These extremely high home prices – the result of a chronic lack of housing supply – have begun to show very visible consequences. Like the state as a whole, Orange County has lost population in three consecutive years, beginning in 2020, as tens of thousands of county residents have moved to more affordable areas. If it continues, this trend could negatively impact many aspects of the county economy.
- Orange County is currently undergoing two large, long-term demographic shifts. First, the county is aging rapidly. Its median age increased from 36.1 in 2010 to 39.2 in 2021; this number is well above state and national averages. This trend, which has already manifested in declining school

enrollment and the workforce shortage, is expected to continue in the long-term. Orange County is also growing more diverse. Between 2010 and 2021, White residents declined as a percentage of the county population while the percentage of Hispanic or Latinos, Asians and African Americans all increased, as did the percentage of county residents of two or more races. The county's diversity is a major strength, especially as the global economy becomes more and more interconnected and global connections become more and more important.

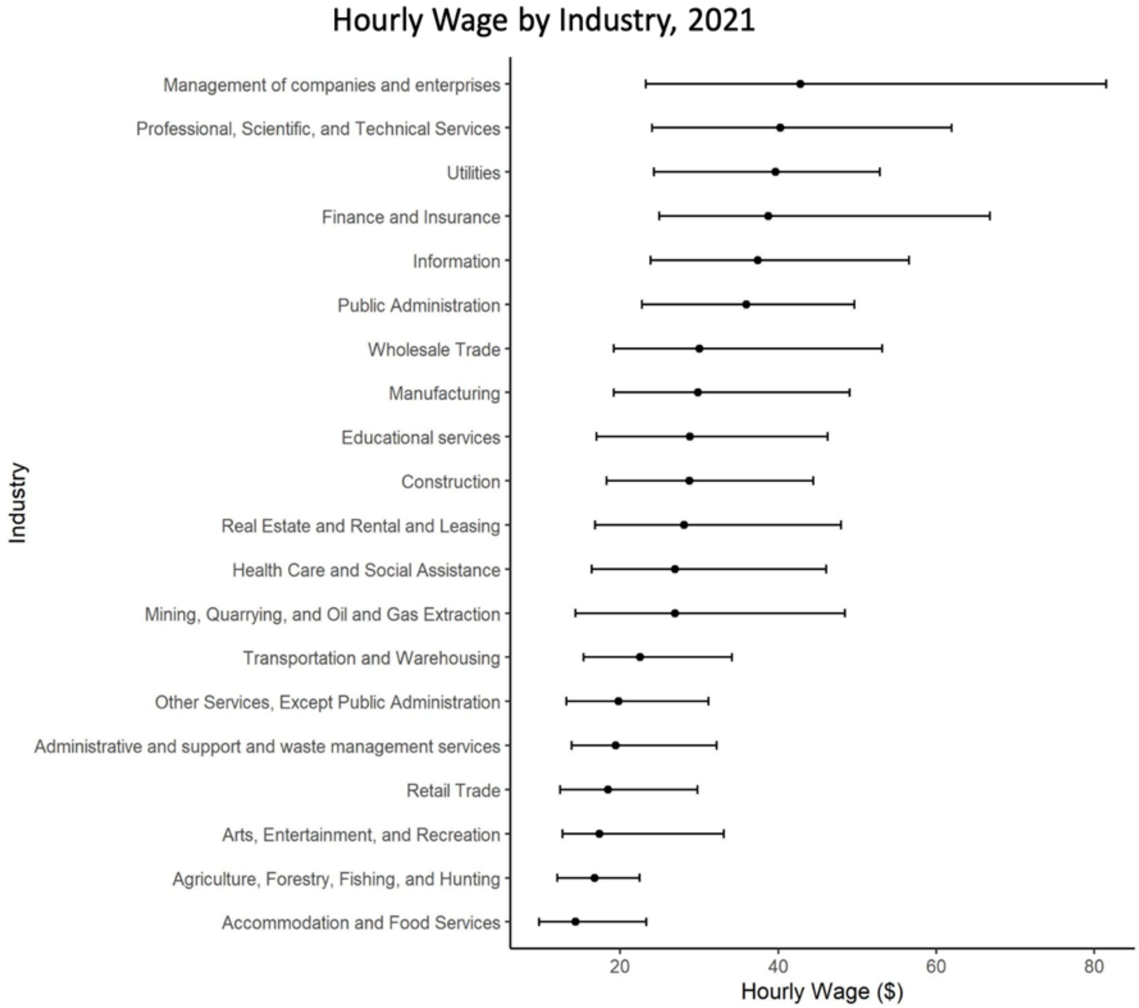
- Finally, while Orange County is a true economic powerhouse, with a deep talent pool and a strong, diverse economy, this prosperity is not equally spread across the county. While the county's median home price is well over one million dollars, as previously mentioned, approximately 10 percent of county residents live in poverty according to federal definitions, which do not account for the county's extremely high cost of living such as housing costs and could thus significantly undercount the county's actual poverty rate. Expanding economic growth to call county residents, including the most vulnerable, is a major goal of the CERF project.

A **Labor Market Analysis** shows that Orange County's economy has largely recovered from the COVID-19 pandemic; its unemployment fell from a record-high 15.1 percent in May 2020 to 3.4 percent in March 2023. The county's total civilian labor force, however, has not rebounded to pre-pandemic highs.

As of February 2023, Orange County had a total nonfarm labor force of approximately 1,619,000, 44,600 more than the previous February. Orange County's largest occupational groups include Office and Administrative Support (219,000 jobs, 12.0 percent of the county's workforce), Sales and Related occupations (9.5 percent of the county workforce) and Food Preparation and Serving Related occupations (8.0 percent). Its most in-demand jobs – as measured by job postings over the past year – include Registered Nurses, Retail Salespersons, Wholesale Sales Representatives and Software Developers. Registered Nurses were also identified as the county's most recession-stable job. (Other notably recession-stable jobs included Managers, Medical and Health Services Managers and Project Management Specialists.

The UCI Labor Center's Orange County Worker Profile was undertaken by Dr. Virginia Parks, a UC Irvine professor and the Center's faculty director, and doctoral candidate Youjin Kim. One key finding was that the COVID-19 pandemic had a disproportionate impact on women workers, who saw a 2019-2021 employment decrease of 4.3 percent, compared to 2.9 percent for men. The hardest-hit Orange County occupational categories between 2019 and 2021 included Personal Care and Service (-30.8 percent), Installation, Maintenance and Repair (-24.0 percent), Food Preparation and Serving Related (-20.8 percent) and Construction and Extraction (-20.6 percent). Accommodation and Food Services was the hardest-hit industry (-22.8 percent), followed by Utilities (-20.4 percent) and Arts, Entertainment and Recreation (-19.9 percent).

Orange County's highest-paying occupational categories include Engineering, Computer, Management, Legal, and Finance, while the county's lowest-paying occupational categories include Healthcare Support, Building Maintenance, Landscaping, Food Preparation, and Personal Care and Services. The following chart provides an overview of the county's highest- and lowest-paying industries by salary range and median salary:



The Orange County Worker Profile defines a **good job** as one that pays a living wage (as defined by MIT's Living Wage Calculator), provides employer-sponsored healthcare and provides full-time employment. According to this analysis, approximately 83,000 Orange County workers (approximately 42 percent of the workforce) had good jobs that provided living wages for a single adult, while only 39 percent had good jobs for a family of three; in both cases, men were more likely to hold good jobs than women and Whites and Asians and Pacific Islanders were more likely to hold good jobs than other ethnic groups, with Latinx workers less than half as likely to have a good job than non-Hispanic white workers. Finally, the Orange County Worker Profile found that approximately 11 percent of Orange County workers were union members in 2021 and that union membership led to significantly higher wages in several key sectors such as Construction, Transportation and Warehousing, Educational Services and Retail Trade.

CERF **Participatory Action Research** was carried out at a community forum on June 22nd that involved HRTC members such as Cooperacion Santa Ana and THRIVE Santa Ana Community Land Trust and community partners such as Latino Health Access, Cambodian Families, CIELO, and Orange County Environmental Justice. Several main themes emerged from interviews with disinvested community members (primarily from Vietnamese, Cambodian and Hispanic/Latino immigrant backgrounds), as illustrated in the table below:

Break Out Groups	Most Cited Obstacles
Domestic Workers	Wages, pandemic, child care, lack of information, displacement, housing costs, exploitation, and gentrification.
Community Organizers and *promotoras*	Lack of information, pandemic, undocumented status, wages.
Homemakers	Childcare, cost of living, lack of information, wages.
Neighborhood-level organizations and Renters	Housing costs, conditions, regulations, wages, cost of living, pandemic, loans and credit, displacement, racism.
Cooperative Workers	Costly and cumbersome permitting procedures and regulations, political leadership and participation, lack of information, resources, and wages.
Worker Benefits	Childcare, lack of information and knowledge of rights, wages.
Micro-entrepreneurs	Undocumented status, costly and cumbersome permitting procedures and regulations, wages, childcare, and technology.
Other sectors	Lack of information, wages, and housing costs.
Other sectors	Housing costs and conditions, regulations.
Cambodian Elders	Living costs, wages, political leadership and participation, and housing costs.

An **Industry Cluster Analysis** reveals that Orange County's highest-performing clusters include Medical Device (#1 in the nation), Local Commercial Services, Information Technology and Business Services. Many other county industry clusters were highly-ranked at the national level, including Printing Services, Apparel, Lighting and Electrical Equipment and Recreational and Small Electronic Goods (all third) and Financial Services and Communications Equipment and Services (both fourth).

The county's most concentrated industries (as measured by location quotient) include Arts, Entertainment and Recreation (1.76 times as concentrated as the national average), Real Estate and Rental and Leasing (1.65) and Management of Companies and Enterprises (1.41). Unsurprisingly, one Arts, Entertainment and Recreation subsector, Amusement and Theme Parks, had a location quotient of 12.81; other highly concentrated subsectors included Other Apparel Knitting Mills (9.60), Dental Laboratories (9.38 and Nonferrous Forging (9.19).

The largest industry clusters by employment were Energy, Construction and Utilities (485,554 employees as of 2022), Retail, Hospitality and Tourism (390,579) and Business and Entrepreneurship (158,244). Anaheim, Orange County's largest city, was also its largest hotspot for Advanced Manufacturing, Advanced Transportation and Logistics, Health and Retail, Hospitality and Tourism. Irvine, the county's second largest city, was the top hotspot for Business and Entrepreneurship, Energy, Construction and Utilities, Information & Communication Technologies and Digital Media, and Life Sciences and Biotechnology.

Artificial Intelligence (AI), which is currently transforming occupations and workplaces across the globe, with nearly 9% of the US workforce over the next 3 years will need retaining based on AI's impact. This provides both a challenge and an opportunity for Orange County. Accelerated by the COVID-19 pandemic, AIs, robots and other technologies are performing more work tasks than ever before, as exemplified by ChatGPT's seeming ability write, research and converse. While previous waves of automation primarily replaced manual labor and repetitive tasks, current and emerging AIs can perform a variety of activities traditionally associated with educated white-collar professions, activities such as customer support, marketing and sales, and even writing code.

Orange County can respond to these challenges and opportunities in two main ways. First, by identifying which occupations and job tasks are most and least resistant to automation, which the full report does, regional stakeholders should develop economic and workforce development policy to support those most vulnerable to business closures and job loss. Second, the region's education and workforce development institutions should focus on key non-automatable skills such as critical thinking, creativity and long-term strategic thinking.

SWOT Analysis

Key Orange County **Strengths** include: a diverse population; highly educated workforce; proximity to other major markets; transportation infrastructure; strong k-grad school educational system; world-renowned tourist attractions; low unemployment; strong industry clusters; well-rounded economy and efficient groundwater replenishment system.

Weaknesses include: lack of a unified countywide vision; incorrect perceptions of Orange County as a uniformly wealthy, racially homogenous area; a labor force skills gap; lack of affordable housing and of open land for new housing construction; an increasingly high overall cost of living; expensive childcare; vulnerability to natural disasters such as wildfires and landslides; economic disparity within the county; and a lack of public health access in disinvested communities.

Opportunities include: elevating disinvested communities; developing an overall regional competitiveness strategy; promoting innovation and entrepreneurship; leveraging shift age and ethnic demographics; boosting and leveraging emerging industry clusters; building economic resistance; making the county economy more inclusive via education and job creation; reindustrialization; attracting and retaining world-class employers; boosting career education; increasing access to education in general; providing more affordable childcare; and further innovating in water management.

Potential **Threats** include: Orange County's declining and aging population; its high cost of living; poverty and homelessness; overregulation; widespread mental health challenges; AI and automation impacts; climate and sustainability challenges; coastal erosion; declining demand for commercial real estate; and future natural disasters.