

LOSING HOPE, STRUGGLING TO GET BY AND LIKELY TO LEAVE

A Portrait of the Central Coast Workforce

CENTRAL COAST WORKFORCE SURVEY

January 26, 2020

Smith Johnson Opinion Research

Hourglass Project

EXECUTIVE SUMMARY

To gain a better understanding of challenges facing the Central Coast workforce, the [Hourglass Project](#) commissioned Sacramento-based [Smith Johnson Opinion Research](#) to design and conduct a public opinion survey. The survey, with a sampling error of plus or minus 4 percentage points, polled 540 registered voters ages 18-54 across San Luis Obispo and northern Santa Barbara.

The survey finds that the region's economic ground is not as solid as traditional measures, such as unemployment and Gross Regional Product – indicate. Bubbling up beneath the surface are compelling questions about how many people are being left behind because of concerns about cost of living, housing affordability and job opportunity – concerns critical to all residents' future prosperity.

These findings depict a regional workforce that is struggling to get by, let alone get ahead, and is seriously considering leaving the area.

LOSING HOPE

In stark contrast to strong economic indicators, the survey reveals crumbling faith in the California Dream and a population that sees upward mobility and home ownership as unattainable. The overwhelming sentiment is that making a life on the Central Coast is difficult and likely to become untenable for the next generation.

Nearly 75% of people believe the California Dream and upward mobility are harder to obtain on the Central Coast than other parts of the state, compared to just 7% who consider it easier.

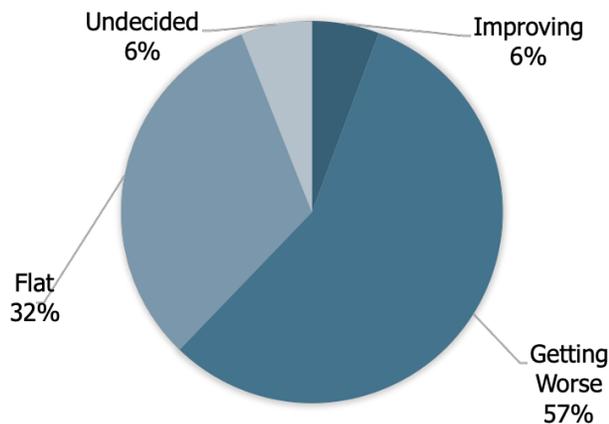
Upward Mobility

Do you believe the California Dream, and the opportunity for upward mobility, is easier to obtain on the Central Coast than in other parts of California, or is harder to obtain on the Central Coast than other parts of the California?

Easier to obtain	7%
Harder to obtain	74.8%
About the same	18.3%

MIDDLE AND WORKING CLASS

Do you believe the standard of living for most middle-class workers on the Central Coast is improving, getting worse, or remaining flat?



The view down the road isn't any rosier. Only 1 in 20 believe the standard of living for middle-class workers is improving, while almost a third consider it flat, and more than half see it getting worse.

That leaves a vast majority – 86% – who do not expect today’s young people to be able to afford to live and work on the Central Coast as adults, a chilling assessment about the lack of opportunity in the region.

The Future

Do you expect that young people living in the region today will be able to afford to live in this region as adults?

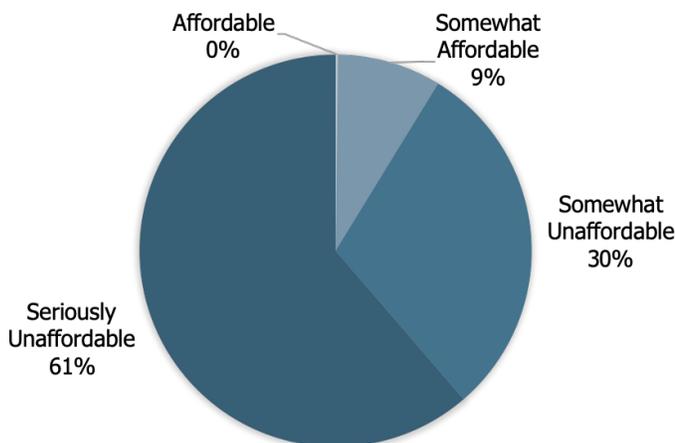
Yes, young people will be able to afford to live in this region when grown	14%
No, young people will not be able to afford to live in this region when grown	86%

STRUGGLING TO GET BY

It’s not surprising that Central Coast residents are losing hope when so many are struggling to get by, lacking even the most basic needs. The survey results paint a picture of a population living on the edge, scraping by paycheck to paycheck with little cushion for emergencies or retirement across all socio-economic levels.

HOUSING AFFORDABILITY

Would you describe cost of living (housing and other costs) in this region of California as affordable, somewhat affordable, somewhat unaffordable, or seriously unaffordable?



Cost of Living

When asked about the affordability of housing, just 1 of 529 respondents considers housing and the cost of living on the Central Coast affordable. 60% describe the region as “seriously unaffordable,” while a commanding 90% consider the area somewhat or seriously unaffordable.

That view likely reflects the double blow of the region’s relatively low median wages and out-of-reach housing prices. Only about 20% of homes in San Luis Obispo and Santa Barbara Counties are affordable for a family earning the median household income, according to the National Association of Home Builders’ most recent Housing Opportunity Index, making the Central Coast the nation’s 8th-least affordable region.

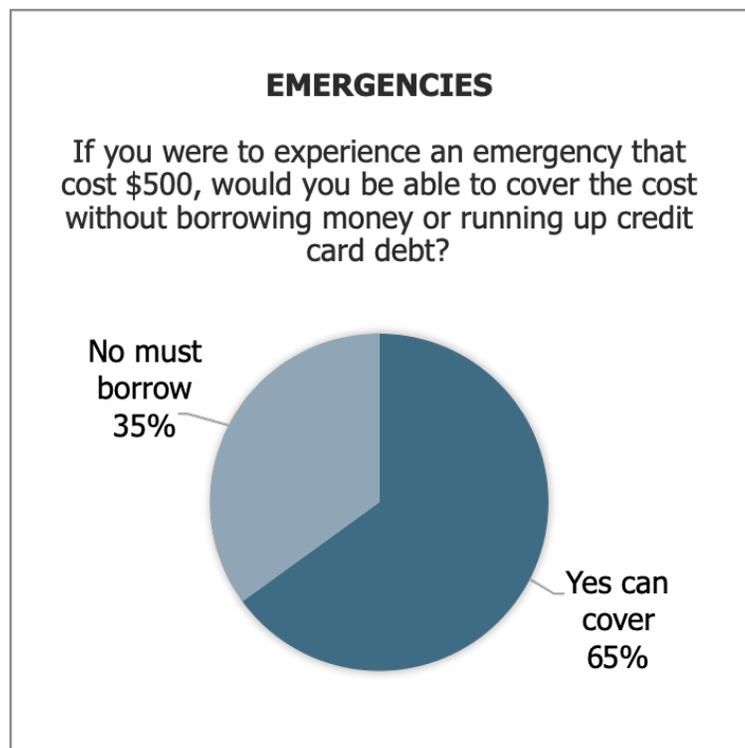
Another gauge, the California Association of Realtors Housing Affordability Index, shows that barely 1 in 4 San Luis Obispo households can afford the median home price of \$635,000. The minimum qualifying income for that price — \$124,490 — is nearly \$40,000 above the county’s median household income.

Financial Security

One in three respondents say they would need to borrow money or run up credit card debt to cover a \$500 emergency.

The same number reported not having any money set aside as savings.

Even among middle-class respondents, 1 in 4 could not cover a \$500 emergency.



Revealing further financial insecurity, 1 in 10 workforce households worry simply about having enough money for food each month — a number that jumps to 1 in 5 among Latinx households. Almost a third worry about not having enough money to cover monthly expenses.

FINANCIAL SECURITY	
In the past 12 months, would you say you ever worried about: (check all that apply)	
Buying sufficient food to feed your family	12.4%
Affording childcare	13.4%
Paying your student loans	13.7%
Paying your credit card bill	21.7%
Other bills such as gas, electric, legal or medical bills	23.7%
Not having enough money to cover your expenses	29.7%
Lack of savings	40.1%
Not being able to have enough money to retire	42.7%

Financial Security

Which of the following comes closest to your household’s situation most months lately? Do you:

Spend a lot more than you make	7.8%
Spend a little more than you make	13.7%
Spend about as much as you make	37.3%
Make a little more than you spend	35.2%
Make a lot more than you spend	6.0%

Those concerns are unlikely to diminish in the future, as 3 in 5 report spending as much or more than they earn each month. Just 6% are making traction by earning significantly more than they spend, with another third bringing in only a little more than goes out each month.

CONSUMER DEBT

Approximately how much consumer debt does your household have (e.g. credit card, student loans, short-term/payday loans, etc.)?

None	18.8%
Less than \$10,000	32.2%
Between \$10,000 and \$49,999	37.3%
Between \$50,000 and \$99,999	5.7%
Between \$100,000 and \$150,000	3.4%
More than \$150,000	2.6%

A majority of households are also under the pressure of significant debt. Four out of 5 households carry consumer debt from credit cards, student loans and other non-mortgage borrowing. One in three households report debts up to \$10,000; 37% owe up to \$50,000, and more than 1 in 10 are under water by more than \$50,000.

This losing battle to get ahead also makes saving for the future a widespread struggle. One in 3 respondents have less than \$10,000 in retirement savings, a small fraction of what’s needed for a secure future. The majority reports having less than \$100,000 in savings.

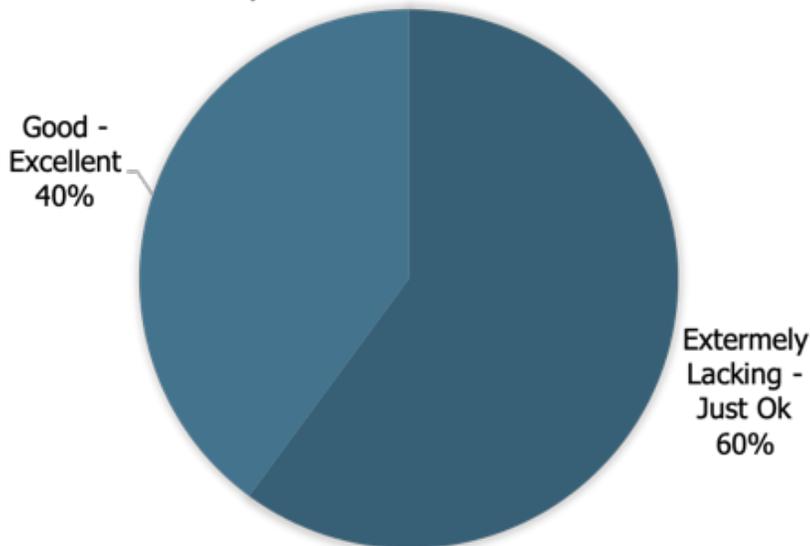
RETIREMENT

By your best estimate, how much money have you saved for retirement?

Less than \$10k	32.3%
\$10k - \$99k	25.4%
\$100k - \$499k	16.0%
\$500k+	12.0%
Have a pension	5.7%
Don't know	8.6%

Financial Security

How would you rate your household’s financial situation today?



Collectively, the survey reveals deep uncertainty about the future, with 6 in 10 people rating the financial situation in their household as no better than “just ok.”

LIKELY TO LEAVE

This grim outlook may lead to a tipping point, with a majority of the workforce considering abandoning the area in coming years. More than half of all survey respondents say they are somewhat or very likely to leave the Central Coast over the next few years.

That likelihood correlates strongly with how people view their financial situation: 60% of those who rated their finances as not secure are “very likely” to leave.

The specter of a defecting workforce appears even more problematic when considering age, ethnicity and socioeconomic status. Those who are somewhat or very likely to move out of the region in the next few years include:

- 1 in 2 middle-class respondents making between \$80,000 and \$120,000 annually
- 7 in 10 working-class respondents
- 7 in 10 of poor respondents
- 2 in 5 Caucasians
- 3 in 5 Latinx
- 4 in 5 African Americans

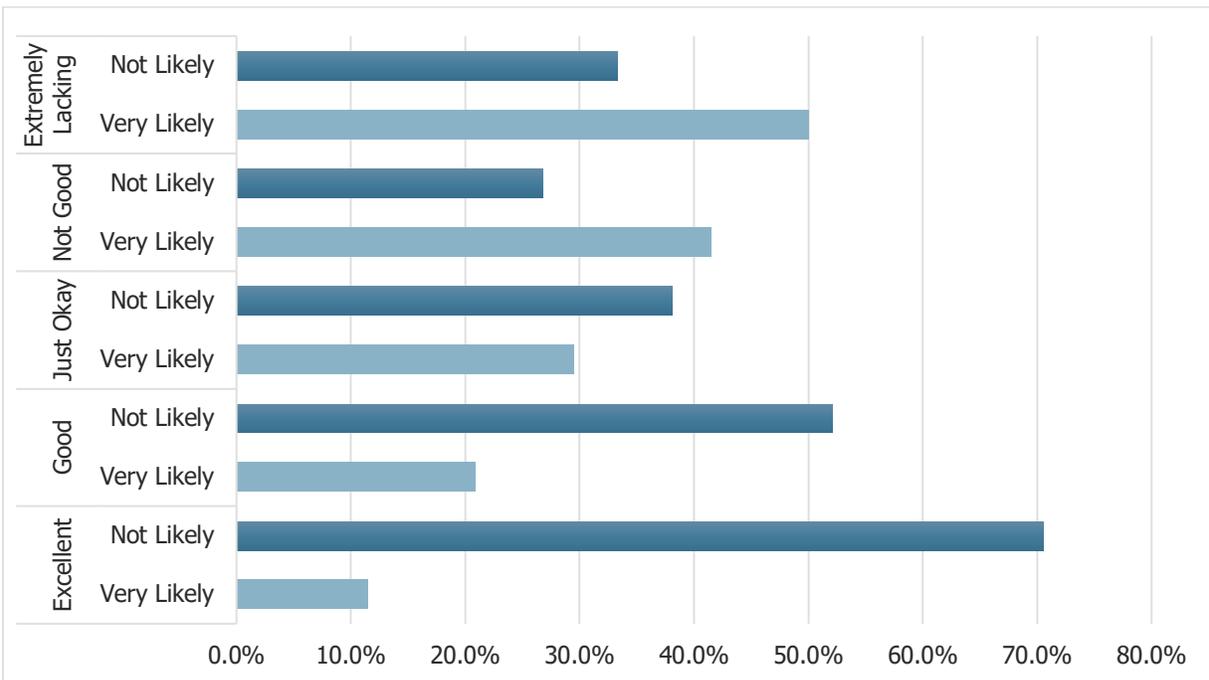
And reflecting the pessimism about young people being able to afford the area as grown-ups, 9 of every 10 respondents among 18- to 24-year-olds are likely to leave, with nearly half “very likely” to move away.

Job satisfaction plays a significant factor in people’s perspective on deserting the Central Coast. Of those reporting good or excellent job satisfaction, the majority are not likely to leave. In contrast, among those who report job satisfaction as extremely lacking, 3 in 4 are likely to leave, with 32% somewhat likely and 46% very likely.

Homeownership represents another anchor to the region. Among those who own their homes, more than half are likely to stay, whereas two-thirds of those who rent or have other housing arrangement are likely to leave.

How respondents perceive their financial situation is another significant indicator of likelihood to leave. Nearly half – 48% - of respondents rated their household finances as “not secure.” Of those, 60% are very likely to leave the region.

LEAVING THE REGION BY FINANCIAL SITUATION



IMPLICATIONS

Hourglass Project analysis

Taken as a whole, these findings are a warning that employers need to pay attention to the many factors that affect the workforce's overall economic and social wellbeing, including education and training levels, housing affordability and overall quality of life. Generalized economic data such as unemployment figures and GDP do not accurately assess the workforce's overall potential, including the workforce's size, diversity and skills.

These more personal concerns of the workforce must move to the forefront. Left unaddressed, they portend a deep and disruptive purge of the region's working population. The findings of this survey attest that action is needed to ensure a future economy that works for everyone.

METHODOLOGY

Smith Johnson Opinion Research conducted an online survey of the Central Coast region to measure perceptions of challenges and opportunities in the regional economy.

The survey consisted of a base sample of 800 representative Central Coast residents, with 160 respondents from each of six pre-defined sub-regions. An extra set of 201 interviews with people between ages 18 and 54 was also included. The sample of 1,001 respondents was then weighted to reflect the region's overall demographics. The 201 respondents were combined with similar respondents in

the base sample to create a Workforce Oversample of 540 people between ages 18 and 54. The analysis is based on data from this Workforce Oversample.

The methodological specifications are as follows:

- ◆ Field dates: June 26-July 9, 2019
- ◆ Sample size: 1,001 completed interviews
- ◆ Sampling error: Less than +/- 3.1% (95% confidence interval)
- ◆ Oversample: 540 completed interviews
- ◆ Sampling error: Less than +/- 4.2% (95% confidence interval)
- ◆ Research method: Online interviews
- ◆ Sampling frame: Online interviews
- ◆ Unit of analysis: Enhanced voter file
- ◆ Population: Voter households (San Luis Obispo & Northern Santa Barbara Counties)

DEMOGRAPHICS

The sample was designed to reflect geography diversity, with respondents reporting the following as where they live:

North San Luis Obispo County	21.7%
North Coast	12.1%
City of San Luis Obispo	23.8%
South San Luis Obispo County	13.8%
Northern Santa Barbara County	28.6%

The survey reflects diversity in the population in other ways as well. Here are a few sample breakdowns:

Ethnicity

African American	1.1%
Latino	16.8%
Caucasian	68.9%
Asian	3.7%
Other ethnicity	9.5%

Household income

Under \$40,000	20.4%
Under \$80,000	26.5%
Under \$120,000	25.0%
Under \$180,000	17.0%
Over \$180,000	10.9%

Age

18-24	12.0%
25-34	30.5%
35-44	33.0%
45-54	24.4%

About SJR Opinion Research

SJR Opinion Research is a Latino-owned, California based polling and research company based in Sacramento that has measured public opinion throughout the United States and the world. The company conducts strategic research for leading companies, organizations, non-profits, political candidates and ballot initiatives and has conducted several opinion research studies on the Central Coast.

About The Hourglass Project

The [Hourglass Project](#) was formally launched in November 2018 with the support of a broad-based coalition of regional business and civic leaders determined to unify the Central Coast Region and forge a stronger, more resilient regional economy. The Super Region includes nearly half a million residents from 10 cities, 2 counties and dozens of community service districts, stretching from Vandenberg Air Force Base in northern Santa Barbara County, through San Luis Obispo County to Camp Roberts in southern Monterey County.