

FUTURE OF GROWTH IN SAN DIEGO:

THE ECONOMIC CASE FOR INCLUSION



PRODUCED BY



SAN DIEGO
REGIONAL
EDC

SAN DIEGO'S ECONOMIC IMPERATIVE FOR INCLUSION

The growth of San Diego's innovation economy has made the region better educated and more prosperous than most of its peers. However, this economic transformation presents new challenges for future growth. Changing skill requirements, a nationwide battle for talent, and a soaring cost of living are combining to form an unequivocal threat to our regional competitiveness.

85%

OF HISPANICS
DO NOT HOLD
A BACHELOR'S
DEGREE

Hispanics are the fastest growing population and statistically the least prepared for high-skilled, high-wage jobs.

20%

LOWER
AVERAGE WAGES
ARE PAID BY SMALL
BUSINESSES

Businesses with less than 100 employees make up 98% of San Diego firms and on average pay less competitive wages.

1M

PEOPLE
CANNOT
AFFORD TO
LIVE HERE

With the fourth highest cost of living in the U.S., one million San Diegans cannot make ends meet.

IF UNADDRESSED, SAN DIEGO WILL NO LONGER BE AN ATTRACTIVE PLACE TO LIVE OR DO BUSINESS

Talent shortages are likely to grow as demand for new skills accelerates, while demographic gaps in educational attainment persist. For the region to remain competitive, proactive measures to promote economic inclusion must be taken.



CLOSE THE MINORITY ACHIEVEMENT GAP



EQUIP SMALL BUSINESSES TO COMPETE



ADDRESS THE AFFORDABILITY CRISIS

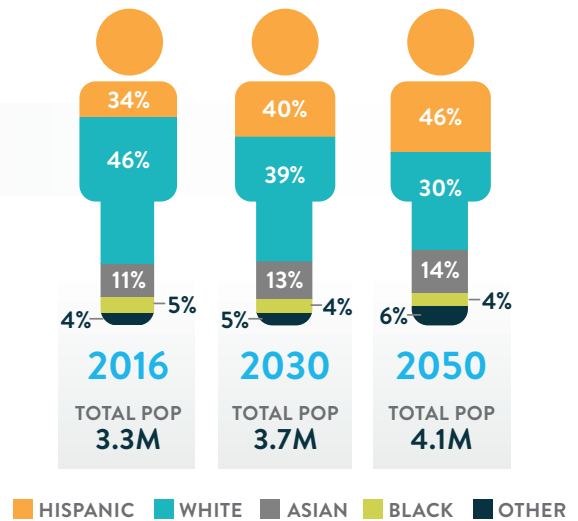


CLOSE THE MINORITY ACHIEVEMENT GAP

San Diego's Hispanic population is the fastest growing and will become the region's largest group by 2030. However, this population is dramatically underrepresented in the region's innovation occupations and possesses the lowest rate of educational attainment by race and ethnicity - only 15% hold a bachelor's degree or higher. Preparing the region's workforce of the future means ensuring minorities are competitive.

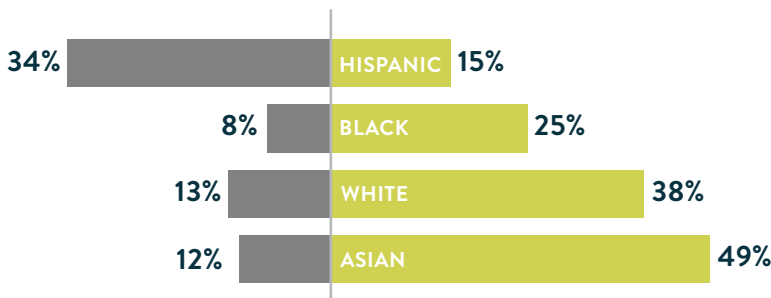
HISPANICS WILL BECOME THE LARGEST GROUP BY 2030

THE FASTEST GROWING POPULATION IS STATISTICALLY THE LEAST PREPARED FOR HIGH-SKILLED, HIGH-WAGE JOBS



EDUCATIONAL ATTAINMENT RATES BY RACE AND ETHNICITY

■ LESS THAN HIGH SCHOOL ■ BACHELOR'S DEGREE OR HIGHER

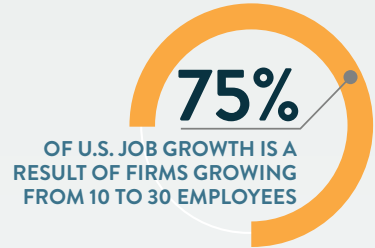


34%
OF HISPANICS DO NOT FINISH HIGH SCHOOL

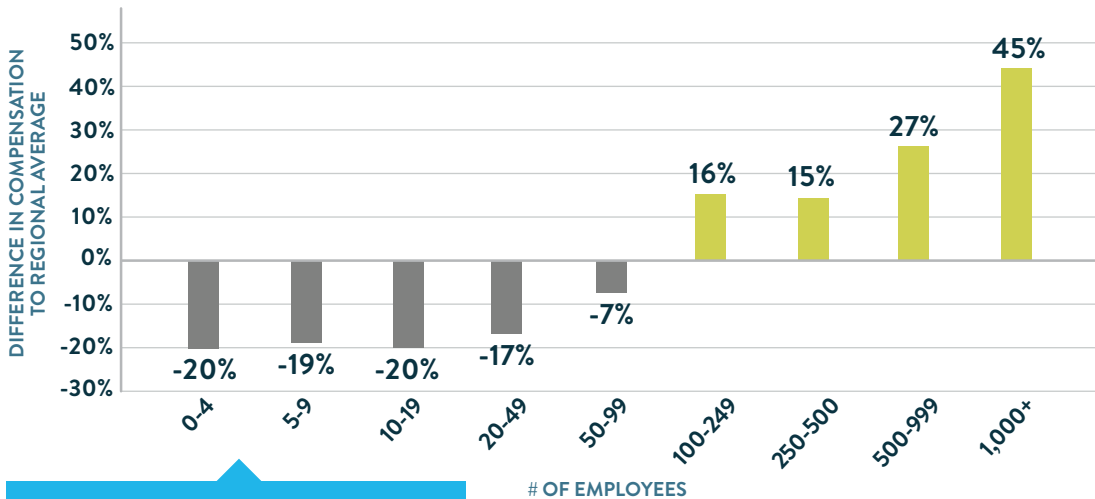


EQUIP SMALL BUSINESSES TO COMPETE

Small businesses - those with fewer than 100 employees - represent 98% of firms in San Diego but struggle to compete with larger businesses for talent. Compared to the overall average, employees of these small businesses earn up to 20% lower wages, while employees of the largest firms receive up to a 45% wage premium. This disparity makes small businesses less competitive in attracting and retaining talent.



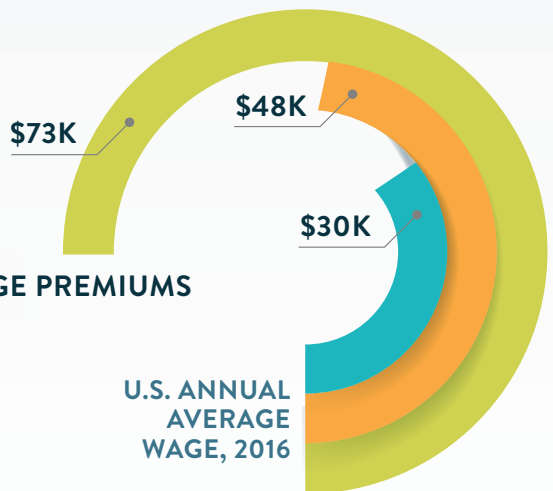
RELATIVE COMPENSATION BY FIRM SIZE



98% OF FIRMS ARE SMALL BUSINESSES AND PAY LOWER WAGES ON AVERAGE

DIGITAL SKILLS PROVIDE LARGE WAGE PREMIUMS

The proliferation of digital technologies is rapidly changing the skills required to access economic opportunity. Workers with high digital skills are the least at-risk of automation and command the highest wages. The largest and most profitable firms are best able to adapt and invest in their workforce, putting small businesses at a further disadvantage.



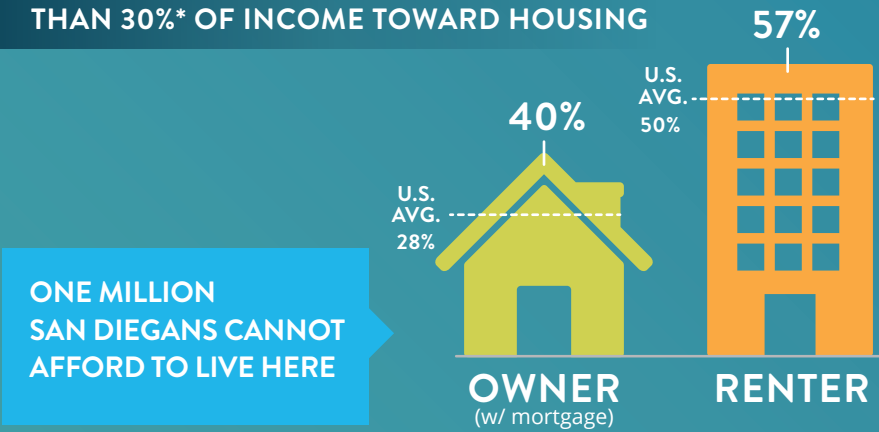
DIGITAL SKILL LEVEL HIGH MEDIUM LOW



ADDRESS THE AFFORDABILITY CRISIS

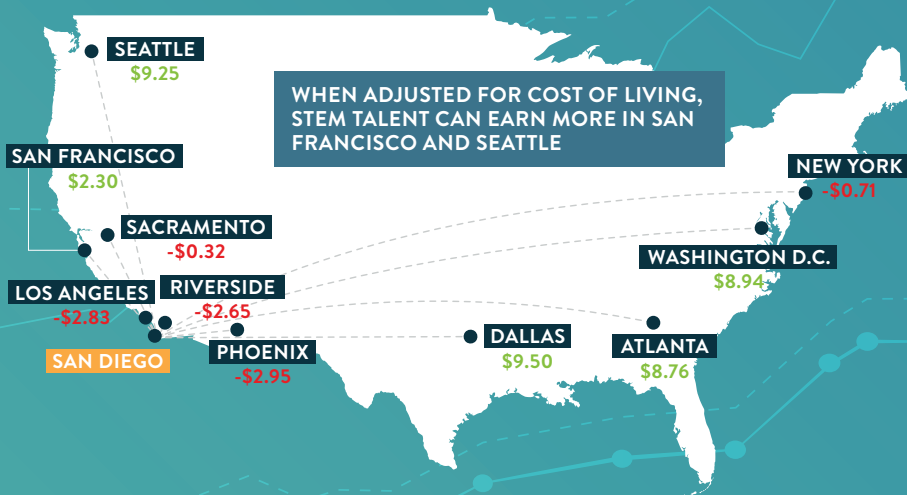
More than one million San Diegans cannot make ends meet. San Diego has the fourth highest overall cost of living and second highest median home price among major metros. This means that San Diegans spend a much greater proportion of their incomes on housing than the national average, leaving less income available for other necessities including food, transportation, and retirement. These pressures are already impacting the region's top employers' ability to attract and retain talent.

PROPORTION OF HOUSEHOLDS PAYING MORE THAN 30%* OF INCOME TOWARD HOUSING



*30% of income is a standard measure for housing affordability.

TOP 10 DESTINATIONS FOR SAN DIEGO STEM GRADS AND COST OF LIVING ADJUSTED EARNINGS





UNDERWRITERS



BROOKINGS LEARNING LAB

The Brookings Institution's Metropolitan Policy Program selected San Diego in 2017 - along with Indianapolis and Nashville - to participate in a six-month learning lab focused on inclusive economic development. EDC convened a collaborative core team - including the City of San Diego, Cox Communications, Jacobs Center for Neighborhood Innovation, Sempra Energy, and UC San Diego Extension - to build a data-driven narrative of the specific challenges faced by the San Diego region, and the economic imperative for action. Some findings in this document were provided by Brookings, as well as the Center on Policy Initiatives.

LEARNING LAB PARTNERS



Throughout 2018, San Diego Regional EDC will be releasing additional research detailing the economic imperative for inclusive growth. Visit sandiegebusiness.org/inclusivegrowth to stay up to date.

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