



QUALITY JOBS. QUALIFIED WORKERS.

Meeting of the Pima County Workforce Investment Board

Friday, December 14, 2018, 7:30 a.m.

Hotel Tucson City Center, Copper Ballroom
475 S. Granada Avenue, Tucson, AZ 85701

Meeting Minutes

Members Present

Mark P. Vitale
Vaughn E. Croft
Bruce W. Grant
Danielle Duarte
Christopher Tafoya
Steven C. Freeman
Michael Guymon
Mary E. Darling
Molly Gilbert
Marji Morris
Alex Horvath
Dot Kret
Jan Leshner
Cristina Castro Harrington

Deron Johnson
Jorge Rivero
Jacob Bernal
Kari Hogan
Regina Suitt
Aric L. Meares, Chair
Brad McCormick
Paul Stapleton-Smith
Karen King
Susan Hyatt Dumon
Margaret Higgins, PhD
Mary K. Boegemann
Ramon Serrato

Members Absent

Wilette C. Diggs
Clarence Boykins
Chris Hazen Molina
Francisco Padres
Lea Marquez Peterson
Kathy Prather
Paul Roughton
Fabian Sandez
Frank J. Watts, Jr.
Dustin Williams
David Doré

(218) Guests Present

- I. **Called to Order:** Aric L. Meares, Chair, Pima County WIB, 8:09 a.m.
- II. **The Pledge of Allegiance:** All
- III. **Action Item:** To Approve the 11/08/18 WIB Meeting Minutes. Bruce W. Grant motioned to approve; Dr. Vaughn E. Croft seconded the motion; and all were in favor.
- IV. **Welcome:** Aric L. Meares recognized the following special guests:

Jan Leshner, Chief Deputy Administrator, Pima County Administration
Larry Lucero, Workforce Arizona Council (WAC) and Greater Tucson Leadership Council 2018 Man of the Year
Cecilia Mata, WAC member
Alex Horvath, WAC member

Ashley Wilhelm, Arizona Office of Economic Opportunity

Pima County Retirees – Art Eckstrom and Charles Casey

Current Pima County Community Services, Employment and Training (CSET)
Director – Arnold Palacios

Keynote Speaker – Dr. George W. Hammond and Valorie Rice, Economic and Business Research Center, Eller College of Management, The University of Arizona

Dave Perry, Greater Oro Valley Chamber of Commerce, and Ed Stolmaker, Marana Chamber of Commerce.

Current and Past WIB members who oversee and promote the duties required under the Workforce Innovation and Opportunity Act (WIOA).

Richard Elías, Chair, District 5, Pima County Board of Supervisor and WIOA Local Chief Elected Official, thanked everyone for attending and expressed his appreciation for everyone's work and all the programs, services, and activities that everyone brings to help keep the One-Stop running.

Supervisor Elías said the One-Stop has been in existence for 25 years and thanked past leadership Art Eckstrom and Charles Casey. Everyone should be very proud that we have been providing the One-Stop services for 25 years.

It's great to see so many friends and business representatives who serve on the Pima County WIB and those who have the community in their heart and are contributing to our success in Southern Arizona.

Automation is an important topic to all of us and Supervisor Elías said he chose to speak about tamales because most likely in the past, ladies may have spent eight hours per day grinding corn and making the tamales and tortillas. Most children would have had to help their mother and now automation is helping the tamales to be made better and faster.

We have evidence that people have lived in Tucson for the past 4,000 years and unfortunately, displacement happens along individuals' way through life, but hopefully there will always be new ways, career pathways, and education and training opportunities for people.

It is a great honor to be with everyone today. Enjoy the holidays, and be kind to everyone who you spend your holidays with, and most importantly enjoy yourself.

- V. Impacts of Automation on Pima County Employment:** George W. Hammond, Ph.D., Director and Research Professor, The University of Arizona Eller College of Management, Economic and Business Research Center presented the following information:

Automation is bringing automated vehicles and increasing telemarketing. It's a big deal. It puts all kinds of engineers in jobs.

Dr. Hammond told a story about a group of engineers who were on a road trip together. They got about half way through the trip and the car stopped. The chemical engineer was driving and said we put bad gas in the car. The electrical engineer in the front passenger seat said there were bad connections on the battery. The backseat passenger engineer suggested to the driver that he take the key out of the ignition and reopen the doors and everything will be fine. He was a software engineer.

Keep in mind that the current view in the economics profession list that humans will always be in the production of automation. There will always be a need for humans.

Jobs are growing rapidly and is seen in Tucson and Phoenix. Tucson is on pace to have the fastest job growth in more than a decade.

Job income and recession risks are relevant.

Driven by federal and fiscal stimulus. 2020 and that is when the growth will soften. Look for a downturn in the 2020 period.

In the longer term, he normally across Arizona and in Tucson is slower job population

- ▶ **Arizona jobs are growing fast this year**
 - ▶ Both Phoenix and Tucson generated accelerations
 - ▶ Tucson is on pace for fastest growth since 2006
- ▶ **Outlook is strong in the near term** but recession risks remain relevant
- ▶ **Employment continues to rise in the long term** but gains slow due to demographics
- ▶ **Automation will negatively impact some jobs in coming decades** but losses will likely be more than offset by gains

As always with the preliminary data with Tucson, we want to be a bit careful.

Keep in mind that the job data for the last three months of 2017 and all 2018 will be revised in March 2019.

Dr. Hammond tracked a related and higher quality data set for this benchmark. This data is only available with fairly long time lags so the most recent data available is through March 2018.

Charts were presented with *Tucson MSA Employment Shares By NAICS Industry In 2017* and *By Occupation In 2017* data and *Tucson MSA Job Growth By Industry Over The Year, Third Quarter 2018* data.

Tucson did not miss out on the growth year over year either.

Tucson added 8.9K jobs year over year in the third quarter for 2.4% growth.

Most of the jobs were in EHS, PBS, and LH, but construction added jobs as well.

Again, the growth was fairly wide spread.

Tucson's third quarter GROWTH WAS ALSO AN ACCELERATION, BETTER THAN THE 1.6% GROWTH IN THE SECOND QUARTER, AND BETTER THAN THE US AT 1.6%.

OVERALL, ARIZONA, PHX, AND TUS REALLY HIT THE ACCELERATOR IN THE THIRD QUARTER!

Tucson MSA Employment Shares By Occupation In 2017

Tucson MSA Job Growth By Industry Over The Year, Third Quarter 2018

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Tucson MSA And U.S. Job Growth Annual Rates

SO OVERALL, THE TUCSON ECONOMY IS BACK ON TRACK.

THE BASELINE FORECAST, WHICH ASSUMES NO NATIONAL RECESSION DURING THE NEXT DECADE, CALLS FOR THAT TO CONTINUE.

FOR TUCSON, THE OUTLOOK CALLS FOR CONTINUED SOLID GAINS IN THE NEAR TERM. IN FACT JOB GROWTH THIS YEAR AND NEXT IS EXPECTED TO BE THE FASTEST SINCE BEFORE THE GREAT RECESSION BEGAN.

TUCSON'S JOB GROWTH RISES FROM 1.5% LAST YEAR, TO 1.8% THIS YEAR, THE 1.7% IN 2019 AND BACK TO 1.5% DURING THE FORECAST.

THIS IS EXPECTED TO BE THE YEAR THAT TUCSONS JOB GROWTH BEATS THE US. AND WE SHOULD BE JUST ABOVE FOR THE NEXT DECADE.

Tucson MSA Job Change By Industry Forecast: 2017-2020 JOB GROWTH IN TUCSON IS CONCENTRATED IN EHS, LH, AND PBS. BUT ALL SECTORS ADD JOBS.

Tucson MSA And U.S. Job Growth Annual Growth Rate

Tucson MSA Job Change By Industry Forecast: 2018-2048 JOB GROWTH IN TUCSON IS CONCENTRATED IN EHS, LH, AND PBS. BUT ALL SECTORS ADD JOBS.

Tucson is forecast to add 120K jobs during the next 30-year, on net.

Job-Population Ratios Phoenix MSA, Tucson MSA, and the U.S.

New Wave Of Automation

- ▶ Machines have always caused concern
 - ▶ Industrial revolutions are disruptive by definition
 - ▶ They reallocate jobs, income, and wealth
- ▶ Smarter machines are here, with more coming
 - ▶ Artificial intelligence
 - ▶ Mobile robotics
 - ▶ Genetic engineering
 - ▶ Big data
- ▶ As always, there is huge uncertainty about the future path of technological progress
 - ▶ How fast will machines improve?
 - ▶ How fast will we adopt them?
 - ▶ How will we adjust our institutions to the changing world?
- ▶ U.S. Automation Impacts
 - ▶ Frey and Osborne (2013) provide key input data
 - ▶ Estimate probability of automation by detailed U.S. occupation
 - ▶ These estimates focus on job losses from automation
 - ▶ They assume that automation-resistant occupations require more:
 - ▶ Detailed and precise sensing and dexterity
 - ▶ Social intelligence
 - ▶ Creativity
- ▶ U.S. Automation Impacts
- ▶ Examples of Low-Risk Occupations
 - ▶ Legislators
 - ▶ Recreational therapists
 - ▶ Emergency managers
 - ▶ First-line supervisors of mechanics
 - ▶ Mental health workers
 - ▶ Audiologists
 - ▶ Healthcare social workers
 - ▶ Occupational therapists

- ▶ Prosthetists
- ▶ Oral surgeons
- ▶ Lodging managers
- ▶ Dieticians
- ▶ U.S. Automation Impacts and Examples of High-Risk Occupations
- ▶ Photographic process workers
- ▶ Watch repairers
- ▶ Data entry keyers
- ▶ Cargo and freight agents
- ▶ New account clerks
- ▶ Telemarketers
- ▶ Library technicians
- ▶ Title examiners
- ▶ Tax Preparers

Pima County Automation Impacts

- ▶ We translate U.S. impacts to Pima County
 - ▶ By weighting U.S. estimates by Pima County occupation mix
 - ▶ By converting Pima County occupation estimates to NAICS industries
- ▶ Pima County total employment is slightly less exposed to automation risk than the nation
- ▶ Pima County manufacturing is less exposed to automation risk than the nation

Share of Jobs Impacted By Automation Pima County and U.S. in 2017

Median Occupational Wage Pima County And U.S. In 2017

Share of Jobs Impacted By Automation By Occupation in Pima County and U.S. in 2017

Share of Jobs Impacted By Automation By Occupation in Pima County and U.S. in 2017

It's Not All Bad

- ▶ Automation drives productivity growth
 - ▶ Higher wages and income
 - ▶ More demand across all industries/occupations
- ▶ Gains will also come from new occupations and new industries
- ▶ Past industrial revolutions have generated more than enough jobs

- ▶ Automation will be necessary to keep output growing in the face of demographic change

Skills Are The Key

- ▶ We will work with machines, not for them
- ▶ Skills likely to be more in demand
 - ▶ Advanced IT skills and programming
 - ▶ Basic digital skills
 - ▶ Entrepreneurship and initiative taking
 - ▶ Leadership and management
 - ▶ Creativity
 - ▶ Complex information processing and interpretation
- ▶ Skills likely to be less in demand
 - ▶ Basic data input and processing
 - ▶ Basic literacy, numeracy, and communication
 - ▶ General equipment operation and navigation
 - ▶ Inspecting and monitoring
- ▶ McKinsey Global Institute (2018) Skill Shift: Automation and the Future of the Workforce

VI. Pima County WIB Youth Council Awards Presentation — “2018 Outstanding Youth” and “2018 Outstanding Employer”: Dr. Vaughn E. Croft, Chair, Pima County WIB Youth Council and Daphanie Conner, Program Manager, ARIZONA@WORK Pima County One-Stop Youth Employment Center, presented certificates to nominees and awardees.

A. The “Outstanding Youth Award” is designed to recognize one youth who was involved in a Pima County One-Stop Youth Program during the 2017-2018 fiscal year and who exceeded in each of the following areas:

- Excellent Leadership Skills (25 points max)
- Ability to Work Well with Others (25 points max)
- Demonstrated Significant Impacts/Outcomes (25 points max)
- Reliable (25 points max)

The nominees for the “2018 Outstanding Youth Award” included:

Claudia Gonzalez, WIOA Out-of-School Youth, HPOG HOPES “LPN Program” and nominated by Pia Lozano, ARIZONA@WORK Pima County One-Stop Youth Employment Center and One-Stop service

provider Tucson Youth Development, Inc.

Renee Vasquez, WIOA Out-of-School Youth, planning to complete the Medical Office Program at Pima Community College and nominated by Karla Moreno, who represents the One-Stop service provider Tucson Youth Development, Inc.

Nicholas Louthain, WIOA Work Experience Youth, who participated in the Pima County Information Technology Department Paid Internship Program and nominated by Jason Palmer, ARIZONA@WORK Pima County One-Stop Youth Employment Center and service provider Goodwill Industries of Southern Arizona, Inc.

Edward Esquer (who was not present because he's working), WIOA Training and Work Experience for a Dental Assistant Career Pathway. Edward was nominated by Martha Islas for One-Stop service provider Tucson Youth Development, Inc.

The 2018 Outstanding Youth Award was presented to Patrick Robles, ARIZONA@WORK Pima County One-Stop "2018 Summer Youth Employment Intern Program." Patrick was nominated by Maria Suarez, One-Stop service provider Pio Decimo.

- B. The "Outstanding Employer Award" is designed to recognize one employer that was involved in a Pima County One-Stop Youth Program during the 2017-2018 fiscal year and who exceeded in each of the following areas:
- Youth Placements during Program Year 07/01/17 to 06/30/18 (25 points max)
 - Participated in multiple Youth Programs (25 points max)
 - Significant Impacts/Outcomes as a result of hiring Youth (25 points max)
 - Advocate for Youth Career and Workforce Development (25 points max)

The nominees included:

United Way of Tucson and Southern Arizona for WIOA Work Experience Program. Allison Field Bell is here with us today and was nominated by Julie Wan, One-Stop service provider Good Industries of Southern Arizona, Inc.

Tucson Medical Center for their Work Experience Learn, Earn, Advance, and Prosper (LEAP) Program. Stacy Nido was not present and was nominated by Maria Suarez, One-Stop service provider Pio Decimo.

Epic Café for their 2018 Summer Youth Employment Program and Work Experience Program. Kim Flagg was not present and was nominated by Maria Suarez, One-Stop service provider Pio Decimo.

The 2018 Outstanding Employer Award was presented to Jim Click Automotive Group for ARIZONA@WORK Pima County One-Stop "2018 Summer Youth

and Year Round Employment Programs.” Dr. Croft invited Daryl Koeppel to accept the award.

Daryl Koeppler accepted the award and said that as far as the automated vehicles, he believes the technology has not been able to detect whether the object in front of it is a plastic bag or a human. There are many ways for us to be successful as a team to help bring our youth forward in technical education. He encourages everyone to be very selfish and the success that we have had is that it didn't happen over night. We must play an active role in the education for the upcoming future workforce. We must impact larger numbers of those who will be tax payers and the workforce. We have taken care of ourselves so now it's time to impact hundreds of students for the years ahead.

VII. Next Meeting: Friday, January 11, 2019, 7:30 a.m.

VIII. Adjourned: 9:31 a.m.