

## Memorandum

To: Ioanna Iatridis, Dean of CTE and Workforce Development; Annette Lee, Business and Management Faculty, Woodland Community College

From: Aaron Wilcher, Director, Center of Excellence (COE), North-Far North region

Date: December 7, 2018

Re: Program endorsement request for Business Management

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## Background

Woodland Community College requested a program endorsement report from the COE regarding business management. There is not a strict method to analyze the overall size and performance of the labor market, or the supply of available workers entering the workforce for management occupations—management is a general and diffuse skillset. Instead, this memo offers a method that estimates wages and annual openings for related management and business occupations.

The research used the O\*NET Career Clusters (related occupations) for Business Management and Administration to identify opportunity areas and informational touchstones for related training and education programs.<sup>1</sup> The Business Management and Administrative Career Cluster has several subclusters: Administrative Support; General Management; Human Resources Management; and Operations Management, each with a subset of related occupations. In total, the analysis included more than 50 occupations.

The report includes,

- Cluster occupational employment analysis by skill level
- Subcluster occupational employment analysis by skill level
- Wage analysis for cluster occupations by skill level
- Summary and recommendations

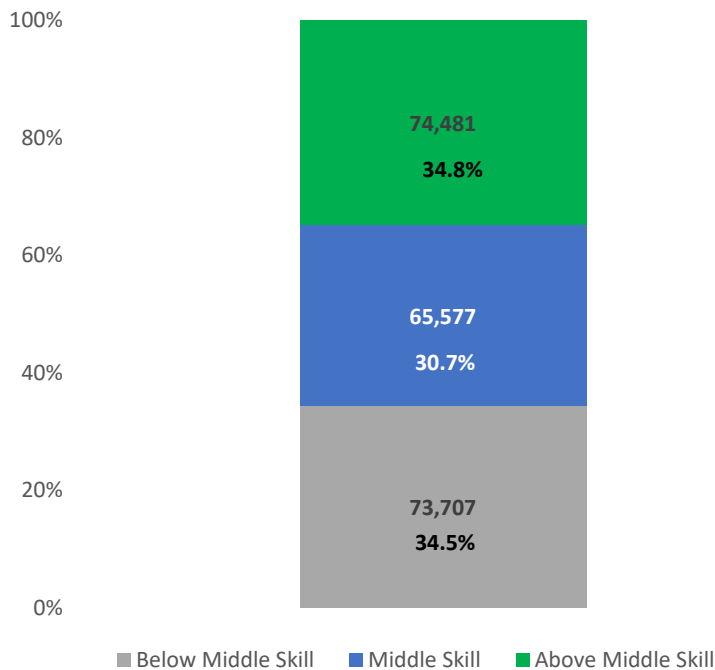
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<sup>1</sup> <https://www.onetonline.org/find/career>

## Findings

- The career cluster occupational employment for the 6-county Sacramento region<sup>2</sup> shows that about a third of the employment qualifies as middle skill, having entry-level requirements of some college, an associate degree, or experience and education and training beyond high school. More than a third are above middle skill, requiring a bachelor's degree. Another third are below middle skill, requiring high school and not much experience. In all, there are more than 65,000 jobs in the Sacramento region with middle skill jobs. There are 74,000 jobs at the above middle skill level.

### Exhibit 1: 2017 employment by skill type, Business and Administrative Career Cluster, Sacramento region<sup>3</sup>

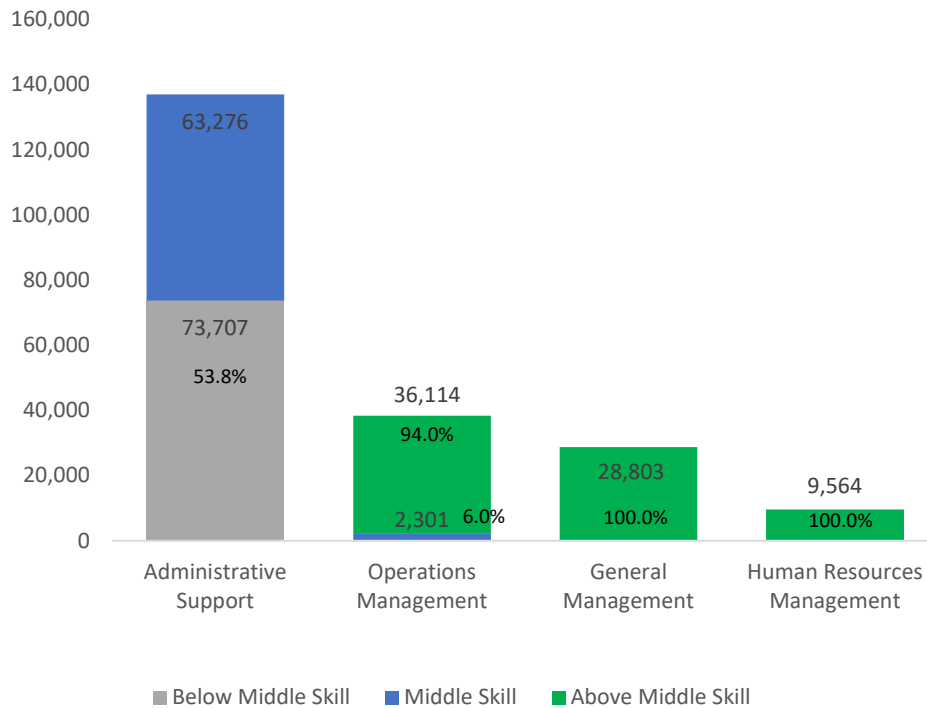


- Breaking down the career cluster into subclusters shows that nearly all of the middle skill employment is in the Administrative Support subcluster. This includes middle skill occupations like customer service, administrative assistants, bookkeepers, human resource assistants, executive assistants, and account clerks. The other subclusters, Operations Management, General Management, and Human Resources Management are nearly exclusively occupied by occupational employment that typically requires a bachelor's degree.

<sup>2</sup> The 6-county region includes Sacramento, Yolo, Yuba, Sutter, Placer, El Dorado counties.

<sup>3</sup> Data source: EMSI, 2018.4. Calculations by COE.

**Exhibit 2: 2017 employment by skill type, occupational subclusters, Sacramento region<sup>4</sup>**



- The table in Exhibit 3 shows the top occupations by employment for each skill level, with detail on projected growth and annual openings over the next five years through 2022. The tables also show the median hourly wages and typical entry-level education. All these top occupations (with two exceptions) show projected growth that is on par with overall regional employment growth, or above. Perhaps concerning are the numbers showing that growth projections are strongest among the above middle skill occupations, and the below middle skill occupations.
- Growth aside, the projections show many thousands of projected annual openings for middle skill jobs. In total, the projections show nearly 20,000 annual openings for the middle skill occupations in the cluster; 8,800 annual openings for above middle skill occupations; and 13,000 annual openings for below middle skill occupations.

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<sup>4</sup> Ibid.

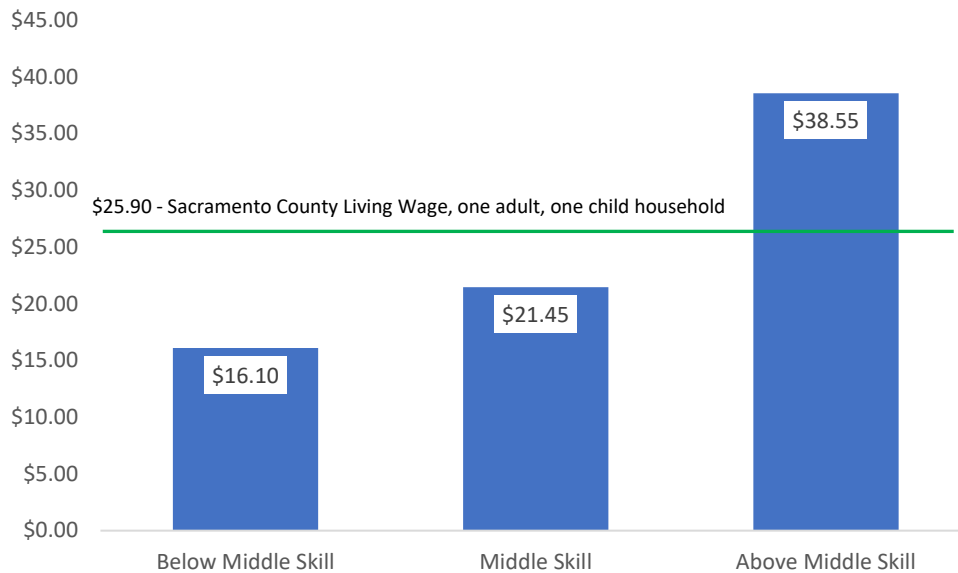
**Exhibit 3: Top occupations by employment and skill level in the Business Management and Administrative Career Cluster, Sacramento region, 2017<sup>5</sup>**

<b>Top 5 Middle Skill Occupations</b>							
SOC	Description	2017 Jobs	2022 Jobs	17-22 %Change	Annual Openings (17-22)	Median Hourly Earnings	Typical Entry Level Education
43-4051	Customer Service Representatives	13,479	14,451	7.2%	1,939	\$16.73	HS
43-6014	Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	17,361	17,418	0.3%	1,909	\$17.82	HS
43-3031	Bookkeeping, Accounting, and Auditing Clerks	11,790	12,060	2.3%	1,374	\$20.37	Some college
43-1011	First-Line Supervisors of Office and Administrative Support Workers	10,437	10,720	2.7%	1,082	\$27.07	HS
43-6011	Executive Secretaries and Executive Administrative Assistants	4,710	4,290	-8.9%	484	\$27.91	HS
<b>Top 5 Above Middle Skill Occupations</b>							
SOC	Description	2017 Jobs	2022 Jobs	17-22 %Change	Annual Openings (17-22)	Median Hourly Earnings	Typical Entry Level Education
13-1111	Management Analysts	22,522	22,781	1.1%	2,002	\$33.50	BA/BS
11-1021	General and Operations Managers	15,707	16,922	7.7%	1,539	\$47.27	BA/BS
13-1199	Business Operations Specialists, All Other	9,961	10,258	3.0%	957	\$36.07	BA/BS
11-9199	Managers, All Other	7,183	7,615	6.0%	597	\$24.09	BA/BS
13-1071	Human Resources Specialists	3,407	3,591	5.4%	369	\$32.48	BA/BS
<b>Top 5 Below Middle Skill Occupations</b>							
SOC	Description	2017 Jobs	2022 Jobs	17-22 %Change	Annual Openings (17-22)	Median Hourly Earnings	Typical Entry Level Education
43-9061	Office Clerks, General	31,491	32,042	1.7%	3,828	\$16.40	HS
43-5081	Stock Clerks and Order Fillers	13,775	14,431	4.8%	1,903	\$12.46	HS
43-4171	Receptionists and Information Clerks	7,019	7,604	8.3%	1,053	\$14.28	HS
43-9199	Office and Administrative Support Workers, All Other	4,135	4,258	3.0%	475	\$13.37	HS
43-5071	Shipping, Receiving, and Traffic Clerks	3,682	3,879	5.4%	413	\$16.68	HS

<sup>5</sup> Ibid.

- Wages increase commensurate with skill and education level. On average, below middle skill occupations pay just \$16 per hour, about \$10 per hour lower than the living wage for a one-adult, one-child household.<sup>6</sup> Middle skill jobs pay on average about \$21.50 per hour, still below the living wage. Above middle skill jobs pay a higher premium, about \$38.50 per hour on average. The living wage for a one adult, one child household in Sacramento County is \$25.90 per hour.

**Exhibit 3: Weighted average hourly wages by skill level compared to living wage in the Business Management and Administrative Career Cluster, Sacramento region, 2017<sup>7</sup>**



**Summary and Recommendations**

- The COE uses general measures of employment growth, projected openings, and wages in related occupations to provide a touchstone outlook that could await students who finish certificate and degree programs in management. Since the skills are generalizable to a number of different occupations, there is no definitive way to estimate the labor market size and performance based on management training.
- The occupational clusters that most closely resemble management functions are comprised of occupations that nearly exclusively require bachelor's degrees. Middle skill and below middle skill level occupational employment is confined to the Administrative Support occupational subcluster.
- The dominant share of projected growth is in above and below middle skill occupations. However, the majority of annual openings, about 20,000, are projected for middle skill occupations. About 9,000 annual openings are projected for above middle skill jobs, and about 13,000 for below middle skill jobs.

<sup>6</sup> MIT Living Wage Calculator for Sacramento County. The living wage in Sacramento County for a one adult one child household is \$25.90. <http://livingwage.mit.edu/counties/06067>

<sup>7</sup> Ibid.

- The wage premium for above middle skill jobs is dramatic. The occupations requiring a bachelor’s degree increase the average wage per hour over middle skill jobs by a factor of 1.8 (44% higher). By comparison, jumping from below middle skill to middle skill increases wages, by a factor of just 1.35 (26% higher).
- All the community colleges in the North region have programs in one or all of the following categories: Business and Commerce, General (0501.00), Business Administration (TOP 0505.00), or the general and subcategories under Business Management (TOP 0506.00). There have been an average of 840 certificates and degrees awarded over the last three years in these program areas in the Sacramento region. It would seem there is a huge gulf between the number of awards and the 20,000 annual openings projected for the middle skill occupations. Again, the exact sources for filling these openings cannot be easily quantified.
- The community colleges should explore boosting enrollments and transfer pipelines to bachelor’s degrees in management—associate degree for transfer. A range of other programs in business categories will likely serve as entry points for much of the workforce. The bachelor’s degree is required for the vast majority of the management occupational workforce, according to the data. However, management programs could have vital off-ramps into middle skill employment in the occupations shown in the present memo.

<b>COE Recommendation</b>		
Move forward with program	Program is not recommended	Additional information needed
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please contact Aaron Wilcher, COE director, for further information at [wilchea@losrios.edu](mailto:wilchea@losrios.edu) or 916-563-3233.

**SUMMARY RECOMMENDATION (FOR RC APPLICATION)**

- The community colleges should explore boosting enrollments and transfer pipelines to bachelor’s degrees in management—associate degree for transfer.
- However, management programs could have vital off-ramps into middle skill employment for the occupations studied in the present memo.

<b>COE Recommendation</b>		
Move forward with program	Program is not recommended	Additional information needed
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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