

Kern County is at a crossroads. The strengths that have driven its prosperity, formed its identity, and enabled residents to grow and support their families are increasingly beset by market and regulatory forces beyond the region's control. State regulation of the oil and gas industry has compounded the ebbs and flows of global commodities markets to threaten the industry's future as the region's economic cornerstone. Carrots and almonds grown in Kern County fill grocery stores across the country, but the local agriculture industry is losing ground in more sophisticated, innovative food manufacturing and processing activities that promise better opportunities for workers. The open desert expanses of the eastern side of the County that served as a birthplace for modern aerospace increasingly find themselves pitted against better-resourced competitors inside and outside the state.

The peril posed by these trends may not be immediately evident to the average resident of Kern County. Over the last decade, the region has added new residents attracted by its relatively low cost of living. New shops and services have grown to serve the growing population. On the outskirts of Bakersfield, logistics warehouses have brought blue-chip names like Amazon and L'Oréal to the region. However, these trends signify a crucial shift for the region's economic trajectory – away from globally competitive traded sectors and toward locally-serving industries churning resources within the region.

Responding to these trends and disruptions, regional leaders launched "A Better Bakersfield and Boundless Kern" ("B3K Prosperity" AKA "B3K") in late spring 2020. B3K is a collaboration among business, government and civic stakeholders to deliver and execute a shared agenda for regional economic growth and opportunity, centered on promoting quality job creation that is enduring and accessible to all residents. Significant effort is dedicated to ensuring we don't only get the markets, but also the civics, of economic development right.

In Spring 2021, B3K released a Market Assessment to assess regional economic conditions, assets and barriers to deep prosperity. The Market Assessment drew on a comprehensive quantitative and qualitative analysis considering more than 80 indicators, including a novel "Opportunity Industries" job quality and access methodology, and over 100 substantive contacts with government, community, and business stakeholders through interviews, roundtables and community sessions. Following the Market Assessment, B3K developed a Strategy Report that serves as the foundation for a shared regional approach to inclusive economic development. The B3K Market Assessment and Strategy Report provide the basis for Kern County's Comprehensive Economic Development Plan (CEDS) and the City of Bakersfield's first-ever Economic Development Strategic Plan.

B3K Prosperity, acting in cooperation with the County of Kern and City of Bakersfield, is applying as the Lead Member Organization on behalf of a coalition of local government and nonprofit organizations for a Recompete Pilot Program Phase 1 Strategy and Development Grant for the Kern County Local Labor Market. Our coalition includes the County of Kern, City of Bakersfield, California State University, Bakersfield, [INSERT ORGANIZATIONS WHO WISH TO BE LISTED]. The County of Kern will serve as the Fiscal Agent on behalf of B3K Prosperity and our coalition.

B3K’s 2021 Market Assessment found that **more than 450,000 people, or more than half, of Kern County residents, lived on less income than required to cover their basic expenses in 2018.** This large share is primarily a reflection of the economy, the quality of job creation and local workers' lack of qualifications for well-paid jobs. With the decline in legacy industries and growth in new sectors that tend to create lower quality jobs, Kern County has experienced an increasing deficit in “good jobs” providing family-sustaining wages or “promising jobs” offering a pathway to good jobs within ten years.

Analysis conducted by the Brookings Institution for the B3K Market Assessment found that only 19% of the region’s jobs qualify as “good” and 11% as “promising,” with the remaining 70% are “other” jobs. Compared with all other metro areas, this represents among the largest gaps in family-sustaining wage jobs as a share of all jobs.

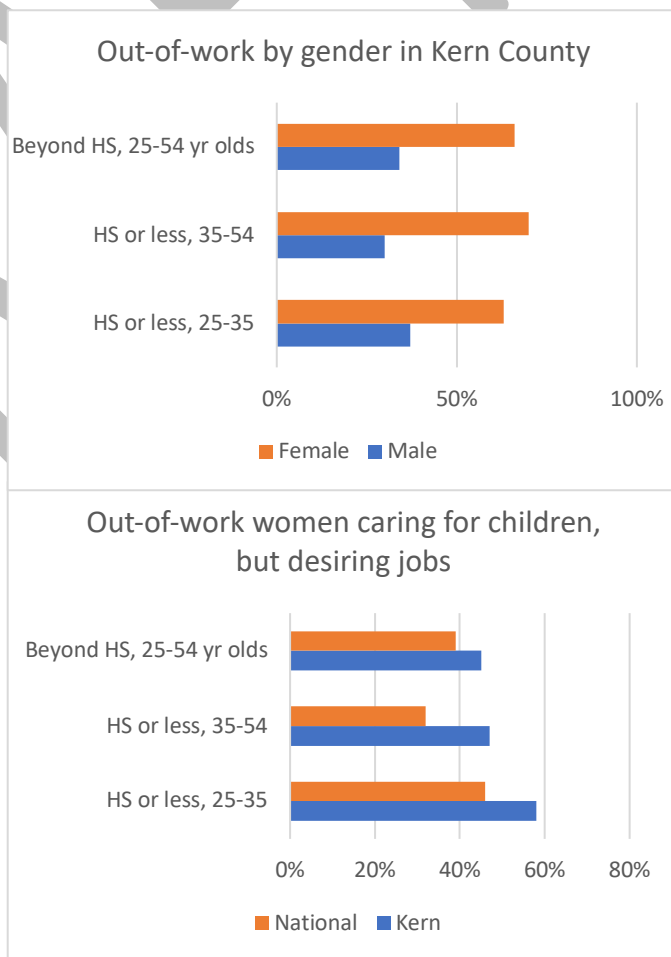
The Kern County economy simply does not generate enough Good and Promising Jobs to achieve deep prosperity and reduce the region’s prime age employment gap (PAEG).

Understanding the Region’s Prime Age Employment Gap (PAEG)

Twenty percent of Kern County prime age residents are out-of-work, above the national rate of 14.4%. Nearly 70% of Kern residents who are out of work hold a high school diploma or less. Additionally, prime-age residents with some post-secondary education or certifications represent 20% of Kern’s out-of-work population, also above the national distribution.

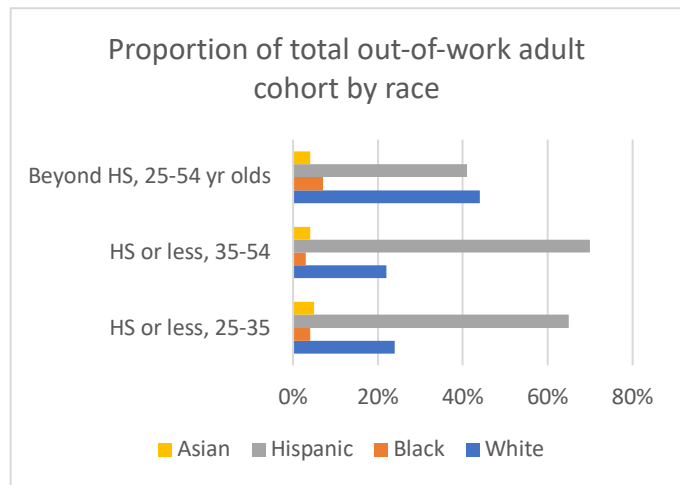
While these statistics reflect the region’s overall lower educational attainment, they also suggest both that a higher-than-average number of Kern residents face barriers to employment and that Kern’s labor market fails to provide job opportunities that match resident qualifications.

Women in Kern are substantially more likely than men to be out of work at all education and age levels (see chart), with a higher share of out-of-work women in Kern caring for children than the national



baseline (see chart). This suggests a disproportionate childcare burden based on availability and/or costs that impedes connecting with the labor market.

Among working-age adults, white and Hispanic cohorts represent the largest share of the out-of-work in Kern County, consistent with their larger proportion of total residents (see chart on next page). In general, the distribution of Black and Asian out-of-work residents is roughly aligned with County population shares. However, the proportion of out-of-work prime-age and moderately-educated Black residents is nearly double their share of County population.



Overall, language barriers are less of an issue for most out-of-work Kern County residents than the national baseline comparison. The notable exception is adults aged 25-35 having a high school diploma or less, where more than 50% have limited English proficiency, presenting a distinctive barrier to labor market success. This difference suggests a focus on customized interventions to improve English proficiency.

These factors justify revisiting the outreach and wraparound services offered by workforce development and other providers to target disconnected workers.

Opportunity Industries: A Focused Approach to Growing Quality Jobs in the Region

The B3K Market Assessment provided a comprehensive examination of Kern County's economic performance and prospects, centered on traded sectors, talent, innovation, infrastructure, and governance that drive competitiveness.

The resulting findings became the basis for identifying "Opportunity Industries," traded sectors in which good jobs represent an above-average share of the industry's total jobs and our region's talent and resources make us competitive for investment. We have identified four Opportunity Industries: **Aerospace, Energy and Carbon Management, Advanced Manufacturing and Business Services.** **General, non-targeted approaches to growth or workforce development alone will not alter our region's current trajectory or address the core challenges to regional prosperity and inclusion.**

Regional Assets

The region is not without assets that create opportunities for investment, growth and competitive advantage if utilized more effectively. These include the following:

- **Defense installations:** East Kern County is home to both Naval Air Weapons Station (NAWS) China Lake and Edwards Air Force Base, hubs for defense research and development, including a location of the Air Force Research Laboratory (AFRL). These assets include nearly 20,000 square miles of restricted and controlled airspace, a uniquely competitive asset for aerospace test needs
- **Aerospace facilities:** In addition to military assets, East Kern is also home to the Mojave Air and Space Port (MASP) and NASA Armstrong Flight Research Center
- **Geologic storage capacity:** many of the region's prolific oil fields offer unique potential to be developed for permanent carbon dioxide (CO₂) storage. Four Kern County projects received Phase 1 Feasibility or Phase 2 Design funding as part of the U.S. Department of Energy's (DOE) DAC Hub Program, looking to establish Kern as a globally competitive hub for direct air capture of CO₂. Further, the County of Kern received a DOE Communities Local Energy Action Program (LEAP) grant to consider the potential to develop a Carbon Management Business Park within the county, leveraging the region's capacity for CO₂ storage to develop adjacent industries in need of carbon management solutions
- **California State University, Bakersfield (CSUB):** The region is home to CSUB, a comprehensive four-year university. CSUB is actively engaged in work to align its programs with the talent demands of local employers, particularly those in our identified Opportunity Industries. In addition to its main campus in Bakersfield, Calif., CSUB has an Antelope Valley Campus in Lancaster, Calif., co-located with Antelope Valley College
- **Community Colleges:** Kern County is home to two community college districts, Kern Community College District (KCCD) and West Kern Community College District, which include three community colleges, Bakersfield College and Cerro Coso College, and Taft College, respectively. In addition to community colleges located within the county's borders, Antelope Valley College in Lancaster, Calif., serves students and workers in the East Kern/Antelope Valley area
- **K-12 Education:** Kern County benefits from a highly engaged K-12 education system. In 2022, a consortium led by the Kern County Superintendent of Schools received a \$22 million state grant to form a K-16 Education Collaborative. The grant is being used to develop cradle-to-career pathways that align education and training programs with in-demand skills and talent needs. In addition, Kern High School District, the largest 9-12 district in the state, operates an extensive and effective Career and Technical Education
- **National Labs Partnerships:** In Sep. 2023, CSUB entered into a Memorandum of Understanding with Lawrence Livermore National Lab (LLNL) and the Livermore Lab Foundation to collaborate on projects that advance the region's innovative capacity, including the vision to develop a public-private partnership LLNL satellite facility adjacent to CSUB's campus, modeled after the LLNL Advanced Materials Lab. Additionally, KCCD and Bakersfield College have partnered with the National Renewable Energy Laboratory (NREL) to launch the California Renewable Energy Laboratory (CREL) with centers of excellence in Carbon Management, Clean Energy & Grid Resilience, and Clean Transportation.

- **Regional Business Climate:** Despite the challenges of the broader state business climate, Kern County is recognized for its business-friendly practices and land use policies that encourage development within the region.

Strategy Development

Our approach to Recompete focuses on supporting the growth of specific sectors offering a better mix of job quality, while also improving talent development and workforce preparedness for those opportunities and investing in job access programs that help disconnected workers access opportunities to raise their standard of living.

We have proposed and tested the following interventions with partners for inclusion in our regional Recompete strategy:

1. Launching/maturing **cluster initiatives** to support the growth of our Aerospace and Energy and Carbon Management traded sectors
2. Implementing **non-cluster interventions** to support the growth of existing firms, with a specific focus on supporting Scale-Up and Midmarket firms (10-250 employees)
3. Advancing **industry-specific innovation strategies** to help existing companies create new products and services, cognizant of the unique innovation pathways used by our region's Classic, Unconventional and Mixed Industries
4. Sustaining and expanding regional collaboration among employers and education institutions using a **Talent-to-Industry Exchange** model
5. Leveraging existing social networks in distressed neighborhoods to involve disconnected workers in the design of **job access programs**, including addressing specific needs for wraparound services and material support, e.g., reliable transportation

We intend to use a Phase 1 Strategy Development Grant to 1) hire a full-time Recompete Plan Coordinator and project manager (both housed at B3K Prosperity), 2) update (as needed) the goals and strategies outlined in the August 2021 B3K Strategy Report, and 3) conduct rigorous public participation to support the design of neighborhood-level programs to address job access barriers.

As previously stated, Kern County simply does not create enough Quality Jobs to achieve deep prosperity. Accordingly, our top priority is generating more Quality Jobs in the region. We are steadfastly committed to engaging education and workforce training organizations and local community groups to ensure that as jobs are being created, disconnected workers can both complete requisite training programs and access newly created Quality Jobs, reducing our PAEG and advancing deep prosperity.