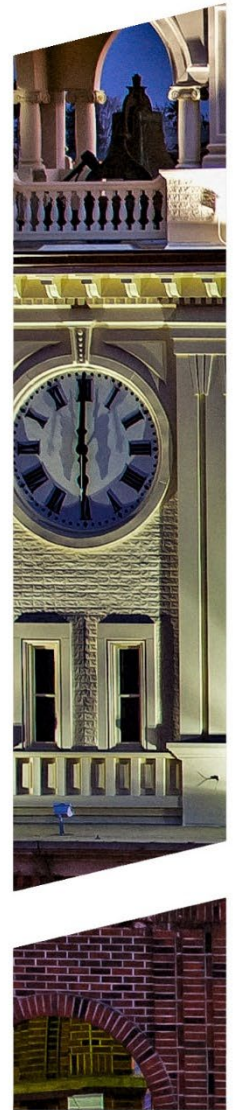
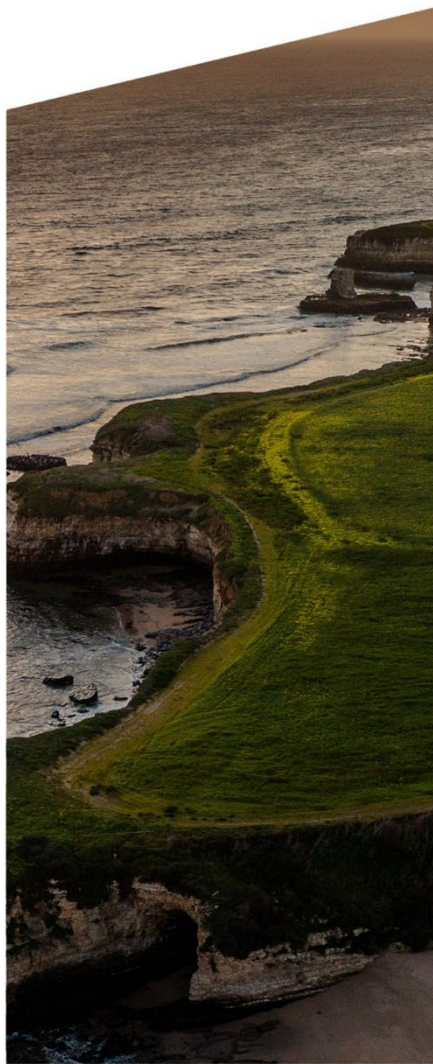
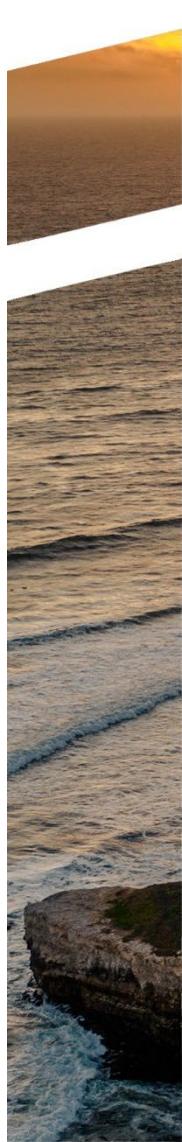




Santa Cruz County 2025 State of the Workforce



A Message from the Santa Cruz County WDB Director

Hello Santa Cruz County,

I am pleased to share our 2025 State of the Workforce Report. This annual snapshot tells the story of the people, businesses, and opportunities that make our local economy unique.

Our findings this year reveal both familiar challenges and promising opportunities. While Santa Cruz County's population has declined by 1.1 percent since 2021, employment has held steady, growing slightly by 0.4 percent. However, the quality of jobs remains a concern, with 57 percent of our workforce employed in the lowest-wage tier. Coupled with some of the highest housing costs in the state, this imbalance continues to put pressure on working families.

We also see signs of progress. The county's Healthcare sector, which now employs almost one in five workers, expanded by 10 percent and added about 1,600 good-paying jobs. Meanwhile, educational attainment is rising, with 44 percent of residents now holding a bachelor's degree or higher, which is eight points above the state average.

Still, these successes are not equally shared. South County continues to face significant economic distress, and the high housing costs threaten our ability to retain of skilled workers across all industries.

This report outlines practical steps we can take together, such as expanding healthcare training pipelines, strengthening entrepreneurship, and focusing investments in distressed communities. By aligning education, workforce, and economic development efforts, we can create opportunities for all residents, regardless of zip code, background, or experience.

To those of you already working towards this vision, thank you. For those eager to help, I invite you to engage with this report, join the conversation, and become part of the positive change.

Sincerely,

Andy Stone

Director, Santa Cruz County Workforce Development Board

Contents

A Message from the Santa Cruz County WDB Director	2
Acknowledgements	5
Executive Summary	6
Introduction	6
Workforce System Context	6
How Stakeholders Can Engage with This Report	7
Key Findings	8
Conclusions and Recommendations	10
Map of Santa Cruz County	12
Economic Profile	13
County Employment Trends	13
Labor Force Participation and Unemployment	14
Job Quality	15
Residential Workforce Gap Analysis	18
Workforce Profile	20
Workforce Demographics	20
Race and Ethnicity	20
Educational Attainment	21
Age	23
Remote Work and Commuting	23
Trends and Impacts of Remote Work in Santa Cruz County	24
Housing Costs and Affordability	25
Economic Distress	27
Industry Cluster Analysis	29
Highest Earning Clusters	29
Mid-Earning Industry Clusters	33
Lowest-Earning Industry Clusters	34
Deep Dives into the County’s Largest Industry Clusters by Employment	34
Industry Cluster Deep Dive: Healthcare	34
Industry Cluster Deep Dive: Tourism and Hospitality	38
Entrepreneurship: Unlocking the “Hidden Pathway” to Success	43
Entrepreneurship: Success Stories in Sustainable Innovations	47

Entrepreneurship: Institutional and Infrastructure.....	49
Appendix A: Methodology and Data Sources	51
Economic Distress Methodology	51
Appendix B: Additional Tables and Figures	52
Appendix C: Economic Distress Zip Code Rankings.....	54

Acknowledgements

This report was prepared by BW Research Partnership, Inc. under the direction of the Workforce Development Board of Santa Cruz County.¹ The project team included:

PROJECT DIRECTORS

- **Andy Stone**, Director, Santa Cruz Workforce Development Board
- **Nathan Kieu**, Business Services Manager, Santa Cruz Workforce Development Board

RESEARCH TEAM

- **Josh Williams**, President and Principal Researcher, BW Research Partnership
- **Veronica Williams**, CTO, BW Research Partnership
- **Lori Baca**, Project Manager, BW Research Partnership
- **Evan Kim**, Senior Research Analyst, BW Research Partnership
- **Jazmine Amoako**, Research Analyst, BW Research Partnership

The project team is deeply grateful to the following community stakeholders who provided insights that informed the contents of this report.

CONTRIBUTORS

- **Desha Staley-Raattor**, Director of Career Development, Cabrillo College
- **Brett Melone**, Chief Business Strategies Officer, California FarmLink
- **Katie Herlihy**, Community Development Director, City of Capitola
- **Bonnie Lipscomb**, Director of Economic Development, City of Santa Cruz
- **Rebecca Unitt**, Manager of Economic Development, City of Santa Cruz
- **Mali LaGoe**, City Manager, City of Scotts Valley
- **Tamara Vides**, City Manager, City of Watsonville
- **Peter Detlefs**, Principal Administrative Analyst, County of Santa Cruz
- **Carmen Herrera-Mansir**, Executive Director, El Pajaro Community Development Corporation
- **Kara Gross**, Executive Director, Silicon Valley Economic Development Alliance
- **Dan Smart**, Board Chair, Santa Cruz Chamber of Commerce
- **Anita Aguirre**, CEO, Santa Cruz Community Health
- **Alexander Pedersen**, Director, Santa Cruz Small Business Development Center
- **Doug Erickson**, Executive Director, Santa Cruz Works
- **Malina Long**, Accelerator Program Manager, Santa Cruz Works
- **Julia Hodges**, Principal, Soquel High School
- **Flavia Oliveira**, Director of Sales and Travel Trade, Visit Santa Cruz

Your input has been invaluable. Thank you for being a part of this study.

¹ This WIOA Title I – financially assisted program or activity is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.



Executive Summary

Introduction

The Santa Cruz County Workforce Development Board has partnered with BW Research to produce the 2025 State of the Workforce Report. This report examines trends in the county's economic and workforce environment, providing current labor market information related to employment, entrepreneurship, job quality, industry clusters, workforce demographics, and economic distress, and explores the implications of these trends on regional training, education, and quality of life.

The 2025 State of the Workforce report also provides industry deep-dives into the county's largest industry clusters, (1) Healthcare and (2) Tourism and Hospitality and explores (3) Sustainable Innovation and Entrepreneurship. As Santa Cruz County's economic landscape continues to shift, sustained support and investment in these areas will be essential to ensure a well-prepared workforce and an economy that provides opportunity for all of the county's residents and businesses.

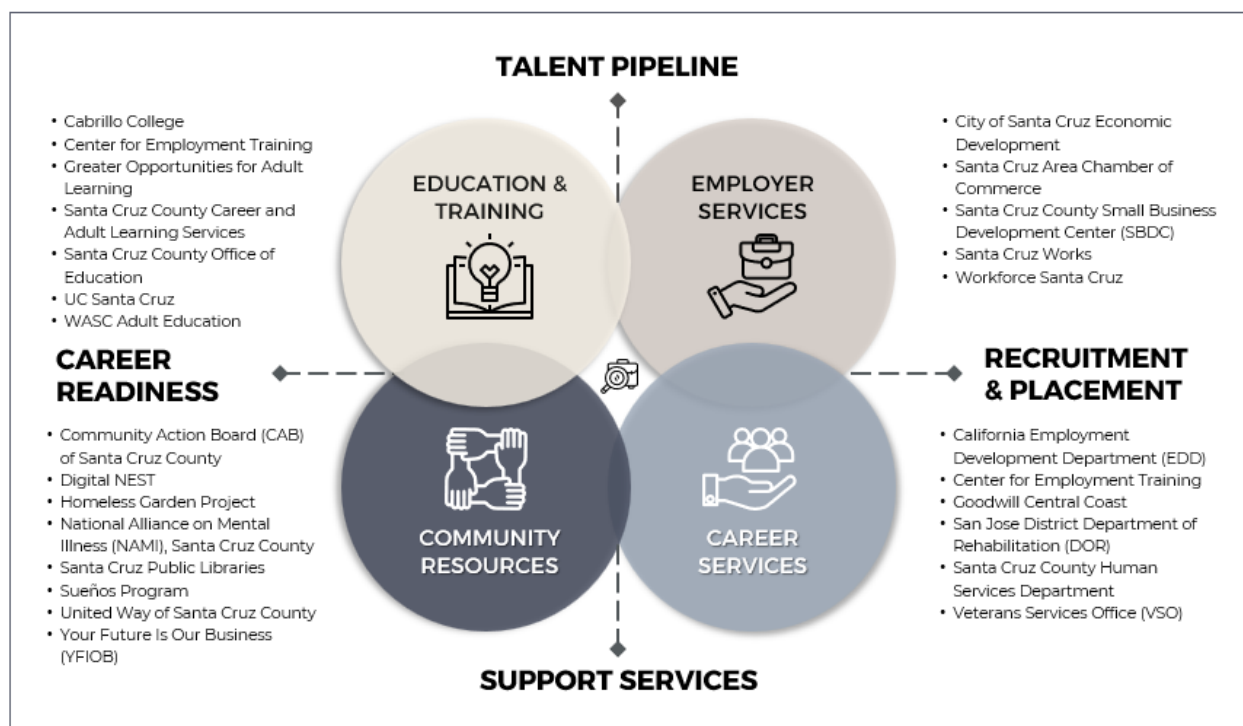
Workforce System Context

Figure 1 presents a simplified snapshot of the Santa Cruz County workforce system, including core partners in education and training; nonprofits, community-based organizations, and charitable foundations engaged in providing support services and resources to jobseekers; industry associations and consortia; and local government agencies serving Santa Cruz County's employers and jobseekers.^{2 3}

² This snapshot includes a list of key workforce development partners for illustrative purposes only and does not constitute an exhaustive list of all workforce development resources available within Santa Cruz County.

³ Note that the organizations listed above may play multiple roles within the workforce ecosystem. For example, the Santa Cruz County Workforce Development Board (WDB) oversees workforce initiatives, funding, and partnerships that support both jobseekers (i.e., career services) and employers. The WDB also acts as a convener, bringing ecosystem participants together to ensure efficient and effective coordination of workforce development resources within the county; and supports alignment of jobseeker needs with industry skills demands via partnerships with county educational institutions and local employers. By strengthening connections between these groups, the WDB helps to ensure that rather than operating within siloes, its development partners are working in sync to advance shared goals with respect to workforce development.

Figure 1. Snapshot of the Santa Cruz County Workforce System



How Stakeholders Can Engage with This Report

The State of the Workforce report provides data-driven insights. The report is informed by stakeholder perspectives, that can facilitate collaboration between policymakers, industry organizations, and education and training providers by promoting a shared understanding of the workforce landscape. This information can support joint initiatives to address shared workforce challenges in specific industries that are highly concentrated within the county, or emerging industries that provide robust opportunities for high-wage job growth.

Specifically, the **Economic Profile** section of this report provides a snapshot of the county's economy, including its competitive advantages, workforce challenges, and opportunities for growth. It provides an overview of key economic indicators for Santa Cruz County, including total employment, labor force participation, and job quality across different tiers, to provide context on specific challenges impacting the county for policymakers.

The **Workforce Profile** section of this report outlines key demographics including race and ethnicity, educational attainment, and age characteristics of the county's workforce, including a discussion of housing costs and affordability and subregional disparities regarding access to opportunities for higher-paying jobs within the county. The Workforce Profile section allows education and training providers, career service providers, and nonprofits to identify workforce populations in need of higher levels of support to access higher-wage employment opportunities; and to raise awareness of economic distress in specific communities to facilitate efforts to advocate for change in these regions. The Workforce

Profile section also allows policymakers to track key performance metrics to evaluate the success of selected economic and workforce development initiatives on worker outcomes.

Finally, the **Industry Cluster Analysis** section of this report summarizes the performance of the county's major industry clusters in terms of employment impacts and wages, helping policymakers understand how these clusters contribute to regional wealth creation and informing efforts to prioritize initiatives that strengthen existing key clusters, and foster high-opportunity emerging clusters. Education and training providers can use this information to ensure that their programs are aligned with local employer needs.

Key Findings

- **Despite a declining population, employment in Santa Cruz County has remained stable since 2021.** Between 2021 and 2024, employment grew by 0.4 percent, while the population declined by 1.1 percent. While employment growth in Santa Cruz County lags state and neighboring Monterey County growth, population trends likely influence Santa Cruz's slower employment growth: between 2021 and 2024, population grew in Monterey County (0.2 percent) and nationally (2.3 percent) and only declined by 0.5 percent in the state.
- **From 2022 to 2024, Santa Cruz County's unemployment rate continued to rise and remained higher than state and national averages.** County unemployment reached 6.3 percent in 2024, compared to a statewide average of 5.5 percent and a national average of 4.1 percent. However, the county's labor force participation rate continues to align with state and national averages.
- **Job quality continues to pose a challenge in Santa Cruz County, with nearly three in five jobs (57 percent) falling within the lowest-paying, Tier 3 occupational category in 2024.** This concentration exceeds the state average (54 percent), and, when coupled with the county's above-average housing costs, creates sizable affordability challenges for residents. This gap between job quality and cost of living is likely a key factor driving the county's population decline, as residents relocate to more affordable regions.
- **The residential workforce gap – which represents the difference between the number of residents who live and work in Santa Cruz County, and residents who live in the county but commute outside the region for work – shrank from 2023 to 2024, but the county remains a net exporter of talent in nearly all occupational clusters.** As of 2024, the largest workforce gap occurred within Management, Business, Science, and Arts occupations, with nearly 7,400 residents leaving the region for work. Given the county's proximity to Silicon Valley, it is difficult to retain highly skilled workers who typically earn higher wages by commuting to jobs in the Bay Area.
- **Educational attainment within the county is above average and improving.** In 2023, 44 percent of county residents held a bachelor's degree or higher, representing a four-percentage point increase over 2018 and eight-percentage points higher than the state average. However, regional

disparities in educational attainment persist, as rates remain higher in North Santa Cruz County and among White and Asian residents.

- **Housing affordability is declining in Santa Cruz County, likely contributing to population decline, particularly within the prime working-age (25-54 years of age) segment of the population.** Since Q3 2020, housing affordability has declined by roughly 10 percentage points, primarily due to median home price increases (26 percent) outpacing median household income growth (21 percent). As of Q3 2024, only 21 percent of households could afford to purchase a median priced home. However, the county's homeownership rate (60 percent) remained unchanged from 2020 to 2024.
- **In 2023, four of 21 zip codes in Santa Cruz County exhibited economic distress, characterized by high unemployment, low median earnings, and low educational attainment relative to county and statewide averages.** These zip codes are primarily in the southern portion of the county and include 95060, 95064, 95019, and 95076. Residents of these zip codes face economic distress, resulting in higher barriers to economic mobility and opportunity.
- **In 2024, the Healthcare and Tourism, Hospitality, and Recreation industry clusters were the largest employers in the county, accounting for approximately one in three county workers (34 percent).** Between 2021 and 2024, the Healthcare industry cluster grew by 10 percent, adding nearly 1,600 workers. The Tourism, Hospitality, and Recreation industry cluster grew by 22 percent between 2021 and 2024, adding approximately 2,900 workers. As of 2024, the Healthcare industry cluster fell within the Tier 2 classification in Santa Cruz County (middle-skill, middle-wage), offering average annual wages of \$75,299, while the Tourism, Hospitality, and Recreation cluster fell within Tier 3 (lowest-skill, lowest-wage), offering average annual wages of \$31,794.
- **From 2021 to 2024, the fastest growing industry clusters within Santa Cruz County include Defense, Aerospace, and Transportation Manufacturing (DATM)(46 percent job growth) and Tourism, Hospitality, and Recreation (22 percent job growth).** A large contributor to growth in the DATM industry cluster is Joby Aviation, while local initiatives and investments drive growth in the Tourism, Hospitality, and Recreation industry cluster. DATM offered the highest average annual wages compared to other industry clusters in the county (\$174,122) while Tourism, Hospitality, and Recreation offering the lowest average annual wages (\$31,794) in 2024.
- **Supporting entrepreneurship is critical for improving the outcomes of residents throughout Santa Cruz County, particularly in distressed communities.** Entrepreneurship is a “hidden pathway” that provides opportunities to earn higher wages, and there are opportunities to expand education and training programs that support entrepreneurial skill development within Santa Cruz County.

Conclusions and Recommendations

BW Research offers the following conclusions and recommendations based upon the findings of the research.

Low educational attainment rates are a significant barrier to economic mobility in Santa Cruz County's economically distressed communities. Many residents in these communities lack the certifications and skills required to access high-demand, higher-paying jobs in industries such as Healthcare or Biotechnology and Biomedical Devices. Without focused investment in education and training programs, these residents are likely to remain in low-wage roles, limiting access and opportunity to economic mobility.

Santa Cruz County also continues to face housing affordability challenges, as wages have not kept pace with the rising cost of housing. This high cost creates economic challenges for workers in low-wage industries, leading to higher levels of housing burdens and homelessness in these areas.

Four of 18 zip codes in Santa Cruz County exhibit economic distress. The four economically distressed zip codes near Watsonville and UC Santa Cruz exhibit higher levels of unemployment, low median earnings, and/or lower labor force participation rates compared to state averages. For more detailed analysis of economic distress in Santa Cruz County, see page 24.

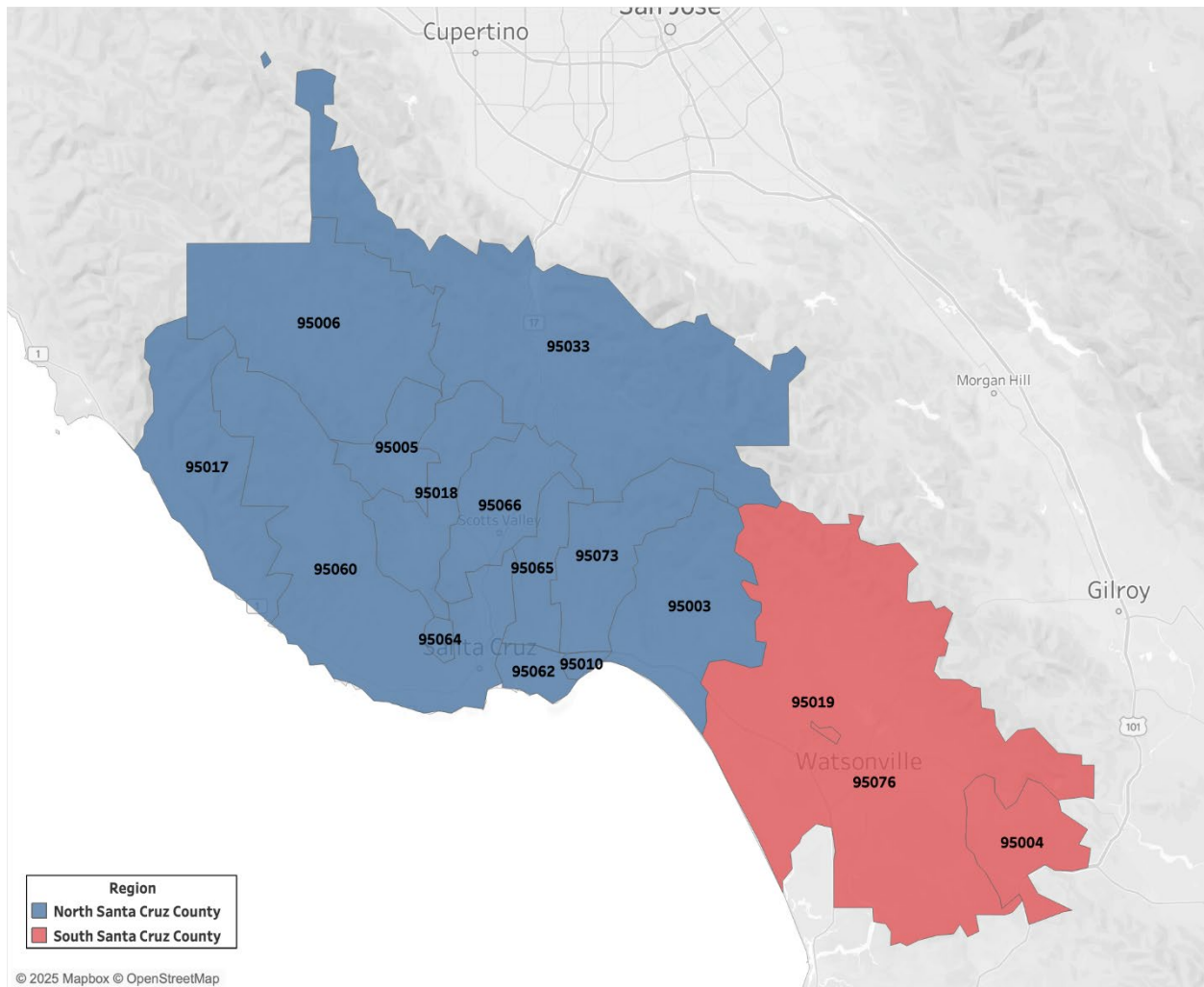
Looking to the future, we recommend that the County and local efforts target the following goals:

1. **Support cross-system coordination:** Foster alignment between key stakeholders in Santa Cruz County, including education, workforce, and economic partners, to better align training with employer needs. Employer engagement and work-based learning approaches, such as internships, apprenticeships, and clinical placements, can be collaboratively developed and deployed to strengthen connections between educational programs and employment outcomes.
2. **Leverage technology to expand Healthcare training pipelines:** Continued growth of the aging population in Santa Cruz County, combined with a shortage of available healthcare workers, will pose a growing challenge for the county in the years to come. Long waitlists for available healthcare training programs and hiring difficulties caused by a high regional cost of living are expected to compound these problems. Encouraging local education and training providers to leverage online healthcare training programs and telehealth and remote learning platforms can help mitigate these challenges, helping to strengthen Healthcare pipelines. For a deeper dive into Santa Cruz County's healthcare workforce and training models, see page 31.
3. **Expand entrepreneurship education and training:** Collaborate with local schools starting from the middle and high school levels to build awareness regarding, and skills supporting, entrepreneurship, which has been characterized as a the "hidden pathway." Santa Cruz County's innovation ecosystem benefits from key institutions and programs that offer funding, mentorship, training, and networking for aspiring entrepreneurs. For more insight and analysis of Santa Cruz County's entrepreneurship ecosystem, see page 39.

4. **Strengthen and promote the supportive ecosystem for entrepreneurs:** Local stakeholders have indicated that access to venture capital within the county is limited and report low levels of awareness of available resources for entrepreneurs and small businesses. To address this gap, we recommend strengthening the county's entrepreneurial ecosystem by improving access to capital, particularly by connecting local entrepreneurs with investors in the nearby Silicon Valley, and by increasing awareness of available resources through targeted outreach and marketing, with a focus on economically distressed communities. These efforts will help ensure that entrepreneurs, especially those in emerging sectors such as genomics, can fully leverage existing support and scale their ventures. The entrepreneurship deep dive section also highlights challenges and opportunities available to entrepreneurs in the county.
5. **Expand access to entry-level training and employment pathways in economically distressed regions of Santa Cruz County to increase opportunity and upward mobility.** Strategies and investments should prioritize communities facing the most significant economic barriers, including lower levels of educational attainment and limited access to training or quality jobs. The economic distress analysis presented in this report identifies these communities and outlines the structural challenges contributing to their economic distress, providing a foundation for targeted support. Recommended approaches to support these communities include developing and hosting career fairs, tailored outreach, academic and career counseling, and place-based training initiatives.
6. **Support and grow the research and innovation pipeline powered by UC Santa Cruz and other local research institutions.** Santa Cruz County is home to a growing research and innovation ecosystem, led by UC Santa Cruz and supported by other research and scientific institutions in the county. This research community not only drives technological advancement but also drives entrepreneurship, attracts investment, and creates high-quality jobs in emerging fields. Continued public and private support for research activity, including workforce-aligned research and development efforts partnerships with local employers, will strengthen the county's long-term economic opportunity and ensure that the benefits of innovation are felt more broadly across the region. The entrepreneurship deep dive section outlines current initiatives and programs designed to support innovation, which are offered by UC Santa Cruz.



Map of Santa Cruz County



Capitola	City of Santa Cruz	Scotts Valley	Watsonville	Unincorporated
95010	95060, 95061, 95062, 95063, 95064, 95065	95066, 95067	95019, 95076, 95077	95004, 95001, 5003, 95005, 95006, 95007, 95017, 95018, 95041, 95073



Economic Profile

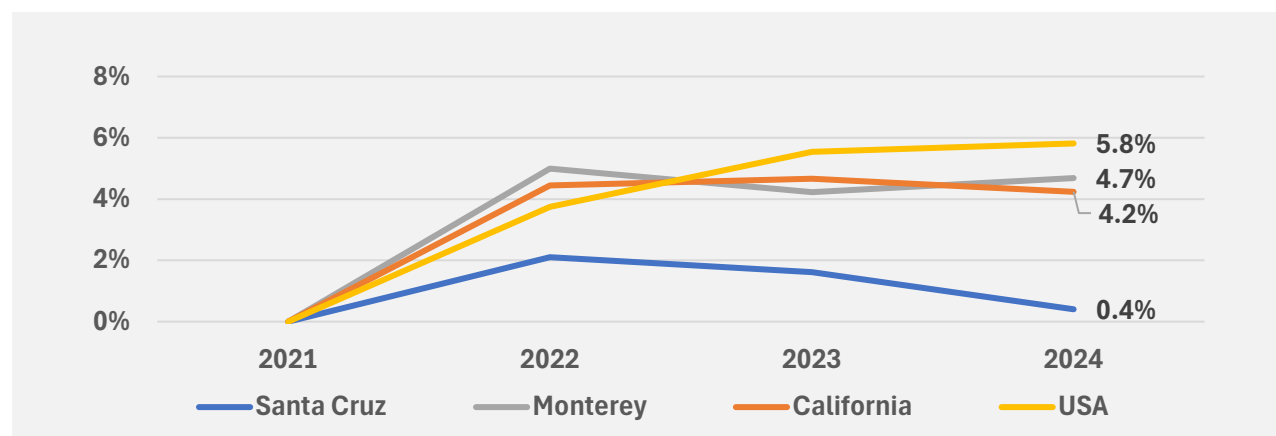
This section provides an overview of key economic indicators for Santa Cruz County, including total employment, labor force participation, industry clusters, and job quality across different tiers. By examining these metrics, the analysis sheds light on the county's competitive advantages, workforce challenges, and opportunities for growth.

County Employment Trends

Between 2021 and 2024, overall employment in Santa Cruz County experienced modest growth of 0.4 percent, which lags the state (4.2 percent), nearby Monterey County (4.7 percent), and national (5.8 percent) growth (Figure 2). This slower rate of employment expansion is likely influenced by population trends, as Santa Cruz County's population declined 1.1 percent over the same period, reducing the available labor force and potentially limiting job growth. In contrast, Monterey County's population grew by 0.2 percent, national population grew 2.3 percent, while the state experienced a smaller decline of 0.5 percent over the same period (Figure 3).

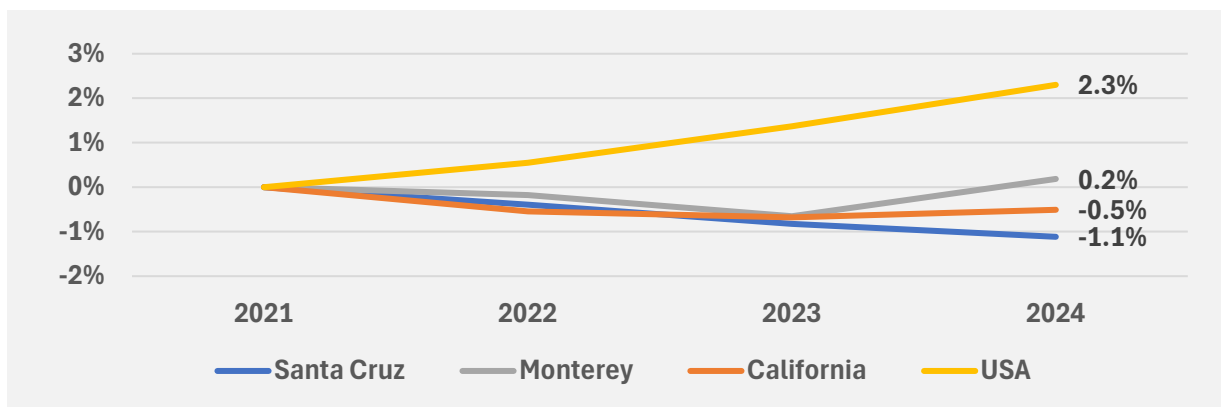
Figure 2 shows employment in Santa Cruz County has grown at a slower rate than in the state and nearby Monterey County from 2021 to 2024. This below-average employment growth is primarily driven by population trends, as shown in Figure 3.

Figure 2: Employment Growth by Region, 2021-2024⁴



⁴ California EDD, [Local Area Employment Statistics \(2021-2024\)](#).

Figure 3: Population Growth by Region, 2021-2024⁵



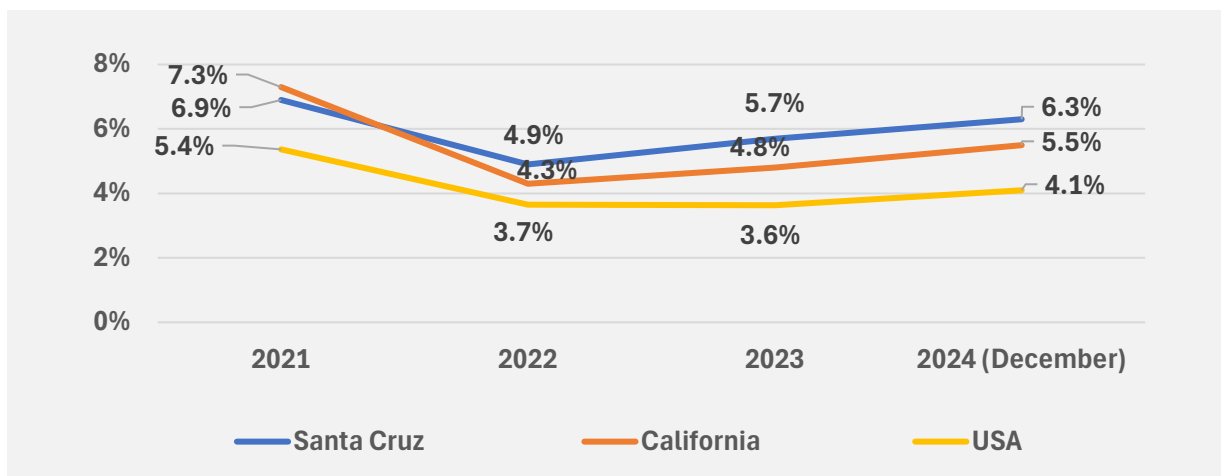
Labor Force Participation and Unemployment

Since 2021, the county's unemployment rate has consistently remained above state and national averages and has increased each year since 2022, reaching 6.3 percent in 2024 (Figure 4).

Furthermore, there are significant disparities in unemployment rates at a sub-regional level. As of December 2024, the Cities of Capitola, Santa Cruz, and Scotts Valley in North Santa Cruz had unemployment rates ranging from 3.1 to 4.3 percent, while in South Santa Cruz, the City of Watsonville's unemployment rate was 13.6 percent, more than twice the regional average.

Figure 4 shows that as of 2024, unemployment in Santa Cruz County is above the state and national averages. Within the county, certain regions drive the above-average unemployment rate, as shown in Table 1.

Figure 4: Unemployment Rate by Region, 2021-2024⁶



⁵ California Department of Finance, [California County Population Estimates and Components of Change by Year \(2021-2024\)](#).

⁶ California EDD, [Local Area Employment Statistics \(2021-2024\)](#).

Table 1: Unemployment Rate by Subregion, December 2024⁷

Sub-Region	Unemployment Rate
City of Capitola	3.1%
City of Santa Cruz	4.3%
City of Scotts Valley	3.4%
City of Watsonville	13.6%

While unemployment is higher than state and national averages, labor force participation in Santa Cruz County continued to align with broader trends through 2023 (Table 2).

Table 2 shows that as of 2023, county labor force participation aligned with state and national averages.

Table 2: Labor Force Participation Rate by Region, 2020-2023⁸

	2020	2021	2022	2023
Santa Cruz	64.3%	64.4%	63.5%	63.5%
California	63.7%	63.9%	63.8%	63.9%
USA	63.4%	63.6%	63.5%	63.5%

Job Quality

Job quality, often assessed in tiers, is an important indicator of a region's economic health, as a high number of jobs alone does not directly translate to economic prosperity. An assessment of job quality allows researchers to identify the share of a region's workers employed in low-wage occupations that may face challenges in affording to live and work in the area.

⁷ California EDD, [Local Area Employment Statistics \(2021-2024\)](#).

⁸ United States Census Bureau, [American Community Survey 5-year Estimates \(2020-2023\)](#).

Tier 1	Tier 2	Tier 3
Tier 1 occupations are typically the highest-paying, highest-skilled occupations in the economy. These include managerial positions (e.g., Sales Managers), professional positions (e.g., Lawyers), and highly skilled technology occupations, such as engineers, scientists, and computer programmers.	Tier 2 occupations are typically middle-wage, middle-skill occupations. These occupations include office and administrative positions (e.g., Accounting Clerks and Secretaries), manufacturing operations, and production positions (e.g., Electricians, Machinists).	Tier 3 occupations are typically the lowest-paying, lowest-skilled occupations and tend to account for the largest share of jobs in the county. These occupations include food service and retail jobs, building and grounds cleaning positions, and personal care positions.
\$124,700 Avg. Annual Salary	\$74,400 Avg. Annual Salary	\$48,700 Avg. Annual Salary
\$59.95 Avg. Hourly Wage	\$35.77 Avg. Hourly Wage	\$23.41 Avg. Hourly Wage

Job quality has fallen slightly within the county since 2021, as a larger share of lower-skill Tier 3 jobs exists in 2024 (57 percent) than in 2021 (56 percent) (Figure 5). Additionally, as of 2024, job quality in Santa Cruz County is slightly lower than in neighboring counties, as well as below the statewide average (Figure 6). Santa Cruz residents with Tier 3 jobs need to work 2.74 jobs to make a livable wage, compared to 1.07 jobs for those working Tier 1 jobs (Table 3).

Figure 5 and Figure 6 shows the distribution of jobs in Santa Cruz County within each Occupational Tier. Since 2021, the share of Tier 3 jobs has grown in the county, as shown in Figure 5. As shown in Figure 6, Santa Cruz County also has a larger share of Tier 3 jobs than nearby counties and the state as of 2024.

Figure 5: Santa Cruz County Job Quality, 2021-2024⁹

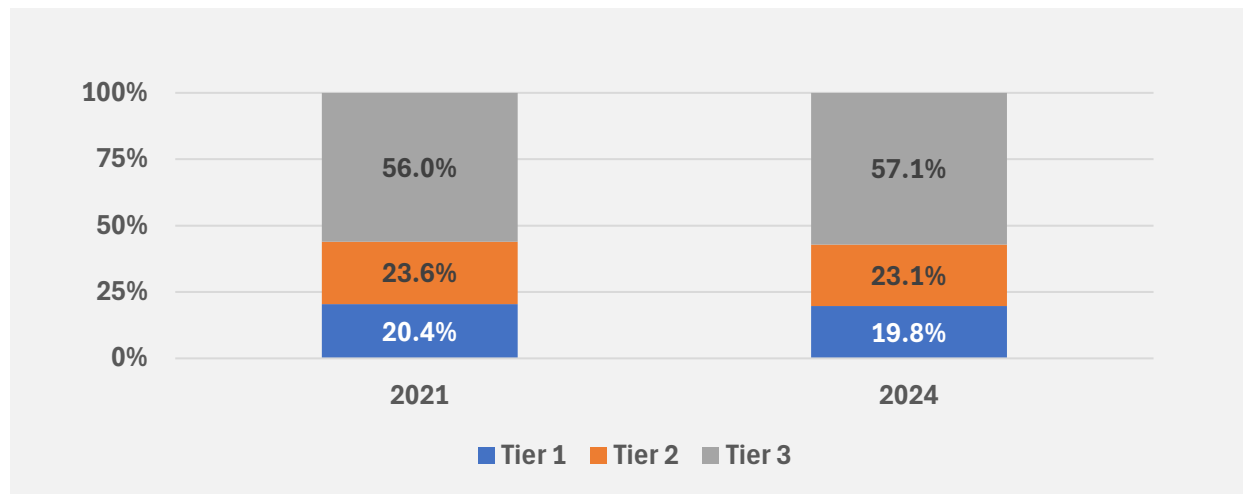


Figure 6: Job Quality by Region, 2024¹⁰

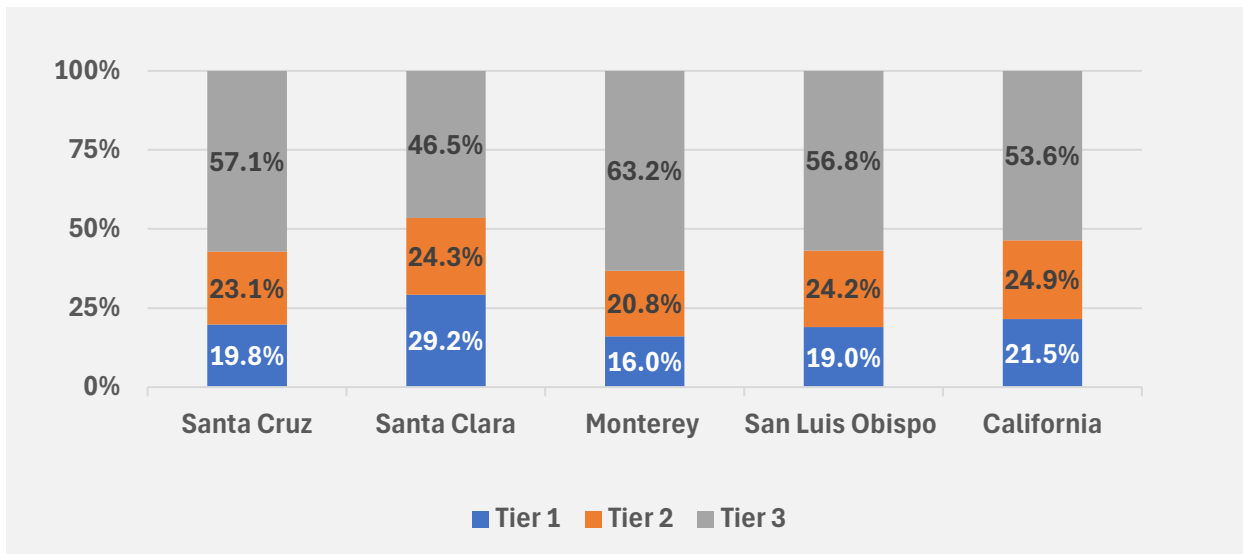


Table 3: Number of Jobs Required to Earn a Living Wage by Occupational Tier, 2024^{11,12}

Tier	Average Wage	Number of Jobs to Earn a Living Wage
Tier 1	\$124,700	1.07
Tier 2	\$74,400	1.79
Tier 3	\$48,700	2.74

⁹ Bureau of Labor Statistics. [Quarterly Census of Employment and Wages \(2024\)](#).

¹⁰ Bureau of Labor Statistics. [Quarterly Census of Employment and Wages \(2024\)](#).

¹¹ Bureau of Labor Statistics. [Quarterly Census of Employment and Wages \(2024\)](#).

¹² MIT Living Wage Calculator (2024).

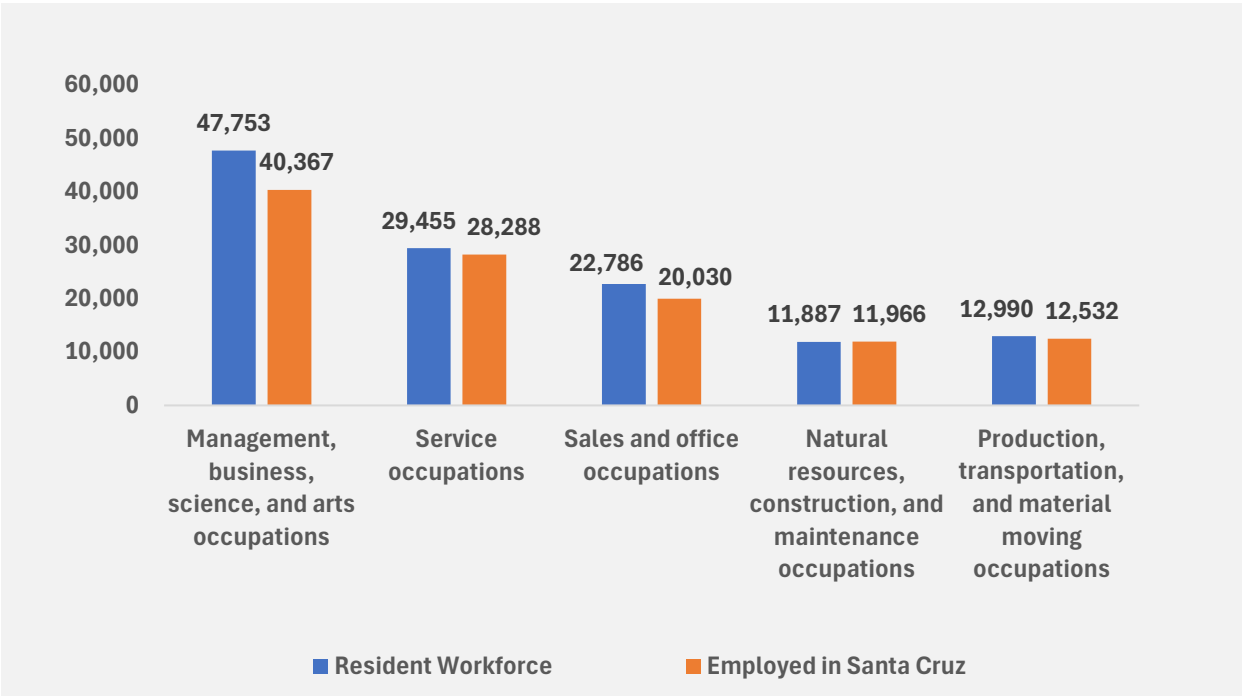
Residential Workforce Gap Analysis

To assess the county’s job availability and how well residents are served by local employment opportunities, the research team analyzed the residential workforce gap, which represents the difference between residents who live *and* work in Santa Cruz County and residents that live in the county but commute outside the region for work.

As of 2024, Santa Cruz County has a resident workforce of nearly 124,900, which includes individuals aged 16 and older who are currently employed, compared to 113,200 available jobs. This results in a surplus of approximately 11,700 residents who commute outside the county for work. Most of this outflow is driven by residents working in Management, Business, Science, and Arts occupations, where the county serves as a net-exporter of nearly 7,400 workers (Figure 7).

Figure 7 shows the number of Santa Cruz County residents employed in each occupational category compared to the number of jobs in the county in 2024. Santa Cruz County is a net-exporter of talent in four of the five occupational categories, with the largest exportation occurring in Management, Business, Science, and Arts occupations.

Figure 7: Residential Workforce vs Number of Jobs in Santa Cruz by Occupational Category, 2024¹³



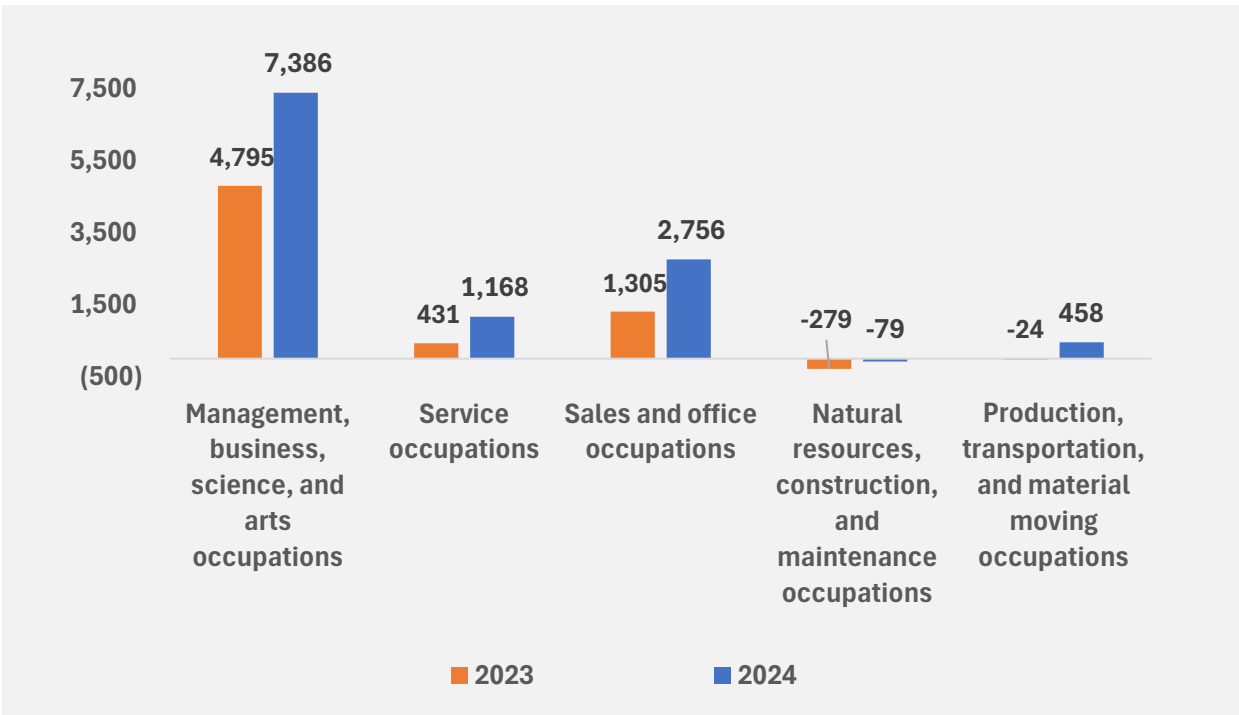
Santa Cruz County’s residential workforce gap has grown in four of the occupational categories since 2023. The largest workforce gap increase took place in Management, Business, Science, and Arts occupations with an additional 2,591 residents leaving the county for work. Sales and Office occupations

¹³ Bureau of Labor Statistics. [Quarterly Census of Employment and Wages \(2024\)](#).

also experienced a substantial increase in the number of residents leaving the region for work with an additional 1,451 additional residents leaving the region for work in 2024 compared to 2023.

Figure 8 shows Santa Cruz County’s historical residential workforce gap within each occupational category. Between 2023 and 2024, the residential workforce increased in four of the five occupational categories, meaning Santa Cruz County is becoming a larger exporter of talent.

Figure 8: Historical Residential Workforce Gap by Occupational Category, 2023-2024¹⁴



¹⁴ Bureau of Labor Statistics. [Quarterly Census of Employment and Wages \(2023-2024\)](#).



Workforce Profile

Workforce Demographics

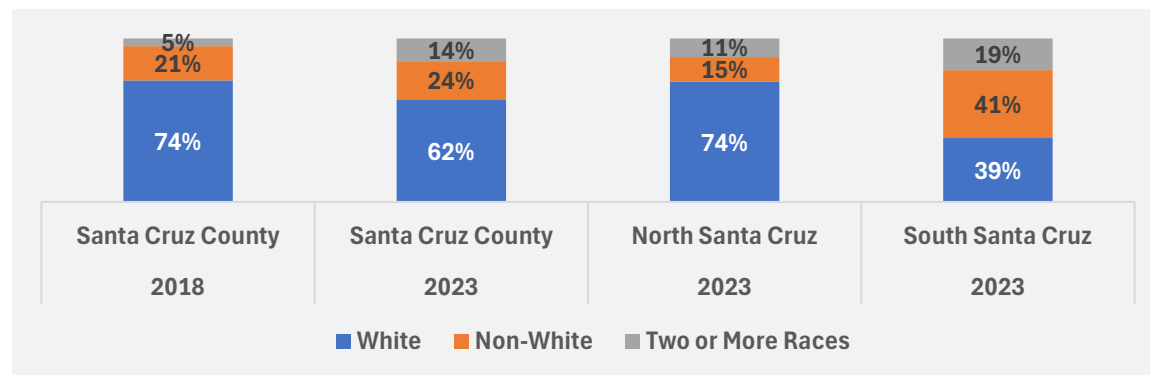
This section outlines the demographic characteristics of Santa Cruz County’s residents, including race, ethnicity, age, and educational attainment. These metrics offer insights into the region's potential workforce and talent pipeline, which help inform the strategic allocation of education and training resources to support local economic development and workforce needs.

Race and Ethnicity

Since 2018, Santa Cruz County has experienced notable demographic shifts in race and ethnicity. Between 2018 and 2023, the White population in the county declined from 74 percent to 62 percent. At the same time, the share of individuals identifying as "Two or More Races" increased by nine percentage points. As of 2023, non-white, biracial, and multiracial residents comprise 61 percent of South Santa Cruz County residents, compared to only 26 percent in North Santa Cruz County (Figure 9). While the share of residents identifying as Hispanic or Latino has remained relatively stable within the county from 2018 to 2023, a similar regional divide exists as a higher percentage of Hispanic or Latino residents live in South Santa Cruz County than in North Santa Cruz County as of 2023 (Figure 10).

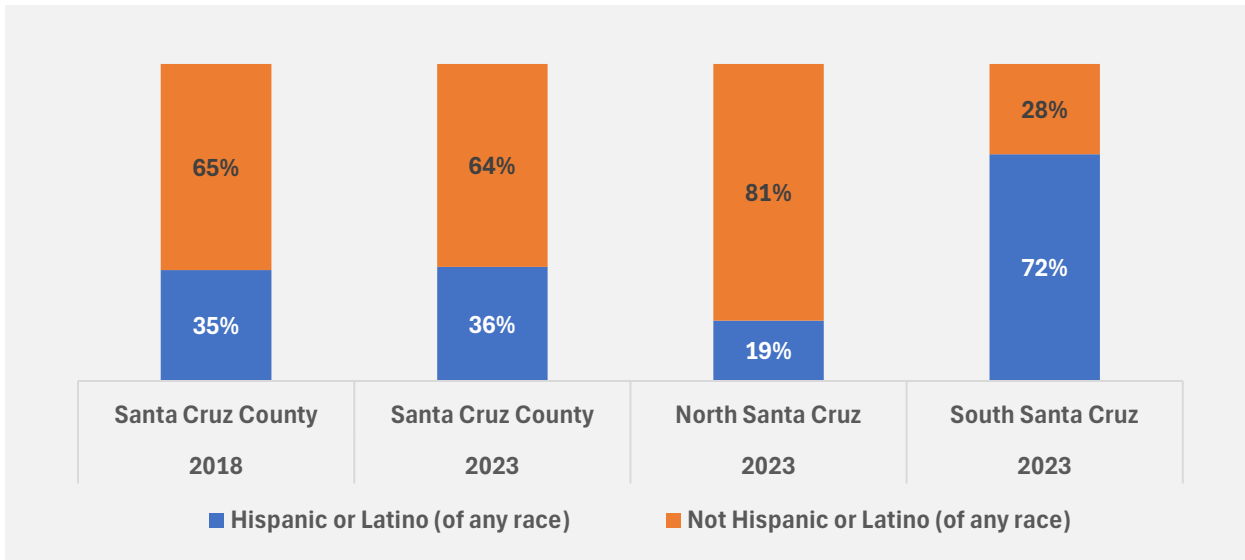
Figure 9 and Figure 10 shows Santa Cruz County’s race and ethnicity demographics between 2018 and 2023. As of 2023, the county is most diverse in its southern region, and the county overall has become more diverse over the period from 2018 to 2023.

Figure 9: Race Demographics by Region, 2018-2023¹⁵



¹⁵ United States Census Bureau, [American Community Survey 5-year Estimates \(2018-2023\)](#).

Figure 10: Ethnicity Demographics by Region, 2018-2023¹⁶

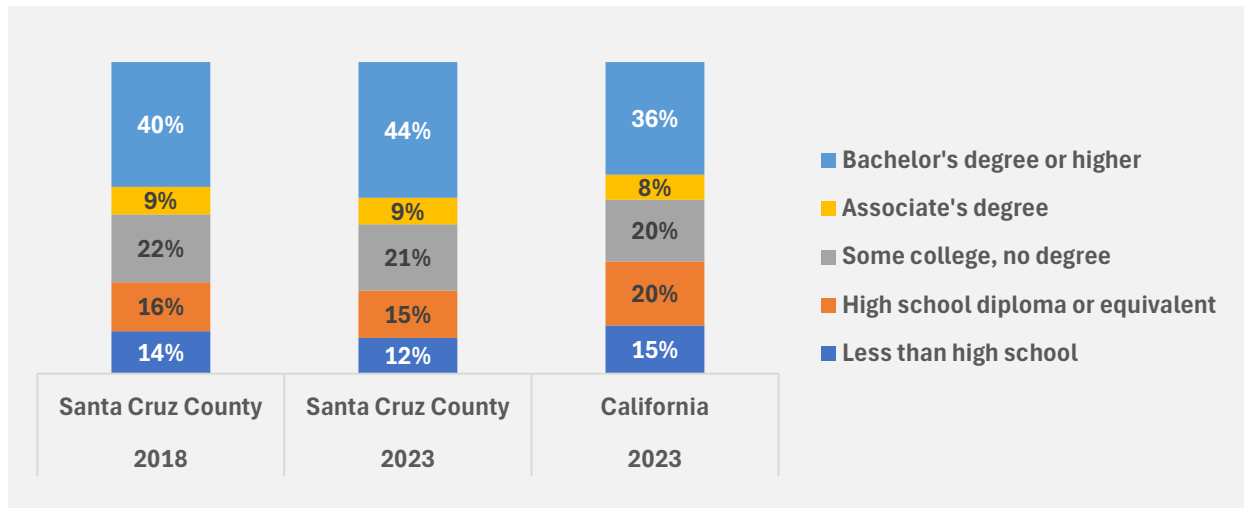


Educational Attainment

Educational attainment within Santa Cruz County is improving, and as of 2023, a higher concentration of Santa Cruz residents held a bachelor’s degree or higher compared to the state average. In 2023, 44 percent of county residents held a bachelor’s degree or higher, representing a four-percentage point increase from 2018 and an eight-percentage point lead over the state (Figure 11).

Figure 11 shows Santa Cruz County’s educational attainment rates compared to the state between 2018 and 2023. Educational attainment rates in Santa Cruz County have improved over the last five years to 2023 and outpaced the state average in 2023.

Figure 11: Educational Attainments Rates in Santa Cruz County, 2018-2023¹⁷



¹⁶ United States Census Bureau, [American Community Survey 5-year Estimates \(2018-2023\)](#).

¹⁷ United States Census Bureau, [American Community Survey 5-year Estimates \(2018-2023\)](#).

Despite the county's growing educational attainment rates, disparities remain. In North Santa Cruz County, 53 percent of the residents hold a bachelor's degree or higher compared to 20 percent in South Santa Cruz County as of 2023 (Figure 12). More than 50 percent of residents identifying as White (52 percent) or Asian (57 percent) hold a bachelor's degree or higher compared to less than 30 percent among other racial groups as of 2023 (Figure 13).

Figure 12 and Figure 13 show Santa Cruz County's educational attainment rates by region, race, and ethnicity as of 2023. Disparities are evident, with higher attainment levels among residents in the northern region, as well as among White and Asian populations.

Figure 12: Educational Attainment Rates in Santa Cruz County by Region, 2023¹⁸

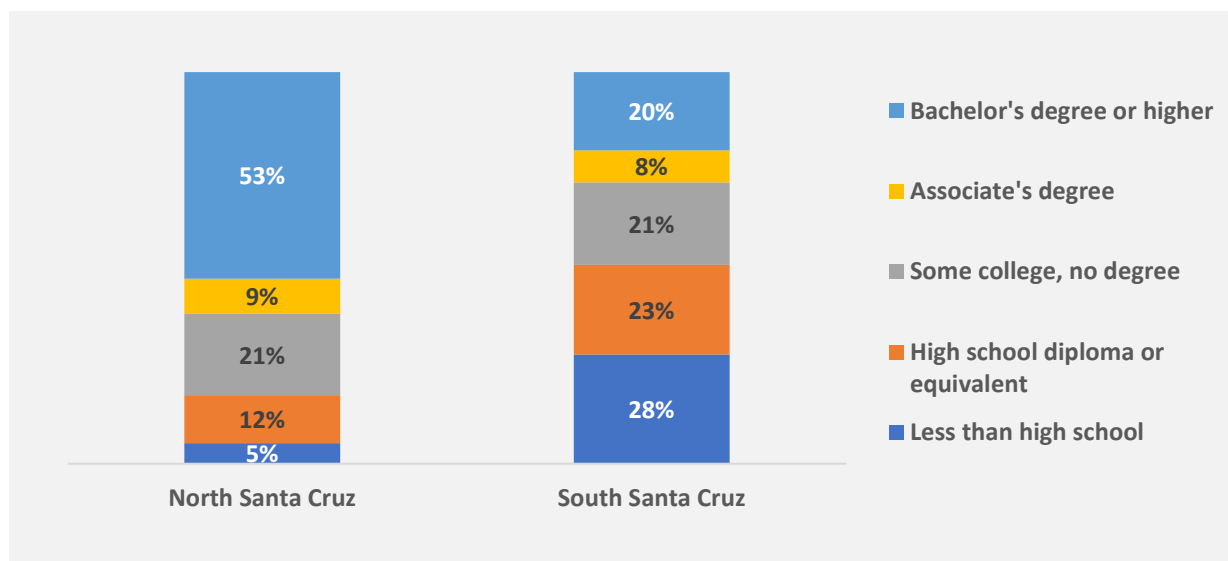
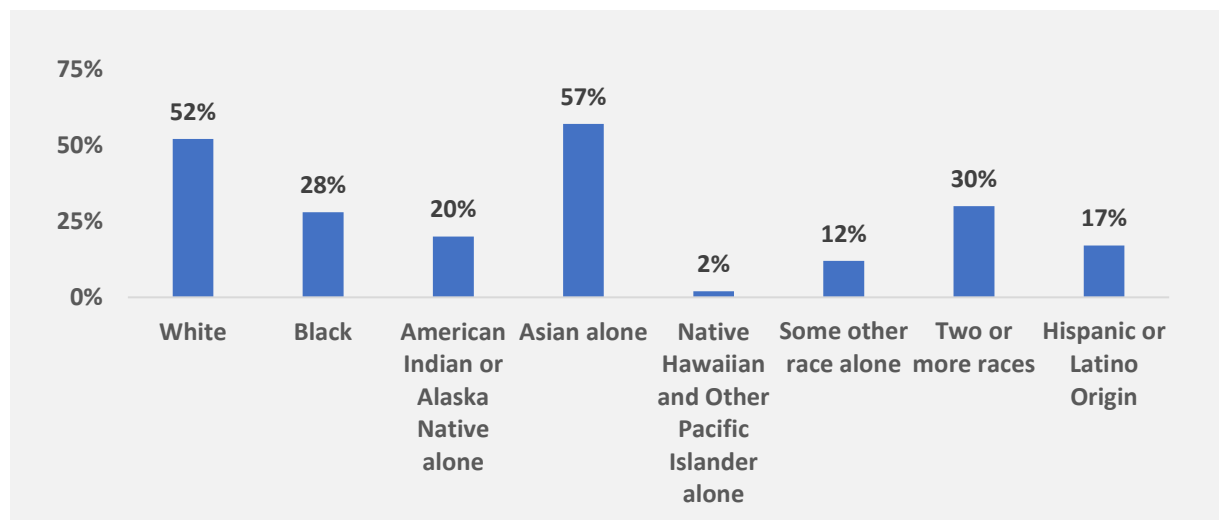


Figure 13: Percentage of Santa Cruz Residents with a Bachelor's Degree or Higher by Race and Ethnicity, 2023¹⁹



¹⁸ United States Census Bureau, [American Community Survey 5-year Estimates \(2018-2023\)](#).

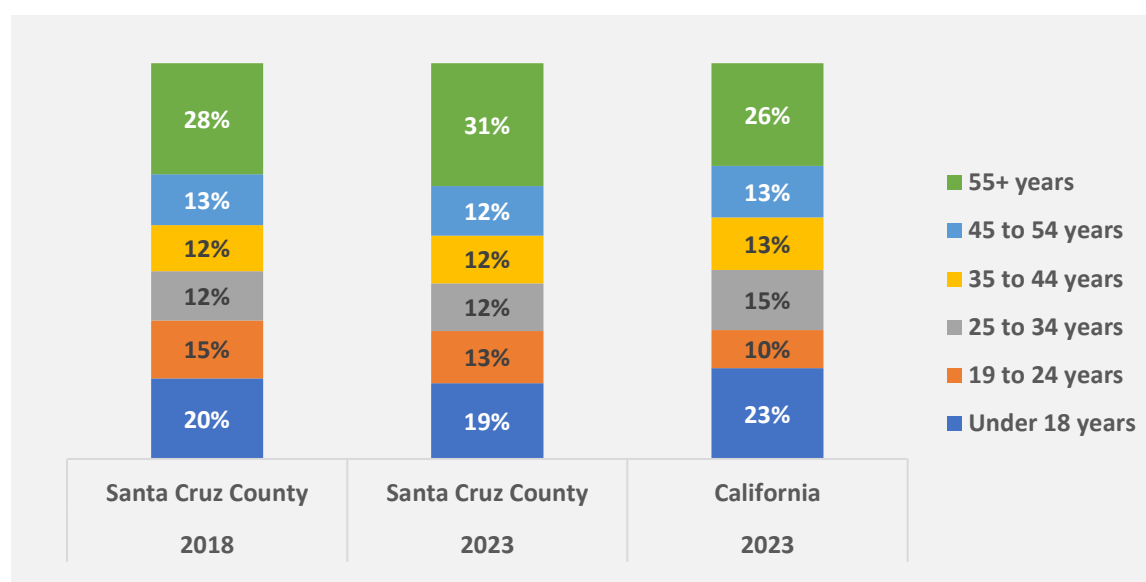
¹⁹ United States Census Bureau, [American Community Survey 5-year Estimates \(2018-2023\)](#).

Age

The workforce in Santa Cruz County continues to age, with the share of individuals aged 55 and older increasing from 28 percent in 2018 to 31 percent in 2023. At the same time, the share of younger workers, particularly those aged 19 to 34, has declined from 27 percent to 25 percent, over the same period. Key working-age groups, such as 35 to 44 and 45 to 54, have remained stable, though coupled with the declining population of younger workers, indicates limited replenishment of prime working age workers in the future (Figure 14).

Figure 14 compares Santa Cruz County's age demographics to the state average from 2018 to 2023. Santa Cruz has an aging population, with a higher median age than the state overall as of 2023."

Figure 14: Age Demographics in Santa Cruz County, 2018-2023²⁰



Remote Work and Commuting

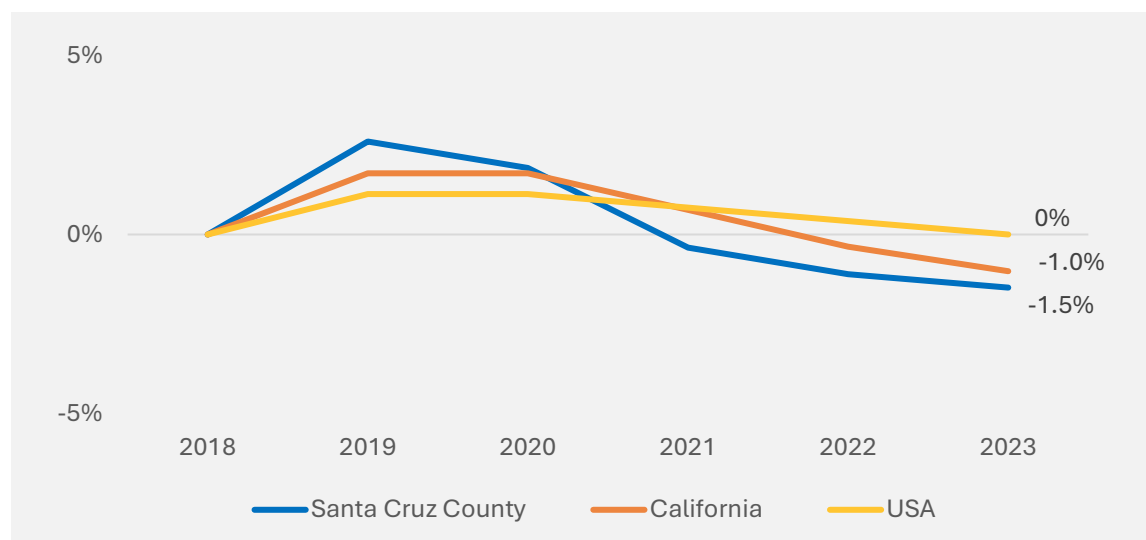
According to county-to-county commuting estimates from the California Employment Development Department, more than 18,000 workers commute into Santa Cruz County from surrounding areas, while over 29,000 county residents travel outside the county for work.²¹ **Between 2018 and 2023, average commute times countywide declined by 1.5 percent**, likely due to the rise in remote work during this period (Figure 15). By 2023, nearly one in five residents (17.6 percent) worked remotely—more than double the share in 2018 (7.7 percent).²²

²⁰ United States Census Bureau, [American Community Survey 5-year Estimates \(2018-2023\)](#).

²¹ State of California Employment Development Department, [Santa Cruz County to County Commuting Estimates](#).

²² United States Census Bureau, [American Community Survey 5-year Estimates \(2023\)](#).

Figure 15. Change in Average Commute Times in Santa Cruz County, California, and the U.S. (2019 – 2023)²³



However, as of 2025, numerous stakeholders indicated that countywide commute times were rising, impacting both residents' quality of life and the ability of the county's Tourism, Hospitality, and Retail businesses to attract visitors. The County is currently pursuing several transportation infrastructure development and enhancement efforts to improve countywide commuting outcomes, including the City of Santa Cruz's Murray Street Bridge retrofit project, the County's Coastal Rail Trail project, and numerous road resurfacing initiatives.

Trends and Impacts of Remote Work in Santa Cruz County

Remote work opportunities in the county have risen significantly over the last five years to 2023, but the future of remote work remains uncertain. Beginning in 2024, some of the larger tech companies – such as Amazon²⁴ and Dell²⁵ – began issuing return-to-office (RTO) directives for all employees with fully remote or hybrid work arrangements, with noncompliant employees risking termination. Some companies, such as H&R Block, eventually reversed their RTO mandates upon further consideration of employee feedback, allowing individual teams to set their own office attendance requirements.²⁶

Overall, the availability of remote work options continues to vary by industry, with industries highly dependent on foot traffic tending to embrace higher levels of office time. Smaller companies typically offer greater flexibility with regard to remote work, while larger companies tend to opt for structured hybrid models.²⁷ Geography also impacts remote work adoption, with higher cost of living metropolitan

²³ United States Census Bureau, *American Community Survey 5-year Estimates (2018-2023)*.

²⁴ Amazon, "Message from CEO Andy Jassy: Strengthening our culture and teams." (2025).

²⁵ Business Insider, "Read Dell's memo 'retiring' hybrid work and calling workers back to the office 5 days a week." (2025).

²⁶ McGlaufflin, Paige, "The CEO of H&R Block says they reversed their RTO mandate after listening to their employees: 'We have no plan to go backward.'" *Fortune*, (2024).

²⁷ In a structured hybrid model, the specific hours, days, or percentage of time worked from home versus the office are agreed upon in advance, allowing employers and employees to set clear expectations and limitations on remote work.

areas offering more remote work options due to a combination of industry mix, commute time, and other factors.²⁸

Remote work can significantly impact regions with a high cost of living, as high-skill service workers that have the option to work remotely may choose to relocate to more affordable locations, resulting in a loss of consumer spending and associated tax revenue. As a region with an exceptionally high cost of living, Santa Cruz County may face higher risks of population out-migration due to remote work, but the net impact will depend on whether the quality of life in the county is sufficiently high to justify continued worker retention.

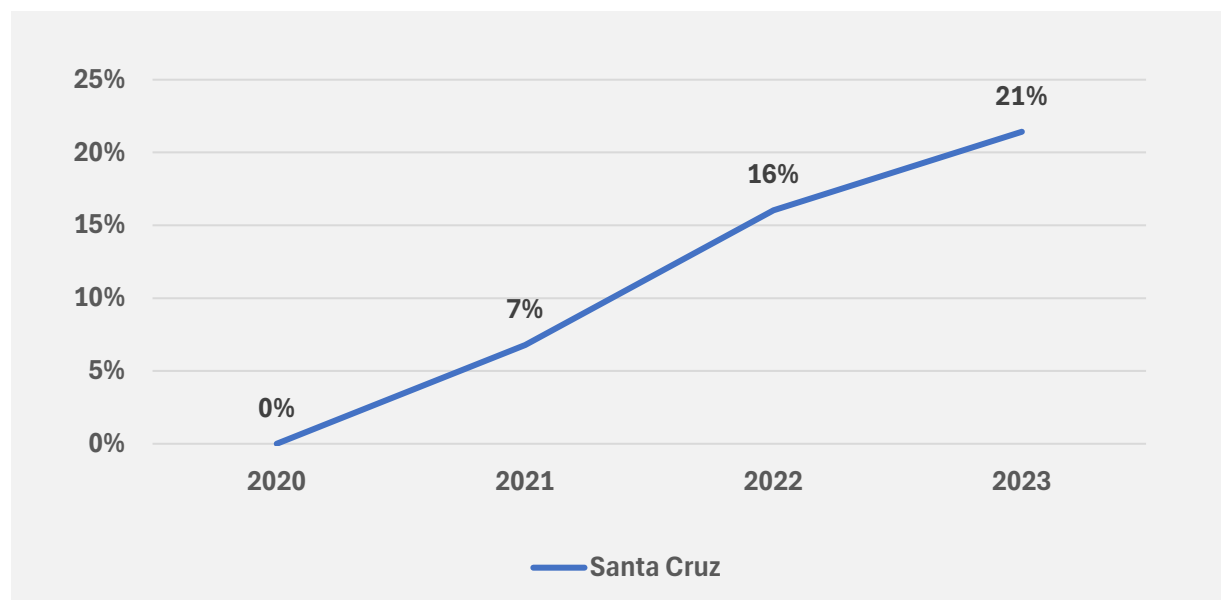
Housing Costs and Affordability

Housing affordability in Santa Cruz County remains a challenge, as prices of homes are increasing faster than household incomes. While median household income has increased 21 percent since 2020, home prices have risen by 26 percent, making homeownership increasingly out of reach.

Santa Cruz County currently has a housing affordability index of 21 percent, which is a 10-percentage point drop from the 2020 level, meaning fewer first-time homebuyers can afford a median-priced single-family home. Compared to the state, where the affordability index remains higher at 29%, Santa Cruz County is experiencing sizable housing accessibility challenges.

Figure 16 shows Santa Cruz County’s median household income growth of 21 percent from 2020 to 2023.

Figure 16: Median Household Income, 2020-2023²⁹



²⁸ Wells, Rachel. "The Year in Remote Work – 2024’s Biggest Shifts." *Forbes*, (2024).

²⁹ United States Census Bureau, *American Community Survey 5-year Estimates (2020-2023)*.

Figure 17 and Figure 18 show the median home selling price in Santa Cruz County (2020–2023) and the percentage of residents able to afford an entry-level home (2020–Q3 2024). The median home price has risen by 26 percent, resulting in a 10-percentage-point decline in affordability.

Figure 17: Growth of Median Selling Price of Home, 2020-2023³⁰

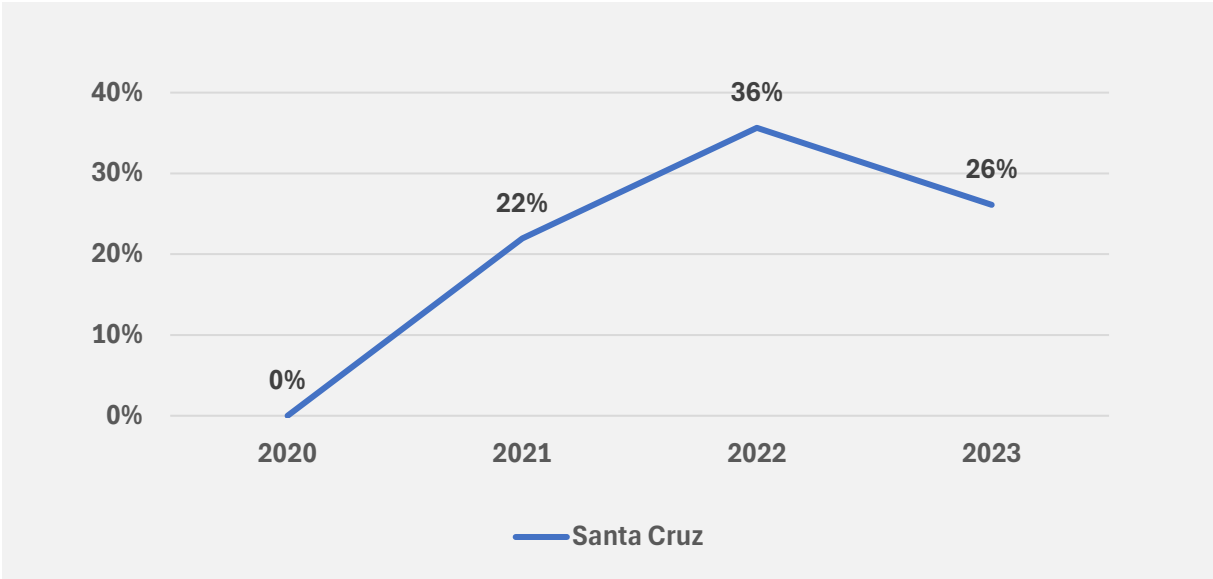
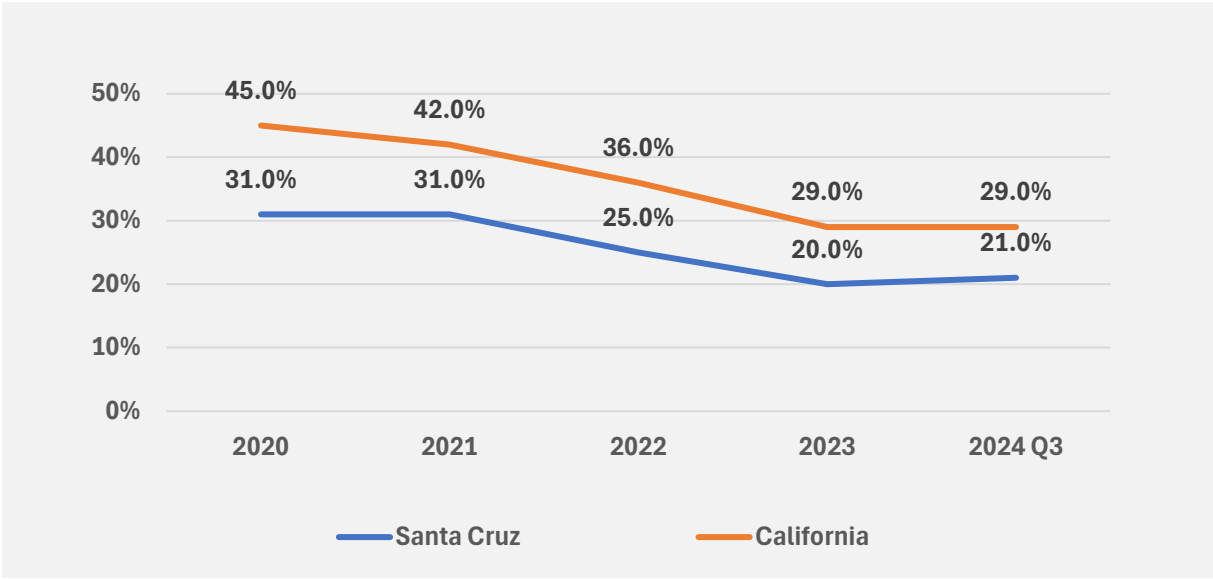


Figure 18: Percentage of Residents who can Afford to Purchase an Entry-Level Home, 2020-2024^{31 32}



³⁰ California Association of Realtors, [Historical Housing Data \(2020-2023\)](#).

³¹ California Association of Realtors, [First-Time Buyer Housing Affordability Index \(2019-2024\)](#).

³² An “entry-level home” is assumed as a home with a price equal to 85 percent of the current median-priced home.

Economic Distress

As discussed in the previous subsection, Santa Cruz County continues to face housing affordability challenges, as wages have not kept pace with the rising cost of living. This high cost of housing creates economic challenges for workers in low-wage industries, leading to higher levels of housing burdens and poverty in these areas. These challenges are not dispersed evenly: certain subregions of the county face greater difficulties in achieving economic mobility.

Identifying communities experiencing economic distress is essential to fostering inclusive economic growth within Santa Cruz County that ensures that all residents have equal access to resources and opportunities. While overall economic health indicators provide valuable insights for state and national comparisons, they often misrepresent localized challenges. A more detailed, sub-regional analysis helps identify specific economic hardships within a region that are often overlooked at the broader regional level.

Thus, this analysis assesses economic health at the ZIP code level using the following key indicators:

- Unemployment Rate:
- Labor Force Participation Rate
- Median Earnings
- Percentage of Uninsured Residents
- Average Percentage of Residents Spending 50 percent or More of Income on Rent

The research team compared these indicators in each ZIP code against state averages to determine if the ZIP code exceeds or lags state averages. ZIP codes that underperform in at least three of the five measures are defined as “distressed.” ZIP codes that underperform in two of the five measures are “somewhat distressed,” while those that underperform in one (Labor Force Participation) or zero of the five measures are “not distressed.”^{33 34}

As of 2023, roughly one in five sub-regions within Santa Cruz County exhibited signs of economic distress (according to three or more of the above five criteria).

Table 4: Number of Sub-Regions in Economic Distress, 2023³⁵

Classification	Number of Sub-Regions	Percent of Total Sub-Regions
Not Distressed (0 to 1)	9	50%
Somewhat Distressed (2)	5	28%
Distressed (3+)	4	22%
Total	18	100%

³³ Appendix C provides a table of the state average measures, as well as a table of each ZIP codes’ ranking along with measures that determined its ranking.

³⁴ The ZIP codes 95077, 95001, 95061, 95063, and 95067 were excluded from the analysis as data is not available through U.S. Census Bureau.

³⁵ Based on United States Census Bureau, [American Community Survey 5-year Estimates \(2023\)](#). Analysis excludes zip codes 95077, 95001, 95061, 95063, and 95067 as data is not available.

Distressed ZIP codes within Santa Cruz County are spread throughout the county in both the southern region (Watsonville) and near UC Santa Cruz.

Besides the UC Santa Cruz area, regions within Santa Cruz County facing economic distress also experience low educational attainment rates and large populations of people below 25 years old, both of which are strongly linked to economic vulnerability. A high percentage of residents with less than a high school diploma limits access to stable, well-paying jobs, contributing to higher unemployment, lower labor force participation, and low median earnings. Additionally, a large population under 25 often means a higher share of individuals in early-career, lower-wage jobs or not yet in the workforce, further driving economic instability. These conditions are worsened by the county's above-average housing costs, which lead to housing burdens and increase financial insecurity. In the three south-western zip codes, 21 percent of the population has less than a high school diploma and nearly one-in-five residents are between the ages 19 and 24.

In the UC Santa Cruz region, the large student population plays a significant role in shaping local economic conditions, contributing to high unemployment rates, low earnings, and economic distress. Many students are either not actively participating in the labor force or are employed in part-time, low-wage jobs, which lowers overall labor force participation and median earnings in the region. Additionally, seasonal and temporary employment patterns among students further contribute to economic instability. At the same time, high housing costs, driven by strong demand and limited supply, place a significant financial burden on both students and non-student residents.

Figure 19: Map of Economic Distress in Santa Cruz County, 2023³⁶

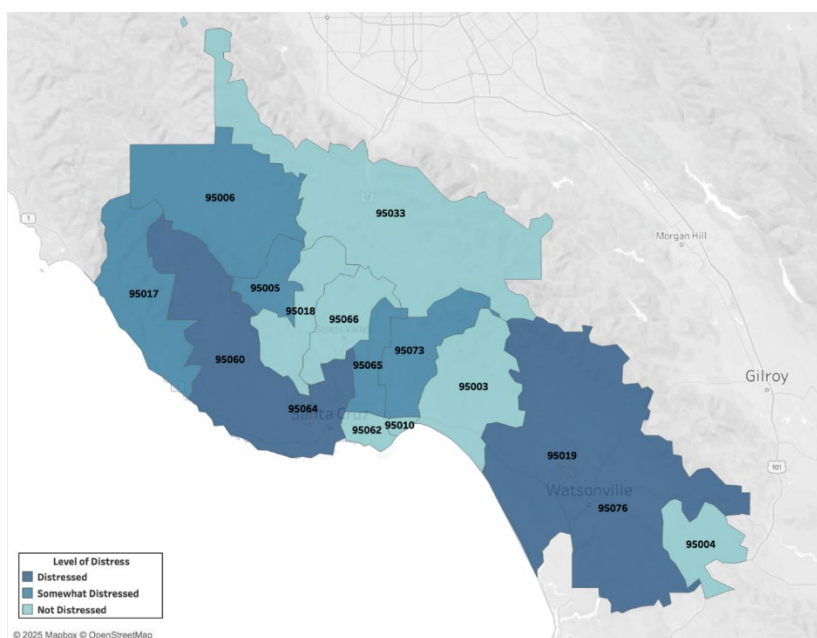


Figure 19 maps economic distress across Santa Cruz County by ZIP code, with the highest distress levels concentrated in the southern region near Watsonville, as of 2023.

By ensuring that communities in economic distress are adequately supported, policymakers can help them create jobs, generating a multiplier effect within the economy; and can foster greater regional resiliency to economic shocks, while reducing poverty and inequality.

³⁶ United States Census Bureau, [American Community Survey 5-year Estimates \(2023\)](#).



Industry Cluster Analysis

This section provides an overview of the 17 key industry clusters in the county, which offer employment opportunities for the county’s workforce. The industry clusters are categorized by average annual earnings into high, mid, and low wage clusters. High-wage clusters offer an average annual salary of over \$89,500, mid-wage clusters offer \$65,700 to \$75,300, and low-wage clusters have an average salary of less than \$50,000. The table below shows location quotients for each cluster, which indicate the relative concentration of an industry in the county, with a location quotient greater than 1 indicating that the county has a larger concentration of jobs in a specific industry relative to the nation.

As shown in the industry cluster analysis, major employers in the county include the Healthcare industry, which accounts for about 17.6 percent of jobs, followed by Tourism, Hospitality, and Recreation (16.4 percent), Education and Knowledge Creation (15.0 percent), and Retail (11.3 percent). Together, these four industry clusters account for three in five jobs in Santa Cruz County (60.2 percent).

Highest Earning Clusters

Employment in all highest-earning industry clusters grew between 2021 and 2024, except for Professional and Business Services. The Defense, Aerospace, and Transportation Manufacturing cluster (DATM) experienced the largest increase in employment (46.4 percent), adding 768 jobs and is the highest-paying industry cluster. The Biotechnology and Biomedical Devices industry cluster experienced the next largest increase in employment (17.8 percent), adding 313 jobs. Both industry clusters have high industry concentrations in Santa Cruz County, indicating strengths in the county’s economy.

Table 5: Highest-Earning Industry Clusters, 2024Q2³⁷

Industry Cluster	Industry Cluster Employment (2024Q2)	Employment Change since 2021 (%)	Avg. Annual Wage	LQ	Main Sub-Industry Driving Growth/Decline	Sub-Industry Employment (2024Q2)	Employment Change since 2021 (%)
Defense, Aerospace, and Transportation Manufacturing	2,423	46.4%	\$174,122	1.41	Automobile and Light Duty Motor Vehicle Manufacturing	803	104.2%
Information and Communication Technologies	1,829	3.6%	\$138,116	0.54	Audio and Video Equipment Manufacturing	350	59.5%
Finance, Banking, Insurance	2,100	6.0%	\$103,903	0.47	Credit Unions	257	29.9%
Public Services and Infrastructure	2,286	4.1%	\$89,855	0.76	Bus & Other Motor Vehicle Transit Systems	447	31.2%
Professional and Business Services	8,173	-9.3%	\$83,945	0.66	Office Administrative Services	313	-60.3%
Biotechnology and Biomedical Devices	2,074	17.8%	\$89,545	1.21	Pharmaceutical Preparation Manufacturing	888	58.5%

Defense, Aerospace, and Transportation Manufacturing

The Central Coast region and California are becoming increasingly significant in the DATM industry cluster. Both the state and region actively support industry growth through research initiatives, private sector development programs, and financial incentives such as the California Competes tax credit and the Advanced Transportation and Manufacturing Sales and Use Tax Exemption.

Due in part to its proximity to strong tech talent and its commitment to environmental stewardship, Santa Cruz County is home to illustrious DATM startups with an emphasis on environmental sustainability, including Joby Aviation and Zero Motorcycles. Joby Aviation's planned expansion within Santa Cruz County over the next few years is widely expected to be a significant contributor of new jobs to the county's DATM workforce, strengthening the industry cluster and spurring economic growth.

³⁷ Bureau of Labor Statistics. [Quarterly Census of Employment and Wages \(2024\)](#).



Photo Credit: Joby Aviation

CASE STUDY

JOBY AVIATION

Joby Aviation plays a key role in Santa Cruz County's DATM industry. Joby designs, develops, and manufactures all-electric aircrafts, most notably its vertical take-off and landing (eVTOL) aircraft, which received airworthiness approval from the U.S. Air Force in 2020. In 2024, Toyota Motor Corporation increased its investment in Joby to nearly \$900 million.

In February 2025, Joby Aviation announced that it was on track to begin providing commercial air taxi services in Los Angeles and New York City as soon as late 2025 or early 2026, with plans to expand globally.¹ As Joby Aviation continues to expand its national and international importance, it supports the county's local economy by creating high-wage job opportunities for residents.



Photo Credit: The EV Report

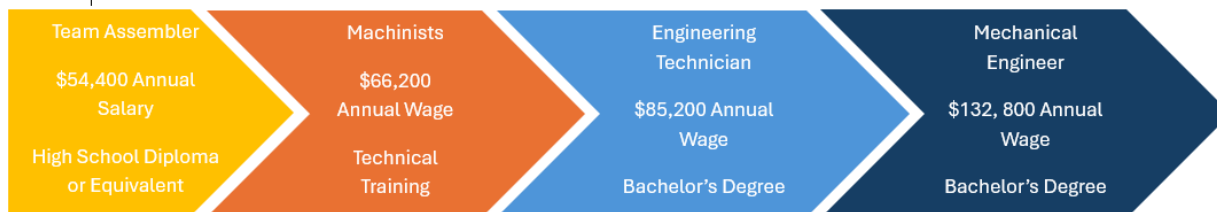
CASE STUDY

ZERO MOTORCYCLES

Headquartered in Scotts Valley, Zero Motorcycles produces high-performance electric vehicles. In October 2024, the company closed a funding round for \$120 million; and in November 2024, unveiled the first electric sports motorcycle featuring patented aerodynamic duct technology.¹

Figure 20 illustrates a sample career pathway in the county’s DATM cluster.

Figure 20: Potential Career Pathway – DATM Industry Cluster



Biotechnology & Biomedical Devices

Santa Cruz County continues to operate as a major hub in the Biotechnology and Biomedical Devices industry. Due in part to its proximity to strong tech talent, its commitment to environmental stewardship, and access to skilled instructors and researchers at the University of Santa Cruz (UC Santa Cruz), a leader in genomics research, Santa Cruz County is home to innovative biotech and biomedical startups with a focus on sustainability, such as Ohalo Genetics.



CASE STUDY

OHALO GENETICS

Founded in Aptos in 2019, Ohalo Genetics has gained recognition for its innovative applications of biotechnology in agriculture. In May 2024, Ohalo Genetics announced the discovery of Boosted Breeding™, a new plant breeding technology expected to sustainably improve crop productivity, while increasing the adaptability and resiliency of agricultural crops. In partnership with industry leaders, Ohalo is implementing this technology to drive breakthroughs across a number of crops, from potatoes, to corn, to berries, and beyond.

Figure 21 presents a sample career pathway in the county’s Biotechnology & Biomedical Devices cluster.

Figure 21: Potential Career Pathway – Biotechnology & Biomedical Devices Industry Cluster



Mid-Earning Industry Clusters

Employment in three mid-earning industry clusters grew between 2021 and 2024. The Healthcare and Education and Knowledge Creation clusters experienced the most substantial growth, each adding over 1,600 jobs since 2021 and having strong industry concentrations in the county. Growth in Healthcare was largely driven by a 45 percent increase in Outpatient Care Centers jobs. Elementary and Secondary Schools contributed to growth in Education & Knowledge Creation, with a 10 percent increase in jobs. The Buildings and Design cluster grew modestly during the same time (6.4 percent), adding roughly 190 jobs, largely due to a seven percent increase in Residential Remodelers employment.

Table 6: Middle-Earning Industry Clusters, 2024Q2³⁸

Industry Cluster	Industry Cluster Employment (2024Q2)	Employment Change since 2021 (%)	Avg. Annual Wage	LQ	Main Sub-Industry Driving Growth/Decline	Sub-Industry Employment (2024Q2)	Employment Change since 2021 (%)
Healthcare	17,392	10.4%	\$75,299	1.09	All Other Outpatient Care Centers	1,034	45.2%
Real Estate	1,582	-1.8%	\$75,199	0.88	Lessors, Residential Buildings & Dwellings	213	-18.0%
Building & Design	3,097	6.4%	\$75,982	0.80	Residential Remodelers	930	7.3%
Other Manufacturing	2,082	-14.0%	\$67,071	0.53	Spring Manufacturing	489	-38.8%
Education & Knowledge Creation	14,900	12.4%	\$68,281	1.34	Elementary & Secondary Schools	6,170	10.0%
Logistics	3,782	-0.3%	\$68,864	0.61	Flower, Nursery Stock, & Florists' Supplies Merchant Wholesalers	188	-28.5%
Information & Communications	788	-2.4%	\$63,082	0.64	Motion Picture & Video Production	76	-33.7%
Agriculture & Food	3,475	-12.7%	\$65,783	1.23	Nonchocolate Confectionery Manufacturing	0	-99.8%

³⁸ Bureau of Labor Statistics. [Quarterly Census of Employment and Wages \(2024\)](#).

Lowest-Earning Industry Clusters

Within the lowest-earning industry clusters, Tourism, Hospitality, & Recreation experienced the strongest growth, with employment increasing 22 percent since 2021, representing approximately 2,900 jobs. This growth was primarily driven by a doubling of jobs within Amusement and Theme Parks. Other Services remained stable, with a 0.2 percent increase in employment, while Retail experienced a 4 percent decline in employment, due in part to the continued shift in consumer preferences towards online shopping and e-commerce.

Table 7: Lowest-Earning Industry Clusters, 2024Q2³⁹

Industry Cluster	Industry Cluster Employment (2024Q2)	Employment Change since 2021 (%)	Avg. Annual Wage	LQ	Main Sub-Industry Driving Growth/Decline	Sub-Industry Employment (2024Q2)	Employment Change since 2021 (%)
Other Services	5,689	0.2%	\$45,835	1.04	Beauty Salons	457	17.7%
Retail	11,161	-4.4%	\$42,107	0.97	All Other General Merchandise Retailers	124	-68.3%
Tourism, Hospitality, & Recreation	16,202	21.9%	\$31,794	1.18	Amusement and Theme Parks	1,271	101.2%

Deep Dives into the County's Largest Industry Clusters by Employment

This section provides deep dives into the county's largest industry clusters by employment: the Healthcare industry cluster, and the Tourism and Hospitality industry cluster. Deep diving into these larger employment clusters provides valuable insights on specific challenges that may disproportionately impact the county's economy, as well as opportunities to strengthen these clusters, informing more targeted investments and initiatives to support large local employers. Understanding the needs of these different industry clusters also helps policymakers prioritize strategies to maximize impact.

Industry Cluster Deep Dive: Healthcare

This subsection presents a deep dive into the Healthcare industry cluster, the single largest employer in Santa Cruz County's economy as of the second quarter of 2024, accounting for approximately 18 percent of total county employment. Between 2021 and 2024, the Healthcare industry added roughly 1,600 jobs, representing a 10 percent growth in employment. This increase can be attributed to growing healthcare demands in the region as the population continues to age and advancements in healthcare technologies

³⁹ Bureau of Labor Statistics. [Quarterly Census of Employment and Wages \(2024\)](#).

continue to evolve. The industry offers an average annual wage of \$75,300 in Santa Cruz County, with opportunities for advancement into Tier 1 and Tier 2 jobs.

Recently, Watsonville Community Hospital was purchased by the community and Pajaro Valley Healthcare District. This acquisition, following a potential closure, was expected to lead to reduced operational costs and secured long-term financial sustainability. The hospital plans to reinvest savings into expanding medical services, improving staffing, and enhancing patient care. This transition was expected to strengthen local healthcare access, ensure continued service for underserved populations, and create new job opportunities in the region.⁴⁰

However, according to Anita Aguirre, CEO of Santa Cruz Community Health, a leading nonprofit provider of affordable healthcare services, Santa Cruz County's healthcare system faces significant challenges, including:

- A local healthcare provider shortage
- An aging healthcare provider population
- A shortage of available training programs for healthcare staff
- Long waitlists for acceptance into Cabrillo College's nursing program
- Lack of a formal medical school in the county

County healthcare providers also face challenges with respect to transportation, as many lower-wage line workers live in Watsonville or even farther south, but travel north for work, facing lengthy commutes, as there is only one road connecting north to south, and it can take an hour just to travel 15 miles.

However, both the county and the larger Central Coast region have adopted workforce development initiatives aimed at supporting career pathways in the Healthcare industry, as summarized in the paragraphs that follow.

⁴⁰ Editorial Board, ["Watsonville Hospital is a 2024 local health care success story."](#) (2024).

In 2022 SCCH partnered with the Morehouse School of Medicine **Dominican Hospital Family Medicine Residency Program**, designed specifically to address health equity in the community. The program integrates Community-oriented Primary Care (COPC) throughout all rotations, emphasizing whole person-care approaches. Residents receive specialized training in integrated and functional medicine and comprehensive Integrated Behavioral Health for underserved populations.

The program follows an 8-8-8 structure, with the first milestone achieved on June 24, 2024, when the inaugural cohort of eight residents was welcomed. Looking ahead, eight residents will be added in July 2025, followed by a final cohort of eight in July 2026, at which time the program will be operating at full capacity with 24 residents rotating continuously through various programs across Santa Cruz County.



Program participants are recruited from across the nation and are offered competitive salaries and housing stipends to attract top candidates. According to Aguirre, “Our ultimate vision extends beyond training – we hope these physicians will continue to provide care in the local area after completing their residency, creating a lasting positive impact on healthcare access in our community.”

In addition, **UC Santa Cruz’s Global and Community Health (GCH) Program** offers an 80-hour, 10-week internship program which places students at local healthcare facilities matching their career interests. Participation is required for GCH students completing a Bachelor of Science degree, but optional for students completing a Bachelor of Arts degree.^{41 42}

Encompass Community Services, a Santa Cruz County-based nonprofit, also aims to support behavioral health, early childhood education, housing, resident wellbeing, and substance use recovery, Encompass offers internship placements within county integrated behavioral health systems and residential

⁴¹ UC Santa Cruz, [Health Sciences Internship](#).

⁴² UC Santa Cruz graduates may also qualify for the [California Academic Health Department \(CAHD\) Public Health Residency Program](#), which aims to build pathways for recent public health graduates to work in local health departments. CAHD residents are hired by a health department to participate in a year-long public health training and receive monthly professional development opportunities. Participants earn a competitive entry-level salary and receive a stipend of up to \$10,000 at program completion.

treatment programs. These internships allow students to serve their communities while gaining valuable clinical experience.⁴³

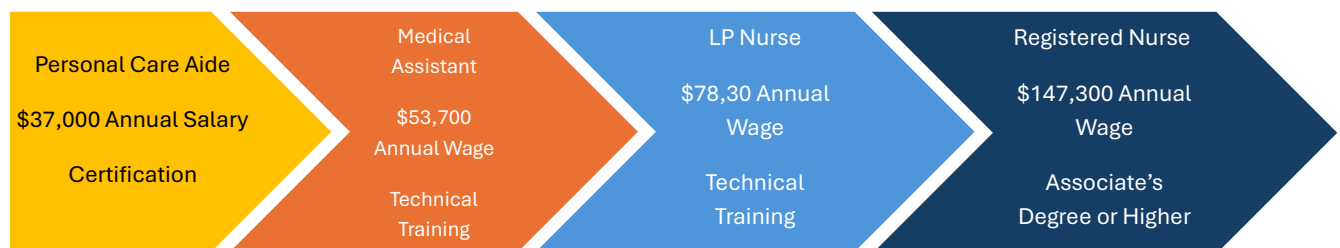
The Health Improvement Partnership (HIP) of Santa Cruz County is a nonprofit coalition comprised of public and private healthcare leaders dedicated to increasing access to healthcare and building stronger local healthcare systems. HIP coordinates and engages with regional stakeholders to support progress in building and strengthening referral pipelines and outreach campaigns to expand service delivery and outreach.⁴⁴ Furthermore, through funding from the California Workforce Development Board, in partnership with the Labor and Workforce Development Agency, via the High Road Training Partnerships Resilient Workforce Program, HIP aims to increase opportunities for Santa Cruz County residents to advance in health professions and to align and expand education through pipeline programs, work-based learning, and professional development.

The Central Coast K-16 Education Collaborative also unites K-12, community college, California State University, University of California, and industry partners to support Central Coast students in achieving economic mobility through career advancement, by building an aligned and effective education system. The Collaborative plans to develop an e-portfolio tool with supporting materials for integrative K-16 use by students, families, schools, CBOs, and employers, and to provide high-touch advising students within Healthcare pathways.⁴⁵

Finally, the **Central California Alliance for Health Grants** approved \$18.8 million in grants to address health inequities and improve Medi-Cal members' access to care throughout 2023. Of this, \$6.5 million was allocated to Santa Cruz County, supporting the hiring of primary care, specialty, and behavioral health providers to mitigate local workforce shortages.

Figure 22 below illustrates a potential career pathway in the Healthcare industry.

Figure 22. Potential Career Pathway – Healthcare Industry



Career trajectories within the Healthcare industry are, however, expected to be affected by the rise of AI and automation technologies. According to industry stakeholders, AI and automation are beginning to transform Healthcare by enhancing efficiency, accuracy, and patient outcomes. AI can be employed to allocate resources more efficiently between hospitals within a regional system, and to provide more effective patient triage.

⁴³ [Encompass Community Services](#).

⁴⁴ [HIP Annual Report \(2024\)](#).

⁴⁵ [Central Coast K-16 Regional Collaborative](#).

Potential AI applications include automating administrative tasks, aiding in diagnostics, and personalizing treatment plans. AI's potential impacts in diagnostics could be most pronounced in small rural hospitals lacking specialists, helping fill labor and specialization gaps, such as prenatal diagnoses in growing maternity care deserts. However, the rate of adoption of Healthcare automation technologies will ultimately depend on their ability to provide accurate and actionable outcomes targeted toward clinical settings.

Over the longer term, the integration of AI and automation technologies will require the upskilling of the Healthcare workforce. Healthcare professionals must develop digital literacy and data analysis skills to effectively utilize AI systems.⁴⁶

Industry Cluster Deep Dive: Tourism and Hospitality

This subsection presents a deep dive into the Tourism and Hospitality industry cluster, the second-largest employer in Santa Cruz County's economy. As of 2024, the industry employed roughly 16,200 people (16 percent of total employment), with Full-service and Limited-service restaurants accounting for 50 percent of employment.

Between 2021 and 2024 the industry experienced the second fastest industry cluster employment growth at 22 percent, primarily driven by expansions in amusement parks and full-service and limited-service restaurants. According to Dan Smart, Director of Sales and Marketing at Dream Inn Santa Cruz, 2024 has marked growth in the hotel season due to the return of the corporate business sector, as local employers are more frequently booking onsite meeting space to accommodate demand to host corporate events including hybrid workers; and extended family stays due to the increased incidence of remote work opportunities amongst spouses of business workers attending local events.

Several businesses and initiatives have supported the industry's growth including:

- **Downtown Pops!**, a retail activation program designed by the City of Santa Cruz to lower the barriers to entry for businesses looking to open a brick and mortar space. Through the program, the City enters into a master lease with downtown commercial property owners with vacant spaces on Pacific Avenue, provides a guaranteed minimum rent, and subleases these spaces to pop-up tenants for an initial six-month term. The program thus creates a more vibrant and diverse shopping experience within the City, while allowing local businesses to test new products or concepts in a prime downtown location.⁴⁷
- **The Santa Cruz Beach Boardwalk**, an admission-free attraction owned and operated by the Santa Cruz Seaside Company, which continues to draw millions of visitors annually and provides numerous employment and business opportunities for residents.
- **Visit Santa Cruz**, which serves as the official marketing organization for Santa Cruz County's tourism industry that enhances the county's appeal to those in state and country.

⁴⁶ "Transforming healthcare with AI: The impact on the workforce and organizations." (2020).

⁴⁷ Pilot Program: Downtown Pops!

- **Tourism Marketing District** that was established to support marketing efforts by funding initiatives aimed at increasing longer visitation.

In addition, the City of Santa Cruz has developed a **Downtown Plan Expansion project** that calls for the construction of a new, approximately 4-acre arena for the Santa Cruz Warriors. The arena would span approximately 180,000 sq. ft. and have 3,200 fixed seats, with additional facilities including a court and training spaces and supporting concession, retail, and administrative uses.⁴⁸ The project also contemplates the creation of community spaces to accommodate pre- and post-arena events, festivals, and gatherings, including a new Spruce Street Plaza, improvements to the existing Laurel Street Extension, and creation of a new roundabout and associated pedestrian and bicycle improvements at the southern convergence of Pacific Avenue and Front Street.

One of the main objectives of the Downtown Plan is also to improve connectivity between the downtown and the beach, as stakeholders report that a significant number of visitors come to the beach area, but do not frequent downtown. By enhancing connectivity between the two potential visitor destinations, the Plan can help ease traffic congestion, particularly during the busy summer tourist season, and spur economic growth by facilitating retail activity within the downtown region. The Draft Environmental Impact Report (DEIR) was submitted to the public for review and comment from January through February 21, 2025. The City is in the process of finalizing the EIR, which will be submitted to the City Planning Commission for approval.^{49 50}

In addition, a new high-end vacation hotel – the La Bahia Hotel & Spa – is currently under construction between the Santa Cruz Beach Boardwalk and the Municipal Wharf, with plans to open in summer in 2025. The hotel will include 155 rooms, a swimming pool, a spa, two restaurants, a champagne bar, a cocktail bar, and an underground parking garage with 300 spaces, and is expected to boost visitor traffic and spending in the region.⁵¹

County business leaders also cite opportunities to grow the Hospitality sector through the creation of more authentic travel experiences focusing on sustainability and incorporating elements unique to Santa Cruz County, including local cuisine, arts, and sports offerings.

⁴⁸ Kaiser Permanente Arena, the current home of the Santa Cruz Warriors, is approximately 35,000 sq. ft. and has 2,500 fixed seats, with an estimated life span of 15 years, expiring in 2027.

⁴⁹ “Santa Cruz Downtown Expansion Draft Subsequent EIR.” (2025).

⁵⁰ City of Santa Cruz, [Downtown Plan Expansion](#).

⁵¹ Santa Cruz Local, [La Bahia Hotel and Spa](#).

Table 8: Top 5 Tourism and Hospitality Industries in Santa Cruz County, 2024⁵²

NAICS Code	Industry	2024 Q2 Employment	2021-2024 Employment Growth (%)	2024 Average Annual Wage
722511	Full-Service Restaurants	4,627	8.6%	\$32,339
722513	Limited-Service Restaurants	3,401	15.4%	\$30,070
722515	Snack and Nonalcoholic Beverage Bars	1,443	11.6%	\$27,042
721110	Hotels (except Casino Hotels) and Motels	1,271	16.0%	\$38,540
713110	Amusement and Theme Parks	1,271	101.2%	\$35,360
	Tourism, Hospitality, and Recreation	16,202	21.9%	\$31,794

However, the most common jobs in the county's Tourism and Hospitality industry are primarily low wage in nature due to the seasonality of the industry and skill level required.⁵³ Local hotel employers also report difficulty in hiring and retaining qualified staff above entry-level due to wage constraints, with many hotel workers having to work multiple jobs in order to afford living in Santa Cruz County.

Given these factors, exploring career advancement opportunities for Tourism and Hospitality workers is essential. Career pathways within this industry must prioritize 1) Traditional advancement from entry-level roles to management positions within the industry, 2) Entrepreneurial career advancement, and 3) Advancement from entry level roles within the industry to higher-paying roles outside of the industry. An example of a traditional inner industry advancement can be seen in **Figure 23**.

Figure 23. Potential Career Pathway – Tourism and Hospitality Industry



⁵² Bureau of Labor Statistics. [Quarterly Census of Employment and Wages \(2024\)](#).

⁵³ For a list of the 25 most common Tourism and Hospitality jobs in Santa Cruz County, please see Appendix B.

Entrepreneurial career pathways in Santa Cruz County's tourism industry offer workers the chance to remain within the sector while expanding opportunities for advancement. Traditional career pathways often resemble a pyramid structure, where many entry-level positions support fewer managerial roles, often leading to bottlenecks in career advancement. In contrast, entrepreneurial pathways function more like a ladder, allowing workers at any level to initiate their own ventures, thereby creating new opportunities for themselves and others. This ladder-like structure enables workers to leverage their skills and experiences to innovate and lead, without being confined to the limited advancement opportunities of the traditional pathways. Examples of entrepreneurial activity and career pathways include:

- **Surf Schools and Adventure Tours:** Local entrepreneurs have established surf schools and adventure tour companies, capitalizing on the county's attractions to offer unique experiences to visitors.
- **Artisanal Food and Beverage Ventures:** The region's emphasis on artisanal foods has led to the creation of numerous local eateries and breweries, enriching the culinary landscape for tourists.

For career advancement into higher-paying industries, Tourism workers will need to leverage skills learned and likely seek additional training. For example, Waiters and Waitresses are the second most common job in the industry and gain skills in customer service, sales and marketing, cooperation, and relationship building. These skills can be leveraged with additional training to gain employment opportunities in sales or HR positions found in other industries such as Information and Communication Technologies or Professional Business Services.

AI and automation are transforming the Tourism and Hospitality sector by streamlining operations, enhancing customer experiences, and creating new job roles. AI-powered tools like virtual assistants and automated check-ins reduce costs and improve efficiency, allowing employees to focus on higher-value tasks. As AI adoption accelerates, workers will need to develop digital literacy and data analysis skills to meet evolving industry standards.

Santa Cruz's Tourism and Hospitality industry is already integrating AI-driven solutions. For example, Dream Inn recently implemented a Digital Compendium, enabling guests to access hotel and resort information directly from their phones, improving convenience and engagement.⁵⁴ Tourism and Hospitality businesses may also integrate features such as virtual tours and augmented reality experiences, allowing visitors to explore their destinations in a more interactive and immersive fashion, enriching their understanding and enjoyment of attractions.

By harnessing the power of deeper data sets, including past behaviors, preferences, and real-time data, the Tourism and Hospitality industry can provide highly customized recommendations to potential travelers, including destinations, accommodations, activities, and dining options. Incorporation of AI

⁵⁴ Canary Technologies, [“How Dream Inn Santa Cruz Drives Revenue and Keeps Guests Informed with Digital Compendium.”](#)

technologies thus has the potential to boost eco-tourism and community-based tourism in the years to come.

Finally, the report concludes with a deep dive into entrepreneurship, which has been characterized as a “hidden pathway to success” in Santa Cruz County that spans multiple industry clusters. The entrepreneurship deep dive highlights entrepreneurial efforts in Santa Cruz County and summarizes barriers to entrepreneurship and institutional supports available within the county designed to address these challenges.

Entrepreneurship: Unlocking the “Hidden Pathway” to Success

Entrepreneurship plays a vital role in Santa Cruz County’s economy, driving innovation, job creation, and industry growth. The region’s entrepreneurial ecosystem continues to evolve, supported by local incubators, university-led initiatives, and a growing network of mission-driven businesses. The following case studies highlight entrepreneurial ventures shaping Santa Cruz County’s economy and the potential for continued entrepreneurial growth in the region.



CASE STUDY

TORTILLA FLATS

Transition planning is just one of the many ways the Santa Cruz Small Business Development Center (SBDC) supports small businesses in the county. Tortilla Flats, a family-run upscale Mexican restaurant, benefited from succession planning support after the passing of its previous owner. The restaurant’s manager expressed interest in purchasing the business but lacked the necessary funds and expertise to navigate the transition. The Santa Cruz SBDC provided essential assistance, including business planning, SBA loan application support, facility operations planning, and branding and marketing strategy development.¹ With an expected wave of retirements among local business owners, the so-called “silver tsunami”, the SBDC anticipates a growing demand for transition planning services. By supporting new investors in acquiring and revitalizing existing businesses, the SBDC is helping to sustain local enterprises and foster future innovation within the county.



CASE STUDY

CALIFORNIA FARMLINK

California FarmLink, headquartered in Santa Cruz County, supports entrepreneurial farmers and fisheries across California through education, financial assistance, and business development. Its incubator program hosts 30–40 small farm businesses, aiming to transition them to independent sites within two to three years. Participants include experienced farmers, employed or aspiring entrepreneurs, who own revenue-generating businesses. FarmLink also provides loans to qualifying farmers and fisheries in Santa Cruz County, with the U.S. Department of Agriculture serving as a key referral partner.



CASE STUDY

EL PÁJARO COMMUNITY DEVELOPMENT CORPORATION

El Pájaro Community Development Corporation (El Pájaro) supports small business development in Monterey and Santa Cruz Counties by providing technical assistance in securing loans, creating business plans, marketing, employee management, legal navigation, and more.¹ In 2024, El Pájaro served 818 entrepreneurs—95% of whom were people of color and 79% women—delivering a total of 3,376 hours of business counseling.

El Pájaro operates Plaza Vigil, a retail business incubator in downtown Watsonville that offers 16 small retail spaces for low- to moderate-income Spanish-speaking entrepreneurs. Applicants must complete entrepreneurial training and submit a business plan, and once accepted, they receive ongoing business consulting, administrative support, and marketing assistance. The Empresario Program provides basic business skills training with a focus on technology, while the Regional Women's Business Center offers specialized support for women entrepreneurs.

El Pájaro also runs the Commercial Kitchen Incubator Program (CKI), a fully equipped shared-use kitchen that enables food entrepreneurs to operate without the high startup costs of commercial-grade equipment. Currently, 25 to 30 small businesses participate in its food processing and small-batch co-packing program, which helps scale food businesses and supports farmers in developing value-added products.

Additionally, El Pájaro is a microenterprise development partner at the Santa Cruz County Child Development Resource Center, providing free workshops and specialized consulting for family childcare businesses, including coaching, business planning, and licensing support.

Through its microlending program, El Pájaro offers loans ranging from \$5,000 to \$50,000 to individuals in Monterey, Santa Cruz, and San Benito Counties who may struggle to obtain traditional financing. These interest-bearing loans, with terms of up to five years, require recipients to complete a six-session business basics course before accessing seed capital. Entrepreneurs are also eligible for state Employment Training Panel (ETP) funding through the classification of entrepreneurship as a career pathway.

BARRIERS TO ENTREPRENEURSHIP

The 2024/2025 Global Report: Entrepreneurship Reality Check highlights ongoing disparities in entrepreneurial access and opportunities. Based on surveys of over 150,000 people in 51 economies, the report finds that women entrepreneurs have unequal access to resources. Younger individuals and college graduates are more likely to start businesses in 42 of 51 economies and benefit from flexible regulatory requirements and streamlined public procurement processes. In the healthcare sector, entrepreneurs emphasize the need for stronger public-private partnerships, grant-based funding, and regulatory reforms to drive the adoption of emerging technologies.⁵⁵



Entrepreneurship takes many forms, including intrapreneurship (entrepreneurial activities within existing organizations), franchising, participation in incubators and accelerators (organizations that support early-stage companies and entrepreneurs), and bootstrapping (the process of funding and running a company using only personal finances and ventures). Santa Cruz County offers a range of resources supporting entrepreneurship, particularly in sustainable technologies such as electric vehicles, ocean innovation, and climate solutions. The county's strong environmental commitment has also fostered startups in other green industries. Additionally, Santa Cruz County's proximity to UC Santa Cruz and the Bay Area provides access to tech talent and networking opportunities.

Cottage food operations represent another promising entrepreneurial pathway in Santa Cruz County, which benefits from both a strong agricultural industry, providing access to high-quality ingredients, and a thriving tourism and hospitality sector that supports markets for handcrafted, organic, and artisanal food products. The Santa Cruz SBDC offers a webinar for aspiring cottage food entrepreneurs, and El Pájaro's Commercial Kitchen Incubator Program provides additional resources to help launch and scale food businesses.

On September 24, 2024, the Santa Cruz County Board of Supervisors approved a two-year pilot program for Microenterprise Home Kitchen Operations (MEHKOs)—small-scale, home-based food businesses

⁵⁵ [Global Entrepreneurship Monitor](#).

Entrepreneurship: Success Stories in Sustainable Innovations

limited to 30 meals per day, 90 meals per week, and \$100,000 in gross annual sales.^{56 57 58} The program promotes entrepreneurship, food security, and opportunities for growth in the county.

Santa Cruz County is home to startups that are leaders in sustainable innovation, including Cruz Foam^{59 60} and Ambient Photonics⁶¹. The region's entrepreneurial ecosystem continues to expand, driven by a strong culture of sustainability, access to leading research from UC Santa Cruz, and a growing network of impact-focused investors and incubators. These companies are not only creating high-quality jobs but also positioning the county as a hub for climate-conscious innovation and entrepreneurship. Strengthening this sector through targeted workforce development, investment, and infrastructure support will be key to ensuring long-term economic resilience and leadership in the county's economy.

CASE STUDY

CRUZ FOAM

Established in 2017 and headquartered in Santa Cruz, Cruz Foam is a sustainable foam packaging company founded by two surfers, John Felts and Marco Rolandi, who originally intended to develop eco-friendly surfboard blanks but later pivoted to sustainable packaging solutions as a compostable alternative to plastic foams. Cruz Foam has earned the distinction of one of TIME Magazine's Best Inventions of 2023, and is comprised of a proprietary blend of materials, 70 percent of which is derived from upcycled food waste. Cruz Foam solutions effectively divert waste from landfills, reducing methane emissions that contribute to global warming.¹



⁵⁶ [Microenterprise Home Kitchen Operations](#).

⁵⁷ The Santa Cruz County Health Services Agency also allocated \$14,100 from its California Equitable Recovery Initiative (CERI) grant for home evaluation funding assistance.

⁵⁸ The Santa Cruz County Environmental Health Division began accepting MEHKO applications on January 1, 2025.

⁵⁹ Fitzgerald, Nora and Barbara DeLollis. ["Are we at the tipping point of a reimagined consumer-goods market?"](#) (2024), Harvard Business School.

⁶⁰ Dodds, Chris. ["Cruz Foam: Founded by 2 Surfers to Save Us from Plastic."](#) (2025).

⁶¹ [Ambient Photonics](#).

CASE STUDY

AMBIENT PHOTONICS

Headquartered in Scotts Valley and founded in 2019, Ambient Photonics developed a revolutionary low light energy harvesting photovoltaic technology designed to reduce consumer dependence on single-use disposable batteries, reducing users' carbon footprints for connected devices. The technology is competitive with gallium arsenide, the highest-performing low-light solar technology and generates up to three times the power of amorphous silicon cells, the most commonly used indoor solar technology.

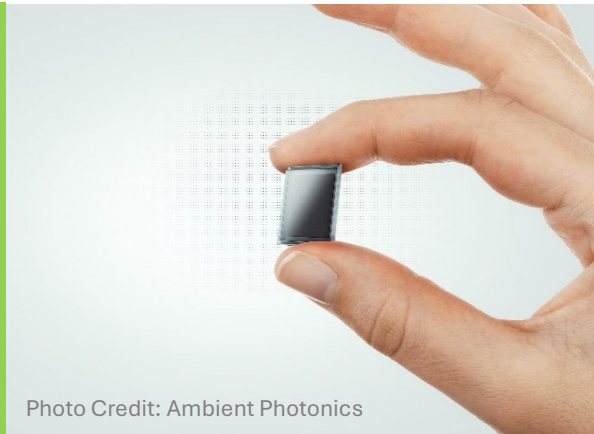


Photo Credit: Ambient Photonics

Entrepreneurship: Institutional and Infrastructure



Photo Credit: Choose Santa Cruz

Santa Cruz County's innovation ecosystem is bolstered by key institutions and programs that provide funding, mentorship, training, and networking opportunities for entrepreneurs. General entrepreneurship programs and resources include:

- **Downtown Pops!:** A City of Santa Cruz retail activation program that provides short-term opportunities for entrepreneurs to test business concepts.
- **Santa Cruz Works:**⁶² A nonprofit that has helped accelerate over 100 startups, created thousands of jobs, and hosted more than 400 entrepreneurial events.
- **Santa Cruz Community Ventures:** Supports entrepreneurship through employee-owned cooperatives in the Central Coast region.
- **State of California Employment Training Panel (ETP):** Offers seed capital to qualifying entrepreneurs who complete approved entrepreneurship training.
- **Santa Cruz Small Business Development Center (SBDC):** Provides business counseling, training, technical assistance, and advisory services to support small businesses and entrepreneurs.

Entrepreneurship resources specific to farmers and fisheries in Santa Cruz County include:

- **UC Santa Cruz Center for Agroecology:** Offers professional development and hands-on gardening courses.¹

⁶² [Santa Cruz Works](#).

- **Central Coast Resilient Food Systems:** Enhances market access for local fisheries by connecting supply with demand.
- **Monterey Bay Fisheries Trust:** Supports regional fishermen through advocacy, scholarships, training, and technical assistance.
- **Community Alliance with Family Farmers:** Provides tools, events, and business resources to help small farmers succeed.
- **Kitchen Table Advisors:** Offers business advising and relationship-building support for farmers and ranchers statewide.

UC Santa Cruz also plays a central role in fostering entrepreneurship through initiatives such as the Climate Action Solutions Incubator Program and the Blue Pioneers Accelerator.

- **Climate Action Solutions Incubator Program:** Provides small-scale project funding (up to \$10,000), capacity-building workshops, and mentorship for UC Santa Cruz students developing strategies to address California's most pressing climate challenges, including zero-emission mobility, wildfire resilience, food security, and drought.
- **Blue Pioneers Accelerator Program:** Hosted in partnership with Think Beyond Plastic, the Stanford Center for Ocean Solutions, and major foundations, this program supports ocean and climate innovation through experiential learning, collaborative experiments, and peer-awarded grants for experimental projects.

Beyond sustainability-focused programs, UC Santa Cruz offers broader entrepreneurship resources:

- **Global Entrepreneurship (GEn) Program:** A five-week immersive program offering two tracks including (1) an internship track where students apply marketing and website development skills to real-world projects, and (2) a startup accelerator track, where participants develop business plans, pitch decks, and connect with industry mentors.
- Additional university-led initiatives include the **Innovation Catalyst Grant**, **Lean Launchpad Workshops** (in partnership with the National Science Foundation), the **Chancellor's Innovation Impact Awards Program**, and the **Founders Forum**,⁶³ all of which help nurture entrepreneurial ventures across various industries.

However, recent challenges to federal climate funding may threaten sustainability-focused programs at UC Santa Cruz and other research institutions. To sustain these critical initiatives, additional investment from regional organizations and institutions will be necessary to fill funding gaps. Strong institutional support, targeted investments, and expanded entrepreneurial training are needed to allow Santa Cruz County to fulfill its potential to further strengthen its innovation-driven economy while addressing existing barriers to entrepreneurship.

⁶³ UC Santa Cruz, [Entrepreneurs & Innovators](#).

Appendix A: Methodology and Data Sources

Data for the 2025 Santa Cruz State of the Workforce report was collected at both the ZIP code and county level from multiple sources. Labor market information, including employment trends, was obtained from the California Employment Development Department. Population data was sourced from the California Department of Finance’s California County Population Estimates and Components of Change. Demographic and labor force participation trends were analyzed using the U.S. Census Bureau’s American Community Survey 5-Year Estimates.

Additionally, supplemental labor market and industry data were sourced from the U.S. Bureau of Labor Statistics’ Quarterly Census of Employment and Wages (2024). Housing affordability and market trends were examined using data from the California Association of Realtors, including the First-Time Buyer Housing Affordability Index (2019–2024) and Historical Housing Data (2020–2023). Together, these data sources provide a comprehensive view of Santa Cruz County’s workforce dynamics, economic conditions, and key industry trends.

Economic Distress Methodology

The research team developed an index to rank and quantify the level of economic distress in Santa Cruz County using ZIP codes to define the county’s subregions. This index quantifies economic distress by looking at five different economic indicators derived from the U.S. Census Bureau’s American Community Survey, which provides detailed labor market data at various geographic levels:

- Unemployment Rate
- Labor Force Participation Rate
- Median Earnings
- Percentage of Uninsured Residents
- Percentage of Residents Spending 50 percent or more of their income on rent

The research team then compared these indicators in each ZIP code against state averages to determine if the ZIP code exceeds or lags state averages. ZIP codes that underperform in at least three of the five measures are defined as “distressed.” ZIP codes that underperform two of the five measures are “somewhat distressed,” while those that underperform in one (Labor Force Participation) or zero of the five measures are “not distressed.” **Appendix C provides a table of the state average measures, as well as a table of each ZIP codes’ ranking along with measures that determined its ranking.**

The ZIP codes 95077, 95001, 95061, 95063, and 95067 were excluded from the analysis as data is not available through U.S. Census Bureau.

Appendix B: Additional Tables and Figures

Table 9: 25 Most Common Healthcare Jobs in Santa Cruz, 2024

SOC Code	Occupation	2024 Q2 Employment	2024 Average Annual Wage
31-1122	Personal Care Aides	3,005	\$37,000
29-1141	Registered Nurses	1,516	\$147,300
31-1121	Home Health Aides	1,066	\$37,000
31-9092	Medical Assistants	794	\$53,700
43-6013	Medical Secretaries and Administrative Assistants	676	\$51,000
31-1131	Nursing Assistants	528	\$47,600
29-2061	Licensed Practical and Licensed Vocational Nurses	413	\$78,300
21-1018	Substance Abuse, Behavioral Disorder, and Mental Health Counselors	402	\$68,000
31-9091	Dental Assistants	361	\$53,400
21-1093	Social and Human Service Assistants	316	\$53,600
11-9111	Medical and Health Services Managers	302	\$142,600
43-4171	Receptionists and Information Clerks	283	\$46,800
43-9061	Office Clerks, General	208	\$49,000
43-1011	First-Line Supervisors of Office and Administrative Support Workers	195	\$72,700
29-1171	Nurse Practitioners	182	\$147,500
29-1292	Dental Hygienists	181	\$132,100
29-1229	Physicians, All Other	177	\$320,100
21-1013	Marriage and Family Therapists	164	\$78,600
29-2099	Health Technologists and Technicians, All Other	152	\$64,500
21-1021	Child, Family, and School Social Workers	152	\$80,200
11-9151	Social and Community Service Managers	146	\$85,900
43-3021	Billing and Posting Clerks	144	\$55,300
29-1123	Physical Therapists	143	\$119,000
37-2012	Maids and Housekeeping Cleaners	132	\$40,300
29-1021	Dentists, General	132	\$220,700

Table 10: 25 Most Common Tourism and Hospitality Occupations in Santa Cruz, 2024

SOC Code	Occupation	2024 Q2 Employment	Average Annual Wage
35-3023	Fast Food and Counter Workers	2,635	\$38,900
35-3031	Waiters and Waitresses	1,686	\$48,000
35-2014	Cooks, Restaurant	1,100	\$45,200
35-2011	Cooks, Fast Food	999	\$38,100
35-1012	First-Line Supervisors of Food Preparation and Serving Workers	782	\$51,000
39-3091	Amusement and Recreation Attendants	628	\$37,700
35-3011	Bartenders	494	\$43,600
35-2021	Food Preparation Workers	428	\$40,700
35-9011	Dining Room and Cafeteria Attendants and Bartender Helpers	422	\$38,200
35-9021	Dishwashers	420	\$39,300
41-2011	Cashiers	382	\$37,900
37-2012	Maids and Housekeeping Cleaners	362	\$47,000
35-9031	Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	353	\$38,900
11-9051	Food Service Managers	352	\$75,700
39-9031	Exercise Trainers and Group Fitness Instructors	251	\$63,300
11-1021	General and Operations Managers	188	\$109,800
43-4081	Hotel, Motel, and Resort Desk Clerks	181	\$40,000
53-3031	Driver/Sales Workers	170	\$41,600
49-9071	Maintenance and Repair Workers, General	148	\$55,600
27-3043	Writers and Authors	146	\$133,700
35-1011	Chefs and Head Cooks	142	\$66,100
35-9099	Food Preparation and Serving Related Workers, All Other	141	\$42,500
37-3011	Landscaping and Groundskeeping Workers	137	\$45,300
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	126	\$41,600
35-2015	Cooks, Short Order	121	\$40,800

Appendix C: Economic Distress Zip Code Rankings

Indicator	Measure
Unemployment Rate	5.5%
Labor Force Participation Rate	64.3%
Median Earnings	\$47,310
Percentage of Residents Uninsured	6.4%
Percentage of Residents Spending 50 percent or more of their income on rent	28.3%

Distressed Regions			
Zip Code	City	Indicators Causing Distress	Measure of Indicator
95019	Watsonville	Labor Force Participation Rate	56.5%
		Percentage of Uninsured Residents	9.8%
		Median Earnings	\$31,250
95060	City of Santa Cruz	Unemployment Rate	6.0%
		Percentage of Residents Spending 50 percent or more of their income on rent	38%
		Median Earnings	\$46,231
95064	City of Santa Cruz	Labor Force Participation Rate	45.3%
		Unemployment Rate	12.3%
		Percentage of Residents Spending 50 percent or more of their income on rent	38%
		Median Earnings	\$4,559
95076	Watsonville	Labor Force Participation Rate	62.0%
		Unemployment Rate	6.9%
		Percentage of Residents Spending 50 percent or more of their income on rent	31%
		Percentage of Uninsured Residents	9.1%
		Median Earnings	\$36,077

Somewhat Distressed Regions			
Zip Code	City	Indicators Causing Distress	Measure of Indicator
95005	Unincorporated	Unemployment Rate	11.6%
		Percentage of Residents Spending 50 percent or more of their income on rent	32%
95006	Unincorporated	Unemployment Rate	8.2%
		Percentage of Residents Spending 50 percent or more of their income on rent	33%
95017	Unincorporated	Unemployment Rate	6.5%
		Percentage of Uninsured Residents	9.6%
95065	City of Santa Cuz	Labor Participation Rate	60.6%
		Percentage of Uninsured Residents	7.4%
95073	Unincorporated	Labor Participation Rate	60.6%
		Percentage of Residents Spending 50 percent or more of their income on rent	35%
Not Distressed Regions			
ZIP Code		City	
95003*		Unincorporated	
95004*		Unincorporated	
95007		Unincorporated	
95010*		Capitola	
95018		Unincorporated	
95033		Unincorporated	
95041		Unincorporated	
95062		City of Santa Cruz	
95066		Scotts Valley	