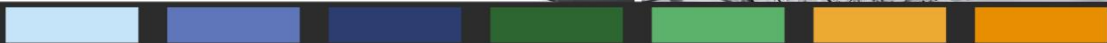




2026

STATE OF THE WORKFORCE SANTA CRUZ COUNTY



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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

The Santa Cruz County Workforce Development Board has partnered with BW Research to produce the 2026 State of the Workforce Report. This report examines trends in the county's economic and workforce environment, providing current labor market information on employment, entrepreneurship, job quality, industry clusters, workforce demographics, and economic distress, and explores the implications of these trends for regional training, education, and quality of life.

The 2026 State of the Workforce report aims to answer the following key questions:

- 1** What is the current state of the economy and workforce in Santa Cruz County?
- 2** Which industries are driving employment and economic growth?
- 3** How are jobs and skills changing?
- 4** How can we strengthen the workforce and boost long-term economic resilience?

Key Findings

Santa Cruz County’s job availability has grown from 2022 to 2025. Without accounting for population change, county employment grew by 0.9 percent from 2022 to 2025, compared to 2.5 percent statewide growth (Figure 4). However, after accounting for population decline in Santa Cruz County, the region has experienced faster growth in available jobs per worker over the last three years.

One in four county sub-regions exhibits economic distress, including Watsonville, Boulder Creek, and the area surrounding UC Santa Cruz. Economically distressed sub-regions have high unemployment rates, low median earnings, limited access to healthcare, and/or high housing burdens. For example, the City of Watsonville’s unemployment rate is 14.4 percent, more than double the regional average (Figure 4).

Healthcare; Education & Knowledge Creation; and Tourism, Hospitality, & Recreation drove regional job growth over the past three years. These industry clusters account for 2 in 5 jobs in the county as of 2025 Q3 and have grown by 3.6 percent to 15.7 percent over the last three years. ICT jobs also grew by 18.5 percent over this period but accounted for only 1.6 percent of county employment as of 2025 Q3 (Figure 5).

Workers in the county’s largest industry clusters face relatively limited impact from automation and AI. Nearly two in three workers (64.1 percent) in Healthcare fall into the Least Automated occupational category of **BW Research’s Job Automation Index**, as compared to nearly two in five workers (39.7 percent) in Education & Knowledge Creation. On average, 28.8 percent of county workers are employed in the Least Automated jobs (Figure 19).

2026 County Snapshot

\$21.1M

Gross Regional Product (2024)

262,137

Population

128,600

Workforce

\$68,339

Median Wage

\$89,398

Living Wage

57.4%

Share of Tier 3 Jobs



Automation & Job Automation Index		
Least Automated: Least likely to be impacted by automation	Somewhat Automated: Somewhat likely to be impacted by automation	Most Automated: Most likely to be impacted by automation

Workers in the county’s highest earning industry clusters² face the greatest potential exposure to automation and AI-related impacts. Over one in four workers in these clusters face the highest exposure, and over one-half face some level of impact. Over one in three ICT workers face high exposure due to vulnerability to displacement by integrated AI coding tools (Figure 18).

Job quality continues to pose a challenge in Santa Cruz County. Nearly three in five county jobs (57.4 percent) fall into the lowest-paying occupational category compared to the state average of 54.0 percent (Figure 13). As a result, a greater share of residents seeks employment opportunities outside the county, primarily in management, business, science, and arts occupations (Figure 6).

Housing affordability has improved, driven by a decline in median home prices. Median home prices have fallen from a peak of \$1,319,583 in 2022 to \$1,311,755 in 2025 (Figure 14). Average 30-year mortgage rates have also declined, improving housing affordability by 1.3 percentage points and narrowing the gap with statewide affordability levels (Figure 16).

The county’s prime working-age resident population (ages 25-54) has remained stable over the past five years but is below state averages (Figure 1). The county’s senior population reached 18.7 percent in 2024, significantly higher than the state average of 14.9 percent, while the county’s youth population declined from 14.5 percent in 2019 to 13.6 percent in 2024. Despite this decrease, the share of residents aged 18 to 24 remains higher than the state average of 9.5 percent.

² Highest earning industries include Defense, Aerospace, & Transportation Manufacturing (DATM); Information and Communication Technologies (ICT); Finance, Banking, & Insurance; Public Services & Infrastructure; Professional & Business Services; and Biotechnology & Biomedical Devices.

Conclusions & Recommendations

The county's population has declined by 3.3 percent over the past five years, contributing to broader labor market challenges. Overall employment growth has been modest, around 0.9 percent over the past three years, well below the state average of 2.5 percent; but the county's population-adjusted employment growth has outpaced the state.

Housing conditions have stabilized since 2022, highlighting improved affordability. While median home prices rose sharply by approximately 35 percent since 2020, they have since plateaued, remaining around \$1.31 million. This stabilization also led to a decline in the Housing Affordability Index, which fell from 20.9 percent to 14.4 percent between 2020 and 2025.

Santa Cruz's workforce remains concentrated in Healthcare, Tourism, Education, and Retail, which together account for roughly half of all jobs in the county. Since 2022, three of these four major clusters have expanded: middle-earning Healthcare grew by 15.7 percent; low-earning Tourism, Hospitality, & Recreation increased by 3.6 percent; and middle-earning Education & Knowledge Creation rose by 6.6 percent. In contrast, low-earning Retail declined by 5.5 percent.

Highest-earning clusters have generally experienced contraction over the same period. Finance and Professional & Business Services saw the greatest declines, falling by 11.2 percent and 10.5 percent, respectively. Only two highest-earning clusters, ICT and DATM, recorded growth, increasing by 18.5 percent and 0.2 percent, respectively. The overall underperformance of these clusters likely reflects a combination of factors, including population decline, economic uncertainty, and ongoing impacts of automation.

Apprenticeship programs are a critical component in improving the county's workforce development strategy, as current pipelines remain limited to a narrow set of occupations. Expanding these pathways will require stronger collaboration between regional institutions and local employers. Institutions such as Cabrillo College and UC Santa Cruz are well-positioned to lead this effort. For example, Cabrillo College currently offers apprenticeship pathways in education, community health, and computer systems, with plans to expand to additional fields.

Local companies also present significant opportunities to scale apprenticeship models. Joby Aviation offers access to high-quality manufacturing jobs and serves as a strong model for regional collaboration. Its partnership with Cal State University Monterey Bay in launching a manufacturing apprenticeship pilot program demonstrates how industry and education can build effective workforce pipelines.

There is also a need to expand access for underserved populations, including immigrants, re-entry populations, individuals experiencing homelessness, and justice-involved and at-risk youth. Addressing barriers such as income instability, benefit cliffs, and limited access to culturally responsive supports will be critical to addressing persistent job quality challenges and improving

workforce mobility. Capacity-building for small businesses and entrepreneurs will also be key to strengthening economic development, given the high concentration of small businesses in Santa Cruz County.

We recommend that the county’s workforce and economic development stakeholders focus on the following considerations:

1

Expand apprenticeship and internship programs to build job readiness and strengthen career pathways. These programs offer access to job opportunities with competitive wages and strong advancement potential and can be expanded to foster critical job-readiness skills that support workforce AI literacy.

2

Develop short-cycle upskilling programs to improve AI literacy for workers in the most highly automated Jobs. Short-cycle upskilling programs accessible to existing workers can provide flexible pathways to quickly acquire new skills and enhance their adaptability amid ongoing uncertainty surrounding automation.

3

Enhance access to workforce development funding. Stronger collaboration within the county can help identify and secure new funding opportunities, create centralized resources such as a grant-funding database, and provide support to local institutions as they navigate application processes.

4

Increase collaboration with neighboring counties to build stronger training pipelines that are industry- and/or sector-specific. By leveraging existing resources and successful models, Santa Cruz County can better support high-growth industries and improve workforce readiness for local employers like Joby Aviation.

5

Support business growth and entrepreneurship within the region by addressing the uncertainty many businesses face. Rapid technological change, shifting supply chains, and rising energy costs create challenges. Santa Cruz County could host an annual convening that brings together employers, educators, community partners, and other stakeholders, to discuss emerging labor market trends, workforce development priorities, and the evolving needs of businesses to support long-term economic growth and expansion.

Economic and Workforce Profile

This section presents a summary of major economic and workforce indicators in Santa Cruz County, including population and employment changes, unemployment rate, and labor force participation. Analyzing these factors highlights the county’s economic strengths, workforce challenges, and potential areas for future growth and improvement.

Demographics

This section analyzes the demographic characteristics of residents living in Santa Cruz County, focusing on key indicators such as population and employment trends. Analyzing these factors provides insight into how the region’s workforce and talent pipeline have evolved and helps identify areas where targeted investments can drive improvements and strengthen economic outcomes.

The county’s overall population has declined notably since 2022, decreasing from 265,158 to 262,137 in 2025 – a 1.1 percent decrease over the three years. This decline is considerably larger than the statewide trend, which saw the population remain relatively stable. California’s population increased from 39,146,273 in 2022 to 39,528,899 in 2025, reflecting a growth of 1.0 percent over the same period.

Table 1. Population Change in California and Santa Cruz County (2022-2025)³

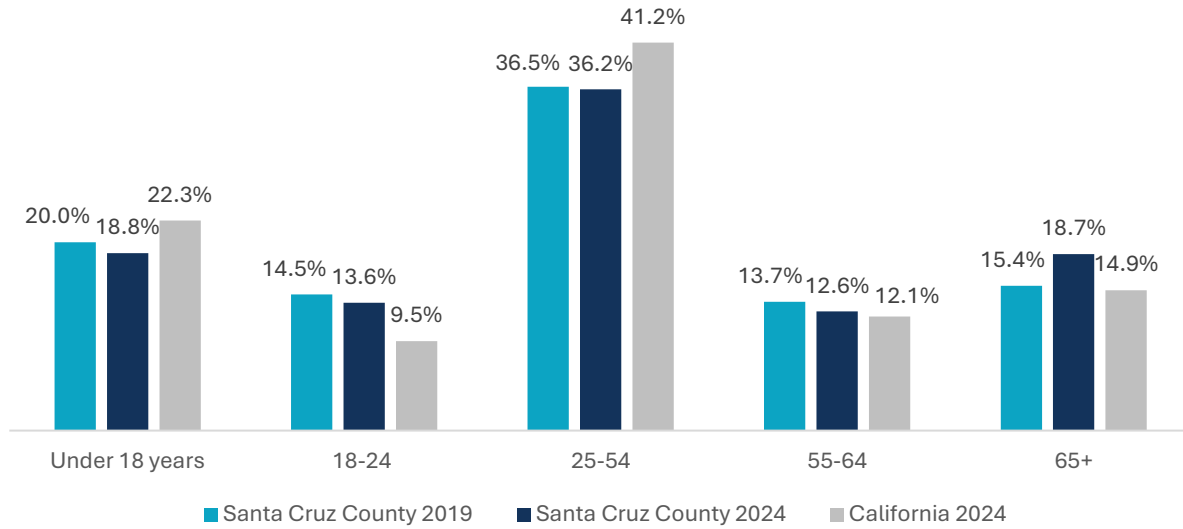
Population Change from 2022 to 2025			
	2022	2025	Percent Change
California	39,146,273	39,528,899	0.98%
Santa Cruz County	265,158	262,137	-1.14%

The county’s age distribution has trended older since 2019, with all age groups declining except for those aged 65 and over. The under-18, 18-24, and 55-64 age groups each decreased by about 1.0 percent, while the 25-54 age group saw only a slight decline of 0.1 percent. In contrast, the 65+ population grew by 3.3 percent over the same period. Compared to statewide averages, Santa Cruz County has a smaller share of residents in the under-18 and 25-54 age groups, but a higher concentration of individuals in the 18-24, 55-64, and 65+ age groups.

³ U.S. Census Bureau, American Community Survey 5-Year Estimates, 2019-2024.

Figure 1 shows an increasing share of 65+ individuals and a decreasing share of the young population since 2019.

Figure 1. Age Demographics by Region (2019-2024) ⁴



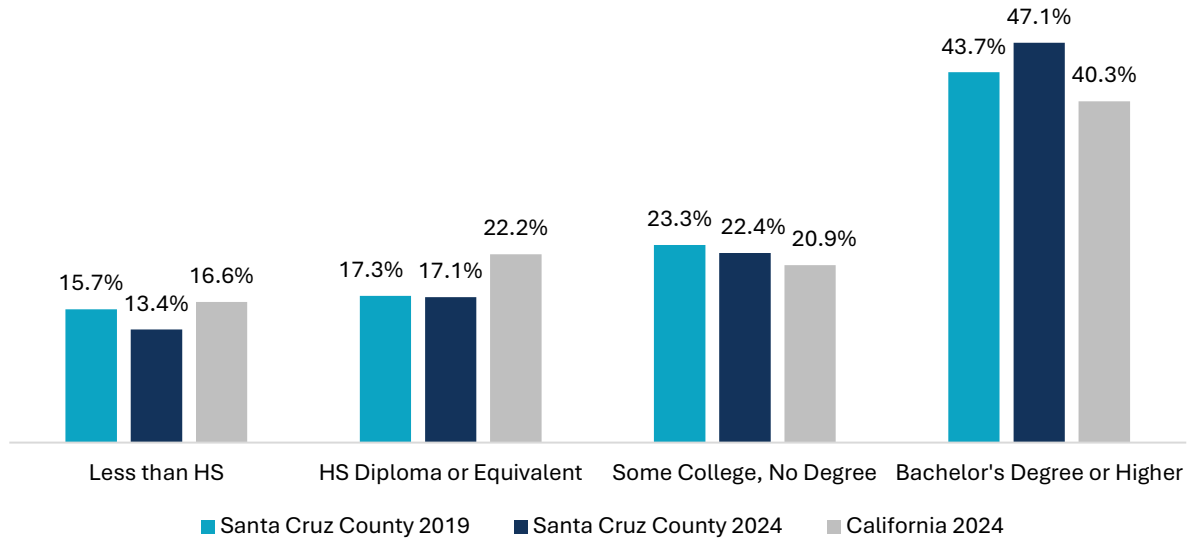
Educational attainment among county residents has risen over time. The share of residents with a bachelor’s degree or higher increased from 43.7 percent in 2019 to 47.1 percent in 2024, a 3.4 percent gain. This is notably higher than the statewide share of 40.3 percent, putting the county 6.8 percentage points above California.

At the same time, all other levels of educational attainment have decreased, with the largest decline occurring among residents with less than a high school diploma, which fell by 2.3 percentage points from 15.7 percent in 2019 to 13.4 percent in 2024. Compared to the state, Santa Cruz County has lower shares of residents with less than a high school education and those with only a high school diploma or equivalent, but a higher concentration of individuals with some college but no degree.

⁴ U.S. Census Bureau, American Community Survey 5-Year Estimates, 2019-2024.

Figure 2 shows that county residents are becoming more highly educated, as lower levels of educational attainment shrink.

Figure 2. Educational Attainment by Region (2019-2024)⁵



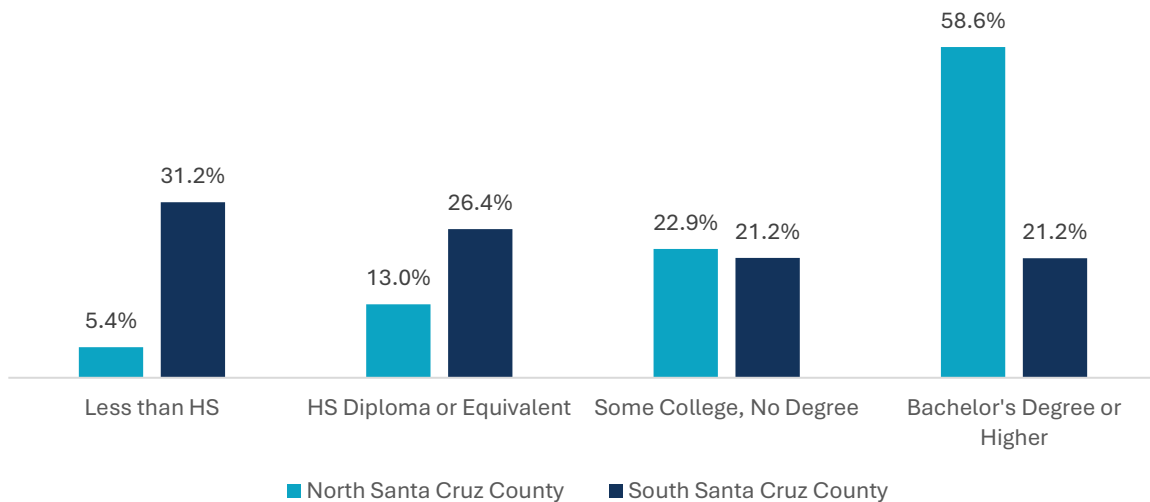
Educational attainment also varies significantly between the northern and southern regions of Santa Cruz County. North County exhibits substantially higher levels of educational attainment, while South County has a greater concentration of residents with lower levels of education. Approximately 58.6 percent of residents in North County hold a bachelor’s degree or higher, compared to just 21.2 percent in South County, a gap of 37.4 percentage points. Conversely, the share of residents with a high school diploma or less is much higher in South County at 31.2 percent, compared to only 5.4 percent in North County, a difference of 25.8 percentage points.

These disparities indicate that North County is the primary driver of the county's high overall share of residents with bachelor’s degrees. At the same time, South County contributes to the county’s lower educational attainment levels.

⁵ U.S. Census Bureau, American Community Survey 5-Year Estimates, 2019-2024.

Figure 3 highlights regional disparities in educational attainment between North and South Santa Cruz County, with North County having a higher share of individuals with bachelor’s degrees or higher.

Figure 3. Educational Attainment by North and South Santa Cruz County (2024)⁶



Employment Growth Rate

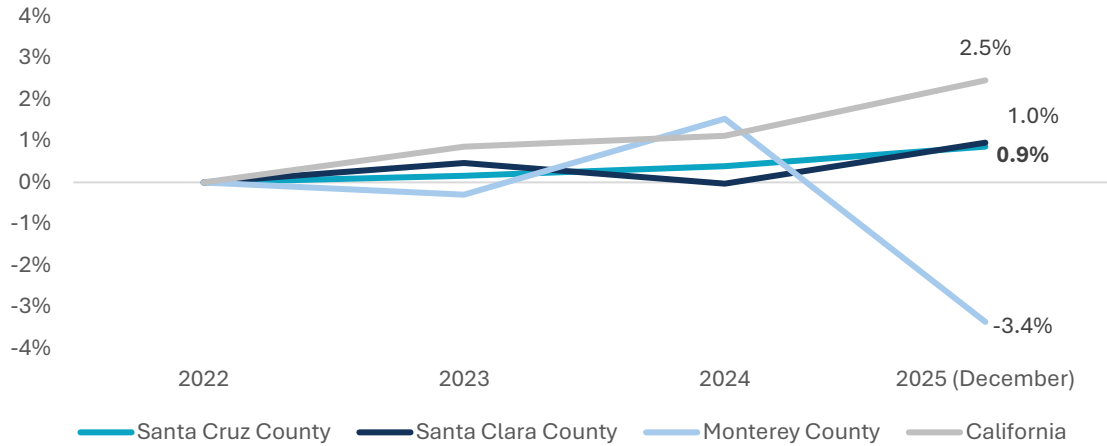
Employment growth in Santa Cruz County has remained relatively modest since 2022, mirroring that of neighboring Santa Clara County. Overall employment in Santa Cruz County grew 0.9 percent from 2022 to 2025, outpacing Monterey County (-3.4 percent).⁷ However, the county is outpaced by the state’s 2.5 percent growth rate.

However, population trends in Santa Cruz County should be considered when examining employment patterns. After accounting for Santa Cruz County’s 1.1 percent population decline, the ratio of available jobs to workers increased at a faster rate between 2022 and 2025.

⁷ Employment decline driven by federal policy toward immigrants in the County. https://www.montereycountynow.com/blogs/opinion_blog/a-new-report-finds-monterey-county-s-economy-is-strong-but-warning-signs-persist/article_430882d8-2560-40ee-9b96-f32edc91812a.html#:~:text=The%20population%20has%20remained%20stagnant,the%20opposite%2C%20according%20to%20Thornberg.

Figure 4 shows employment in Santa Cruz County over three years, with overall growth minimal and lagging state growth rates.

Figure 4. Employment Growth for Santa Cruz County, Santa Clara County, Monterey County, and the State (2022-2025)⁸

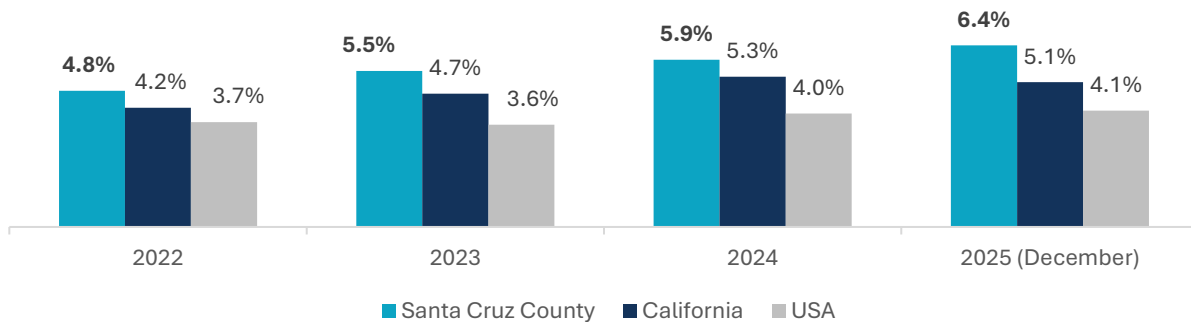


Unemployment Rate

The county’s unemployment rate has steadily increased from 2022 to 2025, outpacing both state and national unemployment rates. In 2022, the county’s unemployment rate was 4.8 percent, and by 2025 it had risen to 6.4 percent. In contrast, state and national unemployment rates were 5.1 percent and 4.1 percent, respectively, in 2025.

Figure 5 shows that the county's unemployment rate has risen over the past three years and remains above the state and national averages.

Figure 5. Unemployment Rate for Santa Cruz County, California, and the U.S. (2022-2025)⁹



⁸ California Employment Development Department, Labor Force Data, 2022-2025.

⁹ California Employment Development Department, Labor Force Data, 2022-2025.

Residential Workforce Gap

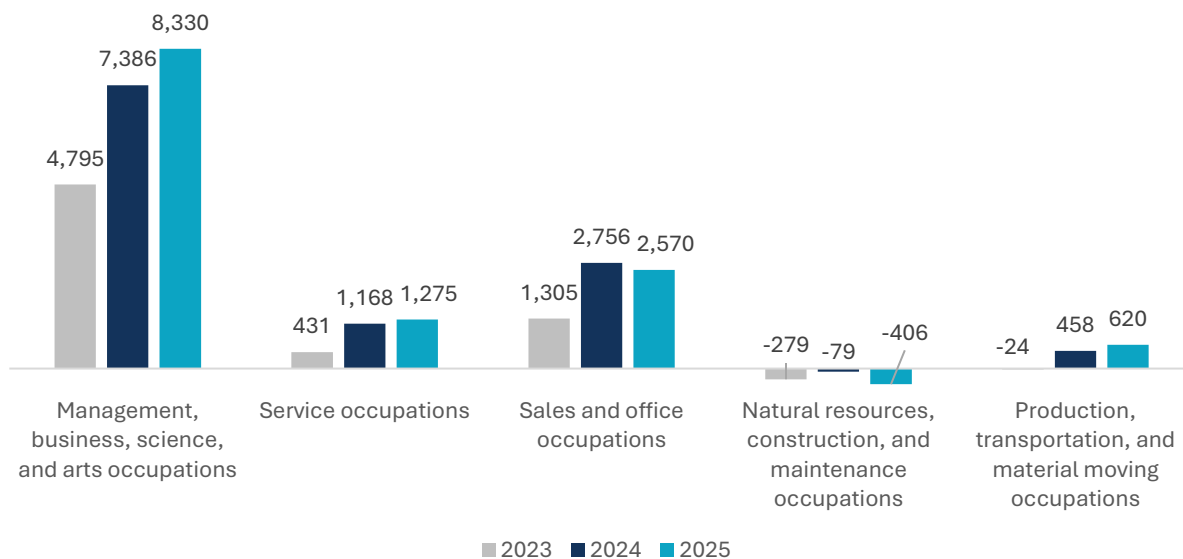
The residential workforce gap has widened across most occupational groups in Santa Cruz County, indicating that an increasing number of residents are seeking employment opportunities outside the county. This trend is largely driven by the county’s relatively high share of Tier 3 jobs, which has contributed to the gap since 2023.

Management, Business, Science, & Arts occupations have been the most affected, showing the largest workforce gap. In this category, the gap grew from 4,795 in 2023 to 8,330 in 2025, an increase of 3,535. Service occupations, as well as Production, Transportation, & Material Moving occupations, experienced more modest increases of roughly 100 each.

In contrast, Sales and Office occupations and Natural Resources, Construction, & Maintenance occupations saw declines in their workforce gaps. Notably, the latter category recorded a negative gap, meaning more workers are commuting into the county for these jobs than leaving it.

Figure 6 shows the gap in the residential workforce that has become especially pronounced in Management, Business, Science, and Arts Occupations.

Figure 6. Santa Cruz County Residential Workforce Gap by Occupational Group (2023-2025)¹⁰



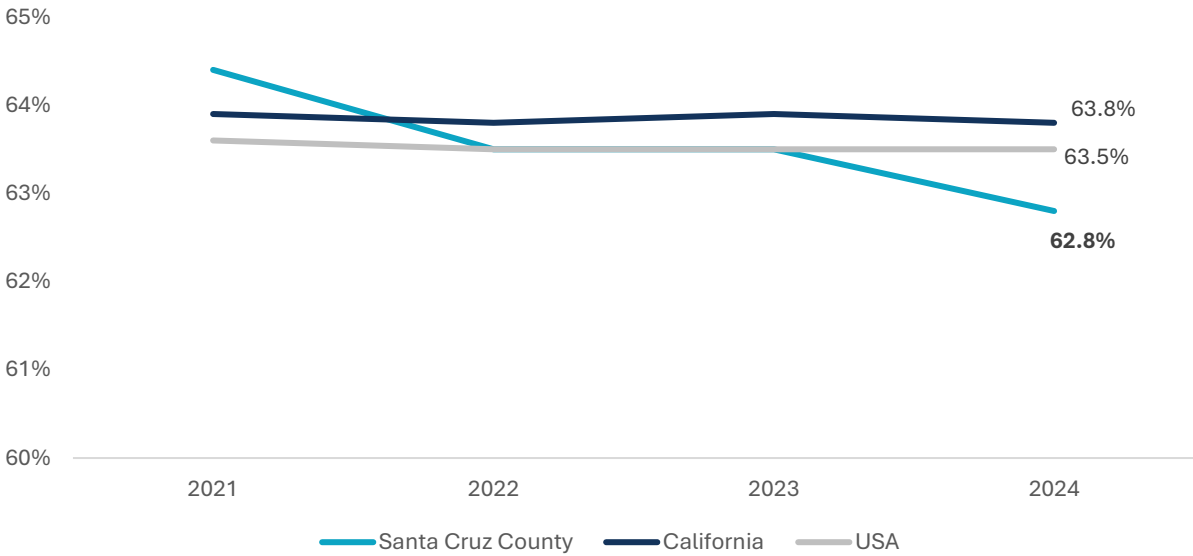
¹⁰ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

Labor Force Participation Rate (LFPR)

The labor force participation rate (LFPR), which measures the percentage of the working-age population that is either employed or actively seeking employment, fell slightly in the county between 2021 and 2024, declining from 64.4 percent to 62.8 percent. Compared with the state and national LFPR, Santa Cruz County experienced the largest decline, while the others remained relatively unchanged. Both the state and national LFPR are higher than the county at 63.8 percent and 63.5 percent, respectively.

Figure 7 shows that Santa Cruz County’s LFPR dropped below state and national rates in 2024.

Figure 7. Labor Force Participation Rate for Santa Cruz County, California, and the U.S. (2021-2024)¹¹



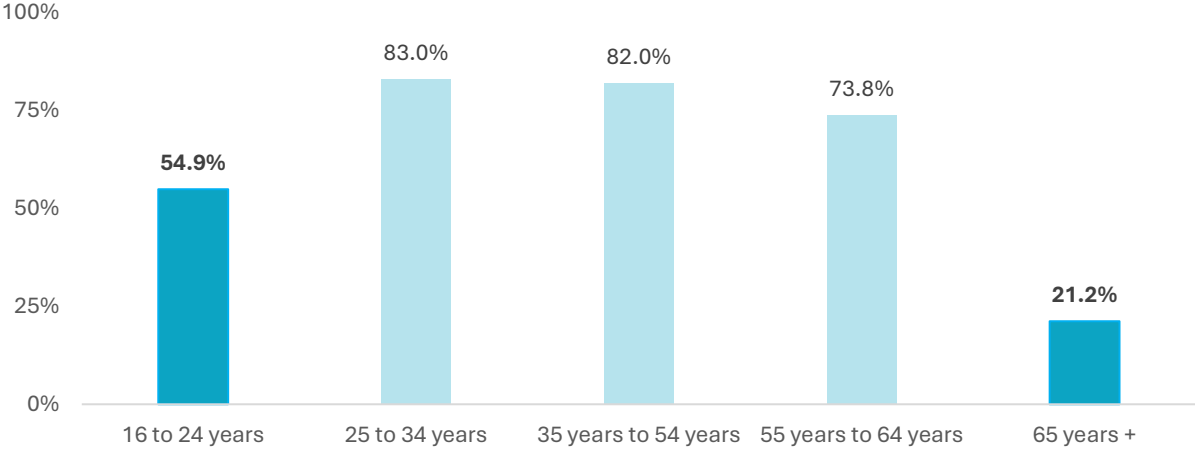
Examining the demographics within the LFPR is essential for understanding how different groups shape the overall statistic. Figures 8 and 9 display how the county’s LFPR is broken down by age group and education level, respectively, to analyze how participation varies across these factors.

The lowest LFPRs are observed among individuals aged 16 to 24 and those 65 and older, at 54.9 percent and 21.2 percent, respectively. In contrast, those aged 25 to 34 and 34 to 54 exhibit significantly higher participation rates of 83.0 percent and 82.0 percent. The low LFPR among the 16 to 24-year-old age group is likely driven by barriers to employment, including limited work experience and school enrollment.

¹¹ U.S. Census Bureau, American Community Survey 5-Year Estimates, 2024.

Figure 8 shows the LFPR by age group, where the youngest and oldest age groups have the lowest rates.

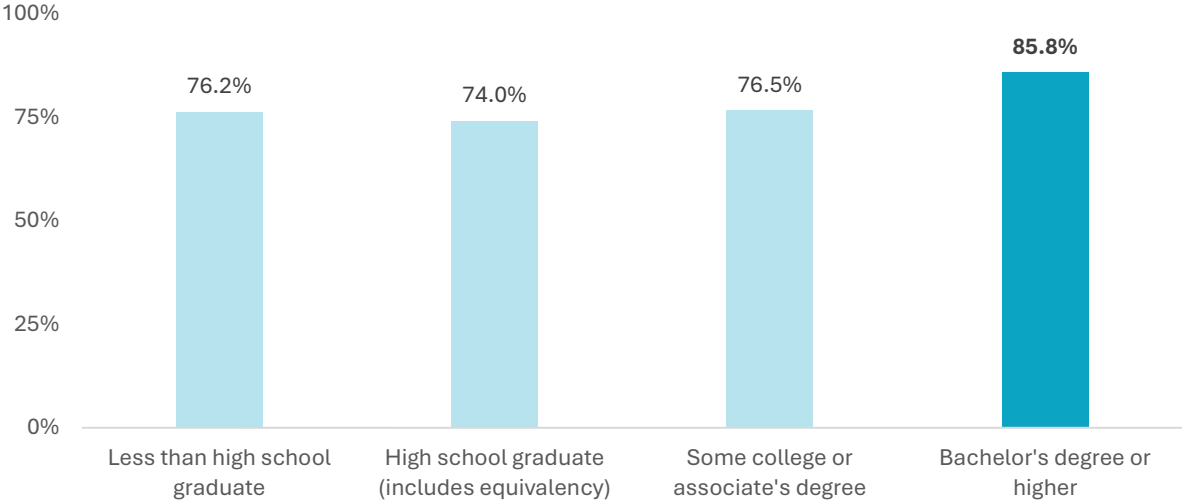
Figure 8. Santa Cruz Labor Force Participation Rate by Age Group (2024)¹²



Participation rates across most education levels remain relatively consistent, ranging from 74.0 percent to 76.5 percent. However, there is a notable increase for individuals with a bachelor’s degree or higher, whose LFPR rises to 85.8 percent, indicating a relationship between higher education and LFPR.

Figure 9 shows the LFPR by educational attainment, with the highest LFPR observed among individuals with a bachelor’s degree or higher.

Figure 9. Santa Cruz Labor Force Participation Rate by Educational Attainment (2024)¹³



¹² U.S. Census Bureau, American Community Survey 5-Year Estimates, 2024.

¹³ U.S. Census Bureau, American Community Survey 5-Year Estimates, 2024.

Industry Cluster Employment

The sections here detail the seventeen industry clusters in Santa Cruz County, categorized by high, middle, or low earnings. The highest-earning industry clusters offer an average annual wage of \$119,180; the middle-earning industry clusters offer an average annual wage of \$70,818; and the lowest-earning industry clusters offer an average annual wage of \$41,598.

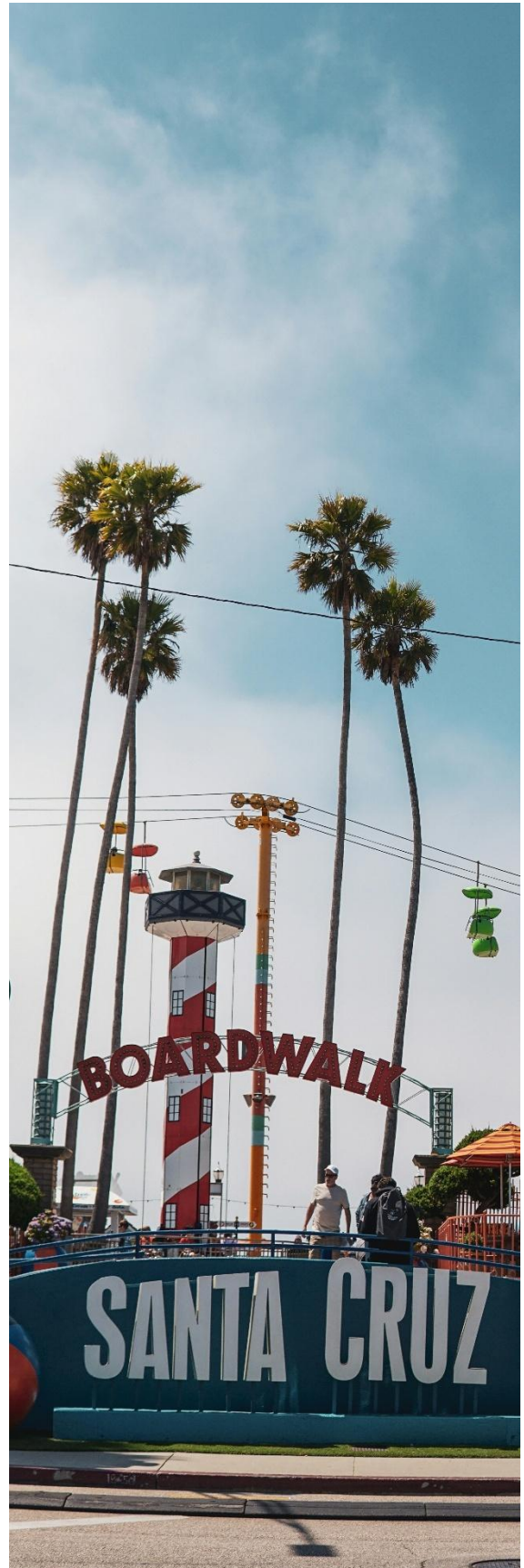
The major employers in Santa Cruz County make up over half of all employment in the county.

1. Healthcare Industry Cluster: 15.8 percent
2. Tourism, Hospitality, & Recreation Industry Cluster: 14.5 percent
3. Education & Knowledge Creation Industry Cluster: 12.0 percent
4. Retail Industry Cluster: 9.3 percent

It is important to note that the county's population decline has implications for growth across its industry clusters. Since 2019, Santa Cruz County's population has decreased by 3.3 percent, which likely contributes to the contraction observed in many of these clusters. While population loss is not the sole driver of this trend, it is a key factor to consider when evaluating overall industry performance.

Highest-Earning Clusters

Most of the highest-earning clusters experienced employment declines between 2022Q3 and 2025Q3, except for Defense, Aerospace, & Transportation (DATM) and Information, Communications, & Technology (ICT). The DATM industry cluster experienced minimal growth over the past three years, with only a 0.2 percent increase in employment (+4 jobs). ICT had the largest



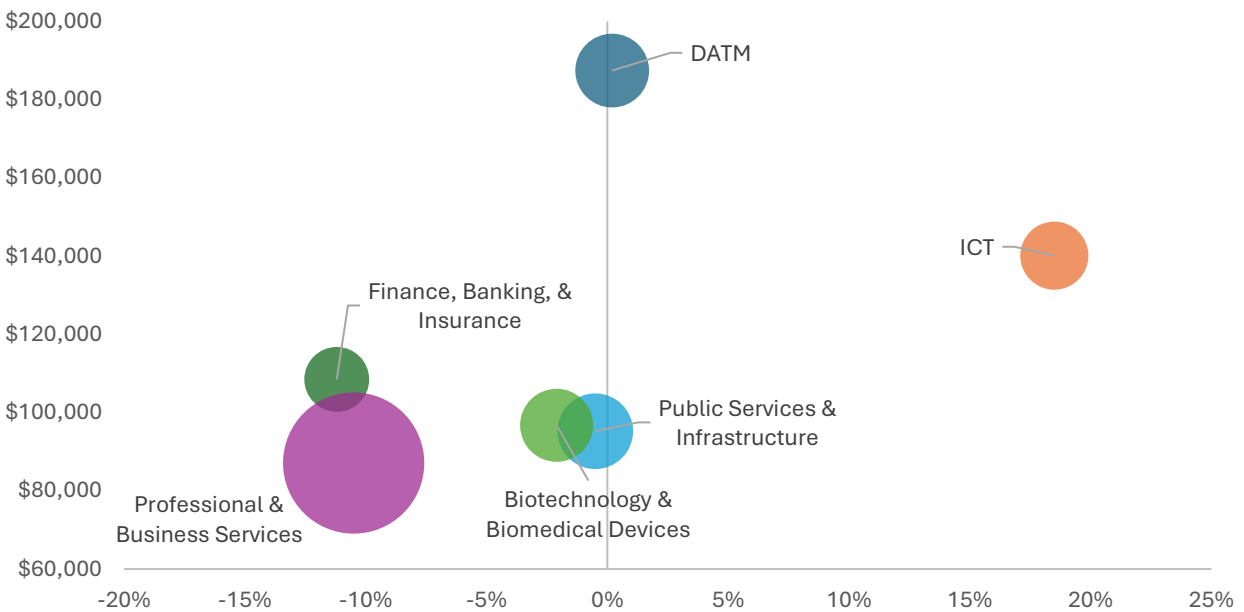
growth, with an 18.5 percent increase (+297 jobs), driven primarily by the Computer Systems Design Services subindustry, which grew by 175 jobs (+78 percent).

Finance, Banking, & Insurance, and Professional & Business Services (PBS) experienced the greatest employment decline among the highest-earning clusters. Finance, Banking, & Insurance declined 11.2 percent (-217 jobs), driven primarily by the Direct Health & Medical Insurance Carriers subindustry, which lost 260 jobs over the 3 years. PBS employment declined by 10.5 percent (-960 jobs) over the past 3 years, driven by a 427-job (-47.5 percent) decline in the Temporary Help Services subindustry.

The last two highest-earning clusters, Public Services & Infrastructure and Biotechnology & Biomedical Devices, experienced mild employment declines. Public Services and Infrastructure employment fell by 0.5 percent (-11 jobs). Its Oil & Gas Pipeline & Related Structures Construction subindustry lost the most jobs, 138 (-100 percent), while the Bus & Other Motor Vehicle Transit Systems subindustry gained the most, 113 (+34.4 percent). The Biotechnology & Biomedical Devices industry cluster experienced a 2.1 percent decline (-48 jobs) over the three-year period. Its Pharmaceutical Preparation Manufacturing subindustry experienced the largest employment decline, losing 119 jobs (-12 percent), while the Medicinal & Botanical Manufacturing subindustry gained the most jobs, adding 79 (+161.4 percent).

Figure 10 displays the highest-earning industry clusters, with most experiencing contraction, besides DATM and ICT.

Figure 10. Highest-Earning Industry Clusters (2022Q3-2025Q3)¹⁴



¹⁴ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

Table 2. Highest-Earning Industry Clusters in Santa Cruz County, 2025Q3¹⁵

Industry Cluster	Industry Cluster Employment (2025Q3)	Employment Change since 2022Q3 (%)	Avg. Annual Wage	LQ	Main Sub-Industry Driving Growth/Decline	Sub-Industry Employment (2025Q3)	Employment Change since 2022Q3 (%)
Defense, Aerospace, and Transportation Manufacturing	2,230	0.2%	\$187,419	1.33	Aircraft Engine and Engine Parts Manufacturing	820	267.8%
Information and Communication Technologies	1,902	18.5%	\$140,108	0.58	Computer Systems Design Services	400	78.0%
Finance, Banking, Insurance	1,725	-11.2%	\$108,477	0.38	Direct Health and Medical Insurance Carriers	117	-68.9%
Public Services and Infrastructure	2,344	-0.5%	\$95,226	0.76	Oil and Gas Pipeline and Related Structures Construction	0	-100%
Professional and Business Services	8,179	-10.5%	\$87,103	0.67	Temporary Help Services	472	-47.5%
Biotechnology and Biomedical Devices	2,188	-2.1%	\$96,744	1.25	Pharmaceutical Preparation Manufacturing	869	-12.0%

Middle-Earning Clusters

Like the highest-earning clusters, the middle-earning clusters also primarily experienced declines, except for Healthcare and Education & Knowledge Creation. The Healthcare industry cluster experienced the highest growth among middle-earning industry clusters, with a 15.7 percent growth rate, adding 2,506 jobs. The Education & Knowledge Creation industry cluster increased by 6.6 percent over the three-year period, adding 867 jobs. Its Colleges, Universities, & Professional Schools subindustry added 844 jobs to the industry (19.0 percent).

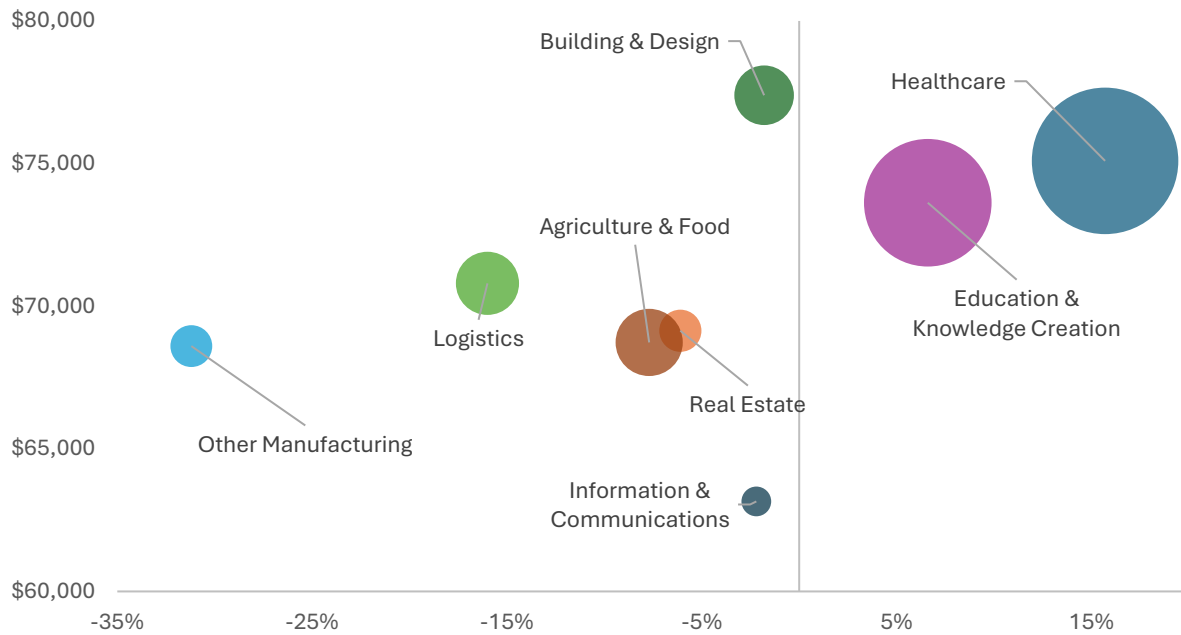
Other Manufacturing and Logistics industry clusters shrank the most among middle-earning industry clusters, with declines of 31.2 percent (-681 jobs) and 16.0 percent (-655 jobs), respectively. Other Manufacturing's decline is driven by the Spring Manufacturing subindustry, which lost 383 jobs (-100 percent). The Logistics industry's decline is primarily driven by the Sporting & Recreational Goods & Supplies Merchant Wholesalers, which lost 139 jobs over the three years (-54.9 percent).

¹⁵ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

The other industry clusters experienced mild decreases of 1.8 percent to 7.7 percent. The Real Estate industry cluster experienced a 6.1 percent decline (-99 jobs); the Building & Design industry cluster shrank by 1.8 percent (-56 jobs); the Information & Communications industry cluster shrank by 2.2 percent (-17 jobs); the Agriculture & Food industry cluster experienced a 7.7 percent decline (-323 jobs).

Figure 11 displays the middle-earning industry clusters, with only Healthcare and Education & Knowledge Creation growing.

Figure 11. Middle-Earning Industry Clusters (2022Q3-2025Q3)¹⁶



¹⁶ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

Table 3. Middle-Earning Industry Clusters in Santa Cruz County, 2025Q3¹⁷

Industry Cluster	Employment (2025Q3)	Employment Change since 2022Q3 (%)	Avg. Annual Wage	LQ	Main Sub-Industry Driving Growth/Decline	Sub-Industry Employment (2025Q3)	Employment Change since 2022Q3 (%)
Healthcare	18,454	15.7%	\$75,095	1.11	Services for the Elderly and Persons with Disabilities	4,075	17.2%
Real Estate	1,529	-6.1%	\$69,139	0.88	Lessors of Residential Buildings & Dwellings	201	-28.2%
Building & Design	3,052	-1.8%	\$77,396	0.76	Commercial & Institutional Building Construction	264	-16.3%
Other Manufacturing	1,504	-31.2%	\$68,601	0.38	Spring Manufacturing	0	-100.0%
Education & Knowledge Creation	13,993	6.6%	\$73,627	1.36	Colleges, Universities, and Professional Schools	5,287	19.0%
Logistics	3,429	-16.0%	\$70,802	0.56	Sporting & Recreational Goods and Supplies Merchant Wholesalers	114	-54.9%
Information & Communications	760	-2.2%	\$63,156	0.62	Web Search Portals and All Other Information Services	16	-59.4%
Agriculture & Food	3,883	-7.7%	\$68,730	1.36	Frozen Fruit, Juice, and Vegetable Manufacturing	277	-28.4%

Lowest-Earning Clusters

The lowest-earning clusters are the smallest, with only three industry clusters: Other Services, Retail, Tourism, Hospitality, & Recreation. Two of the three industry clusters experienced declines from 2022Q3 to 2025Q3, and only one experienced mild growth.

The Other Services industry cluster shrank the most among the lowest-earning industry clusters, losing 786 jobs (-12.3 percent). Its Drycleaning and Laundry Services subindustry drove most of the industry cluster’s decline, with a 90.8 percent decline (-671 jobs). The Retail industry cluster also shrank by 5.5 percent in the past three years (-629 jobs). All Other General Merchandise Retailers was the largest contributor to the industry cluster’s decline, losing 255 jobs (-73.9 percent).

¹⁷ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

The only industry cluster to experience growth is Tourism, Hospitality, & Recreation, which grew by 3.6 percent over the past three years (587 jobs). The Amusement & Theme Parks subindustry contributed the most to the industry cluster, growing by 421 jobs (39.3 percent).

Figure 12 displays the lowest-earning industry clusters, with only the Tourism, Hospitality, & Recreation cluster growing.

Figure 12. Lowest-Earning Industry Clusters (2022Q3-2025Q3)¹⁸

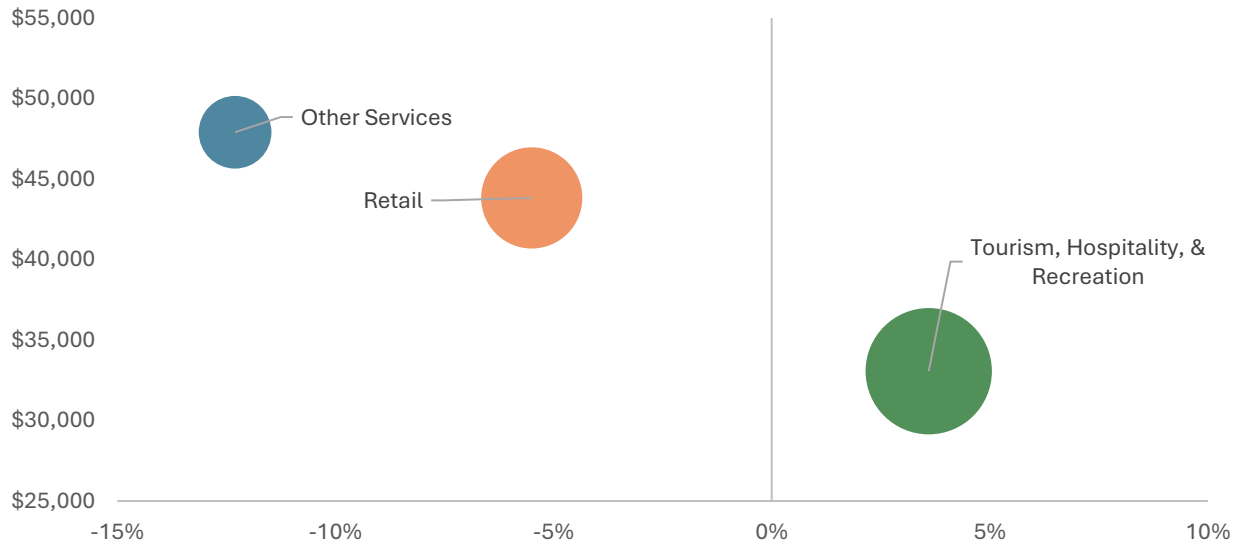


Table 4. Lowest-Earning Industry Clusters in Santa Cruz County, 2025Q3¹⁹

Industry Cluster	Industry Cluster Employment (2025Q3)	Employment Change since 2022Q3 (%)	Avg. Annual Wage	LQ	Main Sub-Industry Driving Growth/Decline	Sub-Industry Employment (2025Q3)	Employment Change since 2022Q3 (%)
Other Services	5,626	-12.3%	\$47,905	1.01	Drycleaning and Laundry Services (except Coin-Operated)	68	-90.8%
Retail	10,897	-5.5%	\$43,826	0.97	All Other General Merchandise Retailers	90	-73.9%
Tourism, Hospitality, & Recreation	16,992	3.6%	\$33,063	1.20	Amusement and Theme Parks	1,492	39.3%

¹⁸ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

¹⁹ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

Job Quality, Housing Costs, and Economic Distress

Job Quality

Job quality assesses the extent to which jobs in a region offer livable, sustainable wages. It is categorized into three tiers: Tier 1 includes the highest-paying, high-skill occupations, while Tier 3 consists of the lowest-paying, low-skill roles. Regions with a higher concentration of Tier 1 jobs generally offer stronger economic conditions.

Table 5. Job Tier Description²⁰

Tier 1	Tier 2	Tier 3
Tier 1 occupations are the highest-paying, high-skill occupations within a region. These occupations typically include managerial positions and highly technical occupations, such as engineers, scientists, and computer programmers.	Tier 2 occupations are middle-paying, middle-skill occupations. Occupations in this tier are somewhat technical, including manufacturing, production, and administrative positions.	Tier 3 occupations are typically low-paying and low-skilled. These occupations do not require high levels of technical skill, such as food service and retail positions.
\$125,400 Median Annual Salary \$60.27 Median Hourly Wage	\$74,300 Median Annual Salary \$35.73 Median Hourly Wage	\$47,600 Median Annual Salary \$22.92 Median Hourly Wage

Job quality in Santa Cruz County lags both the statewide distribution and neighboring Santa Clara County. The county has a higher concentration of Tier 3 Jobs at 57.4 percent, compared to 47.3 percent in Santa Clara County and 54.0 percent across California. At the same time, Santa Cruz has a smaller share of Tier 1 jobs, with only 20.0 percent of positions in this category, compared to 28.5 percent in Santa Clara County and 21.5 percent statewide. However, Santa Cruz County still performs better than nearby Monterey County, which has a higher share of Tier 3 jobs (63.3 percent) and a lower share of Tier 1 jobs (16.1 percent).

²⁰ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

Figure 13 shows Job Quality in Santa Cruz and neighboring counties, along with statewide averages.

Figure 13. Job Quality Tiers by Region (2025)²¹

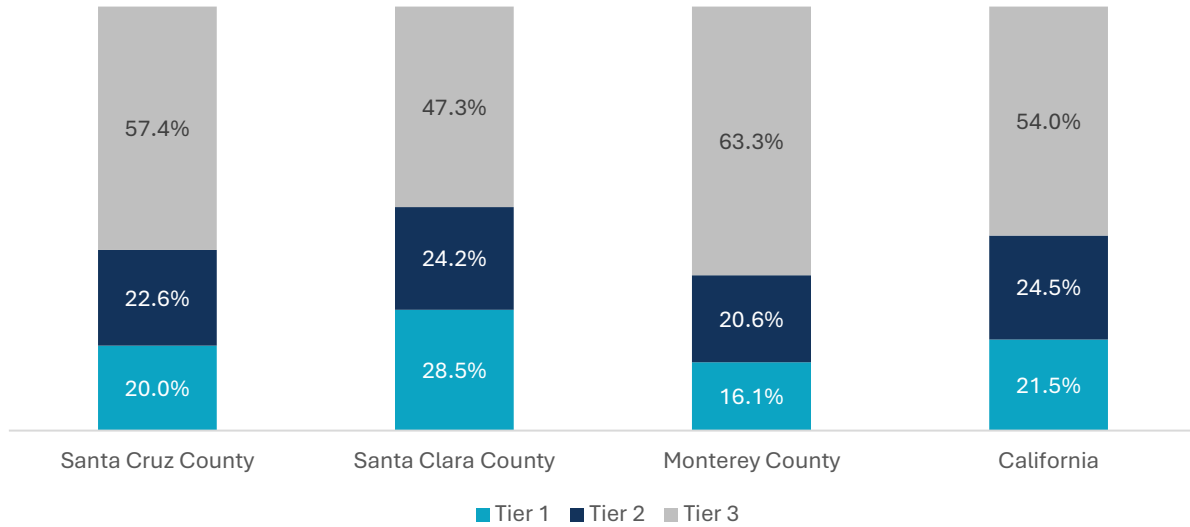


Table 6. Living Wage Determination (2026)²²

Family Size	Living Wage Annual Salary	Hourly Wages Required to Achieve Salary (Per Working Adult)	Number of Tier 3 Jobs Required to Achieve Salary
1 Adult & 2 Children	\$193,253	\$92.91	4.1
2 Adults (1 working) & 2 Children	\$141,586	\$68.07	3.0
2 Adults (both working) & 2 Children	\$98,821	\$47.51	2.1

²¹ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

²² MIT Living Wage Calculator (2026)

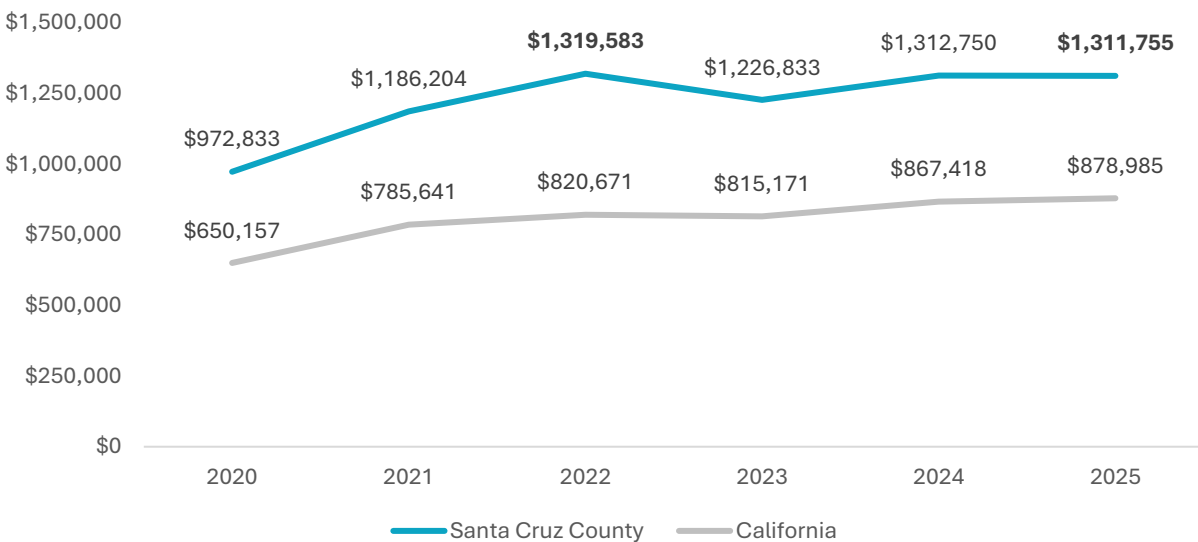
Housing Costs

Home prices have continued to rise, consistently exceeding the state median. In 2021, the median home price surpassed \$1,000,000 and peaked in 2022 at \$1,319,583. Since then, prices have remained relatively stable, with a slight decline to \$1,226,833 the following year. Over the past two years, prices have remained relatively stable, rising in 2024 before falling again to \$1,311,755 in 2025. Overall, from 2020 to 2025, the county's median home price increased by 34.8 percent.

While the statewide median home price has grown, it remains below \$1,000,000. In 2025, the state median stands at \$878,985, \$432,770 lower than Santa Cruz County. Despite this gap, growth rates are nearly identical, with the state experiencing a 35.2 percent increase over the same period.

Figure 14 depicts median home sale prices in Santa Cruz County and California, which have stabilized since 2022.

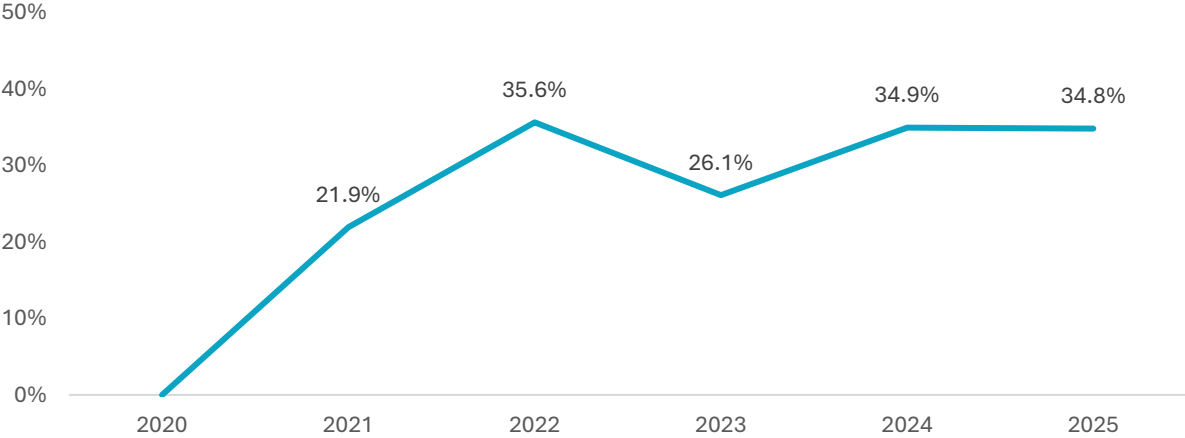
Figure 14. Median Home Sale Prices by Region (2020-2025)²³



²³ California Association of Realtors, Median Prices of Existing Detached Homes, 2020-2025.

Figure 15 displays the median home sale price growth in Santa Cruz County from 2020 to 2025. Prices have not grown significantly since 2022.

Figure 15. Santa Cruz County Median Home Sale Price Growth (2020-2025)²⁴



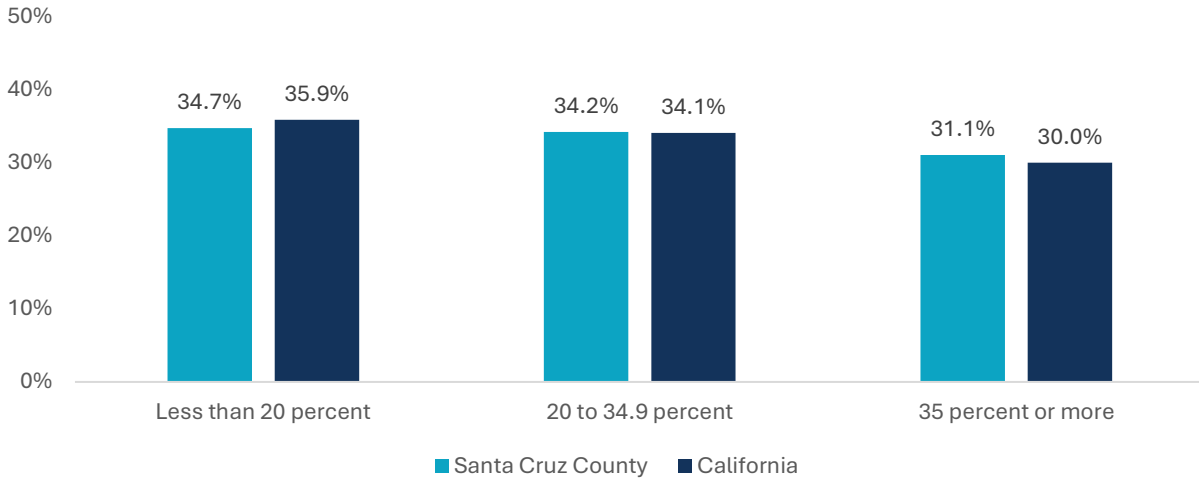
With stabilizing median home prices, housing costs in Santa Cruz County remain consistent with state averages. **Figure 16 showcases the share of total income spent on housing costs. Santa Cruz County housing costs remain consistent with statewide averages.**

Figure 16 displays the percentage of county residents whose housing costs take up 20 percent, 20 to 34.9 percent, or 35 percent or more of their total income. While the county has a slightly higher proportion of residents spending 35 percent or more of their income on housing compared to California overall, the difference is minimal and reflects typical housing costs.

²⁴ California Association of Realtors, Median Prices of Existing Detached Homes, 2020-2025.

Figure 16 showcases the share of total income spent on housing costs. Santa Cruz County housing costs remain consistent with statewide averages.

Figure 16. Housing Cost as Percentage of Total Income (2020-2025)²⁵



Economic Distress

Several subregions within the county exhibit varying degrees of economic distress, including Watsonville, Boulder Creek, and the areas surrounding UC Santa Cruz.

Economically distressed areas are evaluated based on these characteristics:

1. Median wages
2. Healthcare access
3. Housing cost by percentage of income
4. Unemployment rate
5. Labor force participation rate

Table 7. Economic Distress Thresholds (2024)

Unemployment Rate	Median Earnings for Workers	Health Insurance Coverage	Labor Force Participation Rate	% of Households that Spend >35% Income on Rent
8.5 %	\$37,757.3	91.5%	54.6%	52.2%

Among these subregions, the area surrounding UC Santa Cruz (ZIP code 95064) experiences the highest level of economic distress, with an unemployment rate of 15.4 percent and median earnings of \$4,968. The large student population likely influences this in the area.

²⁵ California Association of Realtors, Housing Affordability Index, 2020-2025.

Other subregions also demonstrate signs of economic distress. The 95006 ZIP code has an unemployment rate of 10.0 percent and a median household income of \$58,529. Meanwhile, the 95076 and 95019 ZIP codes show lower unemployment rates, at 7.0 percent and 2.6 percent, respectively, but significantly lower median earnings, at \$37,255 and \$26,745.

Figure 17 depicts a map of Santa Cruz County, with economically distressed zip codes highlighted in red and yellow.

Figure 17. Economic Distress in Santa Cruz County (2024)²⁶

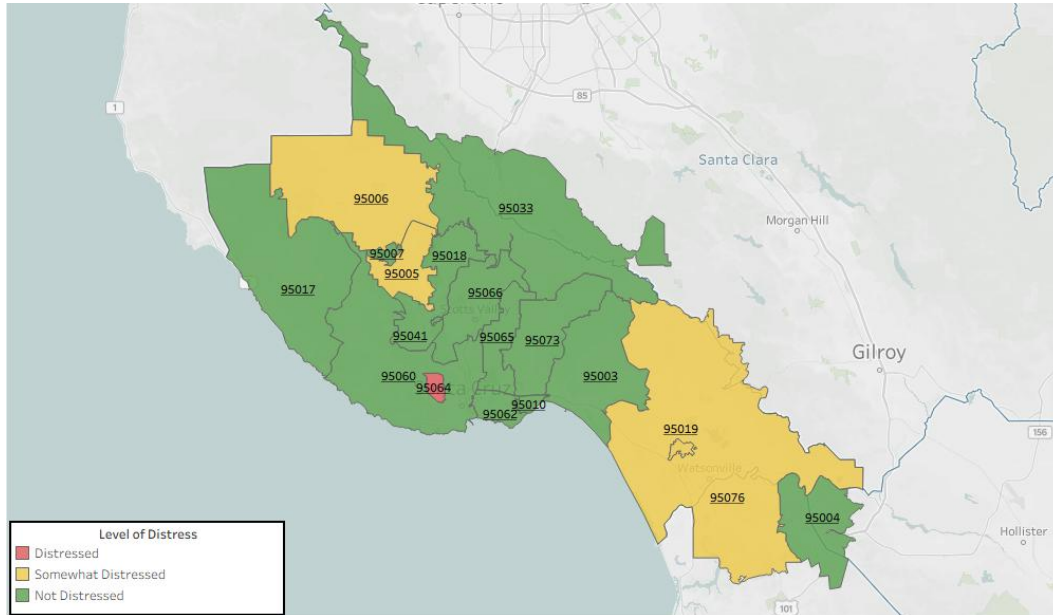


Table 8 summarizes the underlying economic distress data by zip code.

²⁶ U.S. Census Bureau, American Community Survey 5-Year Estimates, 2024.

Table 8. Economic Distress Data by Zip Code

Zip Code	Unemployment Rate	Median Earnings for Workers	Health Insurance Coverage	Labor Force Participation Rate	% of Households that Spend >35% Income on Rent
95003	6.10%	\$64,790	97.20%	62.4%	36.20%
95004	2.00%	\$47,732	96.10%	62.2%	3.90%
95005	11.90%	\$72,066	94.90%	64.3%	46.10%
95006	10.00%	\$58,529	96.50%	59.7%	65.10%
95007	7.00%	\$48,810	100.00%	84.0%	26.80%
95010	1.70%	\$62,886	95.50%	61.9%	33.90%
95017	4.30%	\$47,688	92.20%	65.0%	27.40%
95018	4.90%	\$75,246	99.00%	67.3%	33.00%
95019	2.60%	\$26,745	91.40%	54.8%	35.60%
95033	4.50%	\$92,034	97.30%	67.3%	28.60%
95041	0.00%	\$73,023	100.00%	78.8%	0.00%
95060	6.50%	\$46,618	95.90%	65.2%	52.20%
95062	4.20%	\$57,723	96.00%	68.0%	37.10%
95064	15.40%	\$4,968	98.10%	45.1%	72.40%
95065	5.90%	\$58,168	92.40%	60.9%	43.40%
95066	2.70%	\$76,989	97.40%	66.2%	36.80%
95073	5.30%	58,387	97.00%	60.3%	38.70%
95076	7.00%	37,255	91.40%	60.9%	47.90%



Deep Dive: Automation Impacts

The Job Automation Index (JAI) assesses the extent to which occupations are exposed to automation, AI, and related technologies. Occupations are categorized into three levels: Least Automated, Somewhat Automated, and Most Automated.

The JAI was created using a combination of knowledge, skills, and abilities (KSAs) data from O*NET and automation probability scores derived from an OECD survey of AI and robotics experts. For each occupation, the most critical KSAs are identified as those within the top 10 percent on the O*NET importance scale. These KSAs are then matched with corresponding automation scores from the OECD dataset to calculate a weighted average job automation score for each occupation. Based on these scores, occupations are assigned to JAI levels. Pew Research employment estimates inform the thresholds for each level.

For Santa Cruz County, the JAI is applied by analyzing key industry clusters and identifying the occupations within each cluster to determine their respective automation levels. Employment data are used to evaluate the distribution of JAI levels across high-, middle-, and low-earning industry clusters. This analysis is further extended to industry clusters experiencing growth within the county.

Automation Impact Trends

While nationwide analyses often identify high levels of automation vulnerability, regional context shapes the pace of adoption. In Santa Cruz County, the high concentration of employment in the public sector, education, healthcare, and agriculture has helped to moderate near-term automation impacts, as many occupations within these industries rely on unique human traits, such as compassion, emotional intelligence, and manual dexterity.

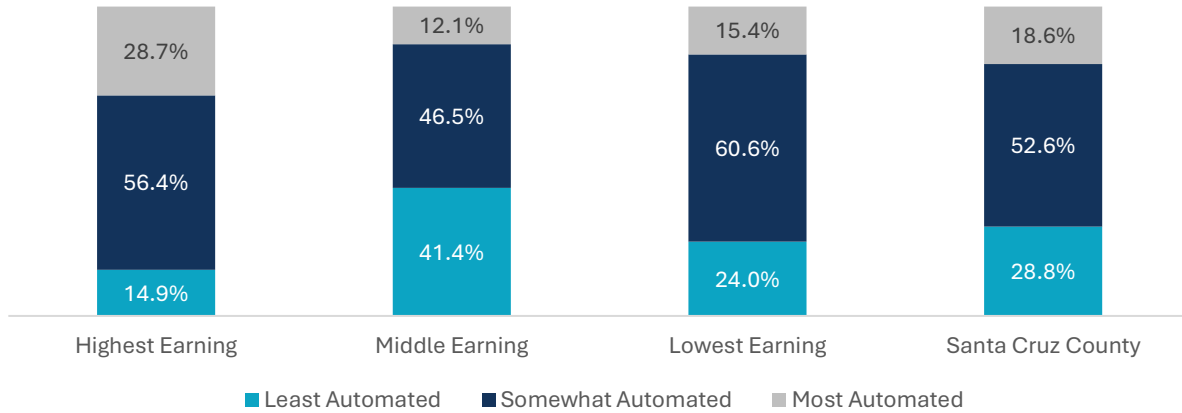
Within Santa Cruz County, the high-, middle-, and lowest-earning industry clusters have varying JAI distributions within their occupations. The highest-earning industry cluster has the highest level of Most Automated occupations at 28.7 percent. The highest-earning industry cluster also has the fewest Least Automated occupations, with only 14.9 percent. This highlights that the highest-earning industries are more likely to be affected by automation. This could be because of the high number of computer- and software-related occupations, which are typically more susceptible to automation. Some of the most highly employed occupations in this industry cluster, such as **Software Developers**, rank as Most Automated due to their high level of computer interaction. In contrast, occupations such as **Management Analysts** and **Business Operations Specialists** rank as Least Automated.

Middle-earning industry clusters face less churn due to automation and AI because they have the largest share of Least Automated occupations and the fewest Most Automated occupations. The middle-earning industry cluster has 41.4 percent employed in Least Automated occupations and only 12.1 percent employed in the Most Automated occupations. Many of the occupations in this industry cluster involve managerial, administrative, and somewhat technical functions that are not as easily automated because they require interpersonal interaction. In this industry cluster, Most Automated occupations include **Secretaries & Administrative Assistants**, as well as **Farmworkers & Laborers**, which may be less automated due to the assistive or repetitive nature of the work. Some of the highest-employed occupations in this cluster, including **Personal Care Aides**, **Registered Nurses**, and **Home Health Aides**, rank as Least Automated because they require substantial human interaction.

The lowest-earning industry cluster sits between the highest- and middle-earning industry clusters in terms of overall automation level. This industry cluster has 24.0 percent Least Automated occupations and 15.4 percent Most Automated occupations, and it has the largest Somewhat Automated occupation share among all industry clusters, at 60.6 percent. Some of the Most Automated occupations in this cluster include **Stockers & Order Fillers** and **Dishwashers**, where the physical labor and repetitive nature of the work may make these roles more vulnerable. Meanwhile, **Retail Salespersons** and **First-Line Supervisors** rank as Least Automated due to the customer-facing and administrative nature of the work.

Figure 18 demonstrates the job automation index for the highest-, middle-, and lowest-earning industry clusters.

Figure 18. Job Automation Index in Santa Cruz County’s Industry Clusters (2025)²⁷



Among the growing industry clusters in Santa Cruz County, **Information and Communication Technology (ICT)** and **Tourism, Hospitality, & Recreation** have the lowest shares of Least Automated jobs. ICT has only 11.7 percent of jobs classified as Least Automated, likely reflecting the industry’s reliance on computer-based and software tasks. This is further supported by its high proportion of Most Automated jobs at 36.4 percent, the highest among all growing clusters.

Tourism, Hospitality, & Recreation, by contrast, has 21.9 percent Least Automated jobs and the largest share of Somewhat Automated jobs at 65.0 percent. Many roles require direct human interaction, such as customer service and guest experiences, which support a higher share of Somewhat Automated jobs. However, certain industry skills, such as booking systems and reservations, can be automated, reducing the proportion of Least Automated roles.

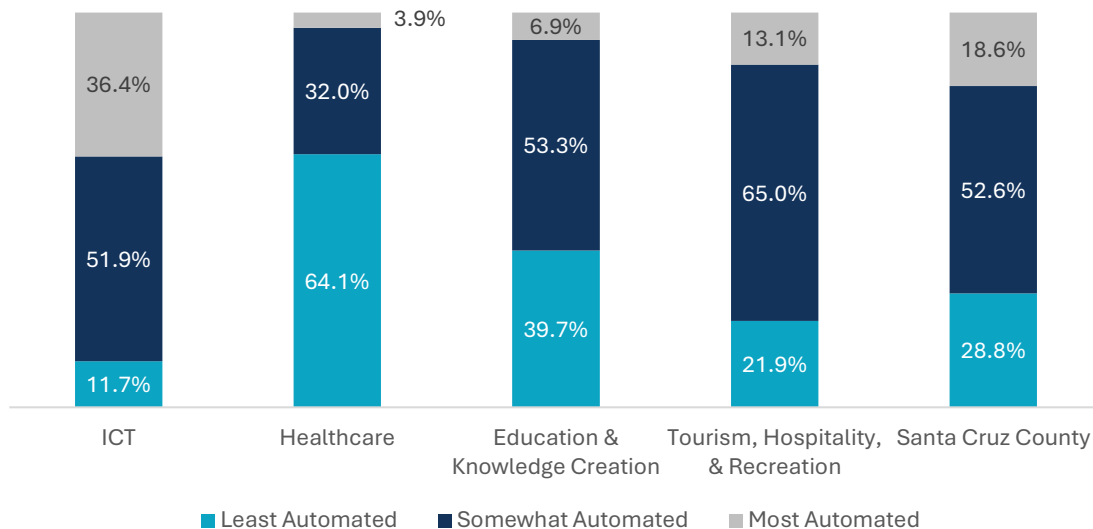
Healthcare and Education & Knowledge Creation stand out among Santa Cruz County’s growing industry clusters for having the highest shares of Least Automated Jobs and the lowest shares of Most Automated jobs. Healthcare has the largest proportion of Least Automated jobs at 64.1 percent, and the lowest proportion in Most Automated at 3.9 percent. This reflects the industry’s reliance on roles that require high levels of human interaction and care, skills that are difficult to automate and contribute to greater job automation.

Education & Knowledge Creation shows a similar pattern, with 39.7 percent of jobs in Least Automated and 6.9 percent in Most Automated. Like Healthcare, many occupations in this cluster depend on direct human engagement, such as teacher-student interaction, making them less susceptible to automation.

²⁷ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

Figure 19 depicts the Healthcare industry cluster as the least automated among growing industry clusters.

Figure 19. Job Automation Index in Santa Cruz County's Growing Industry Clusters (2025)²⁸



Santa Cruz County's JAI closely aligns with both state and national averages, with only minor differences across all three levels. The county has a slightly higher share of Least Automated jobs at 28.8 percent, compared to 28.2 percent in California and 27.2 percent nationwide, indicating a modestly stronger concentration of less automated occupations.

At the same time, Santa Cruz County has a slightly lower proportion of Somewhat Automated jobs (52.6 percent) than both the state (53.6 percent) and the national average (54.6 percent). In contrast, the share of Most Automated jobs in the county is marginally higher at 18.6 percent, compared to 18.2 percent at both the state and national levels.

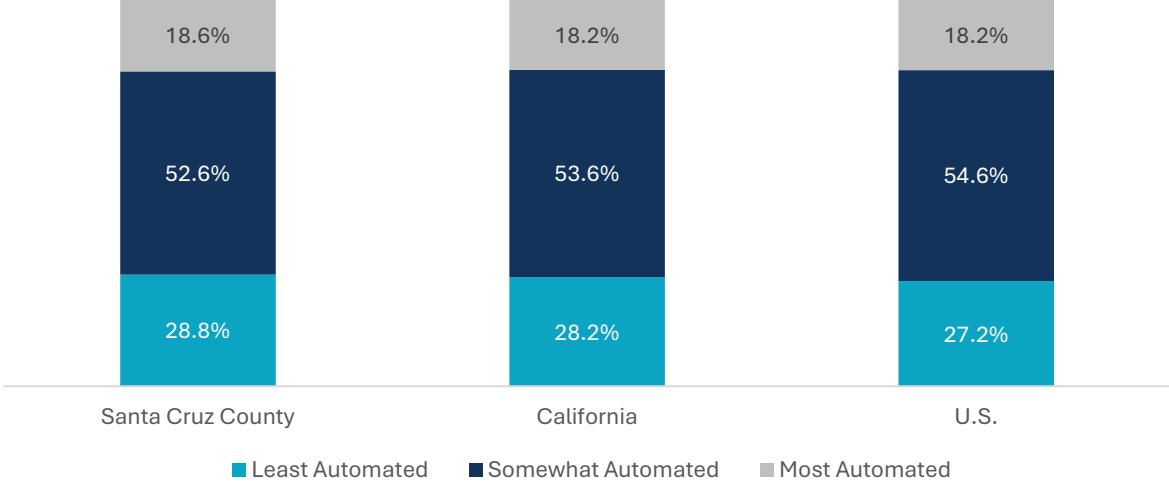
Overall, Santa Cruz County's JAI profile is largely in line with broader state and national trends, suggesting its workforce composition aligns with broader labor market patterns. The pace of automation and AI adoption varies widely across employers and is often less driven by technology itself and more driven by firm-specific management strategies. Thus, automation impacts vary significantly not only between industries but also between organizations.

At the firm level, many employers have reduced investments in on-the-job training while expecting educators to fill the gaps in AI literacy and AI skills. This shift places growing pressure on educators to rapidly expand curricula to combat automation risk, amidst chronic federal underinvestment in adult education programs.

²⁸ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

Figure 20 illustrates that overall job automation distribution in Santa Cruz County, California, and the U.S. is similar.

Figure 20. Job Automation Index in Santa Cruz County, California, and the U.S. (2025)²⁹



Workforce Population Demographics

Examining workforce demographics provides a more nuanced understanding of how automation affects different groups. This section analyzes key population characteristics – including age, gender, race, and geography – to assess how the effects of automation vary across these groups.

Age

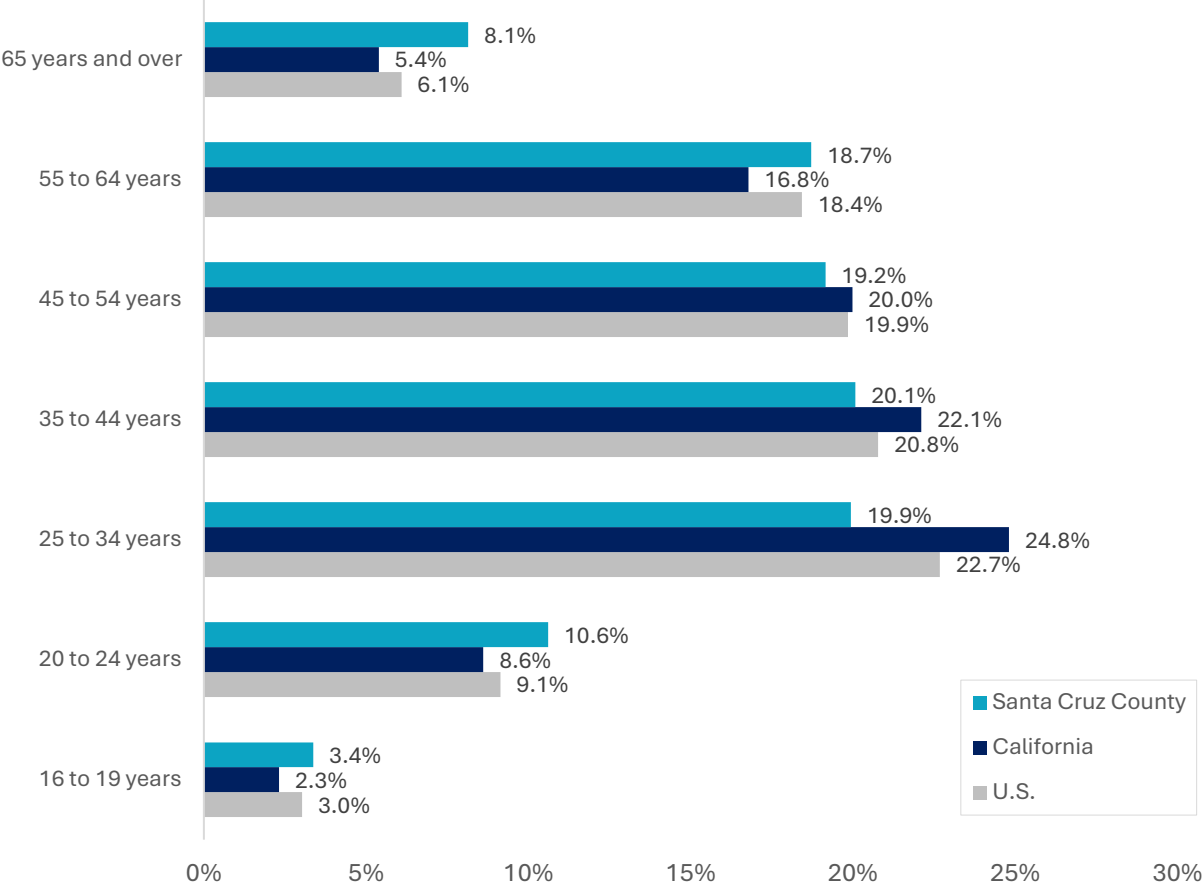
Most Automated jobs are used to analyze age demographics and compare their distribution across Santa Cruz County, the state, and the nation. In Santa Cruz County, higher concentrations of Most Automated jobs are found among the 16-19, 20-24, 55-65, and 65+ age groups, relative to the state and the nation. In contrast, the county has lower shares of Most Automated jobs among individuals aged 25-34, 35-44, and 45-54 than both the state and national averages.

These patterns suggest that the youngest and oldest groups in Santa Cruz County are more susceptible to automation impacts, as their shares of Most Automated jobs exceed state and national shares. Meanwhile, age groups 25-34, 35-44, and 45-54 consistently fall below state and national levels, indicating lower exposure to automation.

²⁹ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

Figure 21 shows that Santa Cruz County has a lower share of workers employed in the most automated occupations in the 25-34, 35-44, and 45-54 age groups, compared to the state.

Figure 21. Most Automated Occupation Distribution by Age Group in Santa Cruz County, California, and the U.S. (2025)³⁰



Race

Race demographics are also analyzed using Most Automated jobs to compare concentrations across Santa Cruz County, California, and the U.S. In Santa Cruz County, most racial groups have lower employment shares in Most Automated jobs than both the state and national averages. The primary exception is the White population, which accounts for 70.5 percent of Most Automated jobs in the county, significantly higher than 49.4 percent in California and 66.7 percent nationwide.

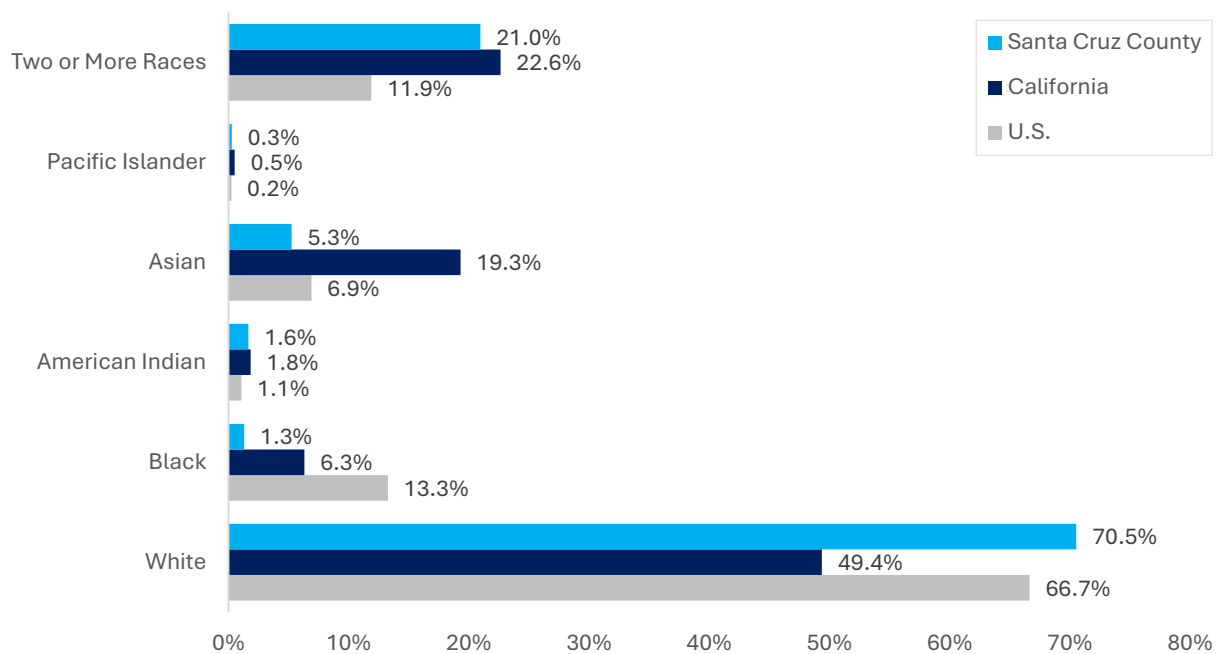
At the state level, California shows higher concentrations of Most Automated employment among American Indians, Asians, Pacific Islanders, and individuals identifying as Two or More Races. Black workers are the only group whose national share (13.3 percent) exceeds both the county and state levels.

³⁰ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

These patterns suggest that most racial groups in Santa Cruz County are less vulnerable to automation than broader benchmarks, as they are underrepresented in Most Automated jobs. However, the White population is more exposed given its higher concentration in these occupations. Additionally, American Indian, Pacific Islander, and individuals of Two or More Races in the county have shares that fall below the state average but remain slightly above national levels, indicating a mixed level of vulnerability.

Figure 22 depicts that the White demographic in Santa Cruz County holds a higher share of Most Automated jobs compared to state and national averages.

Figure 22. Most Automated Occupation Distribution by Race in Santa Cruz County, California, and the U.S. (2025)³¹



Gender

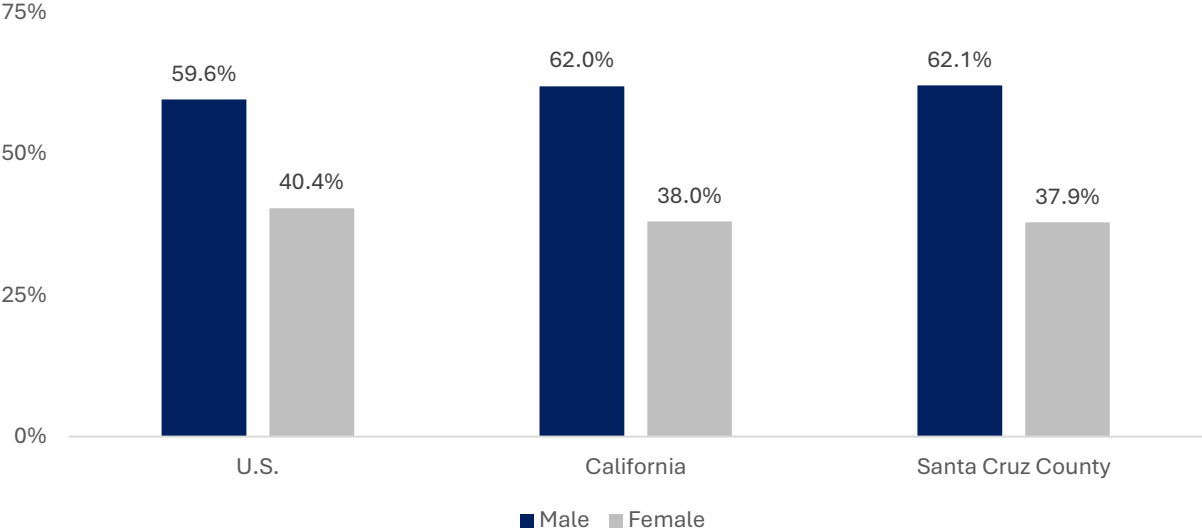
Gender demographics are also assessed by examining the distribution of Most Automated jobs across the county, state, and national levels. Overall, the gender distribution of these jobs is relatively consistent across all three regions. In Santa Cruz County, 37.9 percent of Most Automated jobs are held by female workers, slightly below California (38.0 percent) and the national average (40.4 percent).

Across all regions, male workers are more likely than female workers to be employed in Most Automated occupations, indicating a modest but consistent gender disparity in exposure to occupations likely to be impacted by AI.

³¹ JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

Figure 23 reveals that the gender distribution across the most automated occupations is relatively consistent across the county, state, and nation.

Figure 23. Most Automated Occupation Distribution by Gender in Santa Cruz County, California, and the U.S. (2025)



Geography

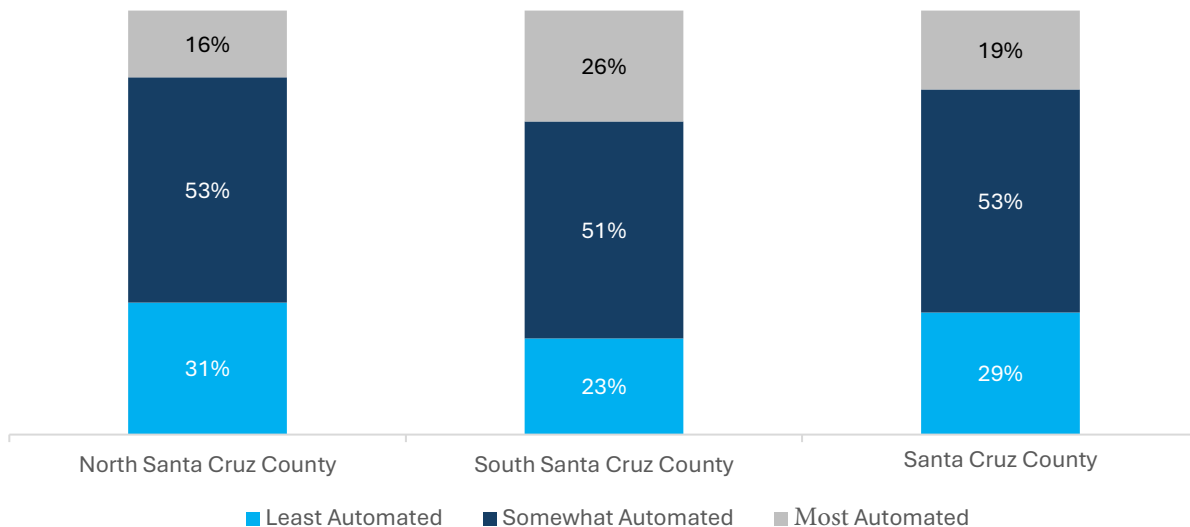
Geographically, there are notable differences in the distribution of automation impacts between North and South Santa Cruz County. North Santa Cruz County has a lower concentration of Most Automated jobs at 16 percent. In contrast, South Santa Cruz County has a significantly higher share at 26 percent, meaning over a quarter of jobs in the southern region are susceptible to automation.

In contrast, North County has higher concentrations of less automated jobs, with 53 percent in Somewhat Automated and 31 percent in Least Automated. South County, meanwhile, has slightly lower shares in these categories: 51 percent in Somewhat Automated and 23 percent in Least Automated. Overall, Santa Cruz County performs better than the southern region, with 29 percent of jobs in Least Automated and 19 percent in Most Automated.

These patterns suggest a geographic divide within the county, where the southern region has a higher concentration of jobs affected by automation. At the same time, jobs less affected by automation are more prevalent in the northern part of the county.

Figure 24 showcases the regional disparities in the job automation index, where North Santa Cruz has a higher share of Least Automated occupations.

Figure 24. Job Automation Index by Geographic Region (2025)³²



Education and Training Programs

Developing and expanding access to education and workforce training programs can strengthen Santa Cruz County’s workforce skills and AI literacy. By providing opportunities to upskill, these programs enable workers to build more advanced and adaptable skill sets in the face of automation-related uncertainty. Expanding access is particularly important for certain demographic groups, such as those of different ages, genders, and races, who may face greater exposure to Most Automated jobs.

Leveraging local institutions, including universities, community colleges, and workforce training programs, can play a key role in this effort. Expanding course offerings, certificate programs, and degree pathways for both traditional students and adult learners would help equip workers with both technical and non-technical skills. In addition, partnerships between educational institutions and local businesses could support the on-the-job training and upskilling opportunities. Santa Cruz County is well-positioned to leverage existing resources, such as UC Santa Cruz and Cabrillo College, to strengthen workforce AI literacy and better prepare workers to face automation-related impacts in their occupations.

³² JobsEQ 2025 Q3. Data Extracted from the United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2025.

Santa Cruz County Office of Education: Career Advancement Charter³³

The Santa Cruz County Office of Education (COE) offers programs such as the Career Advancement Charter (CAC), which provides adult learners with the opportunity to earn a high school diploma while building academic and technical skills applicable to both college and future careers. Designed for individuals aged 18 and older, the program is free of charge and available at multiple locations throughout the county.

CAC takes an individualized approach to education by aligning coursework with each student's prior experience, career goals, and existing high school credits. This flexible structure allows participants to efficiently develop competencies. In addition, the program expands educational pathways through partnerships with Career Technical Education programs and dual-enrollment opportunities with community colleges.

The program also prioritizes accessibility for diverse populations by offering services in settings such as county jails, women-focused correctional programs, and probation centers. By reaching individuals who may face barriers to traditional education, CAC plays an important role in supporting workforce development and promoting more equitable access to opportunities.

Cabrillo College Academy for College Excellence³⁴

Cabrillo College offers the Academy for College Excellence (ACE) through its Digital Management & Career Preparation (DMCP) Department. The ACE program offers credit and noncredit courses and certificates designed for career exploration, job readiness, career advancement, and workforce mobility. ACE also places strong emphasis on social justice and equity, collaborating with other college departments and community partners to ensure its courses are inclusive and responsive to the needs of a diverse student population.

The program offers three primary certificates of completion: Strategic Job Preparation, Professional Workplace Skills, and Foundations of Teamwork. These certificates focus on non-technical skill development, equipping students with essential competencies such as job search strategies, workplace professionalism, and interpersonal communication. By strengthening these foundational skills, the program helps participants become more competitive in the labor market and better positioned to access higher-quality employment opportunities.

³³ <https://santacruzcoe.org/student-services/alternative-education-programs/career-advancement-charter/>

³⁴ <https://www.cabrillo.edu/ace/>

Deep Dive: Apprenticeships

Apprenticeships provide a valuable pathway for building a more skilled and adaptable workforce in Santa Cruz County by combining on-the-job training with classroom instruction. These programs enable current workers to upskill and transition into higher-quality jobs, while also helping new workers gain the practical skills needed to enter the workforce successfully.

Developing a strong apprenticeship pipeline is critical to prepare workers for high-quality jobs where skills needs are shifting due to automation, market shifts, and regulatory changes, by emphasizing adaptable, transferable skills. These skills enable workers to adapt as the workforce landscape evolves, helping them remain competitive even amid significant technological change. This can enhance individual career mobility while strengthening the county's overall economic performance and workforce profile.

Sustaining employer engagement, however, will be critical for scaling paid, equitable workforce pathways. Program expansion is constrained by employer reliance on unpaid interns, the complexity of aligning apprenticeship wage structures with union requirements, and limited capacity to employ multiple apprenticeships given business size. Thus, subsidized employment models, including public funding to offset wages and support local placements, may help support expanding access to internships within Santa Cruz County.

Apprenticeship Pipeline Overview

The county currently offers five regional apprenticeship providers: Cabrillo College, UC Santa Cruz, Santa Cruz COE, Joby Aviation, and MTS Training Academy.

Cabrillo College³⁵

Cabrillo College offers three apprenticeship pathways: Education (EDU), Community Health Worker (CHW), and Computer and Information Systems (CIS). These pathways align with relatively high-quality, more automation-resistant occupations. For example, EDU and CHW roles emphasize interpersonal engagement, making them less susceptible to automation, while CIS prepares workers for higher-skilled technology careers.

The EDU apprenticeship pathway enables students to work as teaching assistant apprentices, gaining hands-on classroom experience while building foundational education skills. Apprentices earn transferable college credit along with an EDU apprenticeship certification from the U.S. Department of Labor (DOL) and the California Division of Apprenticeship Standards (DAS).

³⁵ <https://www.cabrillo.edu/career-services/apprenticeships/>



The CHW pathway prepares individuals to support community members in accessing health and social services, thereby contributing to improved public health outcomes. Participants earn a CHW Certificate of Achievement from Cabrillo College, as well as an apprenticeship certification from the DOL and DAS.

The CIS pathway offers training for roles such as IT Support Specialist and cybersecurity positions. Upon completion, participants earn 16 units toward a CIS Certificate of Achievement, as well as CIS apprenticeship certification from the DOL and DAS.

The first cohort to complete the three apprenticeship pathways graduated in 2025. A total of 27 apprentices were enrolled, of whom 11 successfully earned their certificates in June 2025. Among these graduates, 2 completed the CIS pathway, while the remaining 9 completed the CHW apprenticeship.³⁶

UC Santa Cruz³⁷

UC Santa Cruz offers a farmer-training apprenticeship pathway through its Center for Agroecology. This program provides hands-on learning opportunities alongside coursework focused on agroecological principles. Participants develop practical skills in gardening and small-scale farming through a combination of fieldwork, classroom instruction, and farm-based living experiences. The program equips apprentices with the knowledge and experience needed for careers in sustainable agriculture.

Santa Cruz COE³⁸

The Santa Cruz County Office of Education (COE) offers an apprenticeship through its Career and Adult Learning Services (CALs) Dental Assisting Program. This program combines classroom

³⁶ <https://lookout.co/cabrillo-college-celebrates-one-of-its-largest-graduating-classes-and-first-grads-of-its-new-apprenticeship-program/story>

³⁷ <https://agroecology.ucsc.edu/education/community/farmer-training/>

³⁸ <https://dental.santacruzcoe.org/apprenticeship-pathway>



instruction in theoretical and technical skills with paid, on-the-job training in dental offices. Apprentices work approximately 32 hours per week for a period of 8-10 months under the supervision of licensed professionals while receiving formal instruction at no cost. The first cohort began training in August 2024, with 8 apprentices.³⁹

Joby Aviation⁴⁰

Joby Aviation, in collaboration with DART, a regional nonprofit organization focused on workforce and economic development in aviation and robotics, offers an Aircraft Maintenance apprenticeship. This is a paid program lasting between one and three years, during which participants receive hands-on training in aircraft maintenance. Upon completion, apprentices earn a Federal Aviation Administration (FAA) Mechanic Certification with an Airframe and Powerplant (A&P) rating and typically transition into full-time positions with Joby Aviation.

Joby Aviation also offers structured on-the-job training that complements formal apprenticeships, emphasizing non-technical skill development and hands-on training to support progression along pathways.

MTS Training Academy⁴¹

The MTS Training Academy offers an apprenticeship pathway for professional school bus drivers, alongside a range of other training programs in commercial and school bus driving. The apprenticeship combined approximately 2,150 hours of on-the-job training with 320 hours of classroom instruction.

Opportunities for Apprenticeship Pipelines

The region has significant opportunities to expand its apprenticeship pipeline, as there are currently only five major apprenticeship providers and a limited number of industry clusters represented in

³⁹ <https://santacruzcoe.org/dental-assisting-apprenticeship-program-debuts-earn-and-learn-model/>

⁴⁰ <https://mbdart.org/opportunity/aircraft-maintenance-apprentice/>

⁴¹ <https://mtsta.com/programs>

these programs. In contrast, nearby regions like San Jose offer a broader range of apprenticeship opportunities across more industries.

Expanding apprenticeship programs within Santa Cruz County is critical for strengthening workforce and economic outcomes. Industry clusters such as **Healthcare** and **Education & Knowledge Creation** are particularly strong candidates for expansion, as they are both growing and have the highest shares of Least Automated jobs. Increasing apprenticeship opportunities in these fields would provide more residents with access to high-quality, stable career pathways while supporting the continued growth of key sectors in the local economy.

There are already signs of apprenticeship expansion within Santa Cruz County. Cabrillo College, which currently offers three apprenticeship pathways, is actively expanding its programs. According to Cabrillo's Career Development Director, Desha Staley-Raati, there is strong demand from both job seekers and employers, underscoring the important role of apprenticeships in bridging the gap between workforce and employer needs. In response, Cabrillo College is pursuing the development of an apprenticeship program in nursing, supported by the California Apprenticeship Initiative.⁴² This proposed program aligns with the Healthcare industry cluster, which is characterized by a lower level of automation-impacted jobs.

The Santa Cruz COE has also expanded its apprenticeship efforts, particularly through its Dental Assisting program. Originally offered as an unpaid internship, the program has since evolved into a paid apprenticeship, with participants now earning approximately \$19 per hour while completing their training. In addition, the COE is exploring expanding existing programs into full apprenticeship pathways. These pathways may include a Building Trades program, Medical Assisting, a Wildland Fire program, and possibly a Certified Nursing Assistant (CNA) program beginning in fall 2026.

While Santa Cruz County and its institutions have made meaningful progress in expanding apprenticeship programs, there are opportunities for further development. One of the most pressing challenges is securing sufficient funding and resources to sustain and grow apprenticeship pathways. Multiple interview sources emphasized that additional financial support is critical, particularly amidst current federal funding constraints. For example, a Building Trades program offered through WASC Adult Education was active in 2025 but had to be paused after its grant funding expired. Similarly, there are ongoing challenges in maintaining programs such as Building Trades and Wildland Fire training, where providers aim to keep programs free for students but face difficulty doing so without stable funding.

Another key barrier is the need for stronger coordination and partnerships among educational institutions, the County, and local employers. Several interviewees highlighted the importance of collaboration in successfully developing and sustaining apprenticeship programs. For instance, Cabrillo College has expressed interest in expanding partnerships with both employers and the Santa Cruz COE to launch new apprenticeship pathways. Meanwhile, COE representatives noted

⁴² <https://lookout.co/cabrillo-college-celebrates-one-of-its-largest-graduating-classes-and-first-grads-of-its-new-apprenticeship-program/story>

initial difficulties in securing employer partners when establishing its medical assisting program. From the employer's perspective, one employer identified challenges in finding candidates with relevant technical experience in the aviation sector. They referenced successful collaborations with local colleges in other industries as evidence of their interest in establishing similarly effective partnerships.

A final opportunity is to improve diversity within apprenticeship programs and address the barriers that limit access for minority populations. One employer noted limited diversity within their own programs, emphasizing the need for continued County support and funding better to connect underrepresented groups with job and apprenticeship opportunities. Interview insights also point to broader structural barriers affecting immigrants and minority populations in the county. Language barriers and the high cost of living, both of which disproportionately impact these groups, can make it more difficult to access training programs and secure employment. These constraints can also limit opportunities to build professional networks and connections, which are often critical for entering apprenticeship pathways.

For example, individuals experiencing homelessness often face additional barriers to participation, and often require flexible scheduling and expanded support services, including access to technology and supplemental non-technical skills training. Nonprofit representatives emphasized the importance of individualized support service models incorporating one-on-one career advising and navigation support, core job readiness skills, and individualized placement support are highly valuable in strengthening long-term economic mobility.

Apprenticeship Model: Cal State University Monterey Bay (CSUMB)⁴³

CSUMB provides a strong example of effective collaboration between academia and industry in developing regional apprenticeship pathways. In 2023, the James Irvine Foundation awarded \$1.95 million to DART and CSUMB to expand apprenticeship opportunities in the aerospace sector. This funding aims to improve job quality and create greater economic mobility within the regional workforce. This builds on an earlier \$1.5 million award in 2022 for DART and CSUMB, which supported the launch of the DART-Joby manufacturing apprenticeship pilot program, a workforce training center feasibility study, and the expansion of Joby Aviation's manufacturing presence at Marina Airport. These grants highlight the role academics can play in fostering new technologies and supporting economic opportunities.

⁴³ <https://csumb.edu/news/news-listing/2023/q4/dart-and-csumb-awarded-19-million-james-irvine-grant-for-workforce-development/>

Apprenticeship Model: LAUNCH Apprenticeship Network⁴⁴

The LAUNCH Apprenticeship Network, established in 2018 by the Inland Empire Desert Region College Consortium, brings together community colleges, K-12 school districts, and workforce development boards to expand apprenticeship programs. Acting as an intermediary, LAUNCH connects and manages apprenticeship programs for both businesses and educational institutions. The network helps businesses adopt apprenticeship models by providing resources and technical assistance on both traditional and innovative program designs. It also helps colleges launch apprenticeship programs more efficiently by providing standardized frameworks for curriculum, program structure, and implementation.

LAUNCH has developed more than 20 skills-based training programs across a range of sectors, including manufacturing, IT and cybersecurity, automotive, education, and healthcare. In 2023, it further expanded its reach through a partnership with the Los Angeles Regional Consortium, which represented 19 community colleges and focused on advancing career technical education and supporting the implementation of related apprenticeship programs.

Apprenticeship Model: Tri-County Apprenticeship Preparation⁴⁵

The Tri-County Apprenticeship Preparation Program, spanning Monterey, Santa Cruz, and San Benito counties, provides targeted training pathways into construction-related trades. By bringing together the Workforce Development Boards from all three counties, the program leverages shared resources and funding from the California Workforce Development Board and the Monterey-Santa Cruz Building Trades Council Training & Education Fund.

This collaboration creates synergy across the region, enabling the counties to secure greater funding and expand training opportunities for residents. Participants gain access to certifications, including OSHA 30, aerial lift, platform lift, and safety credentials, all of which are essential for entering the trades.

The program prioritizes equitable access by focusing on underserved populations, including women, racial and ethnic minorities, veterans, and formerly incarcerated individuals. The program also supports young workers ages 18-25 due to the challenging job market they currently face.

⁴⁴ <https://foundationccc.org/launch-apprenticeship-network-partners-with-los-angeles-community-colleges-to-expand-apprenticeship-and-increase-career-opportunities-for-californians/>

⁴⁵ <https://www.apprenticeprep.org/>



Photo Credit: Raíces y Cariño

Apprenticeship Model: Raíces y Cariño⁴⁶

Raíces y Cariño operates a community-based hub that integrates workforce development with culturally responsive health and social services in South Santa Cruz County. Rather than referring residents across jurisdictions, the organization provides localized access to support while recruiting and upskilling trusted community members—including incumbent staff—through Community Health Worker apprenticeship training at Cabrillo College. By formalizing community-rooted roles such as CHWs and doulas into paid career pathways, Raíces y Cariño expands workforce participation among highly underserved populations. The model illustrates how culturally competent training, place based service delivery, and flexible workforce pathways can improve access, retention, and job quality.

⁴⁶ <https://www.apprenticeprep.org/>

Appendix A: Research Methodology

Data for the 2026 Santa Cruz County 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 (2025). Housing affordability and market trends were examined using data from the California Association of Realtors, including the First-Time Buyer Housing Affordability Index (2020–2025) and Historical Housing Data (2020–2025). 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 Santa Cruz 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.”

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: Apprenticeship Inventory

