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Daniel Weintraub: As baby boom recedes, a wave of economic opportunity builds

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Anyone looking for a job in California this spring has to be a little depressed. The collapse of the housing industry has wiped out tens of thousands of jobs in construction and the finance industry. Manufacturing is slumping. Retail is not doing much better. If not for schools, health care, government and information technology, the state's employers wouldn't be adding any jobs at all.

At times like this it can be tempting to conclude that California's economy is falling apart, that all the good jobs are gone and our young people will be forced to fight over a few low-paying positions in the service sector.

But as bleak as things look today, and they may well get worse in the months ahead, the long term is likely to be very different. Within a few years, in fact, the big story in California might be a shortage of skilled workers, not a shortage of jobs for them to fill.

For that we can thank the baby boomers, and the calendar. The boomers are getting older. The first of them are already past age 60. Soon the entire wave of them will approach retirement. And when they leave the work force, their departure will open up millions of stable, well-paying jobs in every sector of the economy.

"This ought to be a tight labor market as the baby boomers retire," said economist Stephen Levy. "This is not like when the baby boomers came into the work force and there were so many college-educated people that some were driving taxis, the labor market couldn't absorb them. This is the reverse."

If current retirement rates continue, over the next 10 years 2.7 million California workers will retire, Levy estimates. Because people are tending to work longer, however, that number is likely to be closer to 2.4 million. But in the following 10 years, another 3.3 million older workers will leave their jobs.

To put those numbers in perspective – 250,000 to 300,000 job openings a year from retirements would just about equal the number of new jobs created annually in California between 1996 and 2006.

The evidence of this demographic transition is already around us. PG&E says half its linemen and linewomen will be eligible to retire in the next five years. At the Los Angeles Department of Water and Power, one-third of the 8,300-person work force could be out the door by 2012. The state is training 6,000 nurses a year and still faces a shortage.

The International Association of Machinists and Aerospace Workers was in Long Beach a few weeks ago as part of a nationwide tour alerting people to a growing shortage of workers in that field.

Union president Tom Buffenbarger is urging state and local governments to invest more in career training so that companies will be able to find the workers they need to stay in business.

"I hear from employers every day that are looking for qualified machinists, engineers and technicians with the skills to handle today's high-end manufacturing technologies," Buffenbarger said in a report on the union's initiative. "There simply are not enough schools preparing people for the opportunities that are out there."

Indeed, the challenge is going to be to ensure that Californians who are coming of age, many of whom are immigrants or the children of immigrants, have the knowledge and skills they need to fill those jobs or step in behind others who move up into the top positions.

Many of the jobs that are coming open through attrition will require a four-year college education. But most will not. Community college or trade school will be enough training in many cases to equip people to fill the jobs that will be left behind as the retirement wave crests. And many of the people who are going to move into those jobs are already in the work force. They will just need more skills and training.

In Los Angeles, a network of more than 100 religious, labor and community groups has joined with community colleges and employers to recruit and train low-wage immigrant workers for better-paying jobs in health care and the energy industry where there are shortages. The program, known as One LA, is offering free instruction in English and math to people who want to upgrade their skills so they can take more advanced classes, such as those required to be a certified nursing assistant.

The state will need more programs like that one, and it will need to ensure that California high schools are preparing the next generation to step in when their elders step out.

The current downturn will pass. Most economists expect it to be fairly short. And with our population still growing at 500,000 people a year, even houses will be in short supply again soon, believe it or not.

When that happens, we are going to need people to design, engineer, build and equip all the houses in which those residents are going to live. Over the long term, that labor shortage could be a much more significant problem than the cyclical slowdown in the job market today, and a huge opportunity for Californians to move up the economic ladder.

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