

Program Endorsement Brief: 0506.40/Small Business and Entrepreneurship Entrepreneurship

Los Angeles/Orange County Center of Excellence, July 2020

Summary Analysis

Program Endorsement:	Endorsed: All Criteria Met	<input type="checkbox"/>	Endorsed: Some Criteria Met	<input checked="" type="checkbox"/>	Not Endorsed	<input type="checkbox"/>
Program Endorsement Criteria						
Supply Gap:	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>		
Meets Living Wage: (Entry-Level, 25th)	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>		
Educational Attainment:	HS Diploma or Less	<input checked="" type="checkbox"/>	Some College/ Cert./AA	<input type="checkbox"/>	Bachelor's Degree	<input checked="" type="checkbox"/>
					Graduate Degree	<input type="checkbox"/>
Emerging Occupation(s)						
Yes <input type="checkbox"/>			No <input checked="" type="checkbox"/>			

The Los Angeles/Orange County Center of Excellence for Labor Market Research (COE) prepared this report to provide Los Angeles/Orange County regional labor market supply and demand data related to four middle-skill occupations: *Administrative Services Managers (11-3011)*, *Business Operations Specialists, All Other (13-1199)*, *First-Line Supervisors of Retail Sales Workers (41-1011)*, and *First-Line Supervisors of Non-Retail Sales Workers (41-1012)*. Middle-skill occupations typically require some postsecondary education, but less than a bachelor's degree.¹ This report is intended to help determine whether there is demand in the local labor market that is not being met by the supply from community college programs that align with the relevant occupations.

Self-employed data is used in this report as a proxy for demand for individuals who may utilize entrepreneurial skills. Job posting information is not available for the self-employed entrepreneurship occupations as employer information does not provide insight into the requirements of self-employed individuals. The occupations included in this report were selected due to their relationship to entrepreneurial business skills as well as their historical alignment with the small business and entrepreneurship program.

It is worth noting that wages for self-employed individuals for the selected occupations are lower than workers employed in a traditional employer-employee dynamic, and one of these occupations has and median-level wage below the living wage in Los Angeles/Orange County.

¹ The COE classifies middle-skill jobs as the following:

- All occupations that require an educational requirement of some college, associate degree or apprenticeship;
- All occupations that require a bachelor's degree, but also have more than one-third of their existing labor force with an educational attainment of some college or associate degree; or
- All occupations that require a high school diploma or equivalent or no formal education, but also require short- to long-term on-the-job training where multiple community colleges have existing programs.

Despite this, there appears to be a supply gap for self-employed entrepreneurship occupations in the region. **Therefore, the COE endorses this proposed program.** Reasons include:

Demand:

- Over the next five years, there are projected to be **2,702 self-employed entrepreneurship jobs available annually** in the region due to replacements and workers leaving the field, **which is more than the 227 awards** conferred annually by educational institutions in the region.
- The national-level educational attainment data indicates between **24.4% and 38.8% of workers in the field have completed some college or an associate degree.**
- Wages for these self-employed occupations vary between Los Angeles and Orange Counties.
 - In **Los Angeles County, regional median-level wages for three of the four occupations are higher than the living wage** (\$15.04).
 - In Orange County, typical **regional median-level wages for three of the four occupations are higher than the living wage** (\$17.36).²
 - **Experienced self-employed entrepreneurship occupations** can expect to earn between \$27.37 and \$84.74, which is higher than the living wage estimate for both counties.

Supply:

- There are **19 community colleges** in the region that issued awards related to Small Business and Entrepreneurship programs, conferring an average of **151 awards annually** between 2016 and 2019.
- Between 2014 and 2017, there were an average of **76 awards conferred annually** in related training programs by non-community college institutions throughout the region.

Occupational Demand

Exhibit 1 shows the five-year occupational demand projections for self-employed and all employed workers in the entrepreneurship occupational group (employed and self-employed). In Los Angeles/Orange County, the number of entrepreneurship jobs is projected to increase by 1% through 2024. While the entrepreneurship occupations in total are projected to increase, the number of new self-employed entrepreneurship workers is projected to decrease by 5% through 2024. Despite this, there will be approximately 2,702 total job openings per year through 2024 due to replacements and workers leaving the field. About 16% of the 16,383 total job openings for this occupational group are for self-employed individuals.

This report includes employment projection data by Emsi which uses EDD information. Emsi's projections are modeled on recorded (historical) employment figures and incorporate several underlying assumptions, including the assumption that the economy, during the projection period, will

² Living wage data was pulled from California Family Needs Calculator on 7/10/20. For more information, visit the California Family Needs Calculator website: <https://insightcced.org/2018-family-needs-calculator/>.

be at approximately full employment. To the extent that a recession or labor shock, such as the economic effects of COVID-19, can cause long-term structural change, it may impact the projections. At this time, it is not possible to quantify the impact of COVID-19 on projections of industry and occupational employment. Therefore, the projections included in this report do not take the impacts of COVID-19 into account.

Exhibit 1: Occupational demand in Los Angeles and Orange Counties³

Employment Type	Geography	2019 Jobs	2024 Jobs	2019-2024 Change	2019-2024 % Change	Annual Openings
Self-Employed	Los Angeles	19,774	18,779	(995)	(5%)	2,054
All Workers	Los Angeles	116,657	117,109	452	0%	12,013
Self-Employed	Orange	6,215	5,972	(243)	(4%)	647
All Workers	Orange	41,678	42,319	641	2%	4,370
Self-Employed	Combined Region	25,989	24,750	(1,239)	(5%)	2,702
All Workers	Combined Region	158,336	159,429	1,093	1%	16,383

Exhibit 2 displays 2019 job counts for self-employed and all workers in the entrepreneurship occupational group as well as the percentage of self-employed workers. The rate of self-employment for *first-line supervisors of non-retail sales workers* and *first-line supervisors of retail sales workers* is higher than the middle-skill average self-employment rate of 10% in Los Angeles/Orange County. Overall, 16% of jobs in the region for these four occupations are held by self-employed workers.

Exhibit 2: Entrepreneurship Self-Employment Rates in Los Angeles/Orange County

Occupation	Self-Employed 2019 Jobs	Employed and Self-Employed 2019 Jobs	% Self-Employed 2019
First-Line Supervisors of Non-Retail Sales Workers	7,733	17,493	44%
First-Line Supervisors of Retail Sales Workers	17,222	57,415	30%
Business Operations Specialists, All Other	945	67,644	1%
Administrative Services Managers	89	15,784	1%
Total	25,989	158,336	16%

³ Five-year change represents new job additions to the workforce. Annual openings include new jobs and replacement jobs that result from retirements and separations.

Exhibit 3 displays middle-skill occupations with the highest self-employment rates in Los Angeles/Orange County. These occupations have not historically received entrepreneurship-based training, however, they may benefit from it.

Exhibit 3: Entrepreneurship Self-Employment Rates in Los Angeles/Orange County

Occupation	Self-Employed 2019 Jobs	Employed and Self-Employed 2019 Jobs	% Self-Employed 2019
Barbers	2,697	2,971	91%
Gaming Managers	112	130	86%
Real Estate Sales Agents	18,527	23,908	77%
Photographers	7,249	10,355	70%
Choreographers	161	241	67%

Wages—Typical regional median-level hourly wages for these entrepreneurship occupations are between \$18.09 and \$51.51. Median wages are greater than the California Family Needs Calculator's hourly wage (living wage) for one adult in the region (\$15.04 in Los Angeles County and \$17.36 in Orange County). On average, the self-employed entrepreneurship wages are lower than traditionally employed entrepreneurship occupations, earning \$6.87 less per hour.

The typical regional median-level hourly wages for self-employed entrepreneurship occupations are between \$14.56 and \$33.07. Median wages for self-employed entrepreneurship occupations, except for *first-line supervisors of retail sales workers*, are higher than the regional living wage in each county. Experienced self-employed workers can expect to earn between \$27.37 and \$84.74, which is significantly higher than the living wage estimates for both counties. Wage information, by county and employment type, is included in Appendix A.

Educational Attainment—The Bureau of Labor Statistics (BLS) lists a high school diploma as the typical entry-level education for *first-line supervisors of retail sales workers* and *first-line supervisors of non-retail sales workers* and a bachelor's degree as the typical entry-level education for *administrative services managers* and *business operations specialists, all other*. The national-level educational attainment data indicates between 24.4% and 38.8% of workers in the field have completed some college or an associate degree.

Supply

Community College Supply—Exhibit 4 shows the three-year average number of awards conferred by community colleges in the related TOP code: Small Business and Entrepreneurship (0506.40). The colleges with the most completions in the region are Irvine, Mt. San Antonio, and Cerritos. Over the past 12 months, there were three other related program recommendation request from regional community colleges.

Exhibit 4: Regional community college awards (certificates and degrees), 2016-2019

TOP Code	Program	College	2016-2017 Awards	2017-2018 Awards	2018-2019 Awards	3-Year Award Average
0506.40	Small Business and Entrepreneurship	Cerritos	15	21	34	23
		Citrus	-	1	2	1
		Glendale	1	2	-	1
		LA City	8	3	7	6
		LA Pierce	-	-	4	1
		LA Trade	8	7	6	7
		Mt. San Antonio	26	18	32	25
		Pasadena	2	5	3	3
		Rio Hondo	6	15	7	9
		Santa Monica	7	10	9	9
		West LA	3	3	5	4
		LA Subtotal	76	85	109	90
		Coastline	6	10	5	7
		Cypress	5	2	4	4
		Fullerton	1	3	4	3
		Golden West	-	3	2	2
		Irvine	29	18	48	32
		Saddleback	4	10	8	7
		Santa Ana	4	4	7	5
		Santiago Canyon	2	4	-	2
OC Subtotal	51	54	78	61		
Supply Total/Average			127	139	187	151

Non-Community College Supply—There are other institutions in the region that provide training programs related to entrepreneurship. Exhibit 5 shows the annual and three-year average number of awards conferred by these institutions in the related Classification of Instructional Programs (CIP) Code: Entrepreneurship/Entrepreneurial Studies (52.0701). Due to different data collection periods, the most recent three-year period of available data is from 2014 to 2017. Between 2014 and 2017, non-community colleges in the region conferred an average of 76 awards annually in related training programs.

Exhibit 5: Regional non-community college awards, 2014-2017

CIP Code	Program	College	2014-2015 Awards	2015-2016 Awards	2016-2017 Awards	3-Year Award Average
52.0701	Entrepreneurship /Entrepreneurial Studies	Loyola Marymount University	58	73	72	68
		Mount Saint Mary's University	3	0	0	1
		Mt Sierra College	7	6	3	5
		Pitzer College	0	1	0	0
		LA Subtotal	68	80	75	74
		California Intercontinental University	0	1	3	1
		University of Phoenix-California	2	0	0	1
		OC Subtotal	2	1	3	2
Total/Average			70	81	78	76

Appendix A: Occupational demand and wage data by county

Exhibit 6a. Los Angeles County (Self-Employed)

Occupation (SOC)	2019 Jobs	2024 Jobs	5-Yr Change	5-Yr % Change	Annual Openings	Entry-Level Hourly Earnings (25th Percentile)	Median Hourly Earnings	Experienced Hourly Earnings (75th Percentile)
First-Line Supervisors of Retail Sales Workers (41-1011)	13,230	12,455	(775)	(6%)	1,417	\$7.07	\$14.53	\$27.32
First-Line Supervisors of Non-Retail Sales Workers (41-1012)	5,788	5,466	(322)	(6%)	541	\$9.42	\$18.52	\$37.82
Business Operations Specialists, All Other (13-1199)	688	784	96	14%	89	\$14.67	\$33.11	\$84.85
Administrative Services Managers (11-3011)	68	73	5	7%	7	\$9.34	\$19.62	\$44.05
Total	19,774	18,779	(995)	(5%)	2,054			

Exhibit 6b. Los Angeles County (All Employed)

Occupation (SOC)	2019 Jobs	2024 Jobs	5-Yr Change	5-Yr % Change	Annual Openings	Entry-Level Hourly Earnings (25th Percentile)	Median Hourly Earnings	Experienced Hourly Earnings (75th Percentile)
Business Operations Specialists, All Other (13-1199)	49,582	50,763	1,181	2%	5,057	\$25.23	\$34.23	\$47.93
First-Line Supervisors of Retail Sales Workers (41-1011)	42,811	42,102	(709)	(2%)	4,696	\$13.82	\$18.35	\$25.29
First-Line Supervisors of Non-Retail Sales Workers (41-1012)	12,725	12,302	(423)	(3%)	1,204	\$16.56	\$28.43	\$41.87
Administrative Services Managers (11-3011)	11,540	11,943	403	3%	1,056	\$38.29	\$51.88	\$65.79
Total	116,657	117,109	452	0%	12,013			

Exhibit 7a. Orange County (Self-Employed)

Occupation (SOC)	2019 Jobs	2024 Jobs	5-Yr Change	5-Yr % Change	Annual Openings	Entry-Level Hourly Earnings (25th Percentile)	Median Hourly Earnings	Experienced Hourly Earnings (75th Percentile)
First-Line Supervisors of Retail Sales Workers (41-1011)	3,992	3,807	(185)	(5%)	430	\$7.13	\$14.65	\$27.54
First-Line Supervisors of Non-Retail Sales Workers (41-1012)	1,945	1,851	(94)	(5%)	182	\$9.30	\$18.28	\$37.33
Business Operations Specialists, All Other (13-1199)	257	290	33	13%	33	\$14.60	\$32.96	\$84.47
Administrative Services Managers (11-3011)	21	23	2	10%	2	\$9.35	\$19.64	\$44.10
Total	6,215	5,972	(243)	(4%)	647			

Exhibit 7b. Orange County (All Employed)

Occupation (SOC)	2019 Jobs	2024 Jobs	5-Yr Change	5-Yr % Change	Annual Openings	Entry-Level Hourly Earnings (25th Percentile)	Median Hourly Earnings	Experienced Hourly Earnings (75th Percentile)
Business Operations Specialists, All Other (13-1199)	18,062	18,757	695	4%	1,908	\$24.57	\$33.34	\$46.68
First-Line Supervisors of Retail Sales Workers (41-1011)	14,604	14,451	(153)	(1%)	1,607	\$13.18	\$17.36	\$23.85
First-Line Supervisors of Non-Retail Sales Workers (41-1012)	4,768	4,677	(91)	(2%)	456	\$17.55	\$29.88	\$43.31
Administrative Services Managers (11-3011)	4,244	4,434	190	4%	398	\$37.32	\$50.55	\$64.11
Total	41,678	42,319	641	2%	4,370			

Exhibit 8a. Los Angeles and Orange Counties (Self-Employed)

Occupation (SOC)	2019 Jobs	2024 Jobs	5-Yr Change	5-Yr % Change	Annual Openings	Entry-Level Hourly Earnings (25th Percentile)	Median Hourly Earnings	Experienced Hourly Earnings (75th Percentile)
First-Line Supervisors of Retail Sales Workers (41-1011)	17,222	16,262	(960)	(6%)	1,847	\$7.08	\$14.56	\$27.37
First-Line Supervisors of Non-Retail Sales Workers (41-1012)	7,733	7,317	(416)	(5%)	724	\$9.39	\$18.46	\$37.69
Business Operations Specialists, All Other (13-1199)	945	1,074	129	14%	122	\$14.65	\$33.07	\$84.74
Administrative Services Managers (11-3011)	89	97	8	9%	9	\$9.34	\$19.62	\$44.06
Total	25,989	24,750	(1,239)	(5%)	2,702			

Exhibit 8b. Los Angeles and Orange Counties (All Employed)

Occupation (SOC)	2019 Jobs	2024 Jobs	5-Yr Change	5-Yr % Change	Annual Openings	Entry-Level Hourly Earnings (25 th Percentile)	Median Hourly Earnings	Experienced Hourly Earnings (75 th Percentile)
Business Operations Specialists, All Other (13-1199)	67,644	69,520	1,876	3%	6,965	\$25.04	\$33.99	\$47.59
First-Line Supervisors of Retail Sales Workers (41-1011)	57,415	56,553	(862)	(2%)	6,303	\$13.66	\$18.09	\$24.95
First-Line Supervisors of Non-Retail Sales Workers (41-1012)	17,493	16,979	(514)	(3%)	1,660	\$16.82	\$28.79	\$42.28
Administrative Services Managers (11-3011)	15,784	16,377	593	4%	1,454	\$38.02	\$51.51	\$65.35
Total	158,336	159,429	1,093	1%	16,383			

Appendix B: Sources

- O*NET Online
- Labor Insight/Jobs (Burning Glass)
- Economic Modeling Specialists, International (Emsi)
- Bureau of Labor Statistics (BLS)
- Employment Development Department, Labor Market Information Division, OES
- Employment Development Department, Unemployment Insurance Dataset
- Living Insight Center for Community Economic Development
- California Community Colleges Chancellor’s Office Management Information Systems (MIS)
- California Family Needs Calculator, Insight Center for Community Economic Development
- Chancellor’s Office Curriculum Inventory (COCI 2.0)

For more information, please contact:

Luke Meyer, Director
 Los Angeles/Orange County Center of Excellence
lmeyer7@mtsac.edu
 July 2020



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