

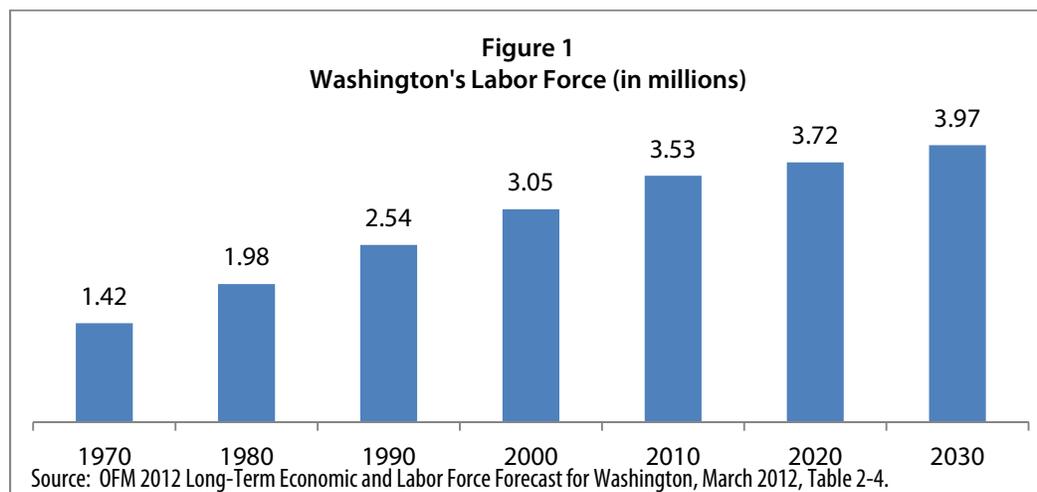
## TOMORROW'S WORKFORCE

### An overview of Washington's workforce for the High Skills, High Wages strategic plan

Compared to Washington's labor force of today, tomorrow's labor force will be older, more racially and ethnically diverse, and will grow at a slower rate.<sup>1</sup> This changing workforce and the changing needs of a knowledge-based economy pose new challenges for Washington's workforce development system. As population growth slows and demand for higher skills increase, Washington needs to ensure all of our workforce, especially historically underutilized populations, receive the education and training necessary to participate successfully in tomorrow's economy.

### Workforce Growth Slows

While Washington's workforce has grown over the years, more than doubling from 1.4 million workers in 1970 to about 3.5 million today, the faster growth rate of the previous century has slowed. The state's workforce is projected to grow by just over 500,000 workers to 3.9 million in 2030, but this incremental growth barely tops one-fourth of 1 percent per year as 2020 approaches. Compared to the 1980s, when Washington's labor force regularly expanded by 2.5 percent each year, our economy in the coming years cannot rely on a rapid injection of workers to fill jobs. Put another way, the rate of growth during the next two decades will be just one-third as fast when compared to the previous 30 years.



<sup>1</sup>In this report, the term *labor force* is used synonymously with the term *workforce* and refers to the civilian labor force, which is composed of individuals age 16 or over who are currently employed (either part-time or full time) or who are actively seeking employment. Individuals who are in nursing homes, prison, or the military are not considered to be either in the civilian labor force or part of the base population from which the labor force is drawn. Other individuals who are not in the civilian labor force are those who are not employed and not seeking employment. Common reasons for not being in the labor force include retirement, ill health or injury, attending school, or doing housework at home.

## The Migration Factor in Population and Labor Force Growth

Washington's labor force growth rate, while slowing, is higher than labor force growth rates expected for the United States as a whole. Some of the growth in Washington's population and labor force results from in-migration from other states and from overseas. According to a U.S. Census Bureau 2010 report based on American Community Survey data, 47 percent of Washington residents were born here (well below the 59 percent average for the nation).<sup>2</sup> Between 2000 and 2010, nearly 55 percent of Washington's population growth came from net in-migration,<sup>3</sup> the amount by which the number of people entering the state exceeded the number who left.<sup>4</sup> This is down from 63 percent for the period from 1990 to 2000.

In the past, in-migration has been dependent on how well Washington's economy is doing relative to the rest of the country and especially neighboring states such as Oregon and California. Net in-migration ranged from 70,000 to 80,000 per year in the early 1990s, dropped below 30,000 per year in 2000, and again in 2003 during the Boeing and dot.com downturn, and rebounded to over 80,000 in 2005. The last several years have witnessed slowed in-migration, with 24,000 in 2009 and 28,000 in 2010. The state's Office of Financial Management's (OFM) long-term projections anticipate net in-migration of 48,100 new residents per year beyond 2025—far higher than the state's natural increase of approximately 30,000 workers during the same period.<sup>5</sup>

New residents move here from other states and other countries. Among existing U.S. residents, nearly half move from California and Oregon. However, nearly the same number of non-U.S. residents move here (55,000) as do from those two states (67,000).<sup>6</sup> Regardless of origin, new residents have relatively high levels of education and contribute directly to our prosperity. Of the new residents over the age of 25 arriving in 2011, 41 percent had a bachelor's degree or professional degree, compared with just 32 percent of Washington's population.<sup>7</sup>

Although they make up less than one percent of Washington's workforce, H-1B visa workers—who are required to have a bachelor's degree or above—are a source of highly

---

<sup>2</sup> American Community Survey Briefs, November 2011. Lifetime Mobility in the United States: 2010. [www.census.gov/prod/2011pubs/acsbr10-07.pdf](http://www.census.gov/prod/2011pubs/acsbr10-07.pdf)

<sup>3</sup> Migration is movement that crosses jurisdictional boundaries, according to the U.S. Census. In-migration is movement into an area, such as the State of Washington, during a given period. Out-migration is movement out of an area during a specific period. Net in-migration occurs when there is more in-migration than out-migration during a specific period. We have hyphenated in-migration and out-migration to conform to usage by OFM.

<sup>4</sup> OFM, 2012 Long-Term Economic and Labor Force Forecast for Washington, Table 1-1.

[http://www.ofm.wa.gov/economy/longterm/2012/data\\_tables\\_2012.pdf](http://www.ofm.wa.gov/economy/longterm/2012/data_tables_2012.pdf)

<sup>5</sup> Natural increase refers to the number of live births versus deaths each year.

<sup>6</sup> U.S. Census Bureau, American Community Survey Public Use Micro Sample Data, 2011.

<sup>7</sup> U.S. Census Bureau's American Community Survey 2011, Table B07009 Geographic Mobility by Selected Characteristics.

skilled employees primarily working in the technology sector. Since 2001, annual averages of nearly 16,500 foreign workers have entered the state. As of 2010, the per capita rate of 26.3 H-1B workers per 10,000 residents is sixth highest in the nation, and well above the overall U.S. rate of 16 workers per 10,000 residents. Further, as of 2010 over 75 percent of the H-1B workers in Washington were employed in computer and math occupations, which contributes to Washington having the second highest median annual income among H-1B workers in the nation at over 90,000 dollars.<sup>8</sup>

Much of Washington's net in-migration is centered on the Seattle and Portland (which includes Vancouver, Washington) metropolitan areas. As of 2011, Seattle and Portland were the 15<sup>th</sup> and 23<sup>rd</sup> largest metropolitan areas in the nation.<sup>9</sup> These rankings are even higher when looking at the destinations among in-migrants with a bachelor's degree or higher, where Seattle and Portland metropolitan areas rank 12<sup>th</sup> and 15<sup>th</sup> in the nation. Accordingly, in both areas, the percentage of in-migrants with a bachelor's degree or higher is greater than for the entirety of the metropolitan area's population. In the Seattle metropolitan area, 48 percent of in-migrants have a bachelor's degree or higher, compared to 37 percent among the entire population. These numbers are slightly lower in the Portland metropolitan area, at 44 percent and 34 percent.<sup>10</sup>

Between 2006 and 2011, over 1.2 million new residents arrived to Washington from another U.S. state, 332,000 new residents arrived from outside of the U.S., and just over 1.2 million left Washington for another state. Overall, between 2006 and 2011 approximately 79 percent of the in-migrants were from other states, and 21 percent were from other countries.<sup>11</sup> In-migration rates were highest for the 18 to 34 age group. Among those moving to the state from within the U.S. or another country, 21 percent were ages 18 to 24, while 26 percent were ages 25 to 34.

## **Population and Labor Force Growth from Natural Sources**

The state's labor force also grows because of natural increase – the number of native Washington residents who enter the workforce each year, minus the residents who retire. Some 40 to 45 percent of labor force growth through 2030 will come from natural increase. However, this source of labor force growth is slowing due to the aging of the baby-boom

---

<sup>8</sup> Workforce Training and Education Coordinating Board, H-1B Workers in Washington: Helping Fill an IT Skills Gap. December 2011. [http://wtb.wa.gov/Documents/H1B\\_2011\\_Report.pdf](http://wtb.wa.gov/Documents/H1B_2011_Report.pdf)

<sup>9</sup> U.S. Census Bureau's American Community Survey 2011, Table B07009 Geographic Mobility by Selected Characteristics.

<sup>10</sup> U.S. Census Bureau's American Community Survey 2011, Table B07009 Geographic Mobility by Selected Characteristics.

<sup>11</sup> U.S. Census Bureau, American Community Survey Geographic Mobility Table S0701, 2006 to 2011. Accessed October 25, 2012 via American Factfinder, <http://factfinder2.census.gov>.

generation and the lower birth rates of subsequent generations.<sup>12</sup> Women in Washington have an average of two children over their lifetimes, which is equal to replacement (i.e., each parent is replaced by a child).<sup>13</sup> Projections indicate that birth rates are likely to decrease as labor force participation rates for women continue to increase, with working women delaying or choosing not to have children.

An aging baby boom population is expected to retire later than prior generations. Because of lower birth rates and delayed retirement among those beyond age 65, the most active labor force participants, aged 25-54, will comprise a smaller proportion of the labor force in 2040 (37.2 percent) than they did in 2000 (45.2 percent).<sup>14</sup>

These factors affect all industrialized nations, most of which have lower birth rates and less immigration than the United States. Western Europe, for example, should see its population increase by only two percent in total (one-tenth of one percent per year) between 2005 and 2030, and see its working age population (ages 15-64) decline by seven percent over that time period. Only three Western European countries are expected to have working age populations as large in 2030 as they are today: France, Ireland, and Norway.<sup>15</sup>

### **Labor Force Participation Rate**

Population growth is slowing, and so is the labor force participation rate—the percentage of the working age population that is either working or looking for work. The labor force projections shown in Figure 2 are based on the expected labor force participation rates of Washington residents and expected in-migrants, based on their ages and past behavior. Washington's labor force participation rate peaked in 1990 at 69.7 percent and was 67.8 percent as of 2010. Labor force participation is projected to decrease by nearly six percentage points through 2030.

---

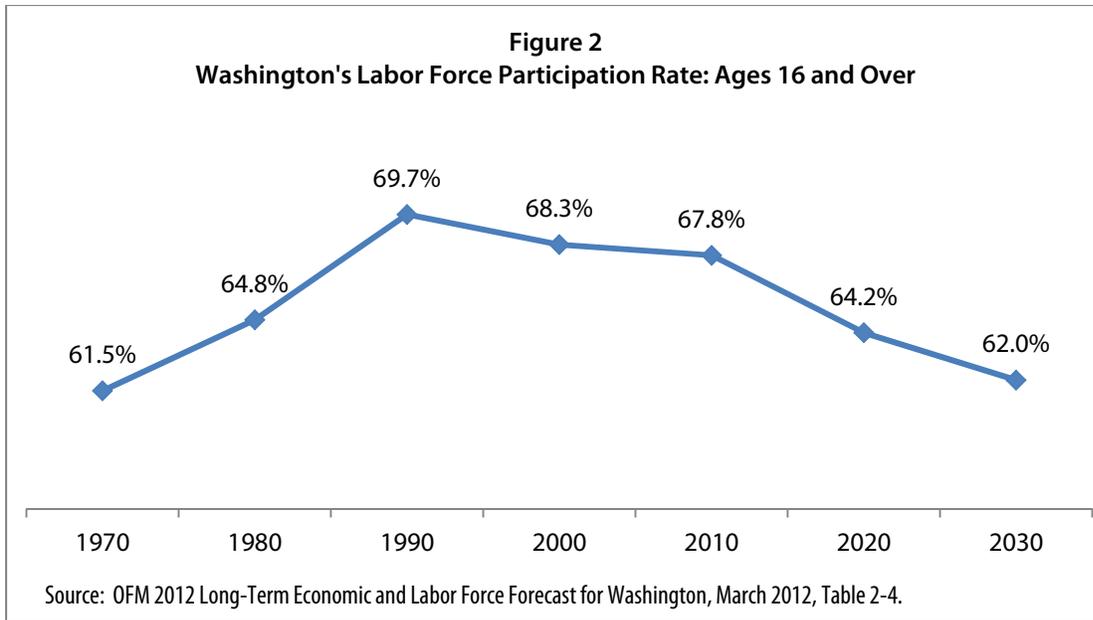
<sup>12</sup> The baby-boom years are between 1946 and 1964, with the peak birth year being 1957. Mitra Toossi, "A century of change: the U.S. labor force, 1950-2050," *Monthly Labor Review*, May 2002.

<sup>13</sup> OFM, *2012 Long-Term Economic and Labor Force Forecast for Washington*, Chapter 1. <http://www.ofm.wa.gov/economy/longterm/2012/lt2012ch1.pdf>.

<sup>14</sup> OFM, *2012 Long-Term Economic and Labor Force Forecast for Washington*, Chapter 1. [www.ofm.wa.gov/economy/longterm/2012/lt2012ch1.pdf](http://www.ofm.wa.gov/economy/longterm/2012/lt2012ch1.pdf).

<sup>15</sup> U.S. Census Bureau International Data Base, updated January, 26, 2012, extracted March 2012.

[www.census.gov/population/international/data/idb/informationGateway.php](http://www.census.gov/population/international/data/idb/informationGateway.php).



Factors that affect labor force participation are described below. They include changes in the age profile of the population, changes in rates of disability and rates of labor force participation by people with disabilities, and the increase in the labor force participation rates of women between 1970 and 1990.

### The Aging Population

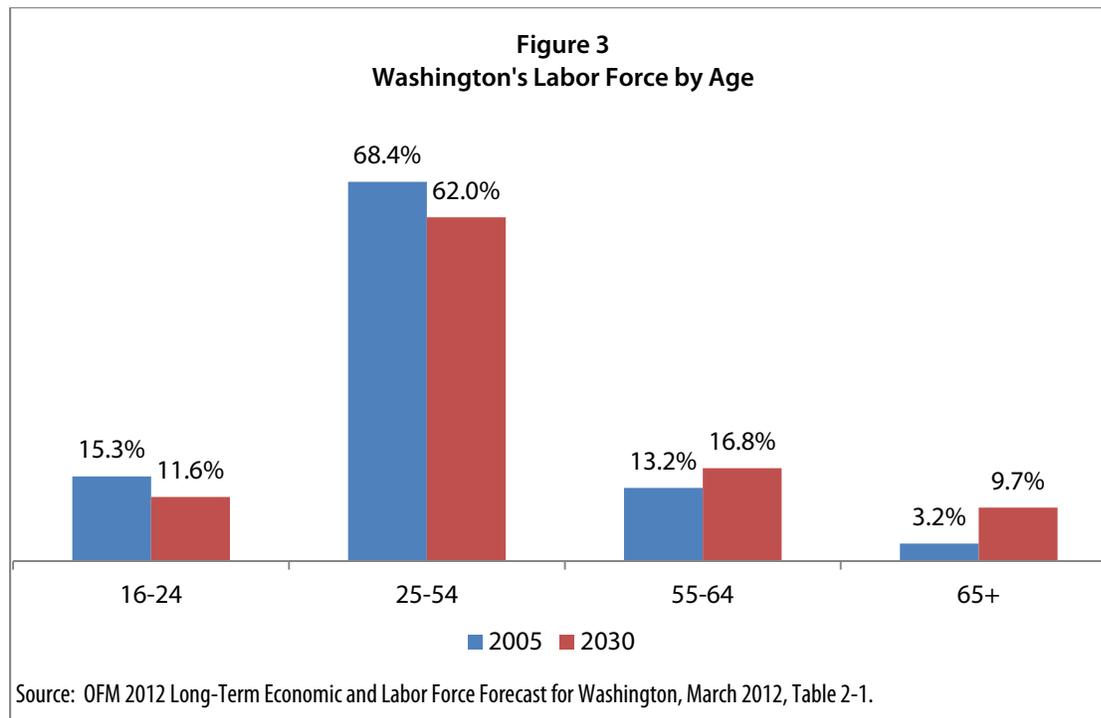
The state's percentage of older adults age 55 and over is expected to increase from 16.4 percent of the labor force in 2005 to 26.4 percent of the labor force in 2030.<sup>16</sup> That means in the next 20 years, slightly more than one in four Washington workers will be over age 55. As of 2011, the labor force participation rate among those age 55 and over is 40.1 percent in Washington, up from 37.3 percent in 2006.<sup>17</sup>

Historically, labor force participation rates drop significantly at ages 62 and 65. The earliest age that one can retire and receive Social Security benefits is 62. Prior to 2000, the normal retirement age for receiving full Social Security benefits was 65. In 2000, Congress raised the age of full retirement benefits by two months for those born in 1938, four months for those born in 1939, and six months for those born in 1940, and so on until 1943. The normal retirement age for those born between 1943 and 1954 is 66, incrementing by two months for

<sup>16</sup> OFM, 2012 Long-Term Economic and Labor Force Forecast for Washington, Table 2-1.  
[www.ofm.wa.gov/economy/longterm/2012/data\\_tables\\_2012.pdf](http://www.ofm.wa.gov/economy/longterm/2012/data_tables_2012.pdf)

<sup>17</sup> America's Community Survey for 2006 & 2011, Table S2301, Employment Status.

those born in 1955 until 1960. The full retirement benefit for those born in 1960 and later is 67.<sup>18</sup>



There are, however, those who will decide to continue working despite their eligibility to retire and many who will continue to work out of economic necessity. As individuals live longer and healthier lives, they may choose to remain in the workforce longer to stay engaged in activities that enhance their lives. The Senior Citizen Freedom to Work Act of 2000 eliminated a disincentive for those age 65 to 70 to continue working. Prior to 2000, many of those aged 65 to 70 who wanted to continue working were discouraged from doing so because Social Security reduced their benefits if they continued earning wages.<sup>19</sup>

Others might stay in the workforce to assure their economic security and to maintain health care benefits.<sup>20</sup> The rising cost of retiree health care benefits has already prompted many

<sup>18</sup> Social Security Online, updated January, 25, 2012; accessed March 2012. [www.socialsecurity.gov/retire2/agereduction.htm](http://www.socialsecurity.gov/retire2/agereduction.htm).

<sup>19</sup> Mitra Toossi, "Labor force projections to 2012: the graying of the U.S. workforce," *Monthly Labor Review*, February 2004.

<sup>20</sup> Stephen J. Rose and Heidi I. Hartman, *Still a Man's Labor Market: The Long-Term Earnings Gap*, (Washington, D.C.: Institute for Women's Policy Research, 2004). -- Andrew D. Eschtruth and Jonathan Gemusm, "Are Older Workers Responding to the Bear Market?" *Just the Facts On Retirement Issues*, September 2002, Number 5, [www.bc.edu/centers/crr/facts/jtf\\_5.pdf](http://www.bc.edu/centers/crr/facts/jtf_5.pdf) (September 12, 2005). -- Kelly Greene, "Many Older Professionals Delay Their Retirement," *The Wall Street Journal Online. CareerJournal.com*, [www.careerjournal.com/myc/retirement/20031002-greene.html](http://www.careerjournal.com/myc/retirement/20031002-greene.html) (September 12, 2005). "Retirement Plans Retreat in Recession," *Silicon Valley/San Jose Business Journal*, March 5, 2003, <http://sanjose.bizjournals.com/sanjose/stories/2003/03/03/daily34.html> (September 12, 2005).

employers to reduce or eliminate these benefits for future retirees. This, in turn, has forced many older workers to continue working to maintain health care coverage.

As a result of these factors, workers over the age of 65 are expected to be the fastest growing age group in the labor force between 2005 and 2030, as seen in Figure 3 above. This group will increase from three percent of the labor force in 2005 to almost 10 percent in 2030, growing in number from 103,400 to 382,800.<sup>21</sup> In Washington, the labor force participation rate among those age 65 and over is 15 percent as of 2011, up from 12.5 percent in 2006.<sup>22</sup>

Older workers can offer employers valuable experience and knowledge. On the other hand, some older workers will need to upgrade their skills, while others will need substantial retraining to meet changing job requirements.

### **Young Adults in the Workforce**

At the other end of the age spectrum are young adults, ages 16-24. Although this is a large potential workforce, this age group tends to have low labor force participation. In Washington, the labor force participation rate of 16-24 year olds was 58.9 percent in 2011, down from 63.4 percent in 2006. This compares to labor force participation rates among 25-54 year olds of 81.6 percent in 2011 (81.8 percent in 2006).<sup>23</sup> A large number of 16 to 24-year-olds are still in school—either high school or postsecondary education—and are therefore excluded from the calculation of labor force participation rates. Unfortunately, far too many young adults not participating in the labor market are no longer in school, including many who dropped out of high school. The Washington State Report Card issued by the Office of the Superintendent of Public Instruction (OSPI) indicates that just 75 percent of the class of 2011 graduated on-time after four years of high school and only 83 percent of that year's class is expected to graduate by age 21.<sup>24</sup> In 2011, 61,527 Washington teenagers between the ages of 15 and 19 were not enrolled in school. Even more troubling, just over 26,000 were neither enrolled in school or in the labor force, which is a 31 percent increase from the 20,000 reported in 2006.<sup>25</sup>

---

<sup>21</sup> OFM, 2012 Long-Term Economic and Labor Force Forecast for Washington, Table 2-1.  
[http://www.ofm.wa.gov/economy/longterm/2012/data\\_tables\\_2012.pdf](http://www.ofm.wa.gov/economy/longterm/2012/data_tables_2012.pdf)

<sup>22</sup> America's Community Survey for 2006 & 2011, Table S2301, Employment Status.

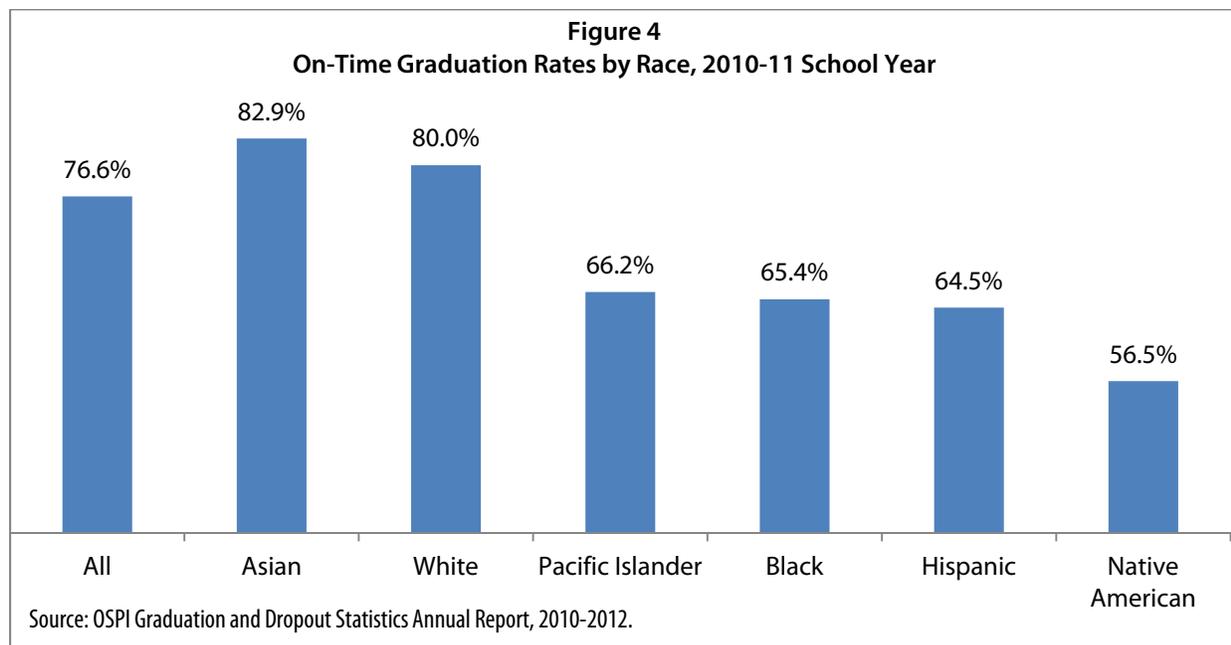
<sup>23</sup> America's Community Survey for 2006 & 2011, Table S2301, Employment Status.

<sup>24</sup> OSPI Washington State Report Card for 2010-11: <http://reportcard.ospi.k12.wa.us/summary.aspx?year=2010-11>

Data may be subject to upward revisions. The 783 percent graduation rate is an extended graduation rate based on the on-time graduation rate plus an estimate of the number in that class who will graduate through age 21 based on the profile of late graduations that occurred during the 2010-11 school year.

<sup>25</sup> America's Community Survey for 2006 & 2011, Table S0902, Teenagers' Characteristics.

As of 2011, nearly 17 percent—or about one in five—of Washington’s 18-24 year olds did not have a high school diploma or equivalent, which is down from the 19 percent reported in 2006.<sup>26</sup> Although some will eventually earn their high school diploma, or an equivalent, and go on to participate in higher education, many more will continue to be challenged in the workplace because of their inadequate levels of education. The rates of degree attainment are starkly different by gender, with 20 percent of boys not earnings a high school diploma or GED, whereas only 13 percent of girls fall in this category.



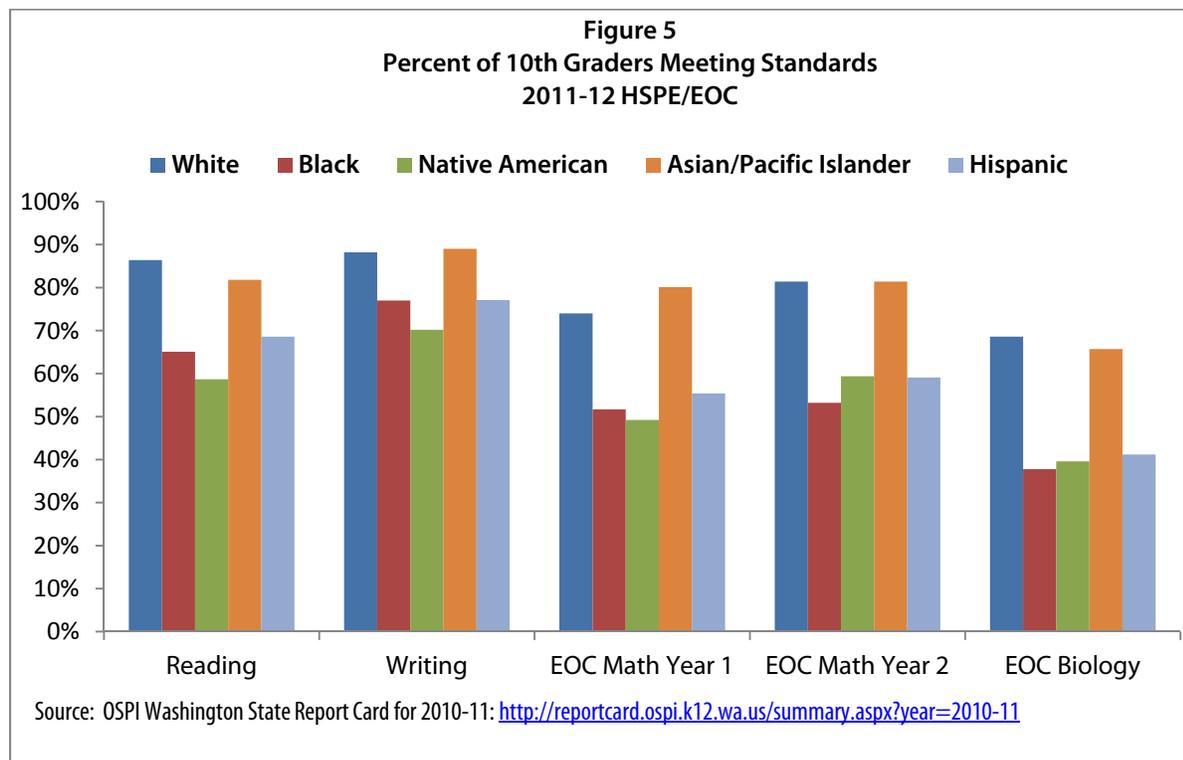
Graduating high school or getting a GED is a necessary step in securing good jobs which, increasingly, require some postsecondary education. On-time high school graduation rates—which means exiting high school in 4-years—in Washington are depicted in Figure 4 for the 2010-11 school year, the latest data available.<sup>27</sup> Overall, nearly 77 percent of students graduated on-time in the 2010-11 school year. Graduation rates were highest among Asian (83 percent) and white (80 percent) students, and below 70 percent for Pacific Islanders, blacks, and Hispanics. Native Americans had the lowest on-time graduation rate at 56 percent.

Assessing how high school students are performing is an important area of pedagogic and political interest. New assessments of Washington’s youth in high school replaced the

<sup>26</sup> America’s Community Survey for 2006 & 2011, Table S1501, Educational Attainment.

<sup>27</sup> There is a new method for on-time graduation rate calculation, which does not allow for a comparison to earlier years. Full report explaining the new methodology is here: OSPI Graduation and Dropout Statistics Annual Report, 2010-2011. [www.k12.wa.us/DataAdmin/pubdocs/GradDropout/10-11/GradDropoutStats\\_2010-11.pdf](http://www.k12.wa.us/DataAdmin/pubdocs/GradDropout/10-11/GradDropoutStats_2010-11.pdf)

Washington Assessment of Student Learning (WASL) as of the 2009-10 school year. The WASL was replaced by the High School Proficiency Exam (HSPE) for reading and writing, and by End-Of-Course (EOC) exams in math and biology. It is not possible to compare WASL performance with the new assessments, but it is still possible to examine differences by race and ethnicity within the new performance tool, as depicted in Figure 5. Here, we see that higher percentages of white and Asian students are meeting the performance standards on the HSPE and EOC, whereas black, Native American, Pacific Islanders and Hispanic students are meeting the standards at rates of 20 to 30 percentage points less.



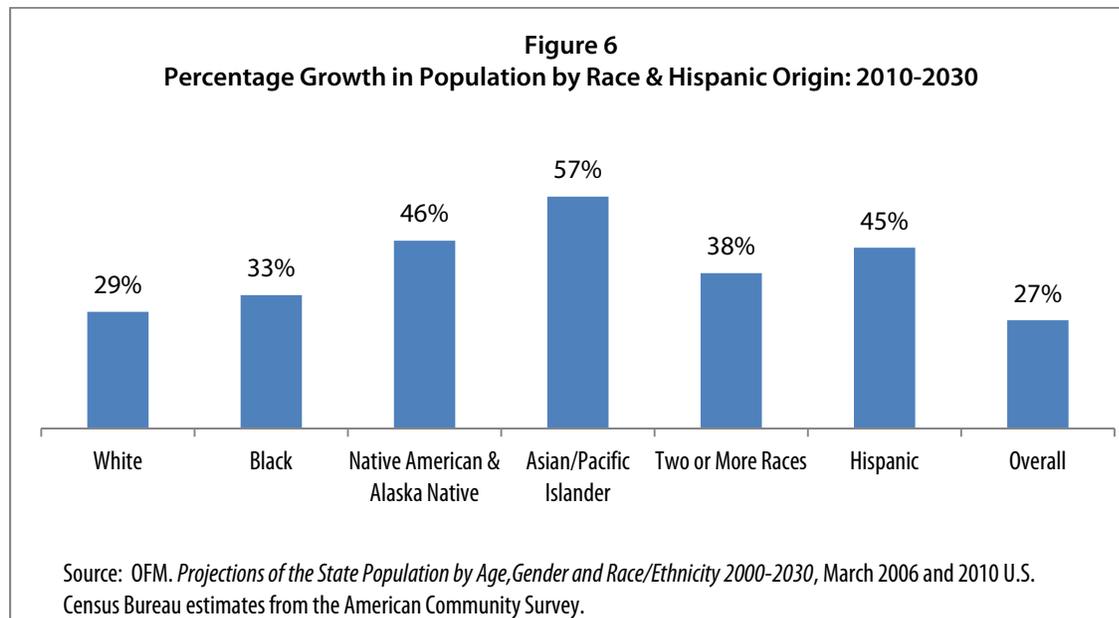
Targeting youth of all racial and ethnic backgrounds for additional education and training options can be difficult. Youth are the most mobile of Washington’s population groups. Almost 10 percent of 18-24 year olds living in Washington in 2010 had been living in another state or outside the United States a year earlier—the same rate as five years earlier. Another nine percent had been living in a different county in Washington a year earlier and 22 percent moved within the same county over the past year.<sup>28</sup>

<sup>28</sup> U.S. Census Bureau, American Community Survey Geographic Mobility Table S0701, 2006 to 2011. Accessed October 25, 2012 via American Factfinder, <http://factfinder2.census.gov>.

## Racial and Ethnic Diversity in the Workforce

Over the next two decades, as depicted in Figure 6, Washington's population is expected to become more racially and ethnically diverse. Between 2010 and 2030, all non-white groups are expected to grow faster than whites.<sup>29</sup>

The Asian/Pacific Islander populations are the fastest growing among all racial and ethnic groups, followed by Native American and Alaska Natives and Hispanics. The Asian/Pacific Islander population is expected to grow by 57 percent from 525,000 in 2010 to 825,000 in 2030, while the Native American and Alaska Native population is projected to increase 46 percent from 100,000 to 146,000. The Hispanic population is projected to grow from 760,000 in 2010 to about 1,099,500 in 2030, an increase of 45 percent.<sup>30</sup>



High immigration rates are a major factor in the growth of Hispanic and Asian and Pacific Islander populations, and also in the growth of all other demographic categories. One-eighth of Washington's population in 2011 was foreign born (909,000 out of 6.8 million), similar to the proportion in 2006. Approximately 258,000 of these new residents entered the United States during the 1990s and 349,000 entered in 2000 or later. During the last decade, 40

<sup>29</sup> OFM reported on five major race groups: White only, Black only, Native American/Alaskan Native only, Asian/Pacific Islander only, and Two or More (i.e., multi-racial). Unless otherwise indicated people from the different racial groups can be either from Hispanic or non-Hispanic origin. Further, people of Hispanic origin can be of any race.

<sup>30</sup> OFM. *Projections of the State Population by Age, Gender and Race/Ethnicity: 2000-2030*, March 2006. This report was not updated by OFM, thus the 2010 American Community Survey Washington population estimates were used as the baseline to update the projections.

percent of in-migrants were from Asia, 31 percent from Latin America, 17 percent from Europe, 5 percent from Africa, and the remainder from Canada and the Pacific Islands.<sup>31</sup>

Consistent with the earlier description of workforce growth, a considerable amount of Washington's increased diversity is the result of in-migration from other states and nations. These diverse new populations can encounter challenges as they assimilate into the labor force. Washington does not provide a primary or secondary education to many of these new arrivals and those who enter as children or teenagers may need assistance in making use of the educational opportunities available here.

In 2011, 43 percent of foreign-born residents were between 25 and 44 years of age. But many were younger—almost 17 percent were under the age of 25 and eight percent were under the age of 18. In 2011, 73,000 foreign-born students attended elementary, middle and high schools in Washington and another 71,000 attended college or graduate school.<sup>32</sup>

International arrivals are not the only source of Washington's increased diversity. Some will come from natural increase as immigrants have children. Much of the remaining increase in Washington's diversity comes from other states. Foreign born residents who arrive from other states make up 23 percent of the foreign born population in Washington as of 2011.<sup>33</sup>

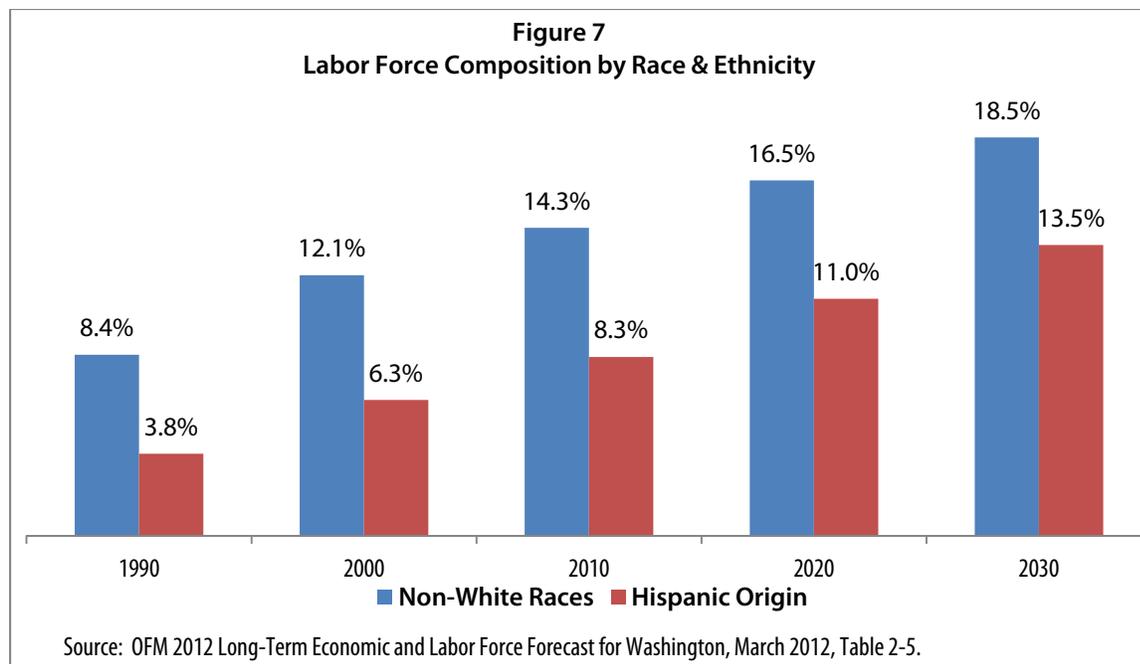
Another way to visualize these demographic trends is displayed in Figure 7. In terms of labor force composition by race and ethnicity, the percent of Washington's labor force from non-white backgrounds is expected to more than double between 1990 and 2030, increasing from 8.4 percent in 1990 to 18.5 percent in 2030. The proportion of the labor force that is Hispanic is projected to quadruple, from 3.5 percent in 1990 to 13.5 percent as of 2030.

---

<sup>31</sup> American Community Survey for 2006 & 2011, Tables S0501, S0502 and B05006. Selected Characteristics of the Foreign Born Population and Place of Birth of the Foreign Born Population.

<sup>32</sup> American Community Survey for 2006 & 2011, Tables S0501, S0502 and B05006. Selected Characteristics of the Foreign Born Population and Place of Birth of the Foreign Born Population.

<sup>33</sup> American Community Survey for 2011, Tables S0701 Geographic Mobility by Selected Characteristics and B7007 Geographic Mobility by Citizenship Status.



The growing racial and ethnic diversity of Washington's workforce makes boosting the education levels of all our population groups even more essential. Among Washington's labor force ages 25 to 64 in 2011, nearly 97 percent of whites had completed high school or its equivalent. Among both blacks and Native Americans, 92 percent had completed high school or its equivalent, while 90 percent of Asian/Pacific Islanders and only 65 percent of Hispanics had done so.<sup>34</sup>

High school completion, however, is not sufficient to prepare young people for future occupational success. We know that better than one out of three Washington high school graduates do not carry on with their education in the year following graduation. Instead, they go directly to work, relying exclusively on their high school diploma to gain entry into mostly low-wage, low-skill jobs. Employers who hire these young people report that too many lack basic workplace or employability skills and the specific job skills that employers desire.<sup>35</sup>

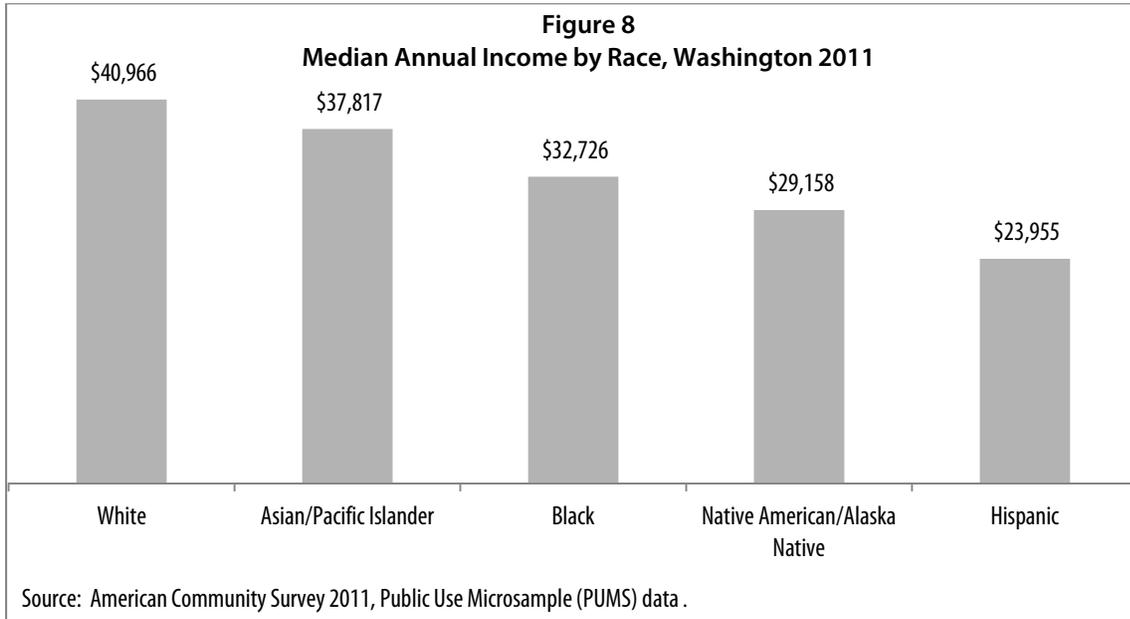
Among those ages 18 to 24 in Washington, 38 percent were enrolled in college or graduate school as of 2011. This is an increase from the 35 percent enrolled in 2006, but still lower than the rate for the U.S. overall, at 44 percent. Differences between males and females are stark, with only 34 percent of males enrolled compared to 43 percent of females. Looking at enrollment by race and ethnicity, Asian & Pacific Islanders had the highest rate of college

<sup>34</sup> U.S. Census Bureau, American Community Survey Public Use Micro Sample Data, 2011.

<sup>35</sup> Workforce Training and Education Coordinating Board, *Workforce Training Results, 2011*.

[www.wtb.wa.gov/Documents/WTR-ExecutiveSummaryOpeningandSystemwideResults2011.pdf](http://www.wtb.wa.gov/Documents/WTR-ExecutiveSummaryOpeningandSystemwideResults2011.pdf)

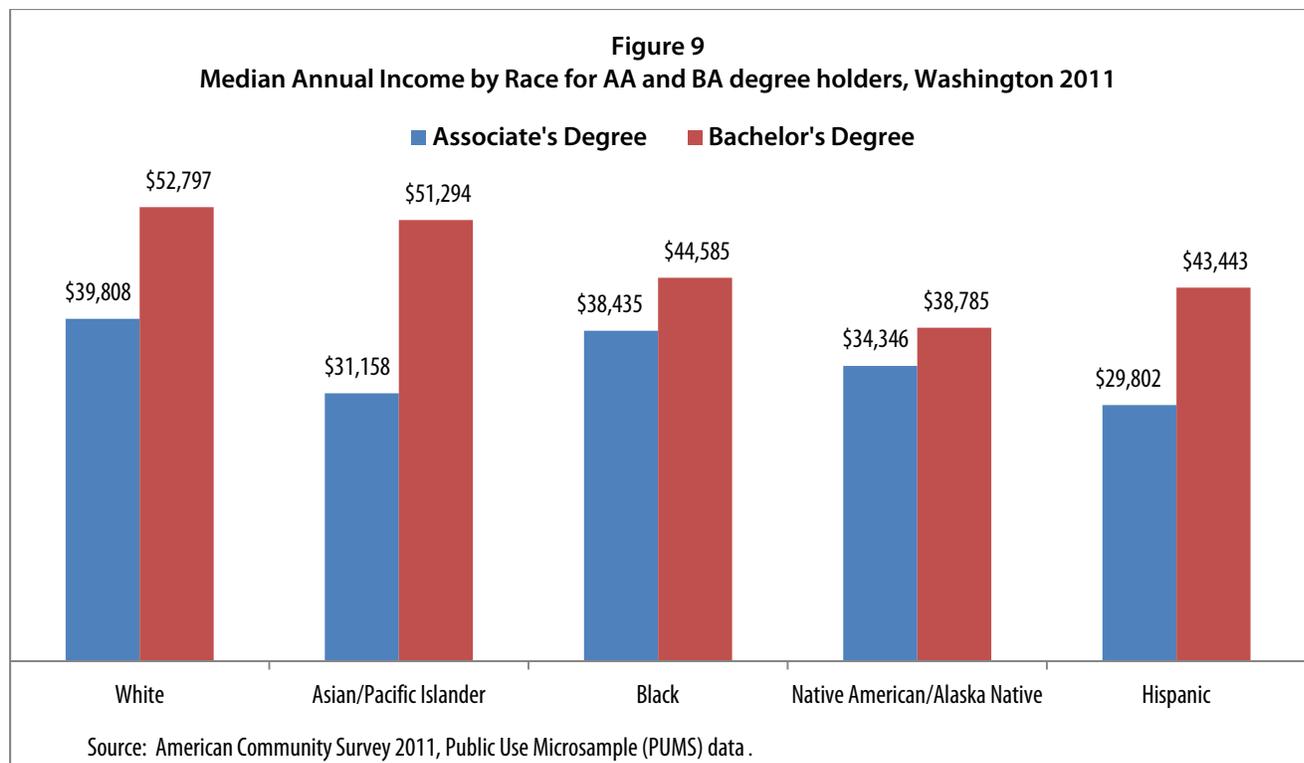
enrollment at 55 percent, followed by whites (39 percent), blacks (37 percent) and Hispanics (29 percent), while Native Americans had the lowest at 17 percent.<sup>36</sup>



Lower levels of education and skills, in addition to discrimination, have negatively affected the labor market experiences of large percentages of individuals from racial and ethnic minority backgrounds. Racial and ethnic minorities tend to earn less in the labor market, as 2011 data for Washington depicts in Figure 8.<sup>37</sup> Further, minorities are also underrepresented in high-level positions which generally require education beyond high school completion, which partly accounts for this income discrepancy.

<sup>36</sup> U.S. Census Bureau, American Community Survey Public Use Micro Sample Data, 2011.

<sup>37</sup> U.S. Census Bureau, American Community Survey Public Use Micro Sample Data, 2011.



Yet, even though annual earnings increase with postsecondary degree attainment, racial and ethnic minorities on average earn less than do white college degree holders, as shown in Figure 9 for those holding associate's and bachelor's degrees in Washington as of 2011.

Although research has shown that policies such as affirmative action have mitigated some of its effects, racial and ethnic discrimination continues to exist. While the education system cannot completely eliminate racism, it can offer those from racial and ethnic minority backgrounds an opportunity to counteract some of its impact.<sup>38</sup>

### People with Disabilities

Nationally, the number of people reporting a disability appears to have increased over the last decade. Yet, since the passage of the Americans with Disabilities Act in the early 1990s, the labor force participation among this population has declined. The reasons for this change are unclear, and even the facts are in dispute due to changes in definitions and surveys.<sup>39</sup> Survey questions used in the American Community Survey were changed as recently as 2003,

<sup>38</sup> Harry Holzer, "Expanding the African American Middle Class: Improving Labor Market Outcomes," July 15, 2005, [www.urban.org/UploadedPDF/90828\\_holzer\\_072905.pdf](http://www.urban.org/UploadedPDF/90828_holzer_072905.pdf) (10/18/2005). Rakesh Kochlar, "Latino Labor Report, 2004: More Jobs for New Immigrants but at Lower Wages," May 2, 2005, <http://pewhispanic.org/files/reports/45.pdf> (9/13/2005).

<sup>39</sup> David C. Stapleton and Richard Burkhauser, Editors, *The Decline in Employment of People with Disabilities: A Policy Puzzle*, W.E. Upjohn Institute for Employment Research, Kalamazoo, Michigan, 2003.

making recent trends difficult to measure.<sup>40</sup> According to national data as of 2011, 45 percent of persons with a disability were age 65 and over and women were more likely to have a disability than men, largely due to women living longer on average than men.<sup>41</sup>

Low labor-force participation and employment rates may be at least partially the result of expansion of Supplemental Security Income benefits, which can be received by disabled people who are unable to work. However, discrimination may also play a role. Society often stigmatizes people with disabilities by treating them as deficient. Accommodations such as wheelchair ramps and sign-language interpreters are sometimes perceived as acts of generosity, rather than public investments or basic civil rights.<sup>42</sup>

Washington specific data on disability status comes from the American Community Survey.<sup>43</sup>

In 2011, 11 percent of Washington residents ages 18 to 64 reported having one or more disabilities.<sup>44</sup> Out of 458,000 Washingtonians reporting a disability, an estimated 200,000 did not report that their disabilities made it difficult to work; three-fourths of this group was employed. The other 255,000 Washington residents estimated to have disabilities are not able to work without difficulties.

Given the relatively low level of labor market participation among those reporting a disability in Washington, higher levels of poverty among this group should be expected when compared to the general population. Among those ages 18 and over reporting a disability, 22 percent have income at or below the poverty line compared to 11 percent of those not reporting a disability. Looking at those over the age of 65, who comprise the bulk of those reporting a disability, 13 percent have income at or below the poverty line compared to six percent of those not reporting a disability.<sup>45</sup>

Figure 10 shows data suggesting that people with disabilities are enrolled in postsecondary education at lower rates and thus tend to have lower levels of educational attainment than

---

<sup>40</sup> Sharon Stern and Matthew Brault, Disability Data from the American Community Survey: A Brief Examination of the effects of a Question Redesign in 2003, U.S. Census Bureau, January 28, 2005.

<sup>41</sup> Bureau of Labor Statistics. Persons with a Disability: Labor Force Characteristics Summary, 2011. [www.bls.gov/news.release/disabl.nr0.htm](http://www.bls.gov/news.release/disabl.nr0.htm). Accessed, October 31, 2012.

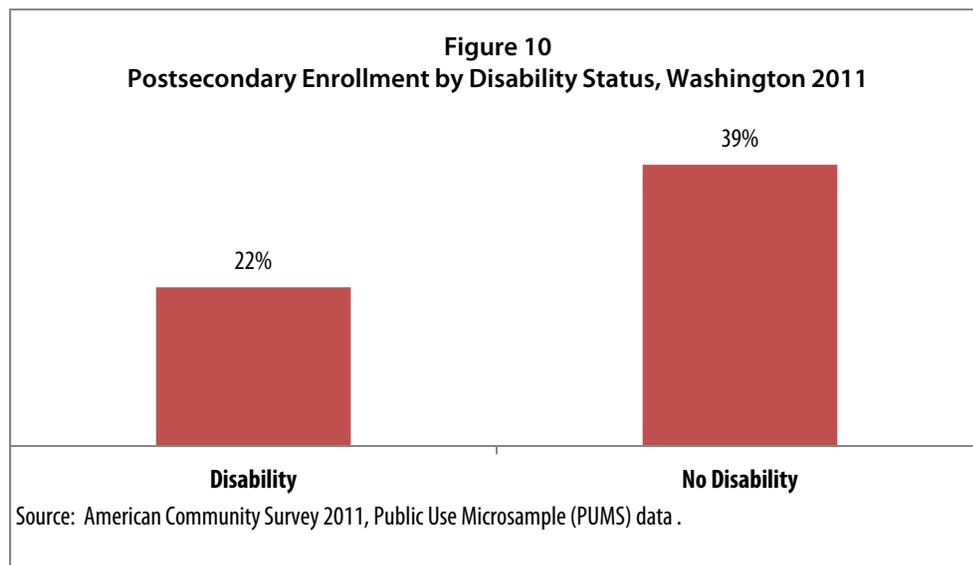
<sup>42</sup> Scott Sleet, "Three Decades after King, a report card," APA (American Psychological Association) Monitor Online, Volume 30, Number 1, January 1999, <http://www.apa.org/monitor/jan99/racism.html> (9/14/2005). Page 3.

<sup>43</sup> Categories of disability include sensory disability, physical disability, mental disability, self-care disability, go-outside-the-home disability, and employment disability. The latter is based on a question which asks "Because of a physical, mental, or emotional condition lasting 6 months or more, does this person have difficulty...working at a job or business?"

<sup>44</sup> American Community Survey 2011, Table B18120: Employment Status By Disability Status And Type.

<sup>45</sup> American Community Survey 2011, Table B18130: Age By Disability Status By Poverty Status.

those without disabilities. Washington residents 18 to 24 years of age with disabilities are less likely to be enrolled in postsecondary education, at 22 percent, compared to those without a disability, at 39 percent. Additionally, among those ages 25 to 64 in the labor force, 22 percent of Washingtonians reporting a disability have earned an associate's degree or higher compared to 32 percent of those not reporting a disability.<sup>46</sup>



The most recent survey of Washington's 2010 special education high school graduates showed that 31 percent were attending postsecondary education and/or some other type of education (e.g., Job Corps, workforce development or vocational training) in the year after graduation after high school, while 35 percent were employed.<sup>47</sup>

Finally, rates of disabilities differ by population. Disabilities are reported at higher rates among Native Americans (20 percent) than any other racial or ethnic group. Comparatively, whites and blacks each have a reported disability rate of 13 percent, Asian/Pacific Islanders a rate of 7 percent, and Hispanics 8 percent.<sup>48</sup> And, among veterans in Washington, over 26 percent reported a disability in 2011.<sup>49</sup>

<sup>46</sup> U.S. Census Bureau, American Community Survey Public Use Micro Sample Data, 2011.

<sup>47</sup> OSPI, *Washington State's 2009-2010 Post-School Outcome Reports: Postsecondary Engagement Activities of Young Adults with Individual Education Programs (IEPs)*. Prepared for OSPI by the Center for Change in Transition Services, Seattle University.

<sup>48</sup> American Community Survey 2011, Table S1810: Disability Characteristics.

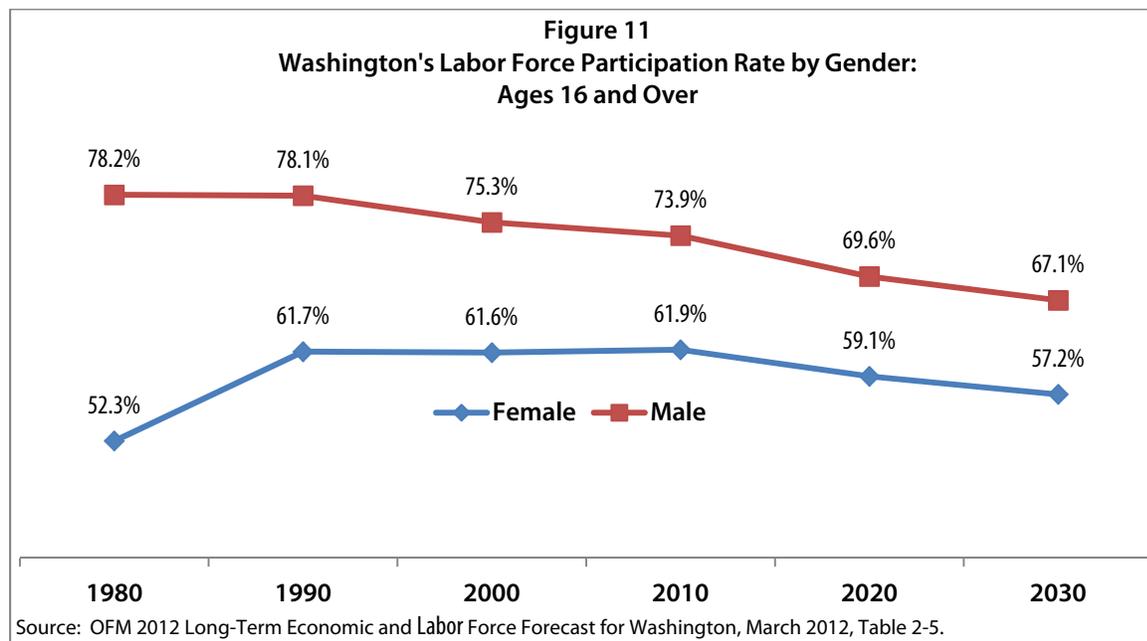
<sup>49</sup> American Community Survey 2011, Table S2101: Veteran Status.

## Women in the Workforce

For women, the largest gains in labor force participation rates occurred between 1970 and 1990. In 1975, Washington women's labor force participation rate stood at 47 percent and increased to 61.9 percent in 2010. However, as depicted in Figure 11, Washington's overall labor force participation rate is projected to decrease by 2030, and along with it that of women, which is projected to decline to 57.2 percent.<sup>50</sup>

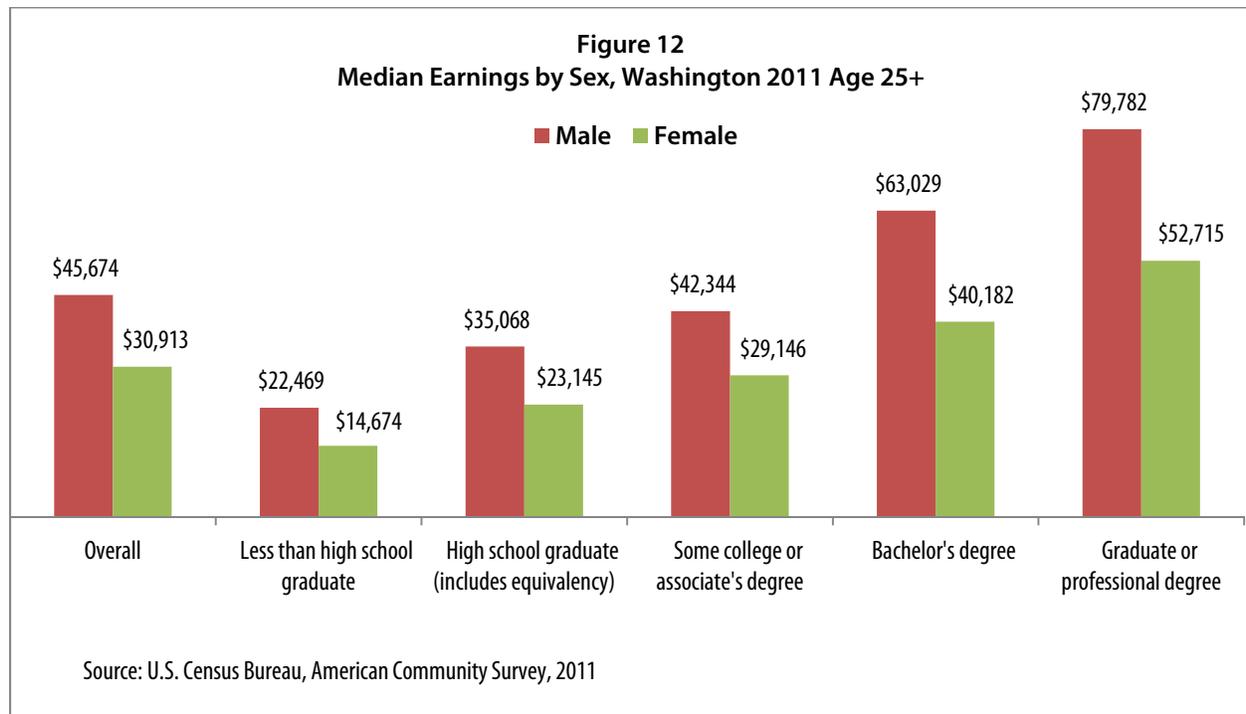
Women's increased labor force participation rates have been associated with many factors, including:

- Higher education levels that lead to more diverse career opportunities.
- More women remaining single, or marrying later in life, and delaying child bearing.
- A cultural shift in economic and career expectations.
- A decline in real wages that makes a second income necessary to offset the loss in real earnings of traditional male breadwinners.



<sup>50</sup> OFM, 2012 Long-Term Economic and Labor Force Forecast for Washington, Table 2-4.  
[www.ofm.wa.gov/economy/longterm/2012/data\\_tables\\_2012.pdf](http://www.ofm.wa.gov/economy/longterm/2012/data_tables_2012.pdf)

Despite changing social expectations about parenting roles and responsibilities between men and women, children continue to have a significant impact on women's labor market outcomes. As of 2011, over 92,000 women, between the ages of 15 and 50 years of age, gave birth to a child within the past 12 months, just under six percent of all women in that age range. Of the women giving birth to a child in the past 12 months, 56 percent were in Washington's labor force in 2011, versus 71 percent of those who had not given birth in the past 12 months.<sup>51</sup>



Research shows that, to a large extent, the labor market disparities between women and men result from traditional gender roles and the career choices of women.<sup>52</sup> Even in light of evolving social expectations, women continue to take on a disproportionate share of childrearing and housework responsibilities and, consequently, they experience more frequent and longer spells away from work than men. Additionally, large percentages of women work in industries and occupations, such as education and social services that, by and large, pay less than do positions that men disproportionately occupy, such as information

<sup>51</sup> American Community Survey 2011, Table S1301: Fertility.

<sup>52</sup> Lisa Belkin, "The Opt-Out Revolution," *The New York Times*, October 26, 2003. Carrie Conaway, "Paying the Price," *Federal Reserve Bank of Boston Regional Review*, Q1 2005, [www.bas.frb.org/economic/nerr/rr2005/q1/section\\_2c.pdf](http://www.bas.frb.org/economic/nerr/rr2005/q1/section_2c.pdf) (9/14/2005). Diane Furchtgott-Roth, "The Statistically Misleading 74 Cent Wage Gap," Testimony before the Equal Employment Opportunity Commission, Philadelphia, PA, April 12, 1999, [www.aei.org/publicatiopns/pubID.17864.filter.all/pub\\_detail.asp](http://www.aei.org/publicatiopns/pubID.17864.filter.all/pub_detail.asp) (9/14/2005). Cathy Young, "Opting Out," *Reason Online*, June 2004, [www.reason.com/0406/co.cy.opting.shtml](http://www.reason.com/0406/co.cy.opting.shtml) (9/14/2005).

technology. Overall, these constraints on employment contribute to the overall lower rates of income found for women compared to men.

This is evidenced by women's continued lower levels of compensation and hours of work compared to men, despite similar levels of education, as seen in Figure 12. These seemingly large gaps in pay—at approximately 65 percent of men—close by upwards of 10 percentage points when comparing full-time year-round earnings. Women earned just over 77 percent of what men earned, on average, when both are restricted to those working full-time year-round. Median earnings for women who worked full-time for the full year were \$40,993 compared to \$53,046 for men.<sup>53</sup>

As women continue to enroll and complete postsecondary education at higher rates than men, and continue to choose higher paying occupational trajectories, the pay gap will close. The trend since the early 1990s has been higher rates of college enrollment for women compared to men. In 2011, over 43 percent of women in Washington ages 18 to 24, and 34 percent of men, were enrolled in postsecondary education. Similarly, nearly 50 percent of women in the Washington labor market ages 25 to 64 in 2011 had at least an Associate's Degree compared to 47 percent of men.<sup>54</sup> For example, over the last 40 years women have made tremendous strides in two of the highest paying careers: lawyers and doctors. Law school enrollment among women has increased from about 10 percent of incoming students in the early 1970s to 47 percent as of 2010, and women comprise an increasing proportion of partners in law firms, up to 20 percent as of 2011.<sup>55</sup> Likewise, medical school enrollment among women has increased from comprising 25 percent of the incoming students in 1975 to, similar to law school, 47 percent as of 2011.<sup>56</sup>

## Unemployment and Poverty

From January 2011 through September 2012, Washington's official unemployment rate averaged 8.8 percent, slightly higher than the average for the entire U.S. over that period at 8.6 percent.<sup>57</sup> The most pressing concern is regarding long-term unemployment, especially among individuals who have exhausted their unemployment insurance benefits after 73

---

<sup>53</sup> American Community Survey 2011, Table B20017 Median Earnings in the Past 12 Months by Sex.

<sup>54</sup> U.S. Census Bureau, American Community Survey Public Use Micro Sample Data, 2011.

<sup>55</sup> American Bar Association, "Enrollment and Degrees Awarded 1963-2010."

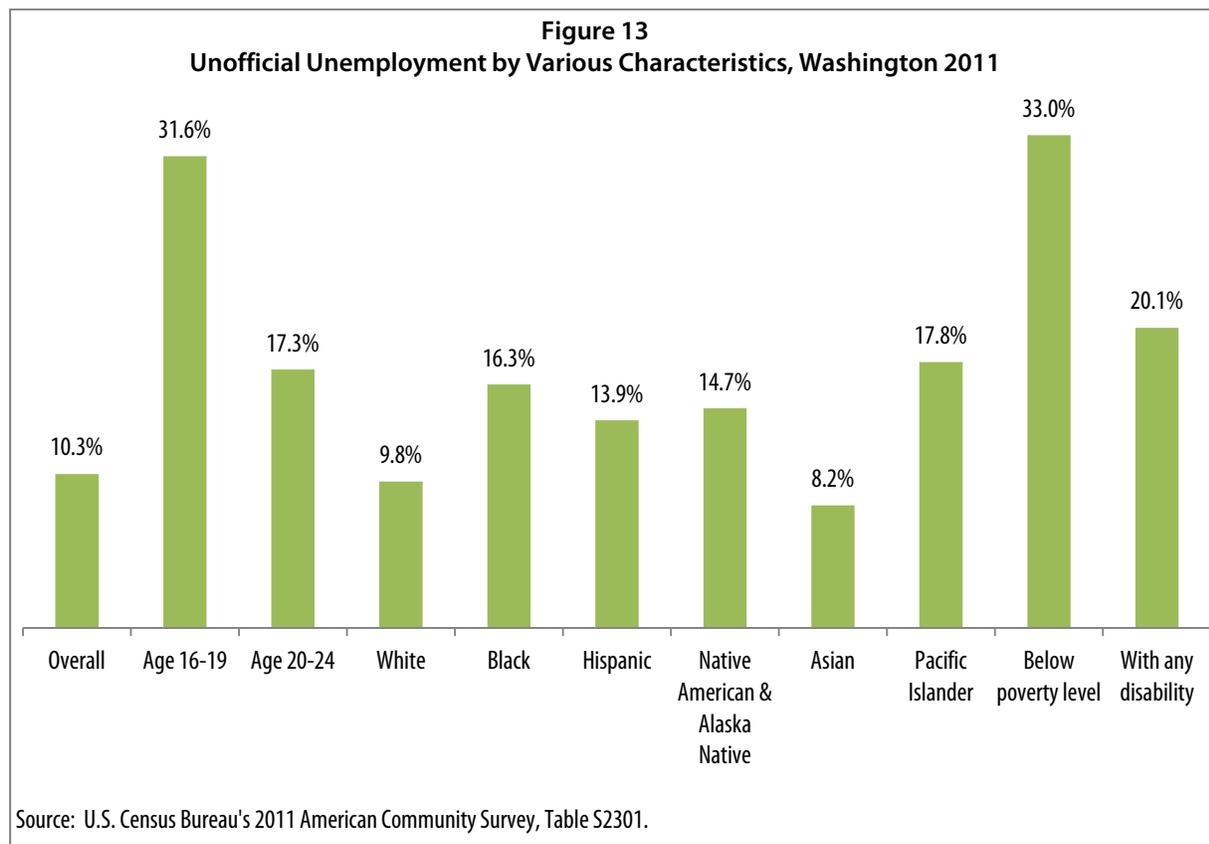
[www.americanbar.org/content/dam/aba/administrative/legal\\_education\\_and\\_admissions\\_to\\_the\\_bar/stats\\_1.authcheckdam.pdf](http://www.americanbar.org/content/dam/aba/administrative/legal_education_and_admissions_to_the_bar/stats_1.authcheckdam.pdf)

The National Association for Law Placement, "Law Firm Diversity Wobbles: Minority Numbers Bounce Back While Women Associates Extend Two-Year Decline" (November 3, 2011). [www.nalpl.org/uploads/PressReleases/2011WomenandMinoritiesPressRelease.pdf](http://www.nalpl.org/uploads/PressReleases/2011WomenandMinoritiesPressRelease.pdf)

<sup>56</sup> Association of American Medical Colleges, 2012. "The Changing Gender Composition of U.S. Medical School Applicants and Matriculants." Analysis in Brief, AAMC. Volume 12, Number 1. [https://www.aamc.org/download/277026/data/aibvol12\\_no1.pdf](https://www.aamc.org/download/277026/data/aibvol12_no1.pdf)

<sup>57</sup> Employment Security Monthly Employment Reports and Bureau of Labor Statistics data.

weeks. Washington-specific data on long-term unemployment shows that as of June, 2012 a total of 99,150 individuals on unemployment insurance had exhausted their benefits. Of these, 26 percent reported finding employment, while six percent had filed a new unemployment insurance claim.<sup>58</sup> Further, the exhaustees are more likely to be males, have a high school diploma or less, and be over age 45.



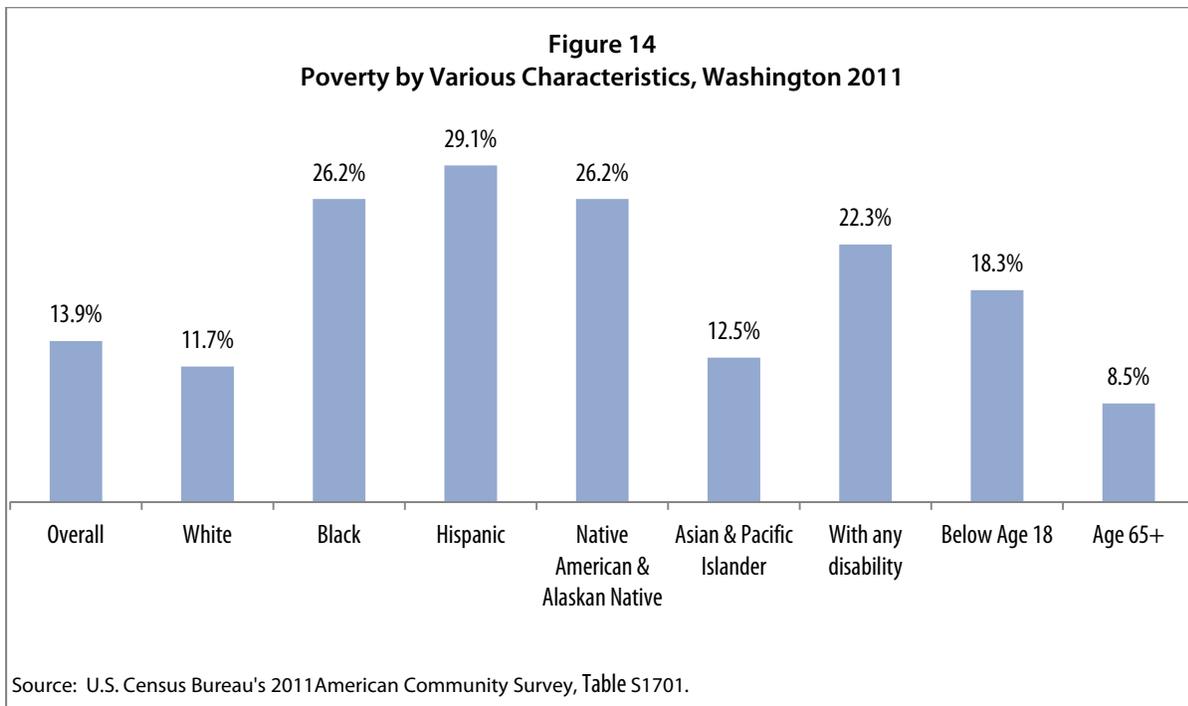
Taking a deeper look at how unemployment impacts Washingtonians from different demographic backgrounds is possible using unofficial unemployment data estimated from the U.S. Census Bureau's American Community Survey. The most recent data available, representing 2011 (released in October 2012), estimates an overall unemployment rate of 10.3 percent and higher rates for certain subpopulation (displayed in Figure 13).<sup>59</sup>

<sup>58</sup> Retooling Washington Work Group: Coordinated Outreach to Unemployment Insurance (UI) Exhaustees 18-month report, October 2010 - June 2012. [www.wtb.wa.gov/Documents/Tab9c-RetoolingWAWorkGroup1\\_18-MonthReport\\_FINAL.pdf](http://www.wtb.wa.gov/Documents/Tab9c-RetoolingWAWorkGroup1_18-MonthReport_FINAL.pdf)

<sup>59</sup> U.S. Census Bureau's 2011 American Community Survey, Table S2301.

Unemployment differs dramatically by age, where young adults ages 16 to 19 suffer from rates of unemployment three times that of the overall population. Unemployment also differs by race and ethnicity, whereby all non-white populations experience higher rates of unemployment when compared to whites, with the exception of Asians. Finally, rates of unemployment are nearly double the general population among those reporting a disability and three times as high for those living below the poverty line.

Rates of poverty in Washington, depicted in Figure 14, likewise differ by sub-population. Whereas the overall rate of poverty in 2011 was just short of 14 percent, the rate for whites was nearly 12 percent whereas blacks, Hispanics and Native Americans all had rates higher than 26 percent. Among those reporting a disability, 22 percent were living in poverty. And, as with unemployment, poverty also differs by age. Nearly 1 in 5 children in Washington live in poverty, compared to less than nine percent of those ages 65 and over—in large part due to Social Security.



## Summary

Compared to the workforce of decades ago, Washington's current labor force is older, more racially and ethnically diverse, and has a higher proportion of women. In short, our workforce reflects the changing composition of the population. However, the aging of the workforce and lower birthrates of the post-baby boom years suggest a potential labor force shortage in the future. We need to ensure that learning continues over a lifetime, as greater numbers of workers ages 65 and older will be working over the coming decades in an ever-evolving labor market.

Washington's ability to compete nationally and globally will require utilizing the full talents of our entire workforce. To do that, we must ensure our residents obtain the job skills and education required by our increasingly technology-driven, knowledge-based economy. This requires targeting educational opportunities to underserved populations such as blacks, Native Americans and Hispanics. These populations disproportionately suffer the ill-effects of the labor market, as rates of unemployment and poverty are higher among blacks, Native Americans and Hispanics than for the general population.

If we do nothing, we may find tomorrow's workforce unprepared and our economy wanting. If we act now, we can create new opportunities for previously underemployed and growing population groups, helping all Washingtonians and our economy prosper well into the 21<sup>st</sup> century.



**Workforce Training and  
Education Coordinating Board**

This report is part of the *High Skills, High Wages 2012 – 2022* – Washington's strategic plan for workforce development. For other components of this report, please see:

[www.wtb.wa.gov/highskills2012.asp](http://www.wtb.wa.gov/highskills2012.asp)