Talent and Prosperity for All:

The Strategic Plan for Unlocking Washington's Workforce Potential

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Talent and Prosperity for All

Introduction

Historic Opportunity to Strengthen Washington's Workforce System

The businesswoman scratched her head. Her manufacturing company had doubled in size and was growing quickly. She needed skilled workers and she paid a living-wage, but her job openings went unfilled. She wondered, "How am I going to attract the skilled workforce I need to continue to grow my business?"

He entered the workforce straight out of high school and had worked at the mill for the last 25 years. Today, the mill announced it was closing. In the old days, you just responded to a classified ad in the local newspaper. For a job today there wasn't even a newspaper. He felt lost in today's world; where could he turn, what would he do to support his family?

Washington's Workforce System

The workforce system helps supply an appropriately skilled, educated, and able workforce that allows businesses to:

- Thrive and grow.
- Be more competitive in a global economy.

The workforce system brings together workforce development, education and training, and human services to help people, including those with barriers, to:

- Get and keep jobs.
- Grow along lifelong career pathways.

While he was in school, he spent his summers looking for a job. Time after time, business after business and there were no interviews, no opportunities. How could he find a job? How could he, one day, afford a home and raise a family when all employers saw was his disability?

She just graduated from high school. Her grades weren't the greatest, and since she wasn't going to college, she wasn't sure what to do next. She needed someone to help her figure out her possibilities for working, how to get the right skills and how to find a job – things that hadn't been taught in school. She'd heard about WorkSource from a friend; could they help?

Workforce issues such as these play out every day in Washington among growing businesses, the newly graduated, those with disabilities, and those abruptly displaced from long-time careers.

These same issues drove the near unanimous, bipartisan passage of the federal Workforce Innovation and Opportunity Act of 2014 (WIOA), which calls upon states to *"improve the quality*

of the workforce, reduce welfare dependency, increase economic self-sufficiency, meet the skill requirements of businesses and enhance the productivity and competiveness of the Nation."

State Strategic Plan Aligns with New Federal Act

Washington's dual-customer focus on both workers and businesses is at the heart of the state's workforce system, and undergirds this report on the state's new strategic plan for workforce development. Even before WIOA, the state's rich web of programs and resources have long worked together to integrate services, improve outcomes, and evaluate results on behalf of these two key customers. Now, with this much anticipated revision to the federal workforce development act, Washington has the opportunity to bring greater alignment among federal, state, and local service and program delivery, allowing the system to build on its previous successes and overcome remaining obstacles.

Specifically, this new strategic plan outlines an approach that empowers individuals, communities, and employers to realize their full potential through a universally accessible workforce system that continually improves and adapts to changing conditions and demands. This new plan comes with a new title – *Talent and Prosperity for All*.

Forging paths to self-sufficiency

Each year, hundreds of thousands of Washington residents enter our state's workforce system seeking greater skills and education, new jobs, higher wages, and more prosperous futures.

With the help of job counselors, teachers, colleges and universities, and other service providers, they forge new pathways to self-sufficiency, undergo basic skills and English language training, and embark on career-focused education--from high school career and technical education classes to postsecondary certificates and degrees.

Still others begin apprenticeships in higher-wage trades, or enter the workforce through targeted on-the-job training and other forms of work-based learning.

A Coordinated Plan Aligned with Federal and State Mission and Goals

Soon after the passage of WIOA, Governor Jay Inslee directed the Workforce Training and Education Coordinating Board (Workforce Board) to work with the system's stakeholders to shape Washington's strategic plan toward three goals to maximize the workforce system's impact:

- *Help more people find and keep jobs that lead to economic self-sufficiency, with a focus on disadvantaged populations.*

- *Close skill gaps for employers, with a focus on in-demand industry sectors and occupations, including through apprenticeships.*
- *Work together as a single, seamless team to make this happen.*

The Governor also directed the Workforce Board to initiate several new activities while developing the state's strategic workforce plan.

These activities (see below) were to be completed before the Governor would approve the plan and before it was submitted to the U. S. Department of Labor (DOL) in March 2016:

- *Explore fully the benefits of a Combined Plan.*[1]
- *Conduct an examination of integrating Temporary Assistance for Needy Families (TANF) program into the workforce system, including recommendations for serving the most at-risk customers.*
- *Provide a data-driven evaluation and recommendation for planning regions in consultation with chief elected officials, local workforce boards, and stakeholders.*
- *Provide recommendations for elevating the strategic role of both state and local workforce boards to focus on system goals and changing the service delivery system in order to improve outcomes for jobseekers and employers.*

These Governor-directed goals and initiatives have been part of the planning process and are reflected in this report.

Critical Steps to Successful Plan Implementation

Through multiple meetings among interested partners and stakeholders the following critical steps were identified in implementing the state's new strategic plan.

[1] The U.S. Department of Labor provided states with two options for responding to the Workforce Innovation and Opportunity Act (WIOA) of 2014. States could submit a "Unified Plan" that covers only "core programs" of workforce development: WIOA Title I (Adult, Dislocated Worker, and Youth Services), Basic Education for Adults, Wagner-Peyser Act services, and Vocational Rehabilitation programs. The unified plan would be limited to service delivery strategies and partner-to-partner operational commitments made between these core programs. States could also choose to create a "Combined Plan" that covers the core program and *one or more* of the additional partner programs listed in the act: postsecondary Carl Perkins Act programs, Temporary Assistance for Needy Families/WorkFirst, Trade Adjustment Assistance Act programs, veterans employment and training efforts, Unemployment Insurance services, SNAP Employment & Training, Senior Community Services Employment, Community Development Block Grant, Community Services Block Grant, and the Second Chance Act. The additional partners that join the plan coordinate service delivery strategies and make operational commitments in the plan among themselves and with the core partners.

- **Continued Focus on the Governor's Direction**: A culture of collaboration, with a laser-sharp focus on improving the outcomes for businesses and workers.
- **An Operational Plan Embraced by Partners**: The ability to put the principles of this strategic plan into day-to-day program practices to better serve a combined range of customers.
- **Leadership and Sustained Commitment**: Leadership at every level to stay the course when necessary and adjust the sails when needed and the ability to make the right choice driven by performance data and other valid evidence for fact-based decision-making.
- **Ongoing Communication:** In order to successfully implement the key priorities within the strategic plan the plan partners and stakeholders will need to invest in building an ongoing communication system to support ongoing information sharing and rally partners to respond to challenges and opportunities.

Work on this Directive is Built on a Solid Foundation

Washington's many successes in workforce development are detailed in a 2015 report by the State Auditor's Office highlighting the overall effectiveness in coordinating services among 55 programs across 12 state agencies: *"Washington's approach to coordinated service delivery is highly regarded at the federal and state level . . .The Workforce Training and Education Coordinating Board (Workforce Board) is the lead agency responsible for coordinating system partners statewide. It works with them, as well as the Governor and Legislature, to develop the strategic vision and policies for workforce development in Washington."*

Washington's Choice of a Combined Plan

The many partners of Washington's workforce system chose to submit a robust Combined Plan to federal partners—one of two options under WIOA. This decision was made with a clear eye towards improving the breadth and depth of services to workers and businesses across the state. By submitting a "Combined Plan," partners are committing to working toward a seamless, customer-driven system that will not differentiate between programs and agencies whether local, state, or federal. The Combined Plan unites six core programs with any number of workforce services across the education and training system. Once included as "Combined Plan" partners, these programs will be aligned with the mission, goals, and priorities within the combined state plan submitted to federal agencies by March of 2016.[2]

[2] In Washington, the "Combined Plan" includes the following partners: core programs (Title I Adult/DW/Youth, Title II ABE, Title III Wagner-Peyser, Title IV Voc-Rehab), TANF/WorkFirst, SNAP E&T (used to be called Food

Sustaining Recovery by Unlocking Washington's Talent

Business Demand Rises for Highly Skilled Workers

The year 2014 was the best for job gains since 1999. Productivity has been rising in the United States, and as the economy recovers, gross domestic product for 2014 is estimated at $16 trillion–besting the pre-recession high of $14.9 trillion in 2007. [3] Much of this job growth has occurred at the higher end of the skill and wage scale. A 2015 Seattle Times analysis of Washington State Employment Security Department data highlighted an uneven recovery with less skilled, lower paying jobs between $18 and $36 per hour declining during the recession, while jobs paying over $54 per hour grew during the same time period.

Full range of talent and possibilities

Some come to the system with significant barriers, such as physical or mental disabilities.

Others face life challenges, such as poverty, past incarceration, or cultural and language differences. The majority enter the system largely ready for work, but need help with resume writing, career direction, and job search assistance.

At the same time, Washington businesses seek capable workers who can enhance their capacity and competitiveness—workers who are willing and able to learn new skills in a fast-changing economy.

To fulfill this growing demand for highly skilled workers, Washington companies have turned to out-of-state and foreign workers to broaden their labor pool, tapping talent from across the world through the U.S. Department of Labor H-1B Foreign Worker Program. It's clear that this is a missed opportunity for Washington's workers, who would benefit from higher-skill, higher-wage jobs, especially in Washington's thriving tech industry. Skilling up Washington's workforce to meet the needs of businesses that import their talent requires greater collaboration and frank discussions among workforce professionals, education providers, and the business community. A more engaged and invested business community would help fill existing skill gaps through targeted training opportunities and postsecondary education programs and help create a better skilled and educated, homegrown workforce. This would give Washington workers a clearer pathway to higher paying jobs, and businesses a more direct connection to their own backyard talent pipeline. Already, the state has secured two grants totaling $9.8 million through the U.S. Department of Labor for the American Apprenticeship Initiative, which include a focus on the technology industry.[4]

Stamps), Senior Community Services, Community Development Block Grant, Community Services Block Grant, Unemployment Insurance (UI), Veterans, Trade Adjustment Act, and Unemployment Insurance.

[3] Source: U.S. Bureau of Economic Analysis

[4] One of the grants, totaling $1.5 million, is being administered by the state's Department of Labor and Industries. It's expected to provide training and jobs for up to 1,000 people, 600 of them in the technology industry. Another $3.5 million will go to the Washington Technology Industry Association to create an apprenticeship program in the information technology industry. The initiative will be carried out through an innovative partnership between the state, WTIA, and technology companies, including Microsoft, F5 and AT&T.

These grants will help reduce the number of imported workers. Registered Apprenticeship in Washington is growing. Since January 2014 the number of registered apprentices has grown by 25 percent to around 11,000 by the end of 2015.

Focus on Youth with Barriers to Employment

The Great Recession hit a generation of young workers hard and so far the recovery does not appear to be correcting the problem. Labor force participation for 16 to 19 year olds in Washington fell from 45.8 percent to 36.1 percent between 2007 and 2014.[5] While all young people, across all education levels, are experiencing difficulties with the labor market, those who lack a high school diploma are more likely to be unemployed, or drop out of the labor force altogether, than high school graduates and those with higher education levels.[6]

WIOA Designates Key Populations with Barriers

Youth aren't the only ones with employment challenges. Under WIOA, 14 populations were designated as those with barriers. These populations are as diverse as the state's workforce system and face significant challenges in obtaining living-wage jobs that lead to self-sufficiency and economic prosperity. The 14 populations designated as "populations with barriers" under WIOA include:

Populations with Barriers under WIOA	
Displaced Homemakers	*Youth in, or formerly in, Foster Care*
Low-Income Individuals	*English Language Learners*
Native Americans, Alaska Natives, and Hawaiians	*Migrant/Seasonal Farmworkers*
Individuals with Disabilities	*Individuals within Two Years of Exhausted TANF Eligibility*
Older Individuals	*Single Parents/Pregnant Women*
Ex-Offenders	*Long-Term Unemployed*
Homeless Individuals	*Veterans*
"Other Groups" Designated by the Governor	

Talent and Prosperity for All - Organized Around Four Strategic Priorities

After many months of collaboration and consultation among Washington's workforce development program leaders and their teams, including more than 70 meetings and engaging more than 500 people, the following key strategic priorities were adopted by the Workforce

[5] Source: U.S. Bureau of Labor Statistics

[6] One important avenue to self-sufficiency and higher wages is apprenticeship. Youth-focused pre-apprenticeships have been recognized by Washington's Apprenticeship and Training Council and these pre-apprenticeships are helping young people prepare for and enter apprenticeships.

Board. These strategic priorities are the organizing principles around which Washington's workforce plan is structured:

1. Customers Receive Integrated Services that Lead to Employment and Careers: Customers need to be able to find and navigate the workforce development pathway that is best for them. This means Washington's richly complex system must help customers move beyond program-specific solutions to make informed choices that pull from the full menu of services. Services need to be designed and delivered with customers as the focal point. In addition to acquiring skills, education, and jobs that put them on the path to prosperity, customers should also understand they have continuous access to the workforce development system throughout their working lives. For sustained lifelong success, individuals will reengage in the workforce system throughout their career and lifelong learning journey. The system's promise is to combine all resources to help each individual learn how to find and keep the right job and receive continued support to advance their careers.

2. Increase Business Engagement with a Clearly Defined Workforce Value Stream: Only 8 percent of Washington businesses utilize the public workforce system.[7] This stark fact underscores the limited interaction between businesses and workforce development service providers at all levels. Businesses need simple paths to the workforce system and a better understanding of the benefits, whether it's filling open positions with qualified applicants from WorkSource, shaping training programs to ensure workers have industry-specific skills, or partnering with higher education. In addition, once businesses and industries *are* engaged—be it through sector strategies or recruitment services—the workforce system must build and sustain these partnerships. The system's promise to partnering businesses is streamlined and integrated services that are a recognized value and easy for an employer to navigate.

3. Universal Accessibility to the System through Technology and Other Barrier Removal: This plan embraces barrier removal and universal accessibility of workforce development services—both physical and programmatic—as core priorities. The system's promise to those with barriers is to help employers realize their individual talents and to help all workers realize their full potential in the workplace. The use of technology to remove barriers for workers and enhance their access to services is a "game changer." Advances in telecommunications and technology potentially allow for seamless, universal, and remote access to education, training, and other workforce development services. While technology cannot fix all barrier access problems, in many cases it will free up staff to tackle more difficult access issues. This plan seeks to convert the best of these possibilities into a reality. The Workforce Board is

[7] Source: U.S. States: For Richer, For Poorer? Winning the battle for talent and securing our standard of living, Accenture report, Page 5: http://www.wtb.wa.gov/Documents/U.S.StatesRicherPoorerCombined.pdf

establishing a permanent advisory committee to support the barrier removal work of local Workforce Development Councils.

4. A Next Generation Performance Accountability System That Shows Outcomes and Identifies Gaps: While Washington's workforce system has been a national leader in performance accountability, new federal legislation and its mandates create the opportunity to improve performance measures to better support a more integrated and coordinated service delivery system. Under WIOA's predecessor acts, Washington's annual workforce program evaluation "Workforce Training Results" has shown whether participants of the state's 12 largest workforce programs got jobs, how much they earned, the skills they obtained, and if they were satisfied with their program, among other measures. The Workforce Board's Career Bridge website, home of the state's Eligible Training Provider List (ETPL), also provides performance results for thousands of education programs. However, to get a clear picture of the system's effectiveness, the current performance accountability system will have to undergo significant changes. The new federal workforce law requires that customers be served at a variety of entry points. If the intention is to enable customers to move into and across programs as needed, then the performance measurement system needs to measure results when many of the participants are served by multiple programs. These measures will need to quantify the results for customers, create a level playing field among programs and service strategies and promote behavior and results consistent with longer-term objectives, among other changes.

Key Commitments Braided Throughout the Plan

Based on extensive stakeholder input, Governor Directives, and customer needs, the following values and commitments underpin Washington's *Talent and Prosperity for All* strategic plan:

All Means All

With the plan's heightened emphasis on program alignment, many agencies and their stakeholders voiced concern that this would result in reduced services for their clients. Each community urged that customers receive increased services, not less. These services need to be provided in a manner that reflects their unique needs, ranging from one-on-one services for new immigrants to early intervention for youth while still in middle and high school, to educational opportunities for individuals who need additional credentials. The plan consistently directs that priority populations receive the resources they require to be successful and that each community is included in the goal of prosperity and success for everyone. This is a "universal" plan.

Systemwide Partnerships

A culture of cooperation and partnership will be built to achieve positive results in a complex workforce system. Aligning goals, and measuring them in the same way, across all service and

program providers and customers is essential in building this culture of partnership. Through shared goals and measures, Washington can achieve the seamless system envisioned in this plan.

These goals include:

- Deliver prosperity and success in a measurable way for the system's key customers: workers and businesses.
- Address strategically and efficiently the economic needs of workers and businesses.
- Ensure sustainable results.

Interdependency of Government and Non-Profit Agencies
The mandates outlined in WIOA, the reality of limited resources, and the volume of work to accomplish them all point toward strategic leveraging of all available resources. Members of the non-profit community will be engaged in even closer collaboration with government agencies, including tribes, and colleges and universities. Interagency collaboration will foster increased business involvement and reduce duplication of effort, saving valuable resources, while also reducing business and worker fatigue in using the system.

Career Pathways
The Career Pathways model will be utilized to offer an efficient and customer-centered approach to workforce development because this model structures intentional connections among workers, employers, and service and program providers. Aligning educational opportunities that lead to industry-recognized qualifications, skills, and academic credentials helps bring workers and employers into the training system on the front end. In turn, this transforms businesses from "customers" into "partners and co-investors" in the workforce system.

Continuous Improvement: Old Way of Doing Business is Not an Option
As the economy and population continue to change, Washington's workforce system must be even more nimble to adapt to new demands and challenges. Timely, clear, and informative performance indicators will guide strategic course corrections and resource deployment. The Workforce Board, along with its partners, will continue to measure the impact of services to customers and will create an oversight system capable of responding as needed to ensure continued success and system improvements.

Professional Development
A highly skilled and talented staff has played a pivotal role in Washington's workforce system success. The changes outlined in this plan will require continued investment in staff training and

support across agencies and programs. To “manage the system to success,” front-line staff and managers will need to be equipped to respond to changing customers’ needs and support the four key strategies outlined in the plan. Team members will require a broader and deeper understanding of the services provided, not just by their own organization, but by other partners throughout the workforce system. Raising the bar on customer service will require thoughtful and coordinated outreach to businesses, and a tailored approach to providing education and training, and wraparound services for workers.

In addition to partner agencies, Washington will work with business and labor leaders to provide training and technical assistance to those who sit on state and local workforce boards. This assistance will include helping sponsor training on board duties. The state will strive to offer specific tools, including performance accountability.

Leveraging Existing Successes

Compelling stories of successful initiatives and programs are highlighted in this plan, bringing to life strategic objectives and system goals. These proven successes, and others, will be shared across the system. Too often, unique and successful pilot projects are abandoned due to lack of funding or changes in administration. Encouraging information to be shared across the system, and regularly drawing attention to achievements, will help partners replicate and build on successes.

A Plan Embraced by All-Inclusive Process

A key objective in developing and writing this plan was to have every team member, and his or her stakeholders, endorse and embrace the plan. This process has required time and engagement with numerous committees, task forces, public forums, and an inclusive writing team. This plan strives to honor that participation.

Who is Involved?

WIOA requires Workforce Development Councils (WDCs) to lead strategic planning, business engagement and worker education and training efforts by developing a plan with other workforce partners that coordinates strategies and resources across the workforce system, in support of regional economies. WDCs recognize that in addition to their focus on regional and local needs, they are part of the statewide system which must be recognizable to businesses and workers, no matter their location.

While any workforce system partner may potentially lead a business or training solution, all are expected to support WDCs in the development and implementation of aligned and effective regional and area-wide strategies. In turn, WDCs are expected to work with their partners to identify the approach taken within a region or area. Workforce system partners at the state and regional level will collaborate on the chosen approach.

Workforce system partners in this approach include, but are not limited to:

Workforce System Partner	Services
Apprenticeship (Department of Labor and Industries)	A combination of on-the-job training (OJT) and related classroom instruction under the supervision of a journey-level craft person or trade professional in which workers learn the practical and theoretical aspects of a highly skilled occupation.
Carl D. Perkins Vocational and Technical Education Act* *Carl Perkins is included in Washington's workforce plan but is not a partner in the Combined WIOA plan.	Aims to increase the quality of technical education at both the secondary and postsecondary levels and provide students with academic and technical skills for in-demand, living wage careers that advance the economy.
Community Development Block Grant (Department of Commerce)	The state Community Development Block Grant (CDBG) program, administered by the state Department of Commerce, awards funds to rural local governments for locally-prioritized activities, such as economic development, construction, and public services activities. These funds are awarded based on a competitive grant process for eligible CDBG recipients. This funding is administered federally by the Department of Housing and Urban Development (HUD).
Community Services Block Grant (Department of Commerce)	The state Community Services Block Grant (CSBG), administered by the Department of Commerce, awards funds to local community action agencies to provide services to low-income households at or below 125% of the federal poverty level (FPL). CSBG Grantees determine how funding will be used to support allowable CSBG activities, such as employment and training activities. This funding is administered federally by the Department of Health and Human Services (HHS).
Customized Training Program (State Board for Community and Technical Colleges)	A training institution delivers dedicated customized employee training as requested by the business. The level of customization ranges from existing training curriculum delivered at the job site to fully customized training curriculum developed exclusively for the business.
Higher Education (Community and	Education and training, customized training, incumbent

Workforce System Partner	Services
Technical Colleges, Four-year Colleges and Universities, Private Career Schools)	worker training, certification, apprenticeship related supplemental instruction (RSI), education and career counseling, small business resources.
Job Skills Program (State Board for Community and Technical Colleges)	Prospective and current employees of a business receiving a Job Skills Program (JSP) grant are eligible for training. Eligible businesses and industries include private firms and institutions, groups, or associations concerned with commerce, trade, manufacturing, or service provisions. Public or nonprofit hospitals are also eligible.
Title I Youth, Adult and Dislocated Worker programs (Various state and local service providers)	Workforce development workshops, assessment and career guidance, resources for worker training, on-the-job training, support services.
Title II Adult Literacy (Community and Technical Colleges)	Adult basic skills training, English as a Second Language training, GED
Title III Wagner-Peyser (Employment Security Department)	Jobseeker assessment, job matching, and other business services. Washington labor market information.
Title IV Vocational Rehabilitation (Division of Vocational Rehabilitation and Department of Service for the Blind)	Training, retraining of individuals with disabilities, identification and support for the implementation of assistive technologies for jobseekers and businesses, job placement, job development, community rehabilitation providers.
Temporary Assistance for Needy Families (Department of Social and Health Services, Community and Technical Colleges, Community-Based Organizations, Employment Security Department, Department of Commerce, Department of Early Learning)	Assessment, case management, job placement, education and training, work study, workfare, support services, and job development.
Senior Community Service Employment (Department of Social and Health Services and Community-Based Organizations)	Provide subsidized, part-time, community service work-based training for low-income people age 55 or older who have poor employment prospects. Through this program, older workers have access to the SCSEP services as well as other employment assistance available through WorkSource, the state's one-stop career center system.

Workforce System Partner	Services
SNAP, E&T (Department of Social and Health Services, Community and Technical Colleges, Community-Based Organizations)	Food stamps, assessment, education and training, job search, job search skill development, and support services.
Trade Adjustment Assistance (Employment Security Department)	A federal program that helps workers who have lost jobs due to foreign trade to gain the skills, resources, and support they need to become reemployed.
Training Benefits Program (Employment Security Department)	Training benefits pay up to 52 times a participant's unemployment weekly benefit amount, minus any regular unemployment benefits received**.** These additional benefits are available to eligible dislocated workers in a full-time vocational training program approved by the unemployment insurance (UI) program.
Veterans Employment and Training	Workforce development workshops, assessment and career guidance, resources for worker training, on-the-job training, support services for veterans.
Worker Retraining Program (State Board for Community and Technical Colleges)	Serves the unemployed or those facing imminent layoffs. Community and technical colleges provide training in basic skills and literacy, occupational skills, vocational education, and related or supplemental instruction for apprentices. Qualified students may receive financial assistance to help with tuition, other costs. Private career schools and colleges enroll a small number of students.

Improving the Customer Experience

Better Serving Current and Future Workers

The federal Workforce Innovation and Opportunity Act (WIOA), envisions a streamlined, demand-driven, integrated, and business-informed system that can support the talent needs of business, and the education and training needs of a diverse population of current and future jobseekers and workers, including those most in need.

Serving all seamlessly

The system's goal is to ensure every customer has the education, employability skills, work experience, and credentials needed to move into sustained employment and economic self-sufficiency, and receives the wraparound services needed to pursue his or her career pathway.

In many ways, streamlining and integrating the delivery system is the first step in helping all of the state's current and future workers gain a foothold in Washington's economy. Finding more efficient and successful ways to engage these individuals will create a sustainable talent pipeline. The diverse populations served by the state's workforce system include unemployed or underemployed people, those seeking additional education to advance their careers, highly skilled workers, and those facing barriers to employment. Some will pass through the system with minimal support, while others will require multiple resources. The state's economy benefits when the entire workforce is engaged in productive, meaningful employment, and the state's business community is more competitive and prosperous as a result.

Service delivery integration means current and future workers can access the state's workforce system, at any level throughout their lives, and are able to obtain the appropriate mix of services to put them on, or propel them along, a pathway to economic self-sufficiency. Current and future workers are able to connect to the system quickly and efficiently through a common intake process. They meet, or are connected technologically, to an individual navigator or team of navigators with a broad knowledge of available education, training, and support services. These navigators are trained to provide culturally competent services, ensuring that all current and future workers have a roadmap to achieve their goals. They ensure that all individuals can access and are enrolled in every program that can help meet their needs, in a way that is transparent to the customer.

Improving the Customer Experience Goals

The following goals will help move Washington's system forward:

- *Increase the number of designated navigators available within the One-Stop system.*
- *Develop an intake process that eliminates redundant assessments and streamlines customer experience.*
- *Increase the number of participants, including those with barriers, who have defined career pathways and have gained portable skills, received industry recognized credentials, and/or earned college credits.*

In addition**,** soon after the passage of WIOA, Governor Jay Inslee directed the Workforce Board to work with the system's stakeholders to shape Washington's strategic plan toward three goals to maximize the workforce system's impact:

1. *Help more people find and keep jobs that lead to economic self-sufficiency, with a focus on disadvantaged populations.*
2. *Close skill gaps for employers, with a focus on in-demand industry sectors and occupations, including through apprenticeships.*
3. *Work together as a single, seamless team to make this happen.*

These three goals will inform the larger system and guide any changes. Below are ways the system is evolving to better serve all populations through a more integrated system.

Greater Flexibility and Access to Services

In general, services are integrated to provide greater flexibility and a better fit for people who may need skill-specific training or other intensive services right from the start, rather than moving more deliberately through a predetermined, sequence of steps. Customers will be enrolled simultaneously in any service for which they are eligible and that can help them achieve their goal.

This streamlined integration requires all service providers to quickly identify needs, and then match resources to meet those needs. Increased collaboration and coordination among system partners ensures that the best of what the system has to offer comes forward with a minimum of duplication. Integration provides a flexible, interconnected set of services tailored to each customer. Customers receive a range of services via various providers and funding streams that may be braided together to meet their specific needs.

One key to service integration is a career pathway approach. This approach connects levels of education, training, counseling, support services, and credentials for specific occupations in a

way that optimizes continuous progress toward the education, employment, and career goals of individuals of all ages, abilities, and needs. Career pathways fully engage businesses to help meet their workforce needs. In turn, customers are encouraged to choose among a full range of education and work-based learning opportunities that allows them to earn marketable credentials. Ultimately, the goal is to connect the customer to a career pathway that taps their talents and leads to long-term economic security.

Service Delivery Integration

Customer Choice and Asset-based Programming

Integration honors the assets and interests of customers at every stage of service delivery. This customer-centered approach recognizes that the needs and interests of customers may change as they engage in services, learn more about their abilities and aptitudes, and consider new career options. Customers help shape their individual pathways and plans to achieve desired outcomes, with periodic check-ins and adjustments to ensure their plans continue to be both appropriate and effective.

In addition to being program experts, staff must think holistically about customers, their goals, and their skill-sets when they enter the system, and be knowledgeable about the full array of services that an individual requires. This asset-based approach focuses first on the strengths and positive experiences each customer brings, and then builds on those assets by connecting individuals with an appropriate mix of services.

Intake

During initial customer contact, all necessary information will be collected to identify potential eligibility for all available services and provide the individual with a full menu of relevant options. The individual's initial intake responses will be available to all partners, helping eliminate multiple requests for the same information. Ideally, the first interview will: evaluate the individual's immediate needs and career interests; compile education and job history; identify any barriers to employment and ability to access education and training; and screen for eligibility for services, funding, and other resources. The intake process will also include working with the customer to identify potential effective learning modalities (learning styles, modes of instruction and training) or successful prior learning experiences for which they may obtain credit (such as competencies, military training experiences, foreign degrees and certifications, and skills).

Triage and Follow-up

Based on intake information, a navigator or navigation team will evaluate a customer's need for support services, readiness to pursue education, training, employment, or a combination, and make appropriate referrals. The navigator or navigation team will follow up with the customer to ensure smooth transition, or to redirect the customer if needed. Partners will work together

beyond the points of program transition to braid funding and services across organizations for the benefit of the customer.

Assessment

Customers will enter career pathway programs at a level that makes sense for them, depending on their career readiness, while also taking advantage of multiple entry and exit points as they develop new skills. Assessment may vary, and can include standardized tests, criterion referencing, personal interviews, hands-on skill trials, and portfolios. Assessments should be tied to a credentialing process recognized by a targeted industry. A key piece of assessment is determining whether an individual faces barriers to employment, and then identifying the services needed to reduce or eliminate those barriers. The state approved basic skills assessment Comprehensive Adult Student Assessment System (CASAS) is an example of effective assessment because it aligns with the state's community and technical college system and many other service providers, saving customers time and potential frustration that come with multiple tests. With CASAS, customers complete only one assessment before they begin basic skills training

Career and Education Exploration and Guidance

All customers, but especially those with little or no work experience, need sufficient information to make informed career decisions and education choices. By fully exploring their career and education options, customers are able to choose a career pathway based on their interests, needs, and capabilities. Career pathway exploration should include timely information about a wide range of occupations and whether they're in demand by industry, connections to apprenticeship and other work-and-learn programs, and encouragement to consider non-traditional occupations for both women and men. Career guidance should also include a review of any foreign degrees and professional expertise held by educated, skilled refugees and immigrants experiencing unemployment or under-employment.

Customer Pathway and Outcome Plan

Every customer will work with staff to develop a plan with clear and measureable outcomes. Staff will facilitate conversations with customers to better understand their immediate needs, interests, passions, assets and current capabilities and experience, and career goals. Staff will then help customers develop education and career pathways and outcome plans, and provide necessary information and guidance, including labor market trends, wages, and training and education opportunities. These plans are considered "living documents," subject to change as customers learn more about career and education options and discover new areas of interest and capacity.

Case Management

For individuals with barriers to employment, or any eligible customers who need more support,

career counseling and case management will be provided as they move through each stage of a program. Career counselors not only help with career and life choices, they assist customers during tough transition points, increasing the likelihood of success. At a minimum, the career counselor/case manager provides stability and continuity, while offering encouragement and acknowledging successes. When necessary, career counselors/case managers will work as a team to streamline and expedite services. Career counselors/case managers with particular knowledge, skills and expertise in serving individuals with unique, multiple, or the most complex barriers to employment will be available to assist customers who need more specialized or intensive support.

Support Services

Support services help customers overcome employment barriers. For many customers, career pathway success is directly linked to their ability to overcome significant barriers. A variety of social, medical, behavioral, economic, and other support services can help individuals overcome employment obstacles. These services, in tandem with occupational skill development and other career pathway components, enable individuals with barriers to land a job, and keep a job.

Customer Pathway and Outcome Plan Options

Integrated Basic Education and Skills Training (I-BEST)

Day-to-day living calls for literacy and numeracy skills, as do careers. Basic skills are needed across all occupations, both in landing a job and progressing within a career. Basic skills are also required for more advanced, career-specific education and training. Evidence shows that I-BEST education, pioneered by Washington's community and technical college system, improves and accelerates the attainment of important learning outcomes and meaningful work credentials. This model, which blends basic skills training with high-demand occupational training, has been replicated and expanded in numerous states. Service integration and cross-training of national staff will increase the number of I-BEST participants who have access to these accelerated pathways to living-wage employment.

Contextualized English Language Acquisition

English proficiency, including speaking, reading and writing, along with math, listening, employability skills, and solving problems in technology-rich environments, is required to enter and progress within most occupations. Language acquisition is also a necessary ingredient for high-skill, foreign educated professionals to transition into the same or similar employment in the United States. Because evidence clearly indicates that contextualized English Language Acquisition improves and accelerates the attainment of desired learning outcomes, this is considered an optimal instruction method and is being expanded across the Title II system.

Work Readiness and Employability Skills Instruction

Work readiness is an individual's preparedness for getting a job and keeping a job. With work readiness training, customers learn about the structure and culture of the workplace, and about what makes a valuable employee—beyond job-specific skills. Topics typically include communication skills, decision-making and problem-solving, team building and teamwork, following instructions, healthy relationships with authority figures, leadership skills, personal growth, stress management, health and hygiene, and dealing with difficult people and situations. Customers should be able to show through their attitude and behavior that they understand these concepts, rather than simply scoring well on a standardized test. Work readiness is best taught when embedded in an education or training program, not as a stand-alone component.

Development of Knowledge, Skills, and Abilities for Job Entry

Skill development in this model refers not just to those skills needed to enter the field, but building skills that allow individuals to advance within the field. Wherever possible, skill development activities should be integrated with work. Models of work-integrated learning include: project-based learning in the classroom, online coursework, industry guest lecturers, or direct workplace experience, including job shadows, mentorships, internships (paid or unpaid), work study, clinicals, cooperative learning models, and apprenticeships. Paid work experience or earn-and-learn models are optimal, but understandably the most difficult to achieve and sustain. Where possible, industry credentials should be integrated into job-entry programs, demonstrating competencies and reducing hiring costs for business partners. Skill development activities should be appropriate to the learning styles, interests and capabilities of each customer. Early intake and assessments will help determine the appropriate pathway and point of entry for each customer.

Skills Upgrading for Occupational Advancement

Skills upgrading refers to development of skills beyond entry-level (first employment during program participation). Skills upgrading should be tied to an industry-recognized credential, whenever possible. Industry credentials should include college credits so customers can more readily add and build on their education to help them move up the career ladder.

Business Engagement, Job Development, and Placement

Successfully connecting customers with jobs requires working with businesses to determine which jobs are currently available, or projected to become available, along with the skill requirements for these jobs. Engaging businesses and sharing labor market data will better inform curriculum development, support work-integrated activities, enhance program offerings, and assist in evaluating the effectiveness of the program in meeting industry needs. Staff responsible for job development and placement, and faculty responsible for curriculum

development and delivery, will need to work closely with industry representatives to ensure skill development curriculum and materials are directly applicable to the workplace, and that participants are adequately prepared to meet the needs of business once on the job. This is an ongoing, fluid process. Curriculum may need to be modified or enhanced as new jobs become available or if participants are unable to perform effectively on the job.

Post-Job Placement Support for the Customer and Employer

Landing a job is often just the first step for customers, even if they have benefited from effective pre-placement services. Once on the job they may struggle with child or elder care, transportation, interpersonal issues, family difficulties, medical needs, basic skills development, and court involvement. Or an individual may require additional skill development in specific areas to improve job performance or to keep pace with industry changes. Support services for customers and the businesses who hire them may involve: periodic contact, information and referral for necessary services, and, when necessary, advocacy for the individual on the job.

System Training and Support

Professional Development

Integrated services require a system-wide emphasis on professional development and cross-training for both leadership and front-line staff. Professional development that cuts across all programs and strategies is a foundational element of system accessibility. Training includes: outreach; the intake and triage process; customer choice; coaching and navigation; asset-based programming; and broad and basic knowledge of workforce education and training programs. Key skills for frontline staff include cultural competency, technical fluency, and command of motivational interviewing techniques. These core skills will significantly improve outcomes by connecting customers to the workforce system. Training and cross-training will ensure staff is able to serve a diverse population who experience a wide range of barriers to employment and require an array of integrated services to be successful along their career pathways.

Implementation of Technology

This streamlined, integrated approach requires staff to use technology in new ways to simplify administrative processes, provide the customer with easy-to-use interfaces to access relevant information, connect to resources, and expand the options available for skill development certification, and portfolio management. New technologies will enable jobseekers to use their own devises to connect easily and effectively to public systems and take advantage of state-of-the-art communications, and networking and accessibility tools.

Replication of Promising Practices

Adopting streamlined customer service and service delivery integration does not mean that Washington must reinvent the wheel. In many instances, the state leads the nation in education and training programs, in performance accountability, and in service delivery.

The following programs and models, among many others, have proven results in their programmatic areas. They provide examples of "how-to's" for the workforce system to employ:

Co-enrollment allows customers to access more resources and provides staff an easier way to serve all customers, regardless of their eligibility for services. Several Workforce Development Areas across the state are working on a pilot to automate co-enrollment of future and current workers seeking new or better jobs. While current efforts focus entirely on the co-enrollment of customers in the WIOA Adult and WIOA Wagner-Peyser programs, the goal is to create a template that will support co-enrollment into additional programs.

Labor–Management Committees are formed during major closures and facilitate the coordination between labor and business representatives, the workforce system and community partners. These committees are often the platform for pursuing Trade Adjustment Assistance, National Emergency Grants or other forms of funding to assist transition.

Peer Outreach contracts place workers from an affected group, during closure, on-site in WorkSource offices to offer support and ease the transition to training, job search and/or relocation activities, as appropriate. These individuals offer the emotional and motivational support necessary to assist a community recovering from a major layoff.

Puget Sound Welcome Back Center builds bridges between the pool of internationally trained professionals living in Washington and the need for linguistically and culturally competent professional services. Its goal is to assist these professionals to make the best use of their professional skills through respectful, innovative, and individualized career counseling, and educational services.

Transition Centers offer a tailored space to serve large impacted workgroups. Based on individual circumstances, these centers may be implemented within a One-Stop office or nearby location. (*An example is the Simpson Lumber Mill closure in Mason County in 2015. Through a Labor-Management Committee, the company was certified for Trade Adjustment Assistance and two Peer Outreach Workers were funded to staff a Transition Center, alongside workforce system partners, in the office space next door to the Shelton WorkSource Center.*)

Bachelors in Applied Science (BAS) degrees create expanded opportunities for both students and businesses by providing upper-division coursework at community and technical colleges in an applied field. These degrees, many of them online and tailored to working adults, build upon professional-technical associate's degrees.

Bachelor and Graduate degrees create expanded opportunities for both students and businesses. Washington's public four-year colleges and universities, along with the state's community and technical colleges, provide opportunities for Washington residents to obtain a

bachelor's degree to meet the state's growing need for an educated workforce. In addition to the four-year degree pathways at Washington's public colleges and universities, community and technical colleges offer applied bachelor's degree (BAS) programs. The state's two- and four-year institutions have also forged articulation agreements that help students transfer between institutions. In addition, Washington's public four-year institutions offer access to a range of quality graduate degree programs.

Centers of Excellence are flagship institutions located at Washington's community and technical colleges that focus on a targeted industry and are designed to provide fast, flexible, quality education and training programs. (A targeted industry is identified as one that is strategic to the economic growth of a region or state.) Centers are guided by industry representatives to lead collaborative and coordinated statewide education and training efforts.

Workforce and Education Program Advisory Boards are long standing, with private sector business and labor representatives serving as advisors to two- and four-year college programs, providing: advocacy, curriculum recommendations, and support for quality higher education programs.

HS 21+ allows students 21 and older to attain a competency-based high school diploma. The program awards credit for prior learning, military training, and work experience.

I-BEST Programs

Professional Technical I-BEST co-enrolls students in adult basic education and college credit-bearing career pathways that lead to living wage jobs. I-BEST accelerates students down their career pathway, by contextualizing and team teaching the language, math, and other foundational skills needed to succeed in their professional-technical program. I-BEST students are nine times more likely to earn a workforce credential than students in traditional basic education programs.

Professional Technical Expansion I-BEST allows students to move further and faster down their career pathway by putting English and math courses in context, as needed for longer-term certificate and degree programs. This allows students to skip developmental education and earn their college or terminal-level English and math credits through contextualization and team teaching.

Academic I-BEST co-enrolls students in adult basic education and Direct Transfer Agreement (DTA) courses for students intending to earn a transfer degree. Through Academic I-BEST, adult education students can accelerate their progress down a transfer career pathway and reduce or eliminate time spent in developmental education.

I-BEST at Work is based upon a partnership between a community college or community-based organization, and an employer, in which the college or organization provides a basic skills instructor who team-teaches with a representative from the employer. It is part of the comprehensive I-BEST Pathway, designed to accelerate the progress of basic skills students within the context of work.

I-DEA Integrated Digital English Acceleration is an on-ramp to I-BEST that, in collaboration with the Gates Foundation, provides the least English proficient ESL students with a laptop computer. Half of the instruction is delivered online, offering 24-7 accessibliity.

Industry DACUM incorporates the use of a business or industry focus group to capture the major duties and related tasks included in an occupation, as well as the necessary knowledge, skills, and traits, in a process facilitated by a Center of Excellence or community college. This cost-effective method provides a quick and thorough analysis of any job.

Industry showcases highlight how industry skills are put to use in the work world and serve as an example of how community and technical colleges are responsive to the changing needs of businesses.

Industry Skill Panels are public/private partnerships of business, labor, and education working together to improve the skills of workers in industries vital to Washington's economy. Washington has worked with Industry Skill Panels since 2000.

Workforce Program Review is a community college review of a vocational education program's intent and objectives. Industry representatives participate on evaluations teams that look at: program accomplishments, student performance standards compared to the needs of industry, facility adequacy as a training site, quantity and quality of graduates, and job placements. This review team then makes recommendations for any identified program improvements or innovations.

Summary and Goals

In conclusion, a truly integrated service delivery system holds promise for Washington's workforce by helping people reach their goals no matter their barriers, their background, or where they entered the system. Doing this effectively calls for increasing the number of navigators in the state's WorkSource system, eliminating redundant assessments, and helping more customers define career pathways that help them achieve portable skills, higher education levels, industry credentials, and satisfying, living-wage careers.

Engaging Business for Better Results

When Washington's workforce system effectively engages with business, it's a win-win situation for workers, and for employers. By working closely with firms to determine their talent challenges and by implementing effective solutions, the workforce system helps both businesses and workers prosper.

Better access, better engagement
By providing businesses with easier access to the workforce system and a clearer understanding of the benefits of working together, Washington will move business engagement to the next level.

The Workforce Innovation and Opportunity Act (WIOA) places a greater emphasis than its predecessor act on engaging business in the development of workforce solutions, identifying business as a primary customer of the workforce system. Yet for the system to realize the full potential of business engagement, it must go beyond thinking of employers as merely customers. Businesses must be partners in the system. After all, businesses know what they need, and the skills that they lack. They can help identify, create, and implement effective workforce solutions. By providing businesses with easier access to the workforce system and a clearer understanding of the benefits of working together, Washington will move business engagement to the next level.

Critical Industry Sectors in Washington
Governor Inslee created the Office of Economic Development and Competitiveness to recruit new companies to Washington and grow businesses in key industry sectors statewide. Critical industry sectors in Washington designated by the Governor are:

- *Aerospace*
- *Agriculture*
- *Clean Technology*
- *Forest Products*
- *Information, Communication Technology*
- *Life Sciences and Global Health*
- *Maritime*
- *Military and Defense*

Washington is already known as a leader in business engagement. The state piloted Industry Skill Panels, which bring together employers, educators, and community leaders to address common skill gaps and training needs. Skill Panels, in turn, were instrumental in establishing Centers of Excellence, which serve as statewide resources to address the needs of a specific industry sector—from aerospace to allied health. Housed within the state's community and technical college system, Centers of Excellence provide fast and flexible education and training programs that respond directly to the needs of industry.

Washington was also an early adopter and leader in the implementation of sector strategies, which build partnerships between businesses, training providers, community organizations and other key stakeholders, around specific industries to address their particular workforce needs. Washington has also invested in Skill Centers, which provide career-focused education to high school students and serve multiple school districts through inter-district cooperatives. These centers partner with local employers to give students the skills to be successful in the local job market and advance in their education and training.

In 2015, Governor Inslee appointed industry sector leads to better support the growth of strategic industry sectors in Washington: aerospace, agriculture, clean technology, forest products, information, communication technology, life sciences and global health, maritime, and military and defense. Moreover, the state Office of Economic Development and Competitiveness in the Department of Commerce works with critical industry leaders on recruiting new companies to Washington and grow key industry sectors statewide.

Today, Washington has the opportunity to take this work to the next level and to close skills gaps and help employers hire and further develop the talented workforce they need to grow and prosper.

Business Engagement Goals

Over the next two years, the following goals will help move Washington's system forward:

- Identify meaningful metrics to establish a baseline and increase the number of businesses utilizing the workforce system.
- Identify meaningful metrics to establish a baseline and increase the number of businesses reporting satisfaction with the services they receive via the workforce system by 5 percent each year.
- Have at least one sector partnership in development in each workforce region. Use the Sector Partnership Framework or a similar framework to show progress over time.
- Train at least 30 percent of the workforce system's staff on the implementation of sector partnerships.
- Increase resources for work-based learning opportunities, including on-the-job training and apprenticeship, internships, job shadows, but especially, incumbent worker training.
- Increase the amount of work-based training including incumbent worker training, on-the-job training and apprenticeship, job shadows, internships.

In addition**,** soon after the passage of WIOA, Governor Jay Inslee directed the Workforce Board to work with the system's stakeholders to shape Washington's strategic plan toward three goals to maximize the workforce system's impact:

1. *Help more people find and keep jobs that lead to economic self-sufficiency, with a focus on disadvantaged populations.*
2. *Close skill gaps for employers, with a focus on in-demand industry sectors and occupations, including through apprenticeships.*
3. *Work together as a single, seamless team to make this happen.*

These three goals will inform the larger system and guide any changes. Below are ways the system is evolving to better serve all populations through better engaging business.

What Better Engagement Means for Business

According to a 2014 Accenture report, employers cannot find the talent they need. In this report, just "18 percent of employers [nationally] reported sufficient access to needed skills." But despite this need for skilled workers, here in Washington, just 8 percent of businesses connected with the state's workforce system to find talent. And talent acquisition is only one challenge facing today's businesses. New articles and reports identify a variety of human resources challenges that the workforce system could help to address, including:

- Skilling up workers and jobseekers to keep pace with rapid changes in technology.
- Retaining talent.
- Planning for succession.
- Increasing workforce diversity.
- Dealing with the greater demand for flexibility within the workforce.
- Impacts of personal life on work.

There are areas where the public system and business share in the cost of developing an employee's skills, including work-based learning (on-the-job training, incumbent worker training, apprenticeship). Business partnerships with workforce development and human services programs can increase diversity in the hiring pool and support job retention in the workplace. If employers are willing to partner with the workforce system, expend energy, and, devote resources, they can leverage their investment to create sustainable solutions to their workforce challenges.

What Better Business Engagement Means for the Workforce System

An emphasis on business engagement creates a benchmark for more activity—more surveys, more meetings, more outreach—but not necessarily more engagement. While many businesses do not know about the many workforce system programs and services that could benefit them, more outreach does not necessarily lead to more employers partnering with the workforce system.

According to a recent National Governors Association (NGA) report, "The U.S. workforce system is often criticized as a sum of disconnected parts, with worker training poorly matched to industry demand, a lack of focus on industries that are the most important to local economies, and duplicative business outreach and workforce training services." Outreach alone will not fix these issues.

Successful business engagement is about better understanding the value proposition that the workforce system can offer business and delivering that value by:

1. Aligning and coordinating "disconnected parts" across the system to provide workforce solutions that meet real business needs.
2. Enlisting business as a partner in the identification, development, implementation of and investment in workforce solutions.
3. Making services and products more transparent, accessible, and user-friendly, and supporting services with appropriate technologies for employers.

By finding more effective ways of working together, leveraging limited resources, and addressing long-term issues, the workforce system can help employers achieve stronger results, forging a sustainable and mutually beneficial alliance. Engaging business as a partner increases the diversity and number of resources available and builds a team that helps workers find, keep, and grow in good jobs.

Jobseekers enter the workforce system with varied skills and experiences, but the ultimate goal of the workforce system is to create pathways to prosperity for all. Business services strategies should seek to grow jobs with family-sustaining wages and benefits, encourage ongoing skill training and employee advancement, promote good working conditions, and adequate hours, while recognizing the right to join a union. Washington will consider job quality when engaging with businesses to offer work-based learning, on-the-job training, incumbent worker training, and customized business services.

Aligning and Coordinating Across the Workforce System

Effective business engagement is a system function, rather than a programmatic one. Each system partner comes with specific resources to develop, support, educate, and train the

workforce in the region, and a mandate to better engage business in doing so. When each program works in isolation to create businesses services, increase contact with businesses, or solicit business input, the end result is a patchwork approach where some businesses are asked the same questions over and over, and others are left completely out of the conversation. Creating an aligned and coordinated approach that conveys the full strength of the system increases its efficiency and the likelihood that employers will realize value from the system.

To achieve this innovation, Washington's workforce system must shift its focus when working with businesses from the promotion and administration of programs and management of services, to a more strategic role of building regional talent pipelines, addressing skill gaps, and creating meaningful education and career pathways for a range of workers in key industries.

Recently, a staff person at a WorkSource center described the transition as moving from inventory control to business solutions. In inventory control mode, staff thinks in terms of how many jobs a company has open and how many jobseekers the program has available or could quickly train to apply for these jobs. In the business solution model, staff move from focusing on this "inventory" of specific services and programs to helping businesses access system resources and services that will meet their specific needs. Put another way, the system must move from a "push" that works to match the jobseeker inventory on hand to a "pull" or a "demand-driven" system working in partnership with businesses to determine and develop the talent they actually need.

What better way to demonstrate value and responsiveness than to engage business as equal partners in the design and creation of the products and services they need? Sector partnerships and career pathways are proven mechanisms for forging these relationships.

Engaging Business through Sector Partnerships

Sector strategies are the most widely used approach to engage businesses throughout the U.S., according to the National Governors Association (NGA). Sector strategies are regional partnerships of employers within one industry that bring together government, education, training, economic development, labor, and community organizations to focus on the workforce and other needs of their industry. At the state level, sector strategies are policies and investments to support and align regional sector strategies. NGA finds that "a growing body of evidence demonstrates their effectiveness for employers and workers."

Washington's workforce system is a recognized leader in the implementation of sector strategies. The state needs to capitalize on this strength and move beyond sector strategies to sustainable sector partnerships. Sector partnerships shift employers from being customers of the workforce system to active participants in the design and creation of workforce solutions—

forming business-to-business partnerships within industry sectors that set the course for resolving industry-wide workforce needs.

In addressing industry sector workforce issues, system partners package their individual components to create customized solutions. This may include incumbent worker training that moves current workers into higher demand fields, paired with recruitment strategies to backfill the entry-level opportunities that open up as a result. Employer engagement may lead to more work-based learning opportunities where the company makes it easier for potential and existing workers to elevate their skills in workplace settings. Sector partners may also choose to focus on longer term solutions, including reaching within the K-12 system to prepare young people for future careers in the industry. The key is to leverage the investment and resources of all partners toward a common goal. Rather than competing for the attention of businesses, the workforce system strategically braids together the resources of the public, philanthropic, and private sectors to create new solutions to ever-changing business challenges.

A Sector Partnership Framework is included in the appendix of this chapter to support the transition to sector partnerships. The framework provides a common set of principles, definitions, processes and criteria and creates the expectation that regional and state sector leads will coordinate and leverage each other's work. The Framework creates a common language for implementing sector partnerships, sharing promising practices and lessons learned among regional level workforce development professionals from different agencies and different parts of the state.

The framework also provides a vehicle to identify the training needs of system partner staff to support sector partnerships. By using the framework to report on the status of sector activities, policy makers, business stakeholders, and workforce system partners will all have a better understanding of the impact of sector partnerships. Most importantly, the framework lays the groundwork for fully engaging business as a partner in workforce solutions.

Engaging Business through Career Pathways

Career Pathways form a transit system for careers, mapping out the various routes workers can take to achieve their career and life goals. Career Pathways serve as a recruitment and retention tool for industry sectors, clearly conveying the career pathways within the industry to current and potential employees. Businesses identify the career progression within and among the occupations critical for the industry to prosper. The education system, through ongoing consultation with businesses, organizes programs that enable current and future workers to access the necessary education and training to fulfill those job requirements and move up the career ladder throughout their lives.

Career pathways must be highly informed by businesses in a regional economy and supported by system partners. These pathways offer a mechanism for those with barriers to employment to move more efficiently into jobs. The workforce system partners identify and provide the support services for current and future workers to succeed in their education and training and enter careers. Business input helps the education system better tailor and update curriculum based on regional industry needs and trends, building a sustainable talent supply pipeline.

Making workforce services more transparent, accessible and user-friendly

Businesses often find it difficult to navigate the vast array of programs and services available within the workforce system, because individual programs often compete to be "the" solution. The program-by-program approach to developing business services has resulted in an abundance of program-specific solutions. If the workforce system is to better engage business, it must demystify, align, and simplify access to this array of resources and services. Businesses care little about the program and funding stream, and more about getting the talented workers they need. Several approaches will address this challenge.

Identify/invest in business navigators

The fact that navigators are needed to help businesses access services demonstrates the complexity of the workforce system. For example, a business wanting to support the growth of a young, inexperienced jobseeker may be offered on-the-job training support by one partner, an internship by another, a work experience, job shadow, or assistance setting up an apprenticeship program by others, and so on. The workforce "solution" may have more to do with which program is contacted first, rather than which approach fits best.

Business Navigators, the industry outreach teams assembled and led at the local level, must be sufficiently cross-trained in business programs and services to readily identify services useful to businesses, regardless of who provides them. Navigators will also help tailor and package services to meet specific business needs.

Speak the language of business

Even within the workforce system, programs have their own languages built around their authorizing legislation, regulations, and cultures. Translating workforce development products and services into a common language that resonates with business serves the dual purpose of creating a stronger partnership among workforce system partners while also improving the relationship with businesses. That language educates system partners on what business really wants, not what they presume business wants.

Create a common brand

The difference between on-the-job training, clinicals, internships, job shadows, cooperative training, work experiences, work study, apprenticeships, and other workforce activities revolves

around who offers the programs and program-specific rules and regulations. All are approaches that allow jobseekers to actively build their knowledge and skills in a work-and-learn setting. But the names are confusing, leading to the conclusion that the system is fragmented. Creating a common brand and a clear, common plain-language menu of service options will make it more likely that businesses will use these services.

Increase work-and-learn opportunities

Work-and-learn opportunities are a win-win-win for the jobseeker/worker, the business, and the workforce system. Jobseekers collect a paycheck while in training and businesses are able to defray payroll costs, while helping a worker gain valuable skills. Work-and-learn solutions help ensure training provides tangible, relevant skills that lead to jobs for trainees. They give an employer the opportunity to get to know job candidates and build commitment between employers and jobseekers.

Train staff to support business engagement

Relatively few staff in the workforce system come to their roles with a strong business background. Therefore, staff often market programs and services without a full understanding of business needs. At the same time, many staff worry that a greater focus on business engagement diminishes support for the needs of jobseekers. The state must invest in professional development if the workforce system is to successfully connect with businesses, help identify and solve business problems, and retain the business community as true customers and partners. Professional development should also help to show the connections between effective business engagement and better jobseeker outcomes, building a bridge between staff who serve businesses and those who serve jobseekers. This may include , adopting business assessment methods to better match potential workers with employers, and developing customized recruitments. A set of leading indicators will help staff know if they are on track in helping area businesses. These indicators must be part of staff professional development.

The role of Workforce Development Councils

Under WIOA, local Workforce Development Councils (WDCs) are responsible for assuring the workforce system meets the needs of businesses, workers, and jobseekers within economic regions and local areas. WIOA requires WDCs to lead business engagement by developing both a strategic plan and operating plan with other workforce partners that coordinate business engagement strategies and resources across the workforce system, in support of regional and local economies.

WDCs exercise their leadership responsibility in a variety of ways. At a minimum, WDCs serve as leaders for specific efforts, like sector partnerships. In addition, WDCs assess business engagement opportunities, (both in terms of quantity and quality); convene, organize,

coordinate, facilitate, and support the efforts of workforce partners to create an aligned approach to business engagement; facilitate information sharing among workforce partners and businesses; and/or create partnerships with effective intermediaries who already have the trust of the business community. While any workforce system partner may potentially lead a business solution or provide services to businesses, all are expected to support Workforce Development Councils in the development and implementation of aligned and effective regional business engagement strategies. In turn, WDCs are expected to work with their partners to identify the approach taken within a region. Workforce system partners at the state and regional level will collaborate on the chosen approach.

Workforce Development Councils will unify the approach of all partners and establish a documented process for business engagement. WDCs and workforce system partners must work together to implement it. This includes organizing, targeting, and assigning representatives to the market, setting protocols for contact and services, identification and analysis of business workforce problems, adopting an integrated plan, maintaining a shared customer base, connecting jobseeker staff to the process, seeking alignment with business demand, and reporting and evaluating progress.

Summary and Goals

In conclusion, a system that better engages businesses will rely on a firm accountability framework that identifies meaningful metrics to establish a solid baseline on the number of businesses utilizing the workforce system, and builds business satisfaction with the system by 5 percent each year. The new goals also call for establishing at least one sector partnership in each workforce region and using the Sector Partnership Framework, or a similar framework, to show progress over time. The goals also call for establishing a baseline and increasing resources for work-based learning, including on-the-job training, apprenticeship, internships, work experience, and especially, incumbent worker training in the next two years.

Engaging Business: Appendix

With sector partnerships, employers within one industry within a regional labor market are able to come together with government, education, training, economic development, labor, and community organizations to focus on workforce (and possibly other) industry-identified needs.

Guiding Principles

- Sector strategies are but one of many strategies for workforce and economic development.
- Statewide and local sector partnerships and strategies can co-exist in mutually reinforcing and beneficial ways. They are not mutually exclusive of one another.
- Critical factors for identifying sectors to be targeted for sector strategies include employment opportunities (including opportunities for those with barriers to employment), wage levels (including career and wage progression potential), and the economic impact of the industry.
- Because policy objectives vary, workforce and economic development partners may work from different lists of targeted sectors. That being said, collaboration and coordination is imperative when economic and workforce strategies target the same sectors.
- Nascent or emerging sectors, as well as mature or plateaued ones, have a role in workforce and economic development initiatives.
- Both traded sectors and local services sectors have a role in workforce initiatives. Traded sectors generally include export or innovation-based industries – agriculture, manufacturing, scientific research and development. Local services sectors are population-based. Retail, health care, educational services, food services, public administration – tend to locate based on population and are prevalent in almost all communities.
- Targeted sector lists should be updated to keep pace with changing economic conditions.
- As strategies are developed to serve the workforce needs of sector partnerships, there should be an emphasis on data-driven outcomes (such as employment placements) for businesses, jobseekers and workers, including individuals with barriers to employment.

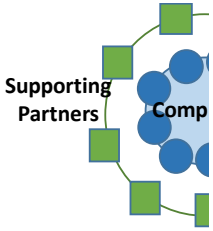
Alignment between local and statewide sectors

Identified statewide sectors represent statewide priorities for sector work. When Workforce Development Councils (WDCs) identify regional and/or local sectors using the process and criteria in the Washington Sectors Partnership Framework, they will identify which statewide sectors are also of regional and/or local significance. Not all statewide sectors will be of significance to regional/local economies, nor will all regional sectors be significant at the state level.

When regional, locally identified sectors are also statewide priority sectors, WDCs are expected to connect with state sector leads to determine how best to align local activities with statewide sector goals. Statewide sector leads are expected to reach out to WDCs operating in regional and local economies where high concentrations of companies are part of identified statewide sectors, in order to identify opportunities to work to together/align work. Opportunities to align regional/local industry sectors that are part of the supply chain for statewide sectors should also be coordinated among state sector leads and WDCs.

Washington Sector Partnership Framework

Sector partnerships are partnerships of employers within one industry that bring government, education, training, economic development, labor, and community organizations together to focus on the workforce (and possibly other) needs identified by the industry within a regional labor market.



Phase I: Prepare your team

***Goal:** build buy-in & support*

- Build a team of workforce, education and economic development leaders for ongoing joint decision-making
- Inventory current sector partnership or industry–targeted efforts
- Decide on initial roles & responsibilities – who has the credibility to lead a sector partnership, what support can partners commit to
- Commit to looking at LMI data together

Sample measures of progress

- Partners identified
- Meetings held
- Agreements developed
- Resources committed

Phase II: Investigate*

Goal: determine target industries

- Determine growth sectors to investigate
- Ensure relevance for the region
- Evaluate against 10+ consideration relating to growth, relevance to economic development activities, and other key factors

Sample measures of progress

- Data provided
- Partners select key industries to explore

Phase III: Inventory and Analyze&*

Goal: build baseline knowledge of industry

- Conduct a baseline review of demand-side (employer) and supply-side (labor pool) data
- Analyze industry trends, review existing research
- Analyze data and develop a brief industry "report" or "snapshot" to start the engagement with employers
- Identify business champions to bring industry to the table

Sample measures of progress

- Industry "snapshot" or "report" ready for first meeting
- Industry champions identified
- Companies invited

Phase IV: Convene

Goal: build industry partnership, prioritize activities

- Prepare support team and set expectations for the meeting – business talking to business
- Hold event to find out what's new in industry, growth opportunities, and related needs
- Ask industry to Identify and prioritize key issues
- Determine whether additional resources are needed

Sample measures of progress

- Plan for action developed
- Task forces identified
- Staff and chairs identified/ assigned

Phase V: Act

Goal: Implement initiatives

- Develop Operational Plan
- Execute plans, monitor progress
- Provide status reports to partnership, task forces, stakeholders
- Identify road blocks and address them

Sample measures of progress

- Metrics specific to project identified and reported

Phase VI and evol

Goal: grow partnship

- Identify r opportur
- Start the again at t appropri
- Grow the

Sample me progress

- New proj identifie
- New resc

Evaluate **Adjust** **Improve** **Report** **Tell Your Story**

Criteria for identifying and prioritizing target sectors

Criteria

The identified sector is important to the regional economy in terms of employment, economic impact, growth potential, and/or wages.

Process

Conduct quantitative data analysis: Identify core/driver industries and inter-industry linkages. Measure and rank criteria relating to industry concentration, employment, and opportunities for wage and career progression. Criteria should include, but not be limited to:

- Industry concentration – Using employment location quotient for the local area relative to the nation. (Possible data sources: *Employment Security Department's Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics location quotient calculator at http://data.bls.gov/location_quotient/ControllerServlet*)
- Recent and projected employment growth – Looking for positive projected growth potential. (Possible Data Source: *ESD's employment projections for projected data and ESD's Quarterly Census of Employment and Wages for recent employment data)*
- Opportunities for wage progression – As indicated by range between 25th and 75th percentiles in wages observed within a given occupation in the sector (Possible Data Source: *ESD's Occupational Employment Survey wage data.)*
- Opportunities for career progression – As indicated by percent of occupations in the middle- and high- wage ranges and other indicators of occupational mobility within a given sector. (Possible Data Sources: *ESD's occupational wage data and industry-occupation matrix.)*

Conduct qualitative validation: Validate quantitative findings through conversations with industry (business and labor) and regional economists. Criteria may include but not be limited to:

- Quantitative factors such as employment projections relating to retirements and turnover; output; earnings per worker; commute patterns; change in establishments; change in wages; exports as percent of output; traded versus local services sectors. (Possible Data Sources: *ESD's Employment projections, Bureau of Labor Statistics national replacement rates for occupations at http://www.bls.gov/emp/ep_table_110.htm*, *comparisons between job openings and numbers of unemployed from sources like Help Wanted on Line at* https://fortress.wa.gov/esd/employmentdata/reports-publications/occupational-reports/employer-demand-report*, Washington Department of Revenue's Quarterly*

Business Income at http://dor.wa.gov/content/aboutus/statisticsandreports/TID/StatisticsReports.aspx?query=gbinaics, commuting patterns from the Census Bureau's county to county migration flows, *change in establishments and changes in wages reported on ESD's Quarterly Census of Employment and Wages; Occupational Employment Survey.)*

- Qualitative Factors such as industry-recognized certifications and related opportunities for career progression, policy/regulatory/legislated issues, resources at-hand, and factors of chance and special circumstances, as identified by companies within the sector.

Common definitions

- Sector: A group of industries with similar business processes, products or services such as construction or health services; formerly categorized by the Standard Industrial Classification (SIC) system, now categorized by the North American Industry Classification System (NAICS). Because of the qualitative and quantitative limitations of defining sectors only by NAICS codes, they need not be the single source of data.
- Industry Cluster: A geographic concentration of interdependent competitive firms that do business with each other, including firms that sell inside and outside of the geographic region as well as support firms that supply new materials, components, and business services. (RCW 43.330.090)
- Targeted Industries or Clusters: Industries and industry clusters that are identified based on a strategic economic development consideration or other public concerns.
- High Employer Demand Program of Study: Postsecondary or Industry Recognized Certificate or degree program in which the number of students prepared for employment per year (from in-state institutions) is less than the number of projected job openings per year in that field—statewide, or in a region of the state.
- High-Demand Occupation: An occupation with a substantial number of current or projected employment opportunities.
- High Student Demand Program of Study: Postsecondary or Industry Recognized Certificate or degree program in which student demand exceeds program capacity.

Tracking sector implementation and outcomes

The Workforce Board convened a work group to develop a rubric aligned to the Workforce Board's approved sectors framework in order to answer the question "how would we know if sector strategies make a difference?"

The intended outcomes for sector strategies are generally the same as for programs in the workforce system:

- Did people get and keep jobs?
- What did they earn?
- Were businesses retained or grown?
- Did the jobseeker and the business have a positive experience?

However, it is difficult to draw direct causal links between sector strategies and statewide performance improvements related to the outcomes listed above. Those implementing sector strategies can track specific factors, such as the numbers trained (if training was a goal of the project), the number of those recruited who were placed into jobs, the time required to fill job openings, etc. The specific results vary based on the sector project undertaken and the needs of employers.

It was agreed that the primary goal for the implementation of sector strategies was to provide a strong and flexible tool to help WDCs meet their requirement to coordinate business engagement and fulfill the expectation that implementation of WIOA would support economic vitality of the communities they serve. In order to roll this information up to a statewide level, a common approach to sector strategies and reporting tool is needed. Local sector experts identified the lack of consistency in the implementation of sector strategies as a challenge to learning across and even within local areas.

Therefore, a rubric was developed and incorporated in the state strategic plan to provide:

- Common definitions.
- Clarification of the steps needed to implement a sector strategy.
- Criteria that help a local area identify, track and map progress throughout a sector project.
- Sample outcome measures and a tool for tracking sector-specific outcomes.

Local areas/region will complete a rubric for each targeted sector identified as part of their strategic plans, and will update their progress every two years as part of local/regional plan reviews and board certification criteria. The rubric includes a template for tracking and reporting outcomes that will be compiled across regions/areas to give the Workforce Board, the locals, and partner agencies a better understanding of the results obtained and the strategies that are most effective.

This approach also recognizes that the implementation of sectors is a learning opportunity. Locals should not be penalized for taking risks to address industry needs. Sector strategies are

most effective as a way to gain more precise, actionable information to better fill the needs of employers and jobseekers.

The Workforce Board will provide formal training for local practitioners on the implementation of sector strategies and the use of the rubric to increase consistency and develop local expertise.

Accessibility and Technology

A key priority for Washington's workforce system over the next 10 years is ensuring universal access to the entire array of education, training, and support services. Every Washington resident should have the opportunity to progress along a clearly defined and guided career pathway that leads to economic self-sufficiency.

Advances in technology offer one way to provide both remote and universal access to the state's workforce system. Tapping this technology will help more Washington residents, including those with barriers, access a wide range of services.

While technology will tear down a number of barriers to workforce system access, advances in technology—or the way it is applied throughout the system—*will not solve all accessibility issues*. Executing universal accessibility to Washington's workforce system will require a concerted, long-term effort from all partners, and a willingness to adapt and refine service delivery strategies to meet customer needs. This collective commitment is essential if all Washington workers are to benefit from an improving economy.

Ensuring access to everyone
Every Washington resident needs universal, barrier-free access to our state's workforce system. Technology is a powerful tool that can reduce obstacles to access. However, it's clear that technology will not solve all accessibility issues. Tailored approaches to different populations are required.

Accessibility and Technology Goals

The following goals will help move Washington's system forward:

- Implement secure, wireless Internet access in public areas of all comprehensive One-Stop centers in Washington by 2020.
- Establish a state-level advisory committee on accessibility and barrier solutions and ensure the designation of local advisory committees during the first two years of the plan. By the fourth year of the plan, ensure the state-level advisory committee has received annual progress reports on One-Stop centers' accessibility at the local level.
- Identify and encourage local pilot programs that use technology to facilitate and improve integrated service delivery for customers, including programs designed to improve access to the system.

In addition**,** soon after the passage of WIOA, Governor Jay Inslee directed the Workforce Board to work with the system's stakeholders to shape Washington's strategic plan toward three goals to maximize the workforce system's impact:

1. *Help more people find and keep jobs that lead to economic self-sufficiency, with a focus on disadvantaged populations.*
2. *Close skill gaps for employers, with a focus on in-demand industry sectors and occupations, including through apprenticeships.*
3. *Work together as a single, seamless team to make this happen.*

These three goals will inform the larger system and guide any changes. Below are ways the system is evolving to better serve all populations through enhanced accessibility.

Universal access across the workforce system

Fundamental to the Workforce Board's vision for the workforce system is the concept of *universal accessibility*. Washington's workforce system must be prepared and able to serve jobseekers from all kinds of backgrounds, who face a variety of barriers. Universal accessibility encompasses both *physical accessibility* of all facilities, as well as *programmatic accessibility*—taking into account the particular access needs of all customers. Integration of service delivery and better coordination among workforce system partners will allow services and delivery approaches to be customized to meet a wide range of needs.

Identifying and Removing Barriers to Workforce Services

WIOA has provided new energy across Washington's workforce system to address and remove barriers to access so that a greater number of Washingtonians can connect with a career pathway and a living-wage job. Through numerous WIOA planning meetings, public forums, and community town halls, an overarching theme has been that the system must provide high quality, customized services for all jobseekers with barriers.

The Workforce Board embraced the new federal workforce act as a chance to improve service delivery and remove barriers to access for *all individuals with barriers to employment*, not just those populations covered by the Americans with Disabilities Act. While developing recommendations related to accessibility, the Workforce Board engaged stakeholders, staff, and policy experts representing a wide range of the 14 populations designated as "populations with barriers" under WIOA:

Populations with Barriers under WIOA	
Displaced Homemakers	*Youth in, or formerly in, Foster Care*
Low-Income Individuals	*English Language Learners*

Populations with Barriers under WIOA	
Native Americans, Alaska Natives, and Hawaiians	*Migrant/Seasonal Farmworkers*
Individuals with Disabilities	*Individuals within Two Years of Exhausted TANF Eligibility*
Older Individuals	*Single Parents/Pregnant Women*
Ex-Offenders	*Long-Term Unemployed*
Homeless Individuals	*Veterans*
"Other Groups" Designated by the Governor	

An initial look at how technology could be used to remove access barriers for individuals with disabilities quickly expanded in scope to consider *all* strategies to remove access barriers to *all* barrier populations. A System Barriers Map that outlines these is available at: http://wtb.wa.gov/Documents/WIOABARRIERPOPULATIONchart.pdf.

Some of the common barriers faced by vulnerable populations include:

- Lack of recent work experience.
- Difficulties with transportation, housing, or childcare.
- Lack of work-appropriate wardrobe or resources (tools, equipment, safety gear)
- Inability to access necessary language translation services or accessibility devices.
- Lack of financial and educational literacy.
- Inability to successfully utilize technology resources.

Technology is a Powerful Tool to Remove Barriers

Advances in personal computing and telecommunications technology have made the Internet and person-to-person connectivity a feature of many people's daily lives. WIOA acknowledges these improvements by opening the door to "virtual" service delivery—bringing services each participant needs to their doorstep, or kitchen table.

Recognizing that barrier removal is a project that requires sustained effort over time, the Workforce Board started work on establishing its first standing advisory committee to lead a statewide effort on removing barriers to access throughout the system. The standing advisory committee, described below, is expected to work with local advisory committees on accessibility issues, starting an ongoing conversation between local workforce system practitioners and state-level policymakers. In this way, the committee will be able to systematically identify and address access barriers.

The first three recommended strategies embrace technology to achieve a more accessible workforce system. The final recommendation is designed to address system barriers of any nature, including barriers that cannot be addressed solely through technology.

Strategies to Improve Access for All

Technology as a Barrier Removal Tool

Secure Wireless at Comprehensive One-Stops

Only a decade ago, access to the Internet was confined to a desktop-based personal computer at home, school, the office, or a library. Today, wireless Internet is available in restaurants, theaters, coffee shops and even at 30,000 feet in an airline seat. Smartphones are common, bringing Internet connectivity to the palms of our hands. However, not all of the workforce system's customers are connected—and many will require training on the baseline technological skills needed to use these tools and be competitive in today's labor market.

Expanding wireless Internet connectivity at one-stop centers could pay off particularly for the blind and low-vision community. One local area in Washington is piloting a "paperless" one-stop experience facilitated by secure wireless access at its WorkSource center. All education and training information, including pamphlets and documents, are digitized in a standard format and stored online. WorkSource center staff members receive regular training on how to digitize materials. People who are blind or low-vision who visit a one-stop center can navigate to those digitally archived materials using their own accessibility devices. Digitally archived materials are also accessible to jobseekers with mobility, transportation, and/or childcare responsibilities that may prevent them from accessing a WorkSource center.

Virtual Service Delivery

With WIOA, education and training services are no longer required to be administered in person. The availability of online, real-time, hybrid (blended online and face to face), and open source course materials warrants close system collaboration. Beyond simply providing access, the system must help customers gain the skills to effectively use these new technological tools. Some tools have become increasingly common in just a few short years. Video conferencing technology, for example, is widely available and less expensive than in years past. Reducing or eliminating the need for customers to travel and *physically* access a one-stop center will remove accessibility barriers for many Washingtonians.

Services offered virtually via computer, tablet, or smartphone empower people with mobility challenges, or anyone preferring to access information remotely. These tools allow them to

begin progressing down a career pathway on their terms and at a time and location more convenient to them. Virtual service delivery helps customers with childcare or transportation barriers make progress toward a better future. A parent can hop online when the kids are asleep and gain access to services, or a family who lacks a car can avoid making several bus transfers to reach a one-stop center--if the center is reachable by bus at all. Many rural Washingtonians live hours away from the nearest comprehensive one-stop center. Accessing these services at home just makes sense. Even rural customers without reliable Internet connections still benefit from virtual service delivery—library systems statewide have expressed interest in partnering with the workforce system to create "remote connection sites" strategically located around Washington.

Promoting Open Education Resources

Washington's 34 community and technical colleges provide a wide range of open education resources (OERs), online courses, and e-Learning strategies to workforce system customers. These resources allow working adults and place-bound customers who are far from a college or university campus to access education when it fits their work and life schedules. OERs are teaching and learning materials that reside in the public domain or have been released under an open license. These resources may be used free of charge**,** distributed without restriction, and modified without permission**.** Often, OERs take the form of digital textbooks, video lectures, assessments, and new forms of "gamified" multimedia education experiences. Washington's community and technical colleges are leaders in the OER movement, ready to share their expertise with the entire workforce system.

Promoting eLearning

Washington's public higher education institutions also offer a wide array of e-Learning strategies that can be integrated into the workforce system where appropriate. E-Learning is high quality online instruction and assessment that allows students to study and learn on their own schedules. Customers with physical, sensory, behavioral health, or cognitive disabilities as well as rural populations and economically disadvantaged communities, can benefit from online instruction tailored to their needs.

Enhanced Delivery of Online Job-Matching Services

In early 2016, the state is expected to launch WorkSourceWA.com, a redesigned and enhanced online job-matching service for its WorkSource one-stop career center system. Powered by Monster Government Solutions, the new job-match website will give Washington's workforce system customers access to all jobs and resumes posted on WorkSourceWA.com. This new database offers a far richer and deeper pool of possible resume matches than Go2Worksource.com provided. Another bonus: the proprietary job-matching algorithms

programmed into the website are designed to match the skills and competencies of individual jobseekers with specific skills and competencies needed for each job. This promises better quality matches between businesses and jobseekers, and offers unsuccessful candidates a better sense of the specific education and training required for similar positions in the future.

As a result of the collaborative work sparked by the Accessibility and Technology Task Force, system partners identified a potential strategy to maximize the impact of the new job-matching website for people with disabilities. Federal government contractors are required by the U.S. Department of Labor to use one-stop centers to post job openings, and are expected to work toward a utilization goal of ensuring a minimum 7 percent of their workforce are employees with disabilities, across all job descriptions. Federal contractors have an incentive to work with this system to achieve this goal—and the new job-matching system will be configured to facilitate the match.

In early stages of the website's design, users with a disability could choose to have a "disability" label visible on their jobseeker profile. Federal contractors could use the system to identify any person with the label made visible. Under the earlier design, jobseekers with disabilities were forced to either disclose their disability status to *all* employers or turn the label off and not be identified as disabled to *any* employers—even though federal contractors were especially interested in seeking them out.

Many partners from the disability community raised concern about a perceived disadvantage in disclosing a disability in a job-search before speaking "face-to-face" with an employer. To avoid this complication but still allow federal contractors to be matched with individuals with disabilities, the task force proposed adding a feature to the job-matching system that would allow people with disabilities to disclose their status *only* to federal contractors. Federal contractors can search and filter for jobseekers that have self-disclosed a disability but non-identified employers will not be able to search or filter for jobseekers with disabilities.

Any public-facing service offered to workforce system participants must be accessible to all, including individuals who use a screen-reading device or other accessibility equipment. Ensuring that the state's new online job-matching site is accessible for all, the site's architects have agreed to go beyond the ADA's Section 508 accessibility standards and instead adopt the more stringent, internationally recognized Web Content Accessibility Guidelines 2.0. When the new website is ready to launch, system partners will test the "public-facing" elements of the website with customers with barriers who have intermediate skill levels in accessing software and technologies. Any needed accessibility adjustments will be made before launch or immediately after.

Thinking Beyond Technology: Removing workforce system barriers

Local and State Advisory Groups on Barrier Solutions

WIOA allows local area boards to establish standing committees to work on issues specifically faced by individuals with disabilities, including Section 188 and ADA compliance.

Washington's workforce system has embraced a more expansive goal of improving access for populations with a wide variety of barriers to access, including economic barriers, geographic barriers, physical barriers, language and cultural barriers, low-level education and skills barriers, and behavioral health barriers. To build consensus on a coordinated and sustained effort to remove these access barriers, a standing Workforce Board committee on accessibility issues is being created.

The Workforce Board's advisory committee on barrier solutions will be informed by local advisory committees that evaluate accessibility issues at the community level and will help local boards prioritize projects and track progress toward improved customer service for those populations. The state standing committee will additionally serve as a forum for sharing best practices and strategies to improve access and advocate for resources and policy development that will improve services for all populations with barriers.

Local Workforce Development Councils (WDCs) will partner with the state advisory committee on barrier solutions to identify barrier removal projects and best practices that can be brought to scale statewide. Local WDCs have taken the lead for several years in convening their own advisory groups on system accessibility at the local level. Each WDC will designate either one of these existing advisory groups or create a new one to focus on barrier removal work, and will seek to recruit members from a broad spectrum of populations with barriers to employment, including, but not limited to: people with physical, sensory, behavioral health, or cognitive disabilities; economically disadvantaged communities; low-skilled and under-educated individuals; English language acquisition or bilingual communities; disadvantaged youth; and the long-term unemployed. Local WDCs are encouraged to engage with real customers with barriers, including encouraging customers to be part of their local committees focused on barriers.

These local advisory groups on barrier solutions will create an annual progress report to their local WDC outlining and discussing issues, accomplishments, and future deliverables related to the accessibility goals in local WDC strategic plans; concerns and challenges faced by populations with access barriers, as seen from the advisory groups' perspectives; a work-plan containing recommendations for improving accessibility in the coming year; and a progress report on previous work-plans for improving accessibility. The same report will be delivered each year to the state advisory group on barrier solutions, which will incorporate identified

local best practices into statewide strategies. The state advisory group on barrier removal will also redirect resources toward barrier removal projects it prioritizes, and will help local advisory groups identify and broadly recruit representative members.

Summary and Goals

In conclusion, a truly accessible workforce system that makes full use of technology, will implement secure, wireless Internet access in public areas of all comprehensive One-Stop centers in Washington by 2020. The system will also include state-level advisory committees during the first two years of the plan, with annual progress reports on One-Stop center accessibility at the local level. Finally, the local pilot programs that use technology to facilitate and improve integrated service delivery for all customers will be identified and encouraged.

Next Generation Performance Accountability

To meet the combined challenges of a competitive economy and a changing labor force, and make the best use of limited resources, Washington's workforce system must achieve its objective outcomes and continuously improve its performance. While Washington's workforce system has been a national leader in performance accountability, new mandates from the Workforce Innovation and Opportunity Act (WIOA) create the opportunity to improve performance measures to better support a more integrated and coordinated service delivery system.

> **New measures for a new federal act**
> New measures will focus on customers: workers, employers, jobseekers and students. Previous performance measures focused on programs rather than people.

New measures will be developed to provide a system-level, cross-agency assessment of overall progress that provides a clear picture of customer progress (worker, employer, jobseeker and student) rather than individual program results.

Next Generation Performance Goal

The following goal will help move Washington's system forward:

- Develop a system to accurately measure the collective success of all WIOA partners in serving workforce populations.

In addition**,** soon after the passage of WIOA, Governor Jay Inslee directed the Workforce Board to work with the system's stakeholders to shape Washington's strategic plan toward three goals to maximize the workforce system's impact:

1. *Help more people find and keep jobs that lead to economic self-sufficiency, with a focus on disadvantaged populations.*
2. *Close skill gaps for employers, with a focus on in-demand industry sectors and occupations, including through apprenticeships.*
3. *Work together as a single, seamless team to make this happen.*

These three goals will inform the larger system and guide any changes. Below are ways the system is evolving to better serve all populations through enhanced performance measures.

Federal and State Framework

WIOA combines six federal programs under a common performance measurement system. This updating of federal law brings with it new requirements, challenges, and opportunities.

All but one of the six WIOA core programs (Title III - Wagner-Peyser) have been included in the performance measurement and evaluation framework previously developed by the Workforce Board under state law. This framework includes annual reporting of state Core Measures, including the employment and earnings of workforce program participants along with skill attainment, employer and participant satisfaction, and the return on investment to taxpayers and participants. State core performance measures cover several additional components of the workforce system not included in the WIOA performance system, such as apprenticeship, secondary and postsecondary career and technical education programs, and licensed private career schools.

Overview of Washington's workforce development accountability system

Washington has made great progress in implementing a workforce development accountability system since the Legislature created the Workforce Board in 1991. Part of the Board's mandate was to establish standardized performance measures across multiple workforce education and training partners and programs. In consultation with workforce training and education agencies and providers, a comprehensive set of Core Measures and data collection methods were established to address the following questions:

- Did participants of workforce programs get the skills they needed?
- After leaving the program, were participants employed?
- How much did they earn?
- Were program participants and their employers satisfied?
- Did the participant and public get a good return on investment?

To achieve these goals, the Workforce Board developed a variety of measurement methods, including administrative records matching, surveys, and statistical evaluations. The last question, about return on investment, was answered through periodic "net impact" studies which compared the employment rates and earnings of program participants with those of a control group with similar demographic characteristics.

The establishment of these core measures and data collection methods constituted one of the broadest and most sophisticated ongoing state workforce education and training assessment systems in the country.

Federal workforce programs also addressed performance accountability on a program-by-program basis. However, different performance measures were developed separately for many federal programs during this period.

The performance measures largely focused on participant outcomes in terms of employment, earnings, attainment of credentials or progress in education and customer satisfaction. The Workforce Board was heavily involved in national efforts, starting in 2003, to bring interested states together to develop model measures for participant performance outcomes that could be applied across a wide range of programs. The resulting model measures were very similar to the ones adopted by Washington in 1996, and are known as the *Integrated Performance Information* measures.

Under the Workforce Investment Act (WIA) further progress was made toward service coordination and integration of federal programs. Although WIA emphasized closer service coordination across agencies and programs, there were no provisions for performance measures except for the Title I (Adult, Dislocated Worker, and Youth) and Title III (Wagner-Peyser employment services) programs. WIA did advance participant choice and consumer information provisions and Washington aggressively implemented a performance-based Eligible Training Provider List, requiring programs meet specific completion, employment and earnings thresholds in order to be eligible for federal training dollars.

Washington also uses this performance information to help individuals seeking training make informed choices, most notably through the Washington Career Bridge website, launched in 2009. Not only can job counselors see whether an education program led to living-wage jobs, but so can jobseekers, students, parents, educators, and anyone else interested in the outcomes of thousands of Washington education programs.

WIOA promises a better integrated, more coordinated system

It was against this backdrop that WIOA was enacted, the first federal reform of the workforce system in 15 years.

WIOA's overall goal is to serve customers at a variety of entry points and offer services as needed, rather than requiring customers to proceed on a specific pathway through increasingly "intensive" levels of assistance. If the intention of a high-functioning system is to enable customers to move into and across programs as needed, then the performance measurement system needs to be capable of accurately measuring results when many of the participants are served by multiple programs.

Many details of WIOA's performance accountability system are yet to be defined in regulation and federal guidance; however parts of the emerging picture are becoming clear. WIOA makes important changes in federal performance measurement requirements, including:

- Updated and standardized outcome measures applied across all six core programs. The majority of these measures are very similar to Washington's existing IPI/State Core measures, which have been used for all of the core programs except Wagner-Peyser.
- Reporting procedures which recognize the relationship between participants' barriers and other characteristics and their outcomes, and that many participants may be served by more than one program.
- Extending the types of training providers to be covered under performance-based Eligible Training Provider List processes.

Several of WIOA's key features move toward more consistent accountability for its component programs. In addition to the updated measures and reporting improvements mentioned above, final WIOA rules are likely to include a "common exit" rule under which the exit outcome period for a participant served by multiple programs will not start until the participant has exited from all of them.

However, WIOA does not focus on assessing the collective performance of the WIOA partners, instead focusing on participants served under each of the six separate federal funding streams. Reporting on performance measures is required for participants with specific barriers and by demographic groups <u>within</u> each of the six core programs, but not unduplicated reporting <u>across</u> all of the core programs. Recent regulatory drafts from the federal departments of Labor and Education reference an "average indicator score," arrived at by averaging each performance measure across all six programs. This may be an initial step toward assessing system-level performance, but the average of performance at the program level will not be very effective in measuring the system-level performance of the WIOA partnership.

In contrast to the previous act (WIA), WIOA measures are proposed to exclude the outcomes of participants who rely solely on self-service, eliminating the performance of almost 40 percent of the state's Title III (Wagner-Peyser) participants from the official performance measures. However, Washington will continue to include this growing segment of the state's workforce customer base.

Washington's Commitment to System-Level Performance Accountability

Washington's Workforce Board is committed to developing a true "system" of workforce delivery, with service delivery coordinated and aligned across programs and agencies. In May 2015, the Workforce Board decided to pursue development of performance data appropriate to a coordinated and aligned system of service delivery by measuring how the components of

that system collectively affect the outcomes of different types of clients, regardless of the mix of resources involved. That is, the system will be measured by how well the state is collectively serving populations—such as those with disabilities, or out-of-school youth—rather than how participants receiving services from Vocational Rehabilitation or from Title I Youth are faring.

This will be in addition to—and developed more slowly than—the required calculation and reporting of federal measures at the program level.

Performance targets will be required for all six core WIOA programs using the new WIOA measures at the state level, with the state targets set in negotiations with the federal departments. Performance targets are required at the sub-state level only for the three Title I programs – Adult, Dislocated Worker, and Youth. These local targets are to be negotiated between the regional Workforce Development Councils (WDCs) and the Workforce Board. The current practice under WIA has been to consult with the WDCs in developing target levels to propose to the federal agencies as required for the negotiation process. Only the six core WIOA programs are required to use the WIOA performance measures. Participation of any other federal or state program in a WIOA "combined plan" or "unified plan" does not invoke WIOA accountability for any additional programs.

Washington's Alignment with WIOA

While WIOA shifts several elements of the performance accountability system in the direction of current Washington practices, the act will require significant changes and at least minor modifications in almost every aspect of those processes.

WIOA measures compared to current Washington State Core Measures

Measure	WIOA	Washington	Impact
Employment Rate	2nd and 4th quarters after exit	3rd quarter after exit	These are very similar to the IPI/State Core measures. Existing sources and methods appear to be adequate for providing this data.
Median Earnings	2nd quarter after exit	3rd quarter after exit	
Credential Rate	Percentage of participants who either obtained postsecondary credential, or obtained secondary school diploma during participation or within one year after exit. (More complicated definition for Title III Youth)	State Core measure is similar, but significant details still to be determined.	
Skills Gain	Percentage of participants (not only exiters) who are in a program leading to either: a	No comparable State Core measure	A new measure of progress while in training has yet to be

	postsecondary credential, or employment and achieve measurable skill gains toward credential or employment		fully defined, and will pose some challenges as it involves data and sources not used in previous workforce performance measures.
Effectiveness in Serving Employers	TBD	State has conducted periodic employer surveys.	New measure(s) will be developed over the next year or more by the federal agencies.

At a high level, the key outcomes identified nearly 20 years ago for the workforce system remain the focus of most performance measurement efforts. They are not static targets, but areas in which positive results should be achieved for all people, and by which improvement efforts should be focused.

- Employment.
- Earnings.
- Skills.
- Satisfaction of workforce program participants.
- Satisfaction of employers.

Washington will also strive for quality performance measures by emphasizing the following considerations for outcome measures:

- Quantify the results for customers rather than processes or the quantity of inputs.
- Promote behavior and results consistent with longer-term objectives – and does not incent actions with unintended consequences contrary to overall objectives of the workforce system.
- Comprehensible to a lay audience.
- Create a level playing field among programs and service strategies.
- Scalable and divisible such that they are applicable to local institutions, regional areas, and the state, and for subpopulations and service strategies.
- Not easily "gamed" or manipulated.
- Affordable and not a substantial diversion of resources from direct service to customers.

Washington's Commitment to System-Level Performance Accountability

WIOA's goal is to serve customers at a variety of entry points and offer services as needed rather than requiring customers to move through increasingly "intensive" levels of assistance. If the intention of a high-functioning system is to enable customers to move into and across programs as needed, then the performance measurement system should be appropriate to a system in which many of the participants are served by multiple programs. However, the formal WIOA performance assessment process does not focus on assessing the collective performance of the WIOA partners, instead focusing on each of the six separate federal funding streams.

Washington is committed to developing a true "system" of workforce education and training service delivery, including the integration of performance accountability.

To measure achievement of this plan's objectives of Improving the Customer Experience for Current and Future Workers, Improving Accessibility and Technology, and Engaging Business for Better Results, the Workforce Board is committed to the development of a system-level or cross-agency assessment of overall progress. This is a commitment beyond the federal requirements in order to develop a performance approach that addresses how the WIOA partners are collectively serving all populations within the workforce system. This approach will provide aggregated data by population type, in unduplicated counts across all the core programs.

The development of performance data appropriate to an integrated system of service delivery is necessary to measure how the components of that system collectively affect the outcomes of different types of clients, regardless of the mix of resources involved. This systemic performance accountability effort will be in addition to, and developed more slowly than, the required federal measures computation and reporting at the program level.

Which core programs are included in WIOA?

1. Employment and Training Programs under Title I

- Disadvantaged Youth Services.
- Economically Disadvantaged Adult Services.
- Dislocated Worker Programs.

2. Basic Education for Adults under Title II

3. Wagner-Peyser Employment Services under Title III

4. Vocational Rehabilitation Services under Title IV

Work to be Done (What we don't know)

Many critical details have yet to be released. However, a substantial amount of policy, procedure, and technical development will be involved in implementing the performance accountability components of this far-reaching federal act. This work is likely to continue for at least the next two years. A partial list includes the following:

Implementing Federal Measures and Reports
The full scope of this task will not be determined until more federal instructions are released. However, almost all parts of the process of computing performance measures will require some modification. Some new data will have to be collected for the new education and training progress measure (#5). Data collection and processing procedures must be modified or expanded to support new WIOA requirements for performance measurement, statistical adjustment of performance measures, and mandatory reporting. Data validation processes will need to be established for new data items, and may need to be modified for some items currently collected.

Performance Target Negotiation
Data will have to be assembled and analyzed so that performance can be monitored relative to agreed targets and timely requests can be made for target level adjustments in response to unforeseen developments. This will be particularly important during the initial years when federal statistical models for performance adjustment are not fully developed.

Sanctions and Incentives
The system of federal incentives under WIA was not retained under WIOA. New performance sanction procedures must be developed, and the option of state-designed incentives considered.

Combining WIOA and State Core Measures
Because all three of the current State Core Measures for participant outcomes are very similar (but not identical) to WIOA measures, the number of measures used for the programs involved in WIOA should be consolidated. Because the State Core Measures have been in use for almost 20 years and are applied to programs outside WIOA, careful evaluation is needed before consolidation.

Eligible Training Provider List Processes
WIOA requires the establishment of some new procedures for the existing processes for eligibility of education and training programs for Adult and Dislocated Worker participants. The existing criteria must also be re-evaluated and modified. Further, systems for performance assessment and minimum criteria for programs providing several additional types of services to Youth, Adults, and Dislocated Workers must be developed, including pre-apprenticeship and incumbent worker training. Additional program information identified as important in WIOA may need to be collected and disseminated, requiring modification of the Eligible Training Provider List and Career Bridge.wa.gov processes and systems. The WIOA draft regulations indicate that states have the flexibility of setting different standards for different types of providers. Significant time and effort will be required to determine how to define different

types, and how to set standards for provider types for which there is limited experience and baseline data.

Measures for Combined Plan Programs and Other Partners

The separate federal performance measurement systems for all non-core programs will remain unaffected by WIOA, regardless of the extent to which their activities become formal or informal partners in One-Stop and WIOA. As part of developing a system accountability approach for Washington, it may be desirable to eventually include participants from these other partners in an overall accountability framework. However, this would be strictly a state option, and not subject to federal targets and sanctions.

The System-Level View

Going beyond the federal requirements to develop a system-level view will also require substantial work, and will proceed more slowly than development of required federal reporting. Phased implementation is expected, beginning with development of descriptive data about how many people from which populations are currently receiving what types of services across the partnering agencies. Fortunately, the Workforce Board has significant relevant experience and established methods for parts of this task.

Summary and Goals

In conclusion, Washington's performance accountability system leads the nation, but there is clearly room for improvement. Determining how to make these adjustments will take time as the state waits for additional federal guidance and sorts through the many metrics involved in workforce performance. In general, the state is committed to developing a system to accurately measure the collective success of all WIOA partners in serving workforce populations. This approach will provide data aggregated by population type, in unduplicated counts across all the core programs.

Washington's Future Workforce

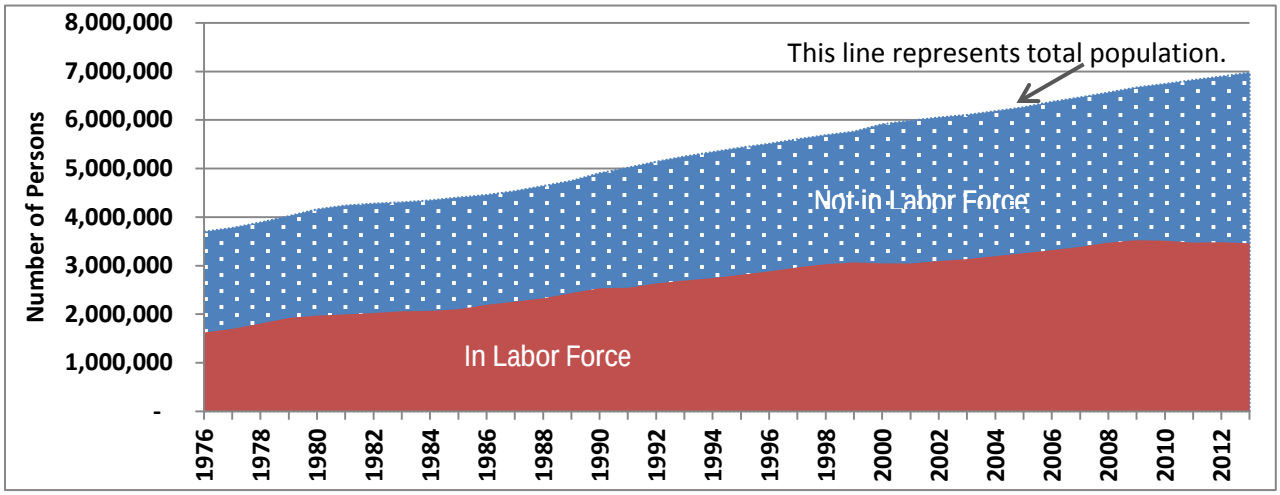
Overall Trend: People go to where the jobs are

For over 30 years, Washington's labor force grew at an annual rate of 2.4 percent – nearly twice the national rate (1976-2009). However since 2009, the state's labor force declined while the nation's labor force grew annually by 0.03 percent. This raises such questions as:

- Are the last six years an aberration? Or is this the "new normal?"
- Will the state's labor force grow slower or more quickly than the nation in the future?
- What forces are driving these changes?

Population growth is typically the most important factor in determining the overall size and changes in the labor force. The following chart shows the number of people in the state's labor force and the number of people not in the labor force (and the correlation between the two). Red and blue areas combined make up the entire population. The big divergence occurred in 2009, when Washington's labor force contracted while overall population continued to grow. The percent of the overall population that was in the labor force (either employed or looking for work) dropped from 53 percent in 2009 to 50 percent in 2013.[8]

Figure 1. Total Population and Labor Force, Washington, 1976-2014



Source: U.S. Census Bureau, Bureau of Labor Statistics.

[8] The labor force is made up of those aged 16 and over, who are either employed or looking for work.

Of course mid-2009 was also the point where the economy reached its Great Recession low point. Generally, in good times, population has fed the labor force, but not so much in bad times. As the following table shows, Washington has had periods where its labor force grew faster than its population, for example the 1980s and the 2000s. What really stands out is how the rate of growth has been steadily slowing for both population and labor force as time goes on.

Figure 2. Labor Force/ Population Growth by Decade, Washington, 1980-2030

Average Annual Growth		
Period	**Population**	**Labor Force**
1980s	1.7%	2.5%
1990s	1.9%	1.9%
2000s	1.3%	1.4%
2009-2013	1.1%	-0.4%
2010s*	1.0%	NA
2020s*	0.9%	NA
2030s*	0.8%	NA

**Based on the state's Office of Financial Management forecasts.*

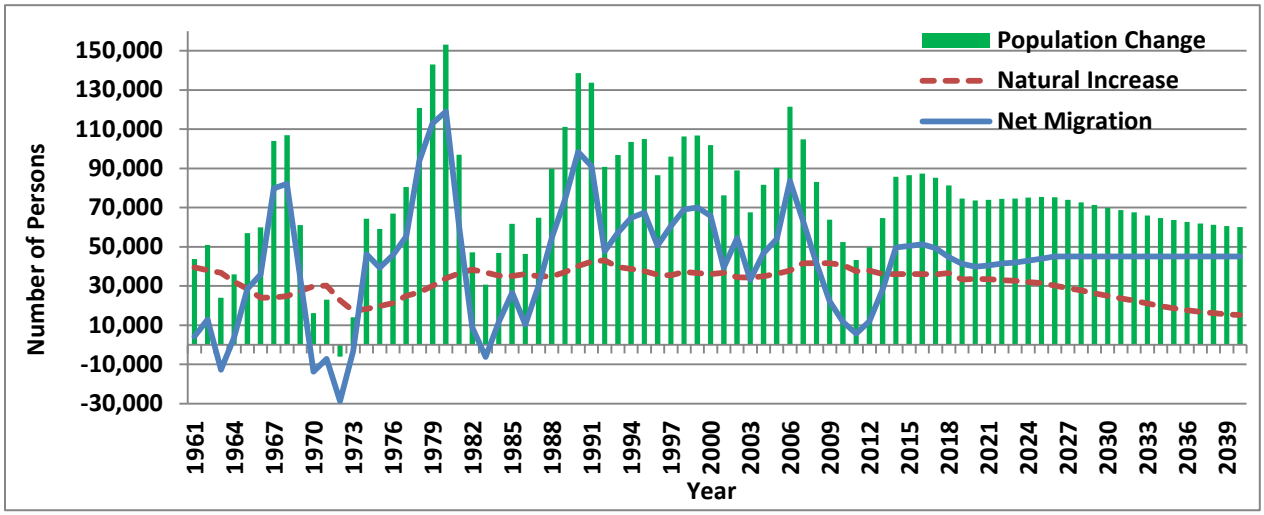
Forces Behind Trend

Migration versus natural increase

As mentioned previously, Washington's labor force is strongly affected by the state's overall population growth. Population can grow two ways: migration and natural change. Net migration is the difference between the number of people moving to a geographic area and those leaving it. Natural change is the difference between birth and death rates. The economy can and does influence natural population change. People may choose to delay having children during hard times or have fewer of them.

The figure below shows a relatively small economic effect on natural change—it remains fairly consistent year to year. However, migration is strongly influenced by economic opportunities, with many people opting to move if they believe their job prospects are better somewhere else. In Washington, the state has seen continued population growth from in migration, with many people moving here for jobs or the perception of a strong economy.

Figure 3. Components of Population Change, Washington, 1960-2040



Source: Office of Financial Management.

There were substantial drops in net migration associated with the economic downturns of the early 1960s, 1970s and 1980s, as well as the 2007-09 recession. It's worth noting that after the 1980s, the recession-led changes in net migration were significant, but never became negative, and that 1972 was the last time the state lost population.

Generally speaking, people that recently moved to Washington were younger and more educated than average, and a significant number came from other countries. According to the American Community Survey, 2.6 percent of the overall population was from out of state, with 3.2 percent of those with bachelor's degrees and 4.3 percent of those with professional or graduate degrees moving from other states. The 18-24 year-old group followed by 25-34 year olds were most likely to have relocated to Washington (from other states and countries). The median age[9] of out-of-state migrants was 27.6, while the median age of international migrants was 29.2. Between 2010 and 2014 there was a net migration increase of 179,873, of which 46 percent were from other states and 54 percent from other countries.

Population growing, but fewer are in the labor force

We know the population has continued to grow, albeit at a slower pace. Despite that, proportionately fewer Washingtonians are working or seeking work (counted as in the labor force). In Washington, the labor force participation rate peaked at 70.2 percent in 1998.[10] This has been a national trend as well, with the labor force participation peaking in early 2000 at 67.3 percent. Since then it has fallen to 62.7 percent – a level not seen since 1978. This percentage (shown in Figure 4 on the following page), differs from Figure 1 (Page 1), which

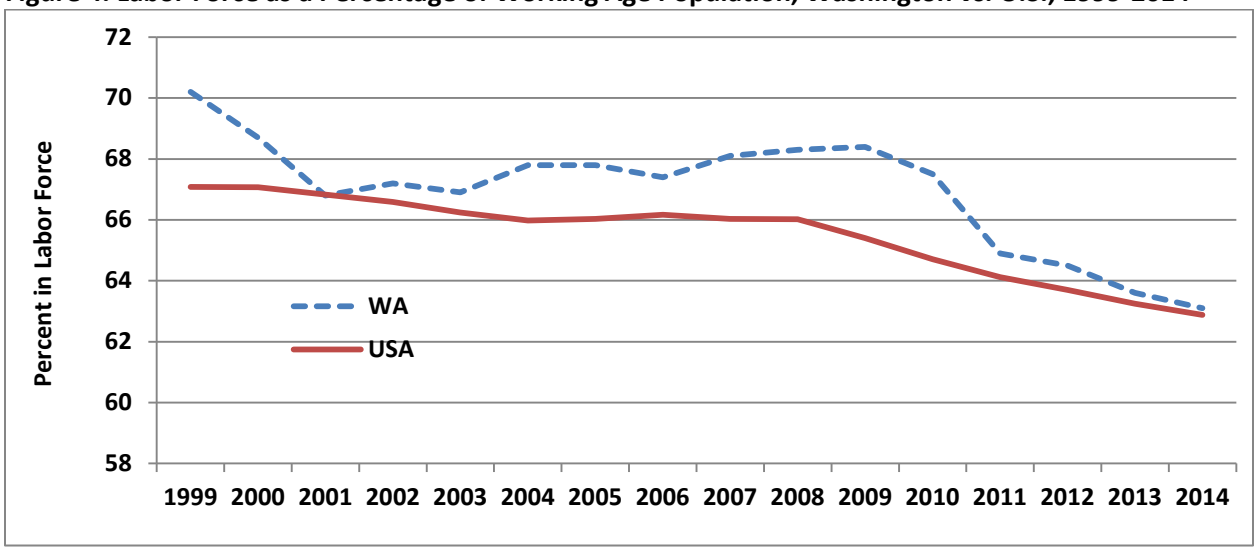
[9] From the 2011-2013 American Community Survey

[10] The labor force participation rate is comprised of those in the labor force as a percentage of the civilian, non-institutional population, which also excludes those below the age of 16.

looked at Washington's entire population and showed just 50 percent of the state's overall population in the labor force. The following chart focuses on Washington's labor force as a share of the working-age population, which provides a more detailed snapshot of how likely working-age Washingtonians are to have a job, or to be looking for work.

Much of the decrease in labor force participation can be explained by the changing role that women have played in the labor market. Female labor force participation increased consistently through early 2000, and declined slowly thereafter. This coincides with the overall labor force participation peak.

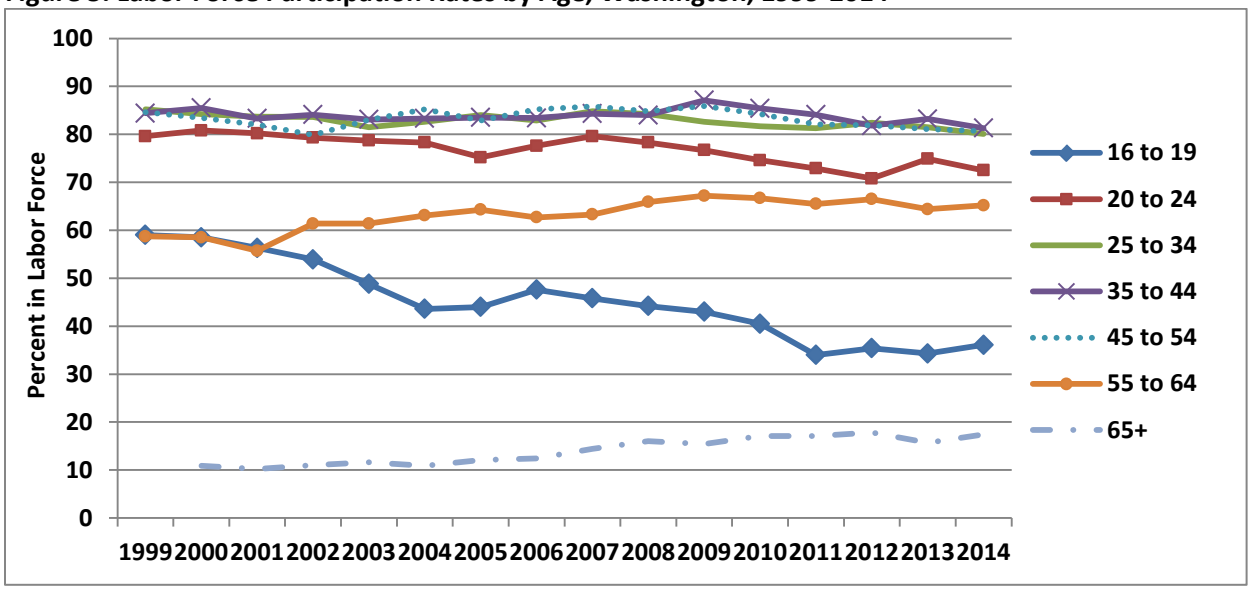
Figure 4. Labor Force as a Percentage of Working Age Population, Washington vs. U.S., 1999-2014



Source: Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment.

For the most part, Washington has followed this national trend. The state's strongest divergence from this trend has been during boom times (see above chart). Before the "Dot.com" and housing bubbles burst, Washingtonians were more likely to be in the labor force than Americans as a whole. Following the bubbles bursting, Washington has aligned more closely with the rest of the U.S.

Figure 5. Labor Force Participation Rates by Age, Washington, 1999-2014



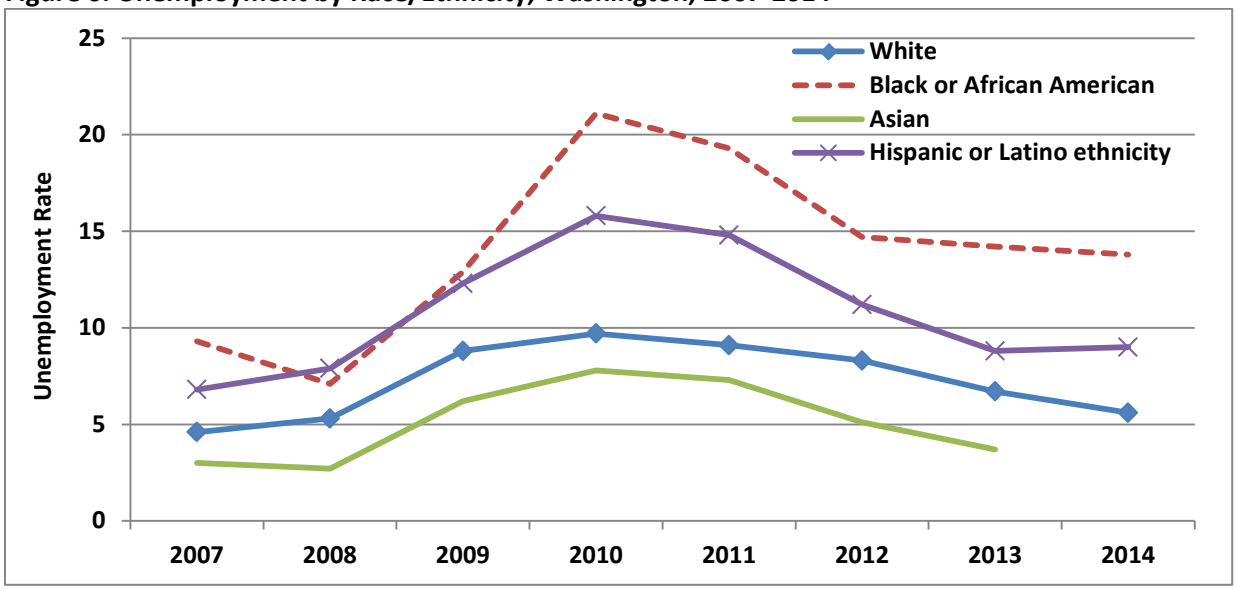
Source: Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment.

Another group behind these changing participation rates is youth. The above figure shows a participation rate drop of 22.4 percentage points for 16-19 year olds between 2000 and 2014. In contrast the oldest group (65 and older) saw an increase of 6.5 percentage points. The second youngest group (20-24 year olds) saw a decrease of 8.3 percentage points, while the second oldest group increased by 6.7 percent points. As younger workers stay out, or are shut out, of the labor force (either by attending school or dropping out altogether), older workers are remaining in the labor force (either out of choice or necessity).

Labor Market outcomes differ by race

All racial and ethnic groups suffered during the Great Recession, and recovered slowly in the aftermath. However, the pace at which recovery happened differed by population group. Asians, Blacks, Hispanics, and whites all saw decreasing labor force participation between 2007 and 2013, as well as higher unemployment rates. Hispanics had the strongest engagement with the workforce – over 70 percent participation. This compares with lower 60s for African Americans, Asians, and whites.

Figure 6. Unemployment by Race/Ethnicity, Washington, 2007-2014*



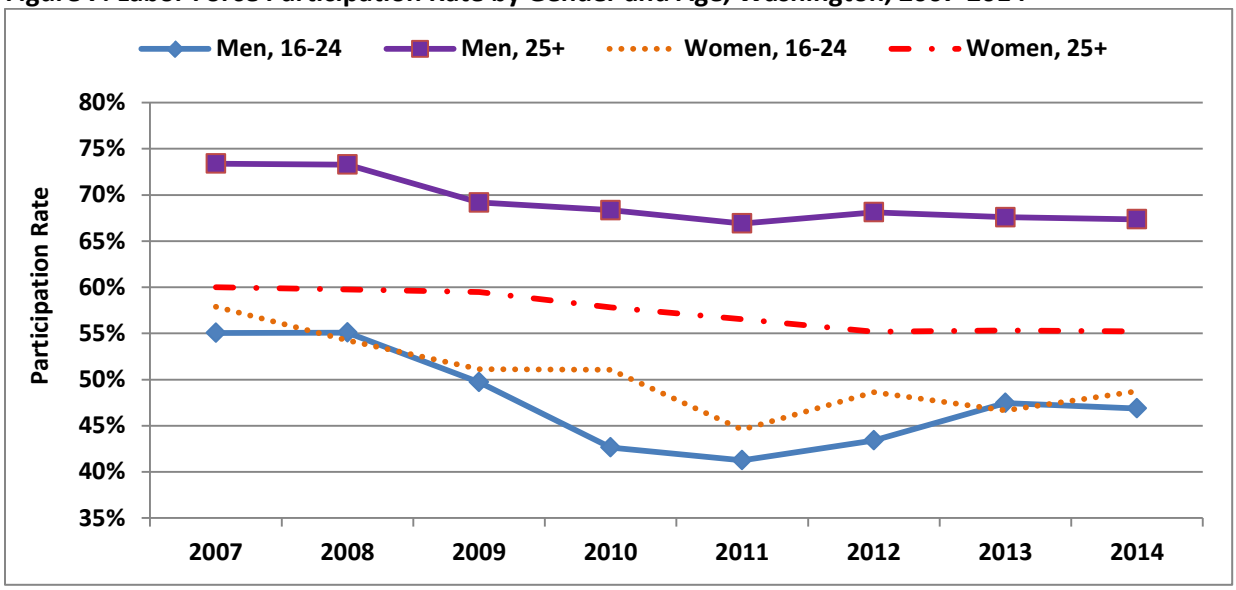
Source: Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment.
**Insufficient data was available to chart unemployment among Native Americans and those with a multiple-race background. Also, this chart does not separate Asians from Pacific Islanders because of an insufficient sample size.*

African Americans have had higher unemployment rates than other groups, with the exception of 2008 when Hispanics briefly had a higher rate. Asians have consistently had the lowest unemployment rate, followed by whites.

Gender in the workforce

Generally speaking, men have been more likely to be labor force participants, while women have tended to have lower unemployment levels. The implication of this is that women without employment are more likely to exit or not be in the workforce altogether. As of 2014, 54.3 percent women in Washington were considered to be in the labor force, while their unemployment rate was 5.2 percent. Men in 2014 had a labor force participation rate of 64.2 and an unemployment rate of 7.2 percent.

Figure 7. Labor Force Participation Rate by Gender and Age, Washington, 2007-2014

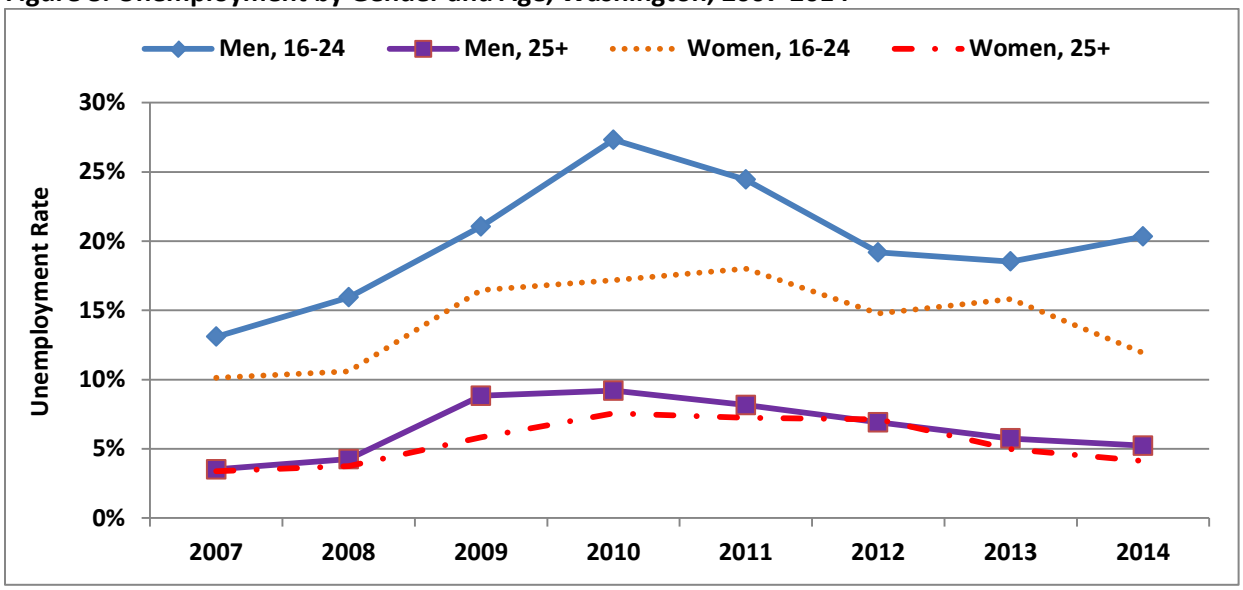


Source: Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment.

Delving deeper, other patterns emerge: Young men (16-24) had a workforce experience very distinct from that of men aged 25 and older. For most of the 2007-14 period, young men were less likely than young women to be in the labor force, whereas men aged 25 and older were much more likely to be labor force participants than women of any age. Among women, this age gap doesn't exist to nearly the same degree.

A similar, but inverted pattern can also be seen with unemployment rates. Young men tended to have the highest rates, peaking at over 27 percent in 2010. Older men and women had unemployment rate levels and trends that were very close, with the strong divergence in the midst of the recession (2009 and 2010). This was largely due to the male dominated and hard-hit construction and manufacturing industries.

Figure 8. Unemployment by Gender and Age, Washington, 2007-2014



Source: Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment.

One potential worry is that young men were the only group to see rising unemployment in 2014. Young men's rising unemployment in 2014 was matched by a falling participation rate, indicating that the increase in unemployment couldn't be attributed to more entrants into the labor force.

Disabled persons in the workforce

People with disabilities faced significant labor market barriers. They were much less likely to be in the workforce (about 44 percent) than those without disabilities (about 77 percent) in 2013. This participation rate for disabled is down from nearly 46 percent in 2010, mirroring other subpopulations as well as the population in general.

Figure 9. Labor Force Participation/Unemployment Rates for Disabled and Non-disabled Washington, 2010-2013

Year	Labor Force Participation Rate		Unemployment Rate	
	Not Disabled	Disabled	Not Disabled	Disabled
2010	78.0%	45.9%	8.3%	15.4%
2011	77.5%	45.0%	9.9%	18.5%
2012	77.2%	44.2%	9.8%	19.4%
2013	76.9%	43.9%	8.9%	18.7%

Source: American Community Survey. Calculations by Workforce Board.

In addition to low participation rates, the unemployment rates for people with disabilities have been nearly twice the rate for non-disabled workers. The rate for disabled people peaked at 19.4 percent in 2012 and has fallen moderately to 18.7 percent in 2013. The unemployment

rate for non-disabled people followed a similar trend but peaked a year earlier in 2011 before dropping to 8.9 percent in 2013.

Education is key

Higher education levels strongly improve labor market outcomes—increasing both the participation rate in the labor force and reducing the unemployment rate (see below table). Among prime working-age Washingtonians, one in three who lacked a diploma were also absent from the labor force. Of those that did participate, 13.5 percent were unemployed. Meanwhile, those with some college or an associate's degree had a 77.3 percent labor force participation rate and an 8 percent unemployment rate. Those with a bachelor's degree or higher had a labor force participation rate of nearly 85 percent and an unemployment rate of 4.2 percent (see below table).

Figure 10. Labor Force Status by Educational Attainment, Washington, Ages 25-64

Highest level of Educational Attainment	Labor Force Participation Rate	Unemployment Rate
Less than high school graduate	64.1%	13.5%
High school graduate	73.1%	10.0%
Some college or associate's degree	77.3%	8.0%
Bachelor's degree or higher	84.8%	4.2%

Source: American Community Survey, 2011-2013

Certainly some of the 18-24 year olds that don't yet have diplomas will graduate on time and many will also successfully pursue a high school diploma equivalent, but the low high school diploma attainment rate remains a concern. Young people who are neither employed, nor in school, pose an even bigger concern. These so-called "disconnected youth" can delay critical milestones, such as marriage and home ownership, miss chances to hone their work skills and advance careers, and may end up relying on public assistance, or in worse cases, enter the criminal justice system. Being disconnected at a young age can have a lasting impact as these years are a critical period of growth and independence. In 2013, nearly 15 percent, or approximately one in six youth in Washington, aged 16-24, were neither in school nor employed.[11] This totaled nearly 119,000 young people.

High school graduation rates vary

According to data published in 2014 by the Office of Superintendent of Public Education (OSPI), 77.2 percent of the students who entered ninth grade four years earlier graduated on time.[12]

[11] Multiple Pathways for Young Adults, A Report to the Washington Legislature on Young Adult Unemployment, 2014, Workforce Board, http://wtb.wa.gov/Documents/YouthEmploymentReport2014.pdf
[12] http://www.k12.wa.us/DataAdmin/default.aspx

Females had a higher graduation rate (83.1 percent) than males (76.7 percent). Asians (87.6 percent) had the highest graduation rate among different racial and ethnic groups, while Native Americans had the lowest graduation rate (58 percent). Low income students had a 69.7 percent graduation rate, homeless students 51.9 percent, and foster care students 42.5 percent.

Figure 11. Educational Attainment by Race/Ethnicity, Washington, 2011-2013

Education Level Attained	African American	Native American	Asian	Pacific Islander	Other	Multiple	White	Hispanic
Total Population	155,404	57,094	356,271	23,967	133,112	133,909	3,553,558	389,403
Less than 9th grade	4%	5%	9%	4%	32%	3%	1%	25%
9th to 12th grade, no diploma	8%	13%	6%	8%	16%	6%	5%	14%
Regular high school diploma	21%	21%	15%	40%	20%	16%	20%	20%
GED or alternative credential	5%	8%	2%	3%	5%	6%	4%	5%
Some college, no degree	31%	31%	14%	25%	15%	30%	26%	18%
Associate's degree	11%	9%	8%	8%	5%	10%	10%	6%
Bachelor's degree	14%	9%	27%	9%	5%	18%	22%	9%
Graduate or professional degree	7%	5%	18%	2%	3%	10%	12%	4%

Source: American Community Survey

Educational attainment in Washington also varies widely by race and ethnicity (see above figure). One-quarter of Hispanics had less than a 9th grade education, a far higher percentage than any other group. For most other ethnic groups the most common education attainment level was either “a high school diploma” or “some college, no degree.” Asians were an exception to this with their highest share attaining a bachelor’s degree and the second highest share with a graduate or professional degree.

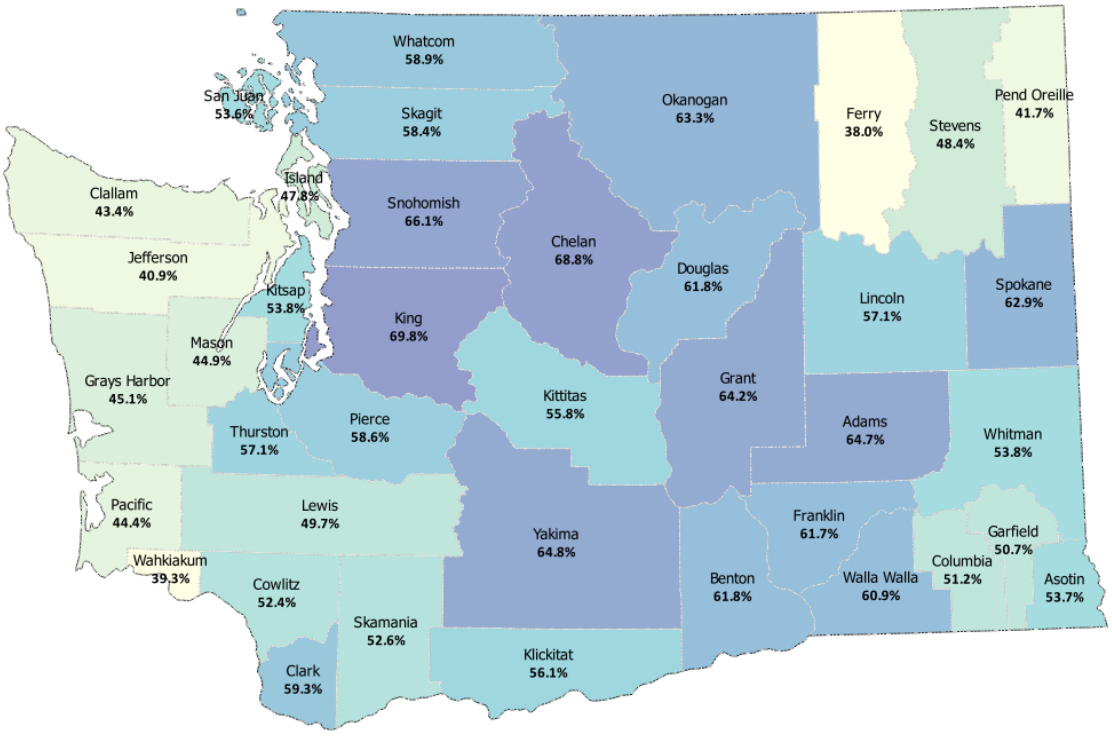
Regional workforce differences

There are also significant differences in workforce demographics between regions in Washington. King County, which has the largest number of employed people in the state, not coincidentally has the highest share of its working age population in the labor force.[13] This high labor force participation rate is probably due less to the age of the population (the median age in King County is 37.2 and close to the state median) and probably due more to the wide range of job opportunities in the greater Seattle area.

[13] This is the labor force (both employed and those seeking work) as a percentage of the population that is 15 years or older. The labor force data is from Washington’s Employment Security Department and the population data is from the American Community Survey. Calculations were done by Workforce Board staff. Comparisons were made of this data to 2007 data. Every county for which data was available experienced declining participation rates.

At the other end of the spectrum, Ferry and Wahkiakum counties notched the lowest labor force participation rates (at around 40 percent), or nearly half the rate of King County. From the map below several patterns emerge: 1) the state's northeast corner and the western counties bordering the Pacific Ocean have the lowest labor force participation; and 2) Beyond King and Snohomish Counties, the other high participation rate counties were central agricultural counties like Adams, Chelan, Grant, and Yakima.

Figure 12. Labor Force Participation Rates by County, Washington, 2014



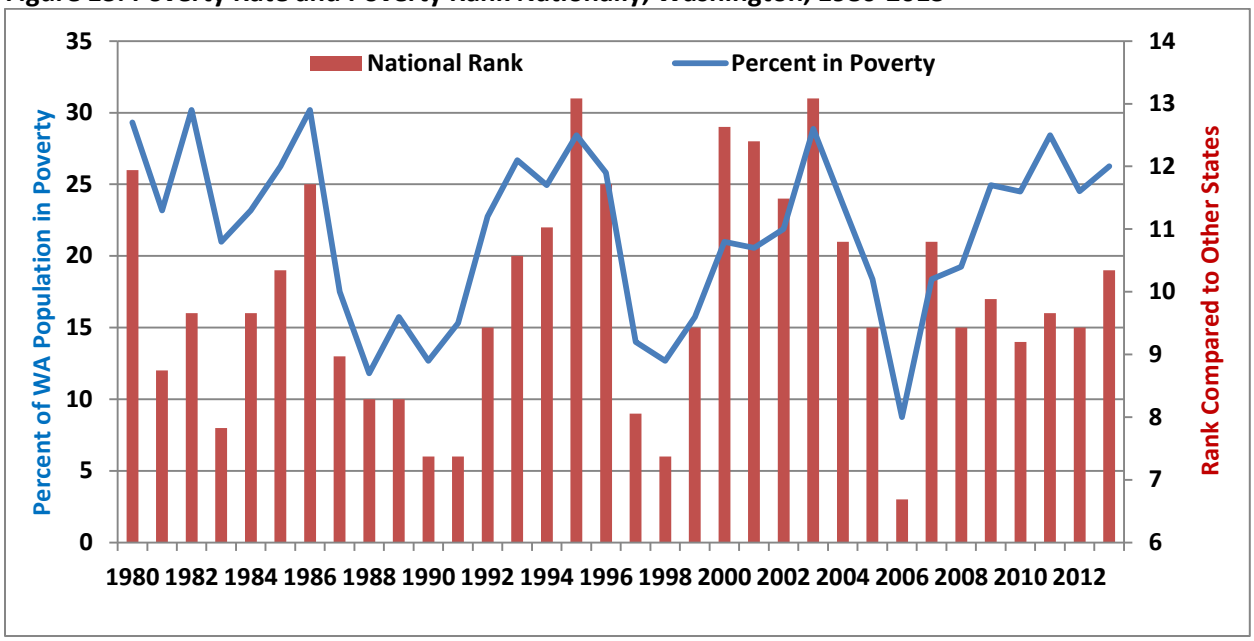
Source: American Community Survey and Washington's Employment Security Department.

Some of these patterns are mirrored in unemployment rates. King and Snohomish Counties had the lowest unemployment rates (3.3 and 3.6 percent respectively) in April 2015. Also the highest unemployment rates were in the northeast corner (Ferry, Stevens, and Pend Oreille) and west-side counties like Grays Harbor, Pacific, and Lewis.

Poverty ebbs and flows with the overall economy

Over the last 30 years or so, the percent of Washington residents living below the poverty line has ranged between 7 and 13 percent. Poverty highs have come during recessionary periods like the early 1980s, early 1990s, early 2000s, and again during the recent Great Recession. Poverty lows have come during boom times like the late 1980s, mid-to-late 1990s, and mid-2000s. The blue line in the following chart tracks our state's poverty level.

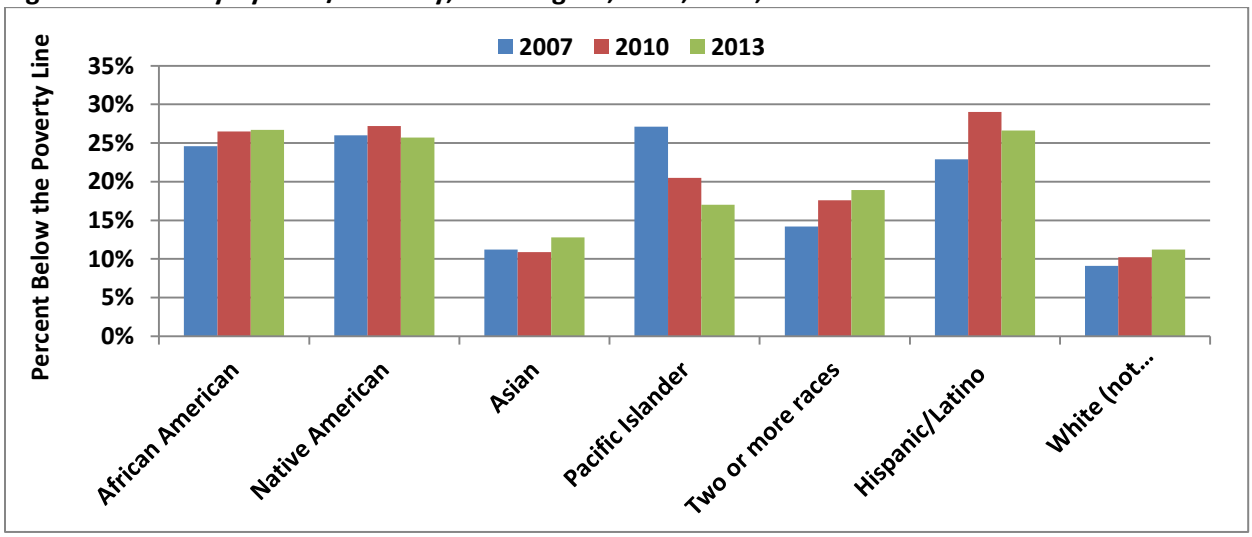
Figure 13. Poverty Rate and Poverty Rank Nationally, Washington, 1980-2013



Source: U.S. Bureau of Labor Statistics.

In comparison to other states, Washington has ranged from having the third lowest poverty rate (in 2006) to having the 19th highest poverty rate (in 1995 and 2003). The reason the state did so poorly relative to other states in 1995 was that Washington recovered very slowly from the 1990-1991 recession. The recession of the early 2000s was centered on information technology and impacted the tech-heavy Seattle metro area disproportionately (and subsequently the state as a whole given King County's outsized influence). The state's poverty rank is depicted in the above chart by red bars.

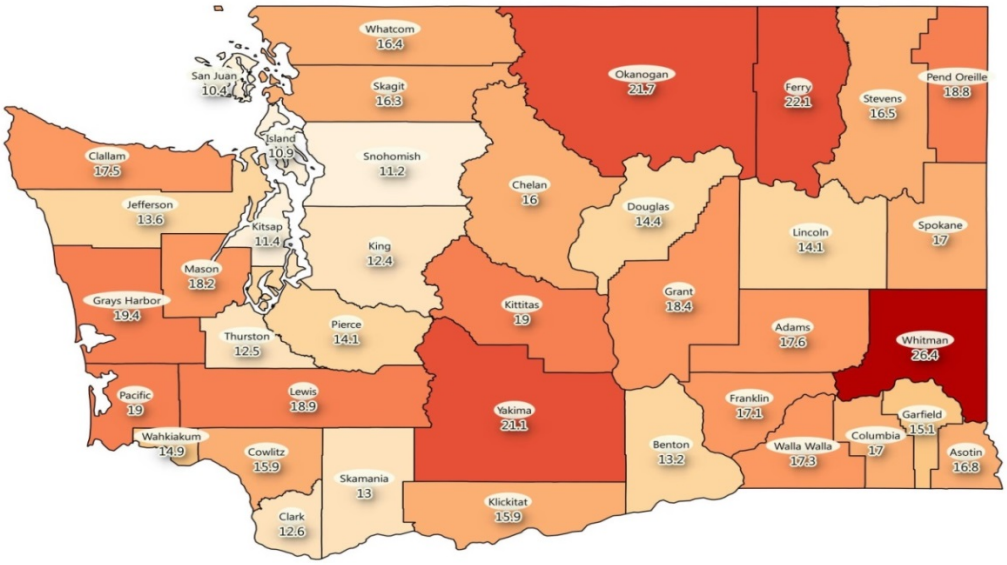
Figure 14. Poverty by Race/Ethnicity, Washington, 2007, 2010, and 2013



Source: Bureau of Labor Statistics.

Poverty rates have generally been highest for African Americans, Native Americans, and Hispanics; averaging 26 percent for the years 2007, 2010, and 2013. Asians and whites had the lowest poverty rates, but both saw an increase between 2010 and 2013. Pacific Islanders have experienced significant declines in poverty between 2007 and 2013—going from 27 percent to 17 percent.

Figure 15, Poverty Rate by County, Washington, 2013



Source: United States Department of Agriculture[14].

In terms of the geographic distribution, the highest 2013 poverty rates were found in Whitman (26.4), Ferry (22.1 percent), and Okanogan (21.7 percent) counties. The lowest poverty rate was found in San Juan County (10.4 percent) followed by Island (10.9 percent) and Snohomish (11.2 percent) counties.

Summary

Generally speaking, population growth has fueled the state's labor force, which in turn has helped drive our economy. Most of this growth has come from newcomers to the Evergreen State, in search of better economic opportunity. These new residents were also more likely to have higher education levels than those who already call Washington home. In particular, economic boom times have been accompanied by bursts in population expansion.

But population growth is just one driver. In fact, Washington's labor force grew more quickly than the overall population between 1976 and 2009. This was due, in large measure, to more women entering the workforce during these years. However, the state's labor force contracted

[14] http://www.ers.usda.gov/data-products/county-level-data-sets/poverty.aspx

slightly between 2009 and 2013 and it's unclear whether this is a "new normal" or an aberration. The labor force has also contracted on the national level, concerning many workforce professionals about the number of discouraged workers who are staying out of the labor force during prime working years. In Washington, the percentage of the state's population that is working or seeking work (labor force participation rate) peaked in 1998 (70.2 percent), and has declined since. The current rate of 62.7 is the lowest since 1977, and is largely driven by low participation rates among younger age groups, with the issue more acute among men.

Labor force participation has generally fallen among all racial and ethnic groups, with the exception of Hispanics, who have maintained higher participation rates. Regarding unemployment, African Americans have suffered disproportionately high rates, especially compared to Asians and whites. People with disabilities were 33 percentage points less likely to be in the labor force in 2013 than non-disabled people and had an unemployment rate nearly 10 percentage points higher than the non-disabled.

There continues to be a strong relationship between education and unemployment: Those with higher education levels are less likely to be jobless and those with lower education levels are more likely to be unemployed. More than one third of Washington residents who didn't graduate from high school did not participate in the labor force between 2011 and 2013. This group also had the highest unemployment rate—at 13.5 percent. Conversely, among those with a bachelor's degree or higher, 84.8 percent were in the labor force and had a low unemployment rate of 4.2 percent.

In 2014, the state's four-year high school graduation rate hit 77.2 percent (an improvement of 1.2 percentage points from the 2013 class). [15] But students facing barriers such as low family income, homelessness, and being in foster care, had much lower high school graduation rates. Foster children, in particular, lagged behind with a 41.5 percent graduation rate in 2014.[16]

The Seattle metro area rebounded from the recession more strongly than other areas in the state. This notion is supported by key data points: King County had the highest labor force participation rate, the lowest unemployment rate (as of April 2015) in the state, and a relatively low poverty rate. Other areas, particularly in the state's Northeast corner and along the

[15] The four-year graduation rate is calculated as the percent of those who received a diploma from among those who entered ninth grade four years earlier. The state also measures extended graduation rates for students who take longer than four years to complete high school.

[16] However, foster children did make substantial gains in 2014, with their graduation rate zooming up by nearly 5 percentage points over the previous year.

Western edge, had lower labor force participation rates, higher unemployment rates, and generally higher poverty rates.

In general, the state's poverty rates rose quickly during the recession, and as of 2013, remained stubbornly high (12.0 percent). Poverty rates were highest for African Americans, Native Americans, and Hispanics, generally above 25 percent.

More broadly, Washington has shown solid recovery from the Great Recession. However, recovery has been uneven. Some regions have fared better (such as King County), and others (such as Chelan and Stevens counties) fared worse. Also, recovery has favored higher-educated, higher-income Washington residents. Notably, some racial and ethnic groups, as well as people with disabilities, have struggled to recover from the recession and continue to face barriers in obtaining higher-wage, more secure employment. Helping all Washington residents achieve living-wage jobs that lead to economic self-sufficiency is a primary goal of our state's workforce development system as Washington puts the recession in the rear view mirror.

Washington's Future Economy

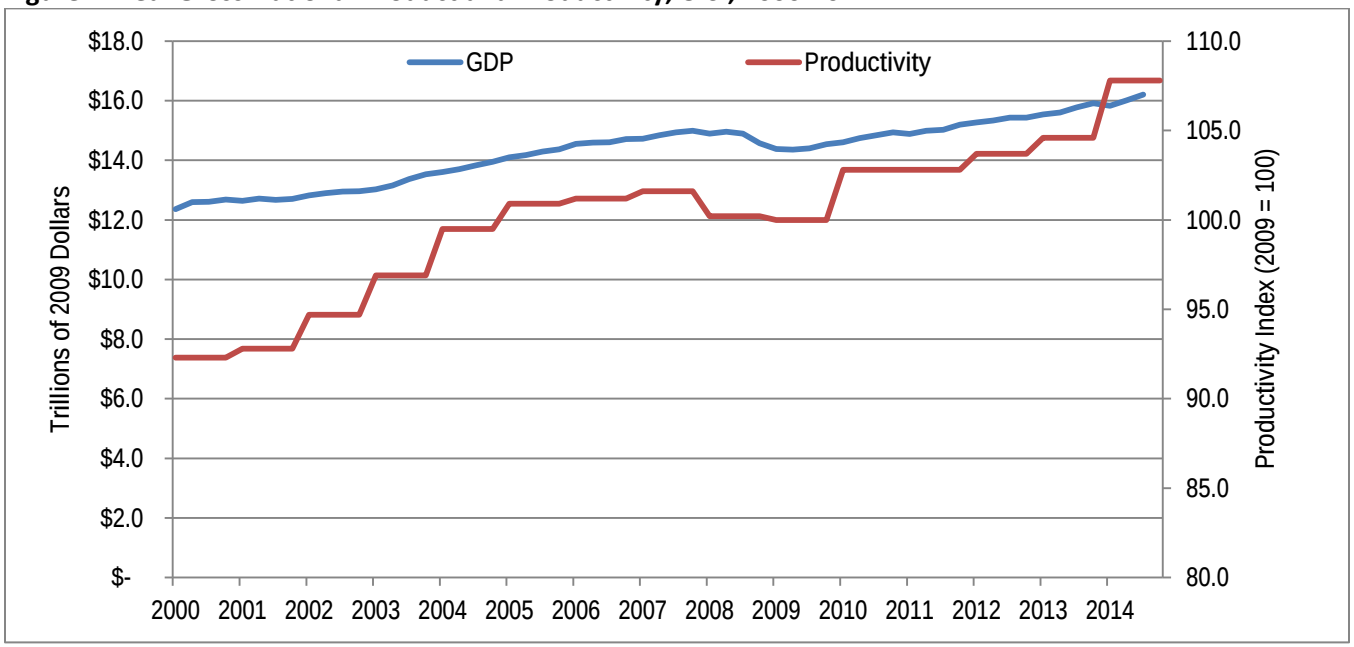
Recovery: Light at the End of the Tunnel?

Economic growth versus employment and wages

At the beginning of 2015, the Bureau of Economic Analysis announced that the national economy grew by 2.5 percent in the fourth quarter of 2014. That followed 5 percent growth in the third quarter and 4.6 percent growth the quarter before that—or around 12 percent growth over a nine-month period. As for employment, 2014 turned out to be the best year of job gains since 1999. This data, along with other positive economic indicators, have led to a growing sense that the nation was moving out of the shadow of the Great Recession and weak recovery.

While this is good news, it masks deeper issues surrounding employment. While the gross domestic product (GDP) measure gives a good sense of economic activity from period to period, it is limited in that it only measures the value of goods and services produced. During the recession, many firms cut back on employment and balanced this with efficiency gains and more use of capital and technology. During this period, GDP rose, but jobs did not rise in parallel. As is clear in the following chart, overall productivity has been rising in the U.S. as the economy recovers. But this productivity may have masked lagging employment.

Figure 1. Real Gross National Product and Productivity, U.S., 2000-2014



Source: U.S. Bureau of Economic Analysis, Bureau of Labor Statistics
**This chart uses 2009 dollars to express real prices. Real prices are those that have been adjusted to remove the effect of changes in purchasing power (inflation). Productivity includes both labor and capital factors.*

As productivity rose, GDP peaked in the second quarter of 2008 at $15.0 trillion; a high-water mark that wasn't surpassed until the third quarter of 2011 (nearly four years later). By contrast, the nation experienced 23 months of job declines from January 2008 to December 2009, and the pre-recession peak employment level was not reached until May of 2014.[17] From the official end of the recession in the second quarter of 2009 to second quarter of 2015 national GDP rose by 13.8 percent while employment rose by 8 percent.

> *Although overall output has risen, employment has lagged, particularly for low- and middle-wage workers.*

Productivity quicker to rebound than hiring

Even so, it's clear that the output of goods and services was far quicker to rebound than hiring. Beyond that, as this report will show, job growth wasn't accompanied by higher wages for most workers. Instead, the post-recession economy in Washington and the nation reflects job growth and higher wages for the highly skilled, and slow growth and little movement on wages for those with low skills and education levels. Mid-level occupations, the sweet spot of the

[17] Washington passed its pre-recession employment peak a few months earlier than the nation, in December 2013.

economy and the focus of statewide workforce efforts to move people into living-wage occupations, have yet to rebound fully from the Great Recession.

A Seattle Times analysis of Washington's Employment Security Department data highlighted the uneven recovery. For jobs paying between $18 and $36 per hour, more jobs were lost in Washington during the downturn than were gained during the recovery. Meanwhile, higher wage jobs paying more than $36 per hour outpaced declines during that same time period. In particular, jobs paying over $54 per hour increased far more quickly than jobs lost at that wage rate, especially in King County.[18]

Uneven recovery strands some workers as labor force participation falls

Although the economic recovery has spurred more jobs and spending, an improving economy hasn't helped all workers. In fact, it's left a substantial number of workers behind. Labor force participation is down significantly in Washington and the nation. The percentage of Washingtonians in the labor force fell by more than 5 percentage points, from 68.3 percent to 63.1 percent, between 2008 and 2014. This mirrors the national experience which saw labor force participation rates falling from 66 percent in 2008 to 62.9 percent in 2014.[19] Some of this may be due to short-term economic factors, but the long-term trend points to demographic changes, such as an aging workforce and a fewer youth participating in the labor force.[20]

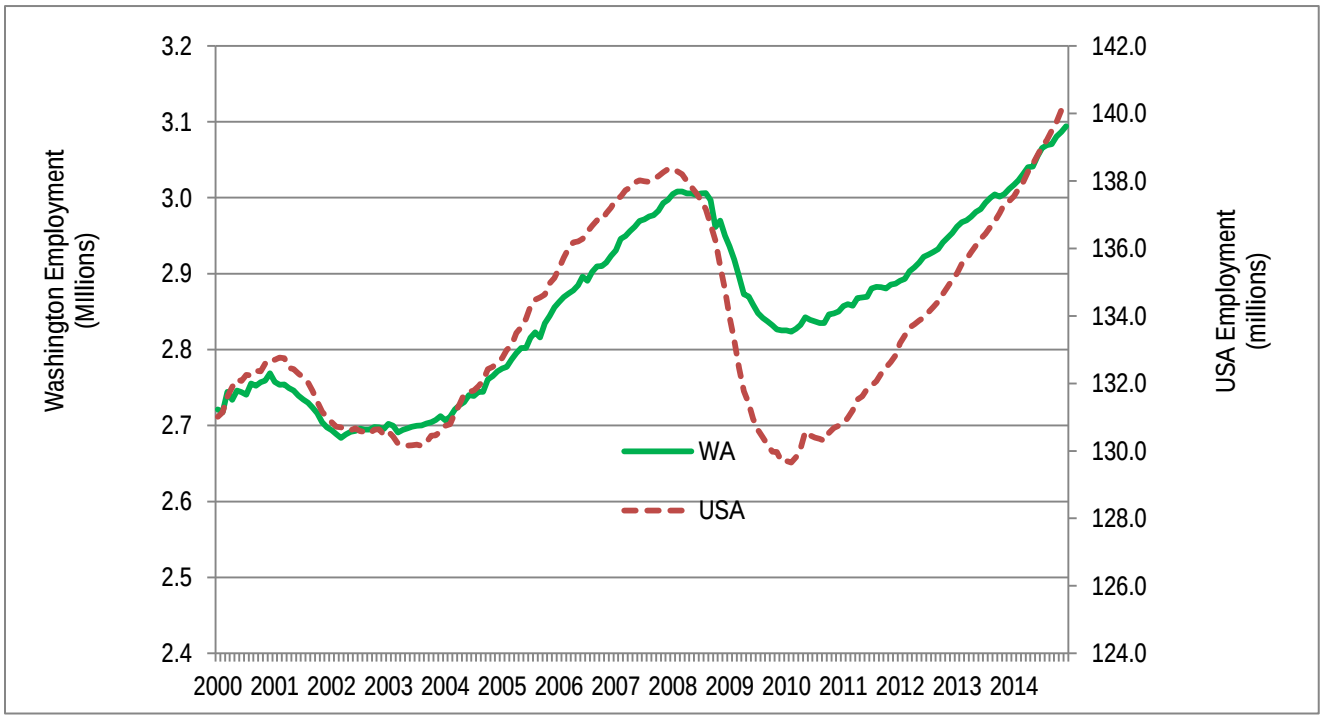
In September of 2015, the U.S. unemployment rate fell to 5.1 percent, a low point eight years in the making. The previous low was 4.4 percent in May 2007. But a falling unemployment rate isn't always a good sign, if the cause is workers leaving the labor force because of a perceived lack of employment opportunities. Labor force participation rates are closely tied to the health of the economy, with more people employed, or actively seeking work, during boom times. However, when jobs are relatively scarce, a substantial portion of the population sits out, or gives up, on job search efforts. So a lower unemployment rate can sometimes mask economic uncertainty when large sections of the population leave the labor force and stop looking for jobs. In July 2015, Washington's labor force participation rate hit the lowest point since 1977, indicating a substantial downward shift since women began entering the labor market in greater numbers in the 1970s. This was reflected in the declining labor force participation rate, the lowest point since 1977.

[18] Seattle Times, June 28, 2015 http://www.seattletimes.com/business/economy/the-recovery-gap-economic-expansion-is-favoring-the-wealthy/.
[19] U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment*.
[20] See Workforce Chapter in state's workforce plan.

Unemployment stubborn problem even as rates fall

While the national unemployment rate has dropped steadily since April 2010 and stood at 5.5 percent in May 2015, it is still well above the low of 4.4 percent recorded in 2007.[21] As of September 2015, Washington's unemployment rate was 5.2 percent (but over the most recent 12-month period averaged 5.8 percent), still well above the 4.4 percent rate in mid-2007. There was an average of 198,700 unemployed persons through the first five months of 2015, compared to an average of 218,200 unemployed in 2014.

Figure 2. Washington and U.S. Employment, 2000-14 (seasonally adjusted)



Source: U.S. Bureau of Labor Statistics.

Standard unemployment rate doesn't provide full picture

The unemployment rate is often viewed as a leading indicator for the overall health of the labor market. Lower unemployment means a stronger economy. However, the way unemployment is measured has a large impact on the numbers.

The standard unemployment rate includes:

- Those who do not have a job.
- Those who have looked for work in the past month and would accept it.
- Those who are currently available for work.

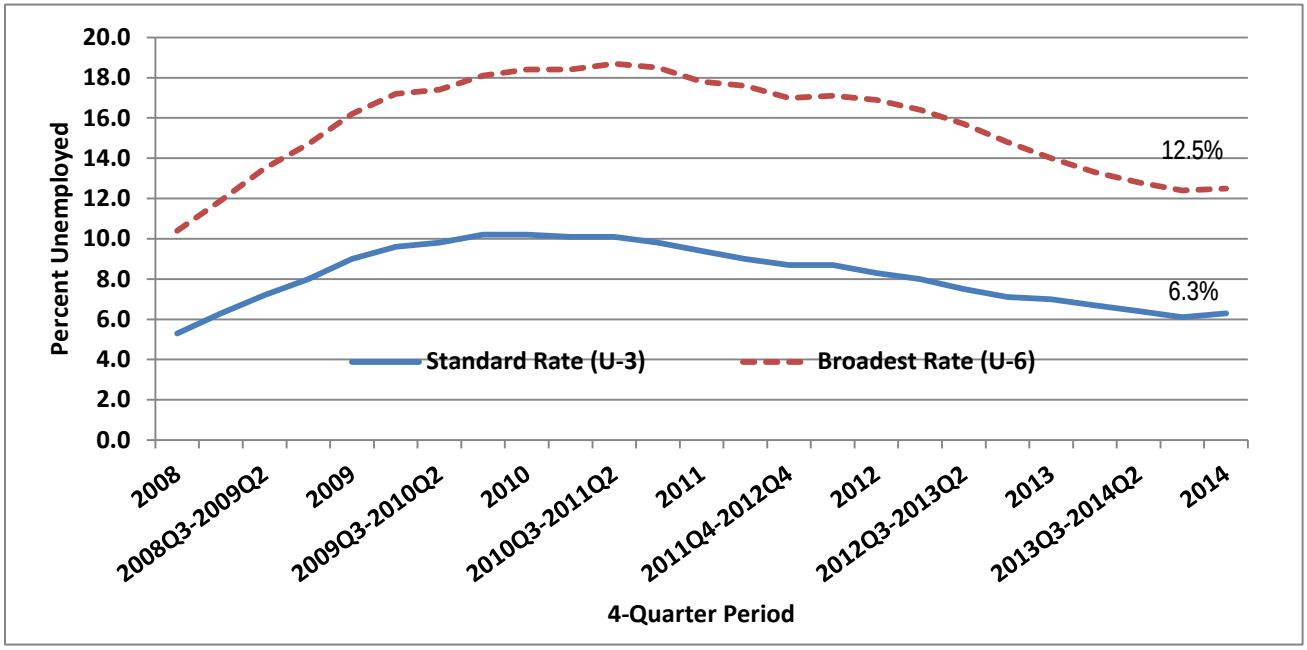
[21] Unemployment began dropping in Washington in February of 2010 and stood at 5.4 percent in May of 2015.

The following chart illustrates the "standard" unemployment rate (U-3) and compares it to the broadest measure of unemployment, the U-6 rate. In addition to those conventionally considered unemployed, The U-6 rate includes:

- Discouraged workers who have dropped out of the labor market.
- Those involuntarily working part time.
- Those unable to find work because of barriers such as lack of child care or transportation.

As mentioned earlier in this report, labor force participation is down significantly. This can make the unemployment rate look far lower than it actually is.

Figure 3. Standard and Broadest Unemployment Measures, Washington, 2008-2014



Source: U.S. Bureau of Labor Statistics.

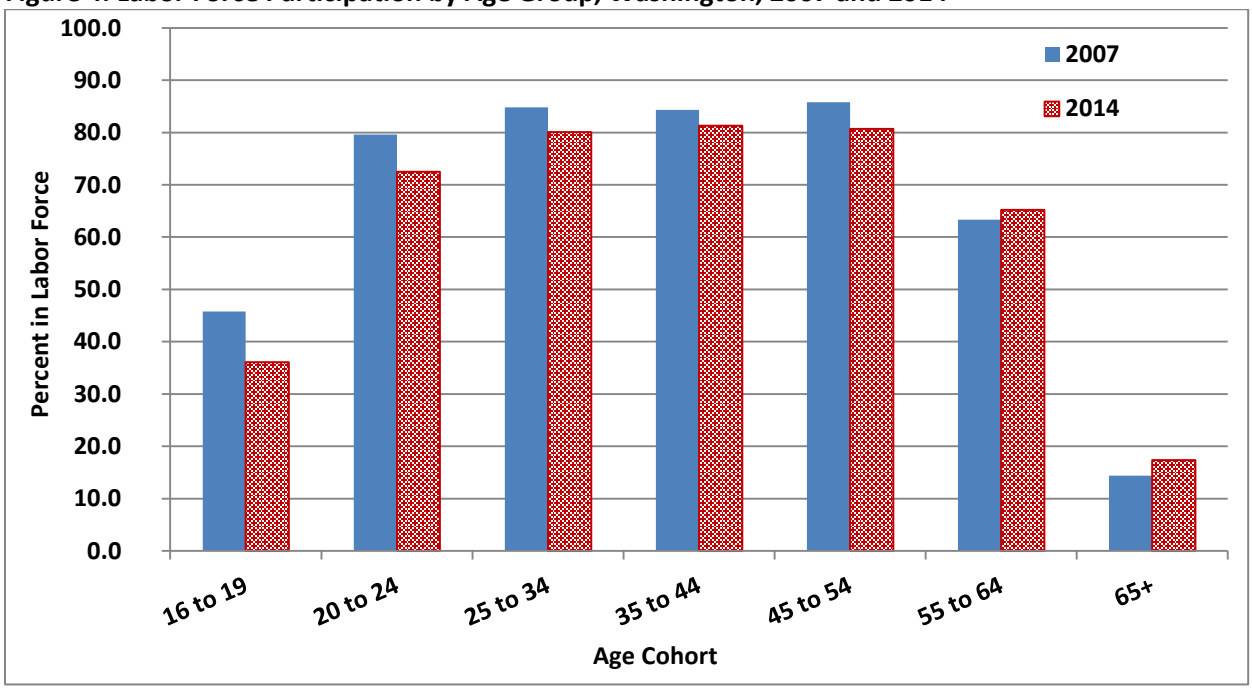
The broadest unemployment rate was over 8 percentage points higher than the "standard" rate for most of 2010-12. While both measures have come down, the U-6 rate is still about twice the size of the standard rate. This discrepancy reveals that a substantial number of Washingtonians are working less than they'd like, facing challenges in getting to work or balancing work with family obligations, or are so discouraged by their employment prospects they've stopped looking for a job entirely.

Young workers left behind

Younger workers are among those left behind since the Great Recession. Labor force participation for 16-19 year olds fell by nearly 10 percentage points, from 45.8 to 36.1 percent from 2007 to 2014. For those aged 20-24, it fell by over 7 percentage points (79.6 to72.5

percent) and for 25-34 year olds by 4.7 percentage points (from 84.8 to 80.1 percent). Workers aged 55 and older (see following chart) were the only ones to see an increase in labor force participation over this time period.

Figure 4. Labor Force Participation by Age Group, Washington, 2007 and 2014

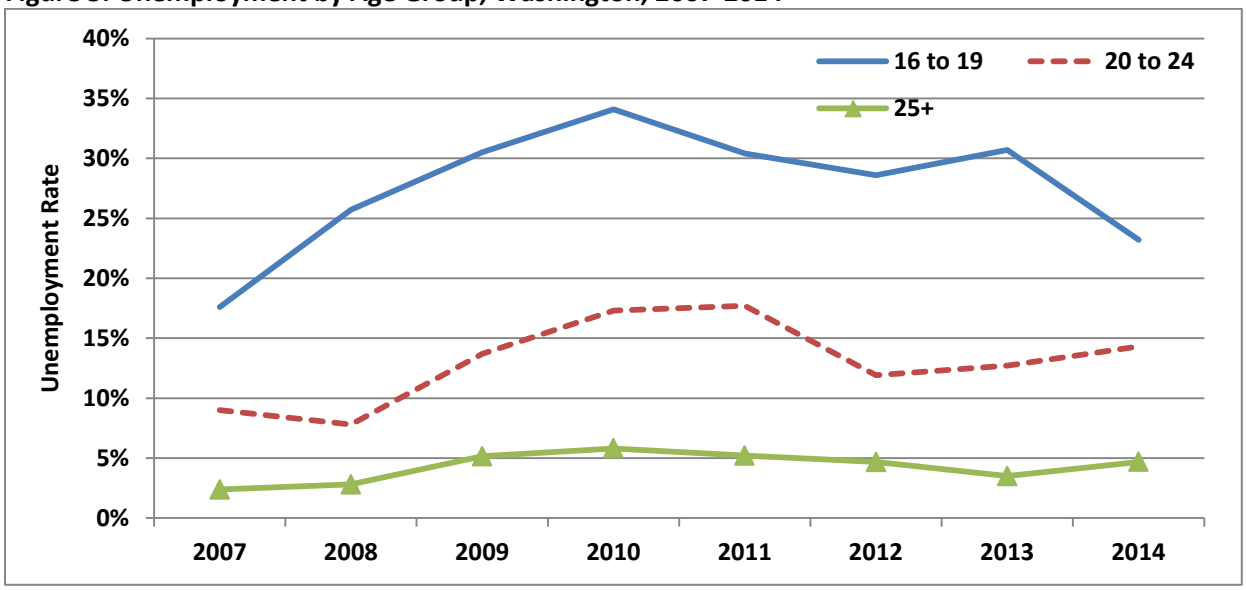


Source: U.S. Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment.

Youth who dropped out of high school faced the biggest employment challenges. Although high school graduation rates have risen in recent years in Washington, 14,000 students dropped out of high school in the 2013-14 school year, or about one out of five students.[22] Education matters when it comes to landing a job. In 2013, those without a high school diploma or equivalent faced an unemployment rate four times higher than those with a bachelor's degree (or higher).

[22] Multiple Pathways for Young Adults: A Report to the Washington Legislature on Young Adult Unemployment, Workforce Board, 2014. http://wtb.wa.gov/Documents/YouthEmploymentReport2014.pdf

Figure 5. Unemployment by Age Group, Washington, 2007-2014



Source: Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment.

Disconnected youth or lost opportunity?

Nearly 15 percent, or approximately one in six youth in Washington, aged 16-24, were not in school and not working, as recently as 2014.[23] Persistent unemployment and disconnection from the world of work places our state's youth at a competitive disadvantage. This struggle to connect to the economy erodes confidence and optimism, replacing it with doubt regarding their preparation for entering the job market.

Research shows that the length of disconnection matters to young adult success. For instance, of those who were disconnected from employment for between one and two years, 61 percent of men and 48 percent of women were employed full time between the ages of 25-28. Yet of those who were disconnected from the workforce or education for three years or more, only 41 percent of men and 21 percent of women were employed full time between the ages of 25-28. For individuals who stayed connected to school or employment, 75 percent of men and 62 percent of women were employed full time at the same age in their lives.

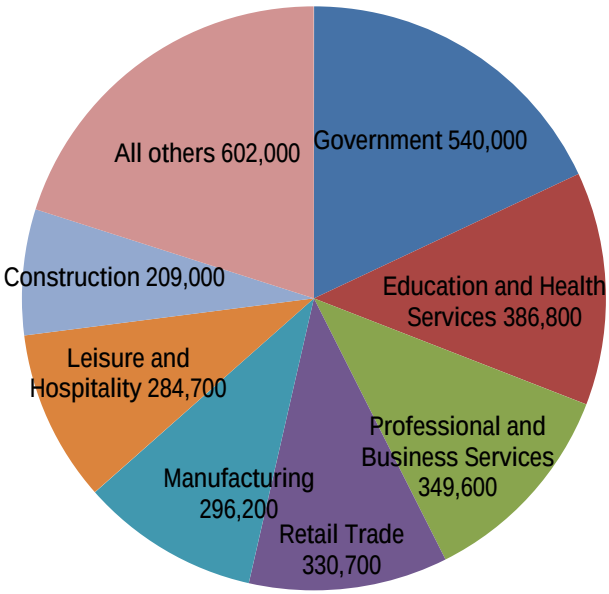
Older workers face barriers as well: research has found that older workers tend to require more flexibility in work hours, limiting the types of firms or industries they can work in.[24] Also, when firms adopt new technology they sometimes reduce the number of older workers they hire.[25]

[23] Nation, O. (2013), Opportunity Index, Washington http://opportunityindex.org/#5.00/45.635/-93.089/
[24] Blau, David M. & Shvydko, Tetyana (2007). Labor Market Rigidities and the Employment Behavior of Older Workers.
[25] Aubert, Patrick, Caroli, Eve, & Roger, Muriel. New Technologies, organization and age: firm-level evidence.

Industry Patterns

In 2014, 82 percent of Washington workers were working in the private sector compared to 18 percent in the public sector according to Bureau of Labor Statistics data. Within the private sector, education and health was the largest employer, accounting for about 13 percent of all jobs. Professional and business services provided about 12 percent of all jobs, followed by retail trade with 11 percent of jobs.

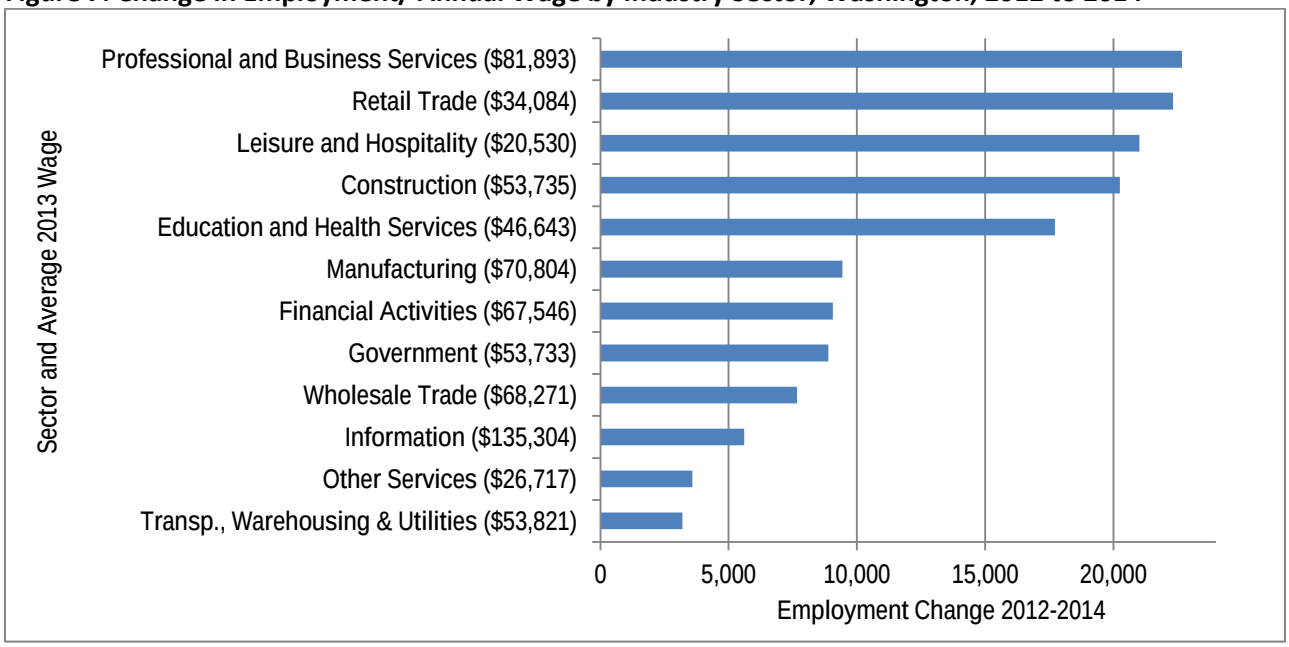
Figure 6. Employment by Industry, Washington, 2014



Source: Washington Employment Security Department, Quarterly Benchmarked Employment.

While public sector employment remained solid, it has lagged other sectors both in terms of job growth and average wages in recent years. The professional & business services led all sectors in job growth the last few years, adding 22,700 jobs between 2012 and 2014. The sector had an average wage of $81,893, higher than all except information ($135,304). Retail trade, and leisure and hospitality, had the second and third highest growth, but had relatively low wages. The average retail wage was $34,084, while those in the leisure and hospitality field, earned an average of $20,530. Transportation, warehousing, and utilities sector added the fewest jobs during the 2012-14 period. However, the average annual wage sat at $53,821—more than double what those in the growing leisure and hospitality field earned.

Figure 7. Change in Employment/ Annual Wage by Industry Sector, Washington, 2012 to 2014

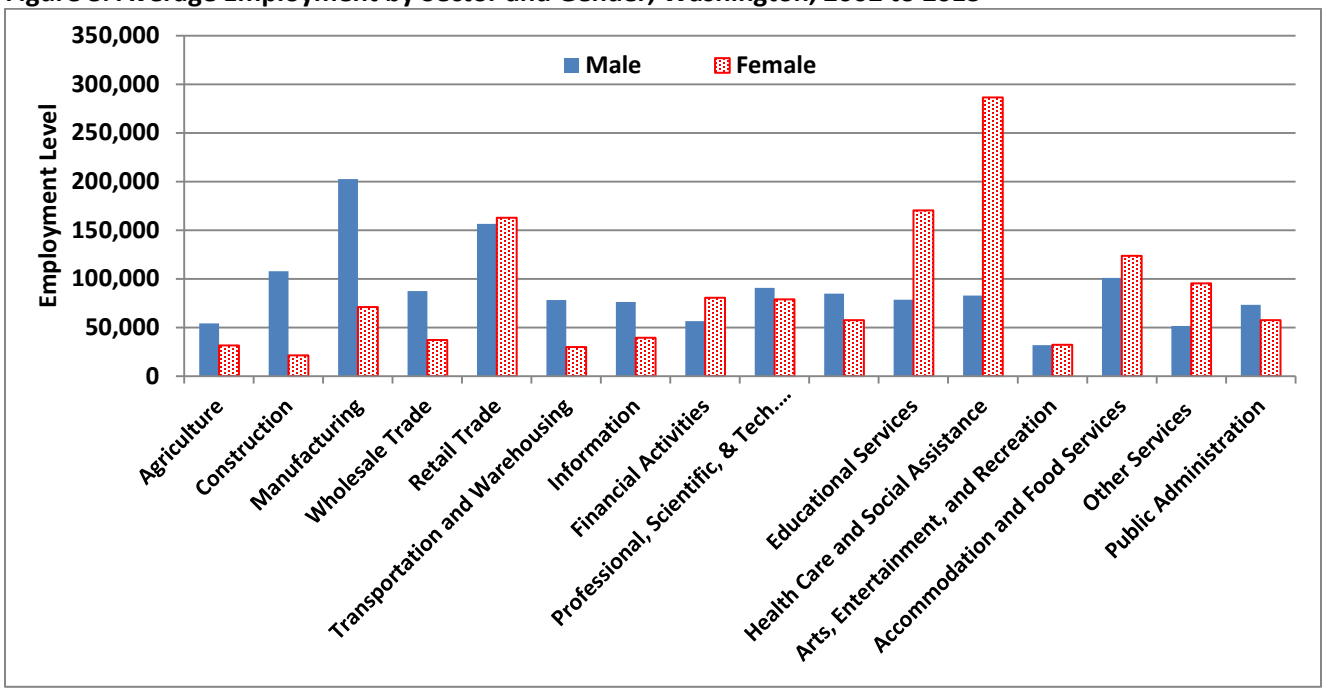


Source: U.S. Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment.

Washingtonians of different ethnicities are impacted by shifting sector trends in different ways. For example, Asians work in disproportionately high numbers in the information and manufacturing sectors, [26] African Americans in transportation & warehousing. [27] The sector one works in has a strong influence on continued employment opportunities and wage gains.

[26] Asians make up a little over 8 percent of employment, while making up 16 percent of the Information sector employment. African Americans make up about 4 percent of overall employment, but 7 percent of transportation and warehousing employment. The source of this data is Local Household Dynamics, 2012 Q4 to 2013 Q3.
[27] U.S. Census Bureau, Longitudinal Employer Household Dynamics.

Figure 8. Average Employment by Sector and Gender, Washington, 2002 to 2013



Source: U.S. Census Bureau, Longitudinal Employer Household Dynamics.
**This chart measures 2002 (Quarter 4) through 2013 (Quarter 3).*

During the recession, men were particularly hard hit because the downturn centered on construction and manufacturing – sectors with high concentrations of male workers. The highest paying sector, information, is also a male-dominated industry.

Sectors such as education and healthcare (both with large numbers of female workers) weathered the recession well, but have since tapered off. Other sectors with a high percentage of female workers, accommodation & food services and other services, have had strong employment growth, but very low wages.

Sector Strategy

The Washington State Office of Economic Development and Competitiveness within the state's Department of Commerce focuses on seven sectors: aerospace, agriculture, clean technology, information and communication technology, life science and global health, maritime, and military.[28] These sectors were chosen for the opportunities they offered to support existing employers and develop new ones.

The table below shows gross business income (GBI) and employment levels for the sectors. Gross business income is similar to gross domestic product (GDP) and is indicative of economic

[28] http://www.commerce.wa.gov/Economic-Development/Industry-Sectors/Pages/default.aspx

impact. Taken together, the six sectors in the table below account for 17 percent of statewide employment and 21 percent of statewide gross business income.[29]

Figure 9. Employment and Gross Business Income (GBI) for Strategic Sectors, Washington, 2009-2013

Sector	Metric	2009	2010	2011	2012	2013
State as a whole	GBI (billions)	$566	$582	$614	$646	$683
	Employment	2,863,967	2,836,892	2,873,417	2,921,667	2,990,442
Agriculture	GBI	$9,122,413,902	$9,820,711,782	$11,303,791,362	$11,497,229,617	*$12,970,409,158*
	Employment	115,829	113,787	116,913	123,508	123,817
Aerospace	GBI	$37,708,587,444	$35,673,428,287	$39,451,484,524	$51,580,207,722	*$57,077,906,362*
	Employment	82,918	80,760	86,574	94,218	96,012
Information and Communications Technology	GBI	$38,109,436,684	$43,836,019,607	$34,062,394,478	$33,776,170,169	*$36,376,147,078*
	Employment	137,838	139,991	146,339	154,522	163,528
Life Sciences	GBI	$8,499,749,407	$8,020,591,619	$7,795,590,384	$7,267,424,110	*$7,197,807,027*
	Employment	35,107	35,587	36,118	35,328	34,292
Maritime	GBI	$11,544,144,335	$12,834,056,927	$14,130,047,938	$14,465,239,113	*$14,570,677,332*
	Employment	45,481	44,945	45,824	46,658	46,725
Clean Technology	GBI	$14,994,071,455	$15,519,195,028	$16,425,637,591	$16,359,563,859	$16,798,101,238
	Employment	55,678	55,992	56,568	55,562	56,456
Total (6 sectors)	GBI	$119,978,403,227	$125,704,003,250	$123,168,946,277	$134,945,834,590	$144,991,048,195
	Employment	472,851	471,062	488,336	509,796	520,830

Sources: Washington Department of Commerce, Employment Security Department, and Department of Revenue.

Wage Trends

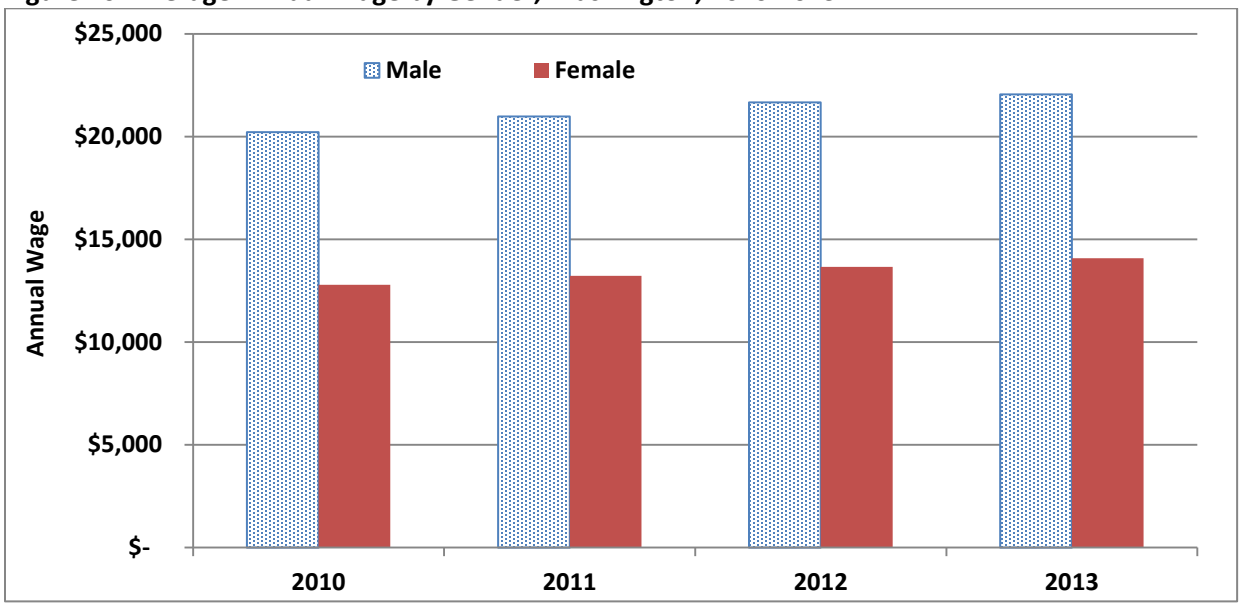
In 2013, Washington's per capita income reached $47,717, up 38 percent from 10 years earlier.[30] This amounts to a seemingly decent average annual increase of 3.3 percent, but it doesn't take into account inflation. The Bureau of Economic Analysis publishes inflation adjusted per capita income from 2008 to 2012, and during this time the figure fell slightly for Washington. This indicates that in real terms, average income has been falling in recent years instead of climbing.

Earnings, of course, vary based on the industry people work in, along with the skills and experience they bring. There are also demographic differences. For example, women have

[29] Military is not shown given difficulty in deriving comparative data.
[30] This figure reflects all income sources, not just wages.

consistently earned less than men. This divergence has grown recently, perhaps driven by the recovery in male-dominated industries such as construction, causing a rise in men's wages.

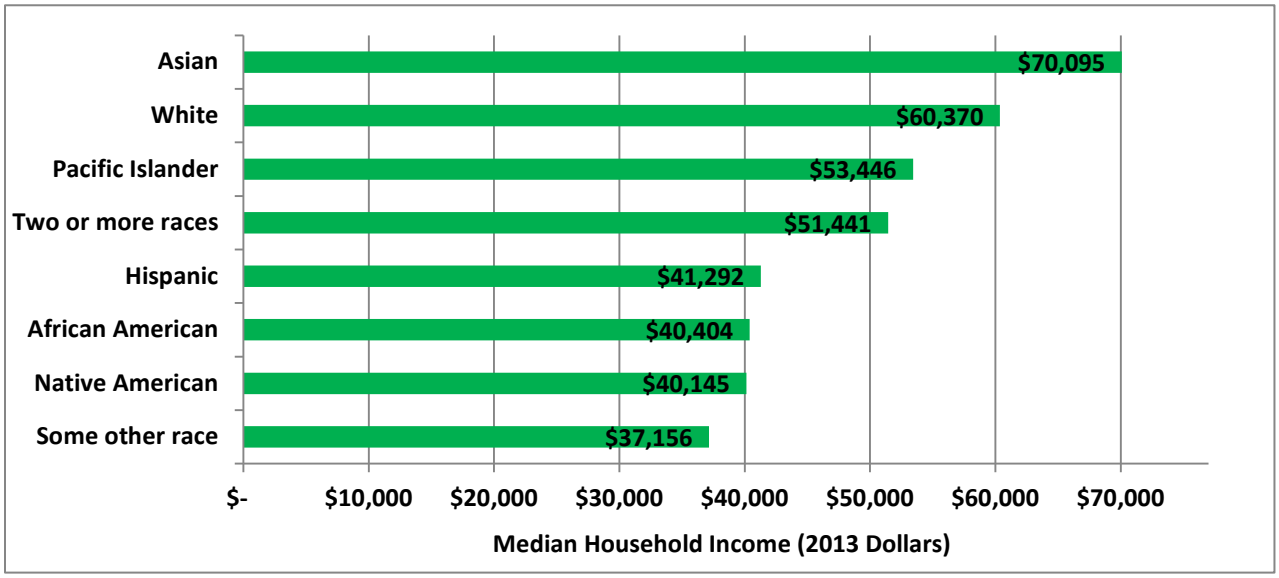
Figure 10. Average Annual Wage by Gender, Washington, 2010-2013



Source: U.S. Census Bureau, Longitudinal Employer Household Dynamics.

There are also wage and income disparities by race and ethnicity. Asians had the highest median household income ($70,095) in 2013 (see chart below), followed by whites ($60,370). Thereafter, median income drops to $53,446 for Pacific Islander households and then falls further to the $40,000 range for Hispanics, African Americans, and Native Americans.

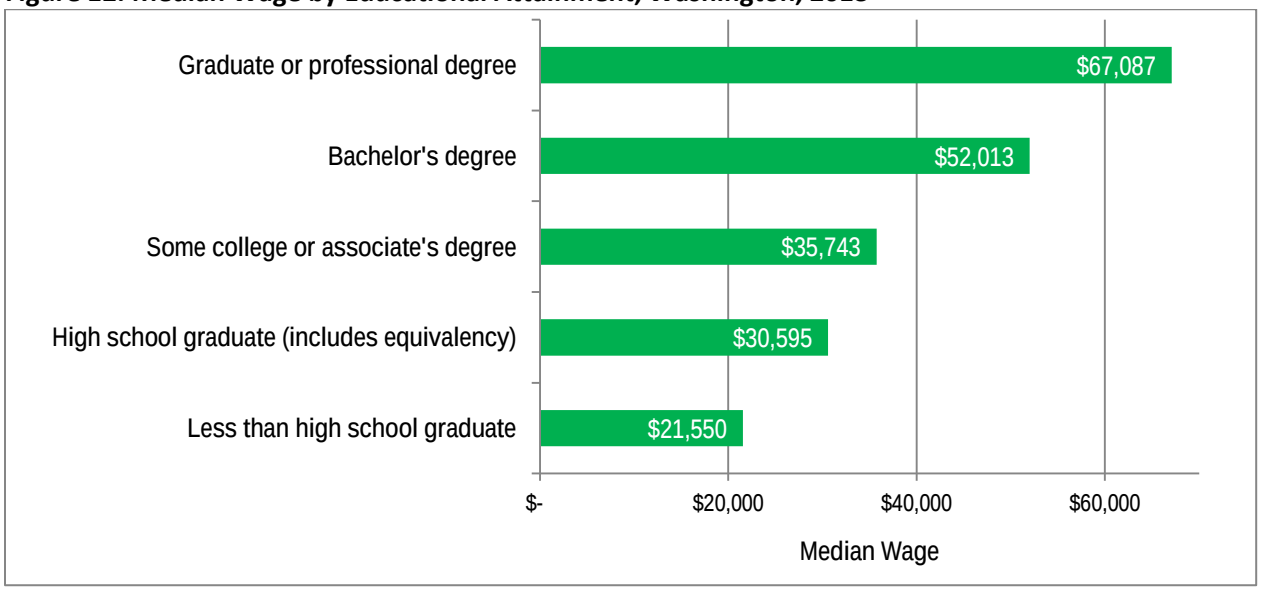
Figure 11. Median Household Annual Income by Race/Ethnicity, Washington, 2011-2013



Source: U.S. Census Bureau, American Community Survey, three-year average.

Higher wages are associated with higher educational attainment. The median wage for Washington residents with a graduate or professional degree was $67,087 in 2013. This was more than three times the median earnings of those without a high school diploma.

Figure 12. Median Wage by Educational Attainment, Washington, 2013



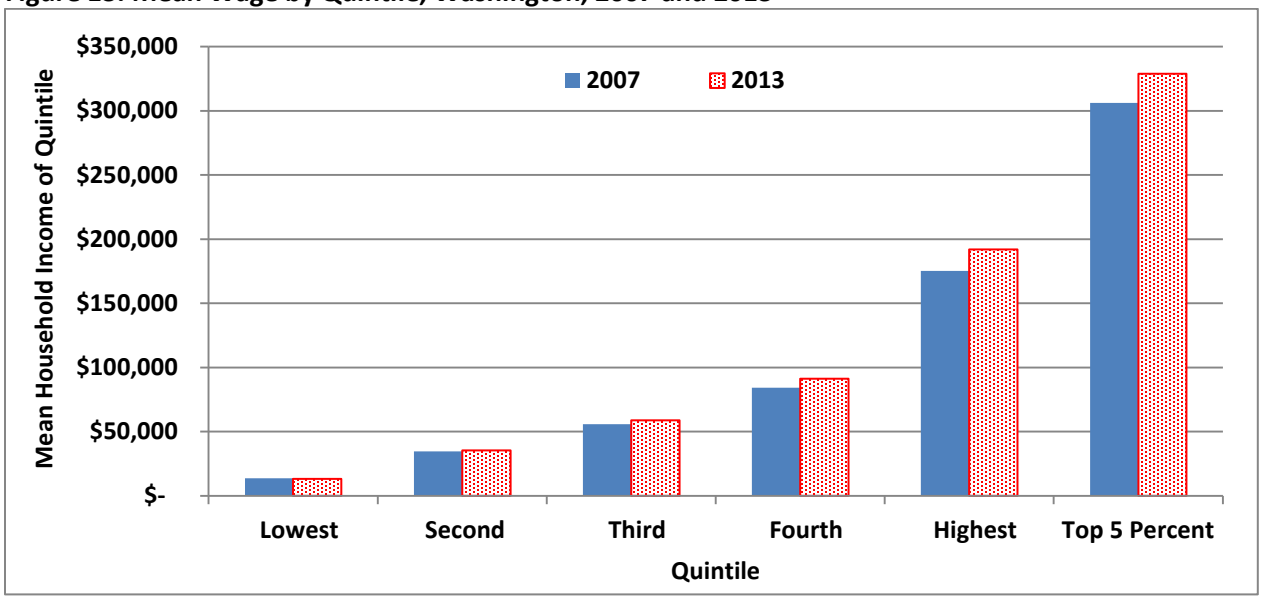
Source: U.S. Census Bureau, American Community Survey.

Equality in the age of Piketty

The issue of income inequality and wealth distribution has become a hot topic in recent years. In 2013, French economist Thomas Piketty authored "Capital in the 21st Century," which quickly became a New York Times best seller, despite being a fairly dry treatise that attempts to explain rising income inequality worldwide.

A traditional index for measuring income equality is the Gini coefficient. Gini measures how equal or unequal income is distributed in a region, with zero representing complete equality and one representing complete inequality. Washington's coefficient in 2013 was 0.4811 making it the 18th "most equal" state in the country. Despite the relatively high rating, income inequality in Washington appears to be rising, moving up from 0.444 in 2007. This distribution can also be seen in the following chart, showing the greatest income growth in the top 5 percent and 20 percent of households. The lowest 20 percent (quintile) saw a decrease in average wages, while the middle quintiles saw very small increases.

Figure 13. Mean Wage by Quintile, Washington, 2007 and 2013



Source: U.S. Census Bureau, American Community Survey.

Looking Ahead

Forecasts

Most forecasts including the one by the state's Economic and Revenue Forecast Council (ERFC),[31] project the national economy to continue expanding at a little over 3 percent per year for 2015 and 2016 before slowing down to just over 2 percent a year by 2019. Employment growth is expected to stay somewhat below GDP growth – ranging from 0.6 percent to 2.0 percent per year.

Washington's employment growth is expected to follow the same trajectory, but at a little higher rate (ranging from 1.1 percent to 2.2 percent). Unemployment is forecast to continue to fall through 2019. The construction and professional & business services industries are expected to account for much of the growth, whereas aerospace and financial activities have projected net job losses.

Personal income growth is predicted at 3.0 percent or higher per year through 2019 (ERFC). For all of Washington's residents to benefit from rising incomes, the hope is that this wage growth is driven by widespread wage gains, and not simply increases at the top end, which has been the story as of late.

[31] http://www.erfc.wa.gov/

Factors behind the forecast

So far, construction growth is primarily a rebound from the contraction that occurred during the recession. Housing and real estate prices have rebounded strongly in the Seattle area and it will be interesting to see if this pushes housing demand elsewhere in the state.

Firms that provide accounting, computer and engineering services, as well as physical and biological research, have all shown strong recent growth as well as good potential going forward. Aerospace, which is projected to lose jobs, is likely to do so because of efficiency gains and not to loss of job orders.

When it comes to healthcare, several factors are likely to boost growth in this sector. Across the nation, and here in Washington, the population of older people is rising. By 2030, one in five Americans will be a senior citizen (65 years or older). That's nearly double the 12 percent in 2000.[32] The state's aging population will require more healthcare, both among primary care providers and specialists. Expanded medical coverage under the Affordable Care Act is also expected to increase demand for healthcare as previously uninsured people gain access through the national healthcare law. At the same time, efforts to lower costs may shift how healthcare workers are deployed, for example, by replacing highly paid, higher educated registered nurses with lower-wage LPNs and health aides or increasing the reliance on physician's assistants in place of doctors.

A second impact of the aging population will be on the workforce participation rate. As earlier noted, it has been falling – a trend that could speed up as baby boomers age out of the workforce. To counter this, it will be necessary to better engage younger workers, and to some extent, encourage older workers to remain in the workforce. If labor force participation rates continue to fall, it is likely to be a significant drag on economic growth.

Another recent trend which could be a drag on the economy is rising income inequality. International Monetary Fund researchers found that decreased social mobility and stagnating incomes associated with inequality are likely to hurt an economy's long-term growth potential.[33]

Macroeconomic conditions like currency and inflation fluctuations will directly and indirectly affect economic growth and labor market outcomes. As of early 2015, the dollar surged in value, which puts Washington's exports at a competitive disadvantage, and by extension, those working in export industries. Washington is an export-dependent state and was the third

[32] "The State of Aging and Health in America," a 2013 report, U.S. Centers for Disease Control and Prevention.
[33] Redistribution, inequality, and growth, Ostry, J.D, Berg, A, & Tsangarides, C.G. IMF Staff Discussion Note, SDN/14/02, 2014.

highest exporting state in 2014. Washington's number one trade partner, China, is experiencing economic instability, and that may decrease exports.

Inflation and interest rates have remained relatively low since the 1980s, and since the Great Recession, the Federal Reserve (the U.S. central banking system), has kept interest rates low in an effort to stimulate the economy. But should inflation begin rising, the Federal Reserve would be forced to raise interest rates to push down inflation. These policies could be detrimental to construction and other industries, which have benefited from low inflation and interest rates.

Occupational demand

The following table shows occupations projected to have the most openings due to growth – openings that are not due to turnover, as is often the case in high-churn occupations such as retail or restaurant work. These growth occupations reflect some of the trends previously discussed.

The top growth occupation, software developers, illustrates the increasing demand for technical skills as well as the important role that software and IT play in Washington. The expected continued growth in the construction and healthcare industries is mirrored on the occupation side with increased demand for carpenters, construction laborers, registered nurses, and personal care aides. Most of the rest of the growth occupations are service jobs which share the characteristic of not being easily outsourced.

Figure 14. Growth Occupations, Washington, 2012-2022

Occupational title	Estimated employment 2012	Estimated employment 2017	Estimated employment 2022	Average annual growth rate 2012-2022	Average annual opening due to growth 2012-2017	Average annual opening due to growth 2017-2022
Construction Laborers	22,744	28,293	30,725	3.1%	1,110	486
Carpenters	36,638	45,432	49,229	3.0%	1,759	759
Software Developers, Applications	53,197	61,284	67,375	2.4%	1,617	1,218
Landscaping and Groundskeeping Workers	29,103	33,170	36,376	2.3%	813	641
Personal Care Aides	29,964	33,494	37,369	2.2%	706	775
Janitors and Cleaners	43,095	48,074	52,042	1.9%	996	794
Registered Nurses	54,547	60,063	65,211	1.8%	1,103	1,030
Secretaries and Administrative Assistants	42,097	46,682	50,211	1.8%	917	706
Bookkeeping, Accounting, & Auditing Clerks	44,947	50,195	53,479	1.8%	1,050	657
Sales Representatives, Wholesale & Mfg.	36,942	41,346	43,889	1.7%	881	509
Waiters and Waitresses	42,247	47,113	50,133	1.7%	973	604
Food Preparation and Serving Workers	56,702	63,174	67,246	1.7%	1,294	814
Customer Service Representatives	41,128	45,744	48,759	1.7%	923	603
Retail Salespersons	104,059	112,087	118,020	1.3%	1,606	1,187
Maids and Housekeeping Cleaners	53,484	56,537	60,604	1.3%	611	813

Source: Washington Employment Security Department.

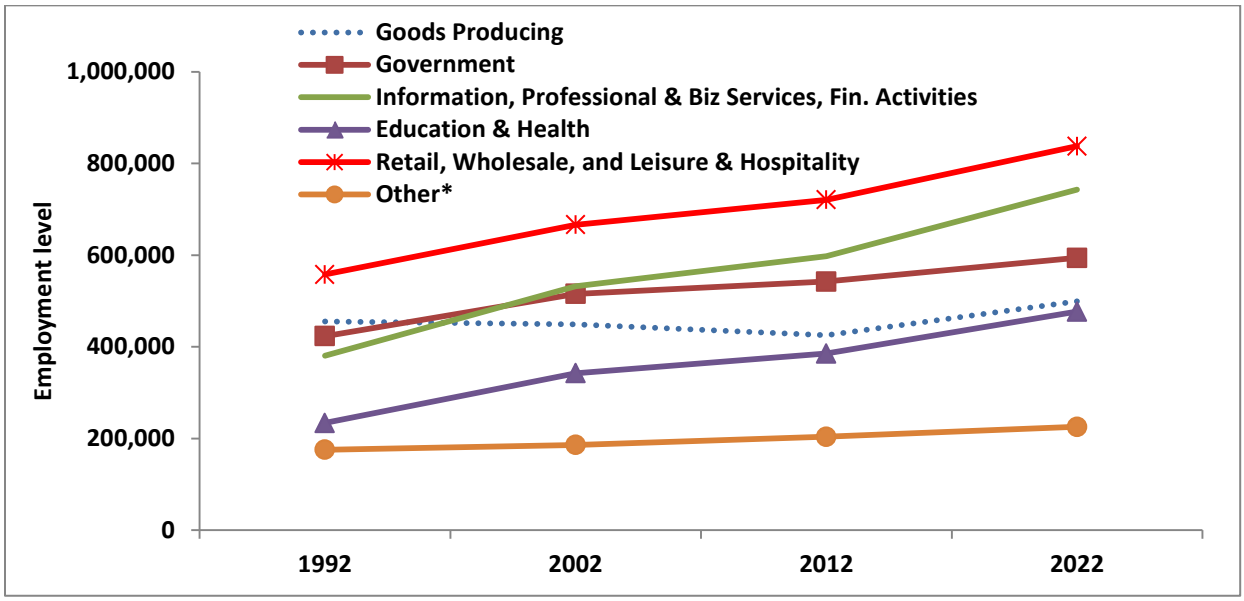
Industry changes over time

Early on, Washingtonians were more likely to find work in resource extraction industries like timber and fishing than any other industry. From World War II on, with the emergence of ship and airplane building, manufacturing became the state's largest industry and biggest employing sector. In the late 1940s, manufacturing accounted for nearly half of the state's employment, but its share has fallen steadily over the years and now accounts for less than 10 percent of employment. A variety of service industries have taken up most of the share, a trend which is likely to accelerate in the coming years.

Industries can be grouped into two major sets: 1) the goods producing industries (manufacturing, construction, and natural resources); and 2) service industries (wholesale trade, retail trade, transportation, warehousing, utilities, information, financial services, professional & business services, education, health, and government). The following chart tracks employment in the combined goods producing industries against several of the combined service industries. What is clear is that the goods producing industries have lost ground against service industries in general, but in particular against the "Retail, Wholesale,

and Leisure & Hospitality," the "Information, Professional & Business Service, and Financial Activities," and the "Education & Health" groups.

Figure 15. Employment by Industry Group, Washington, 1992, 2002, 2012, and 2022



Source: Washington Employment Security Department.
**Other consists of transportation, warehousing and utilities as well as "other services."*

Overall for the 30-year period (and assuming the 10-year forecast period), education and health would have the fastest annual average growth at 2.4 percent, followed by the professional services with 2.3 percent. The slowest growing is goods producers (0.3 percent), followed by other industries (0.8 percent). In short, the forecast anticipates high-turnover, low-wage industries to grow enough to remain the largest in terms of employment, while professional services and education & health become increasingly more important economic drivers, primarily at the expense of goods-producers.

Skill shortages

Employer perspective

Despite large numbers of jobseekers, companies still have difficulties finding workers with specific skills. To better measure the needs of industry, the Workforce Board administers and publishes an Employer Needs and Practices Survey every two years.[34] The most recent survey, conducted in 2012, featured responses from 2,800 employers.

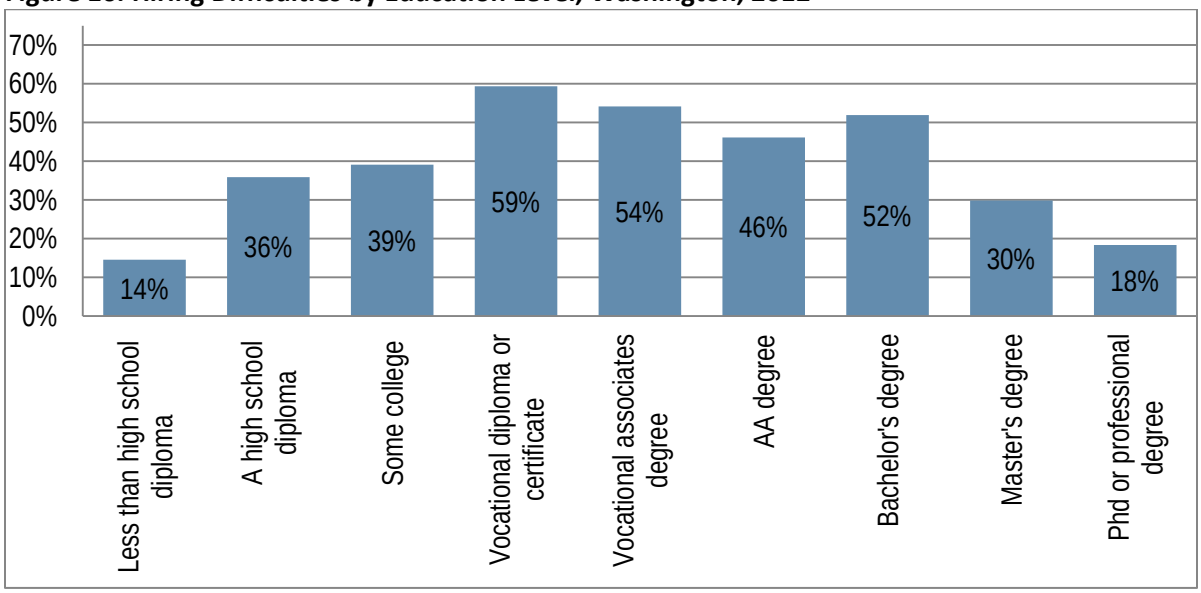
[34] http://wtb.wa.gov/Documents/Employersurvey2012-Summary.pdf

According to survey results, over half of firms hired new employees, but among those attempting to hire, about one-fifth experienced difficulties. Just over half of high-tech industries reported hiring difficulties, more than any other industry. Construction and agriculture also reported a high degree of hiring challenges.

Education level impacts hiring

Firms had the hardest time filling jobs that required vocational diplomas or certificates – 59 percent of those that hired from this educational category had difficulties. Jobs requiring less than a high school diploma were the easiest to fill.

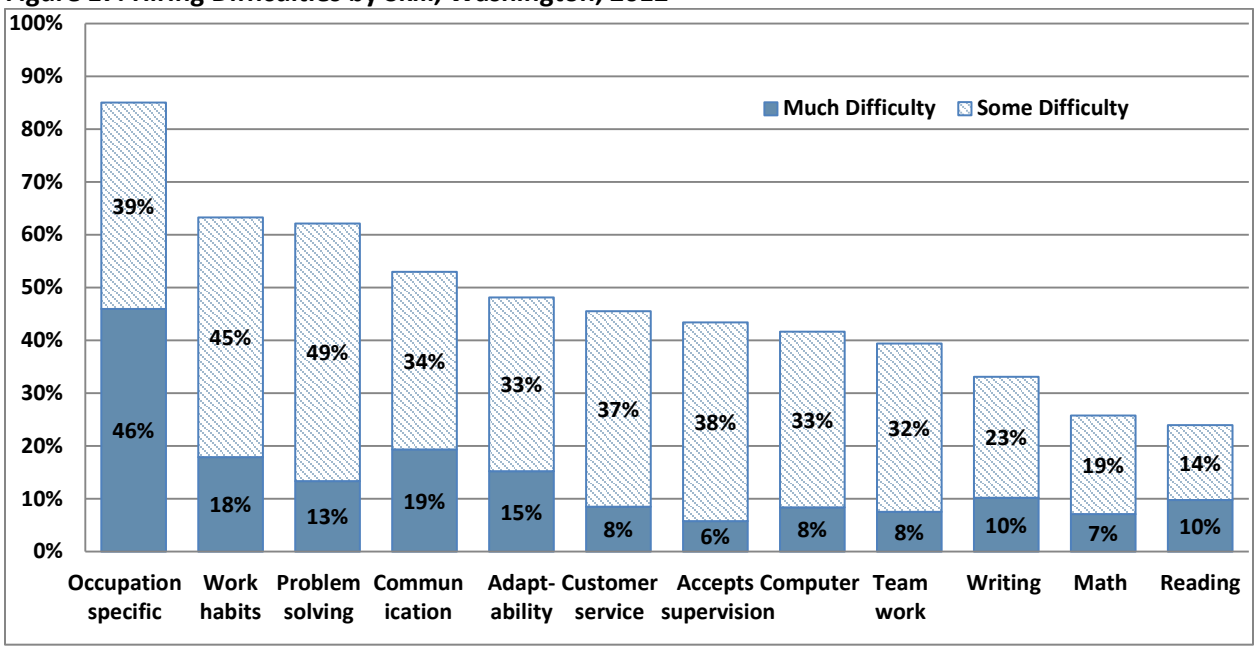
Figure 16. Hiring Difficulties by Education Level, Washington, 2012



Source: Workforce Board, 2012 Employer Needs and Practices Survey.

Firms encountered the most difficulty in hiring for occupation-specific skills. Only 15 percent of firms had "no trouble" hiring employees with occupation-specific skills. Hiring employees with solid work habits and problem-solving skills also proved difficult. Firms had the least difficulty hiring employees with sufficient math and writing skills.

Figure 17. Hiring Difficulties by Skill, Washington, 2012



Source: Workforce Board, 2012 Employer Needs and Practices Survey.

Projected skill gaps

Aligning the state's degree production with projected job openings can be difficult. Students begin education programs that can take several years to complete. In the meantime, demand for occupations can change from the time students begin their training. Assessing future demand against supply can help residents make good choices about what to study. It also can help education institutions determine which programs to beef up, and which ones to scale back.

To help match the output of degrees with future openings, education agencies focus on three different education levels—"mid-level" education that requires more than a year of post-high school training or education, but less than a bachelor's degree, a bachelor's degree, and a graduate degree.

By breaking down labor market demand for these three broad education categories, policymakers, workforce professionals, educators, legislators and others can help boost supply in key areas, and reduce capacity in areas expected to shrink.

In the following table, the current output of completers by education level is compared against the demand expected over the next six years (2016-21). While demand for mid-level training occupations is expected to be highest among the three education levels, so is the current level of completions. However, the mid-level skill gap becomes more troubling when comparing completions with the education level needed to be competitive in the job market.

When assessed this way, the number of projected mid-level openings is estimated at nearly 6,000 more per year than the number of completions, if they continue at their current rate.[35] The skill gap for bachelor's degrees is anticipated to be even steeper--as much as 13,000 annually.

Figure 18. Projected Skill Gaps by Education Level, Washington, 2016-2021

Education/Training Level	Current Completions	Total Annual Completions Needed 2016-21	
		Entry Education Level*	Competitive Education Level**
Mid-Level	59,472	55,532	66,049
Baccalaureate	32,376	37,614	45,259
Graduate	12,155	7,710	18,218

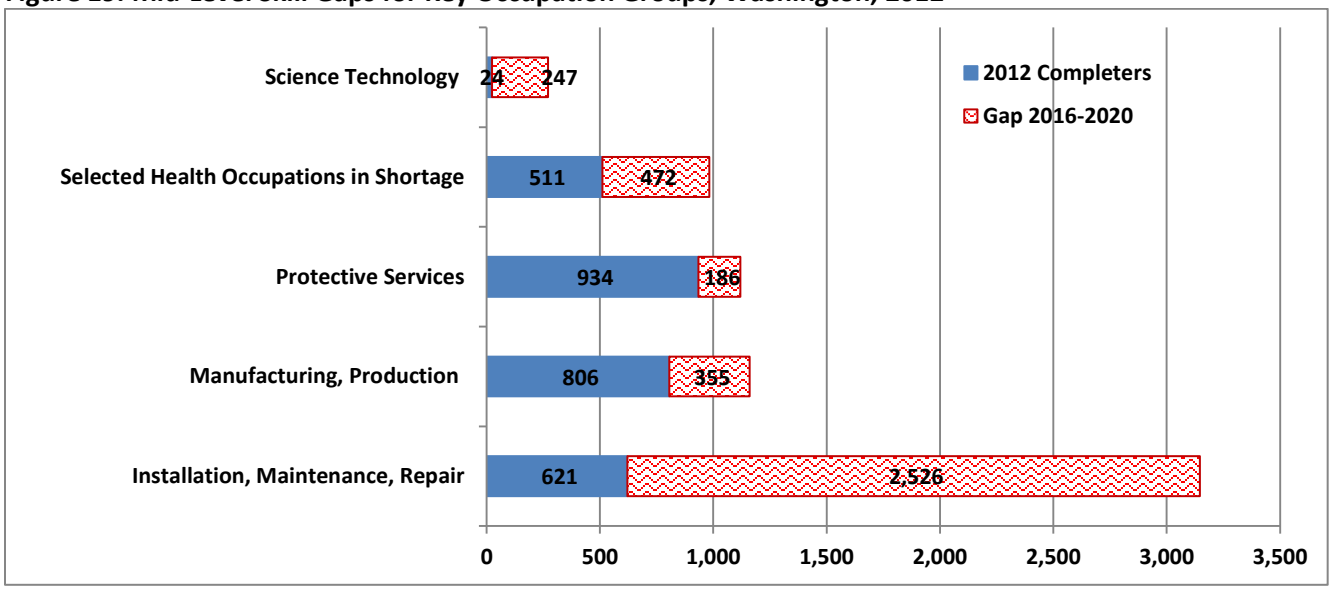
*Source: A Skilled and Educated Workforce, 2013 update, a joint report from the Workforce Board, the State Board for Community and Technical Colleges, and the Washington Student Achievement Council. *Entry level as defined by U.S. Bureau of Labor Statistics, defined as the most typical education level required for a particular occupation. **Actual levels of training/education held by employed workers (Source: American Community Survey)*

Among mid-level training occupations, the "installation, maintenance, and repair" group faces the largest skills gap through 2020. Some key occupations in this group are HVAC repairers, welders, and machinists. For science and technology occupations the gap is small (in overall numbers), but when compared with the number of completers, is proportionately high.[36] Healthcare is also facing a sizeable skill gap, with mid-level demand about twice the size of the supply.

[35] The "competitive education level" is considered to be more accurate because it doesn't rely on one education qualification and tie it to the job. Instead, it looks at the actual continuum of training levels found within a given occupation.

[36] Science and technology occupations tend to be filled by those with four-year degrees and above. Relatively few jobs in this occupation group are targeted at the mid-level.

Figure 19. Mid-Level Skill Gaps for Key Occupation Groups, Washington, 2012



Source: A Skilled and Educated Workforce, 2013 update, a joint report from the Workforce Board, the State Board for Community and Technical Colleges and the Washington Student Achievement Council.

A freelance workforce

Some estimates put one third of the nation's workforce as being contingent (working on a non-permanent basis), possibly rising above 40 percent by 2020. [37] This trend toward a more freelance workforce promises increased flexibility for employers. The downside is that it will make finding a traditional full-time job with benefits and job security harder to find. However, it is likely to lower costs for firms and increase their potential pool of workers.

Changing technology has lowered the start-up costs for certain types of business, particularly IT-related, which should increase the overall amount of new business creation. This is also likely to lead to whole new lines of goods and services produced.

As seen in Figure 14, which outlines high-growth occupations, a substantial number of jobs will require no education beyond high school. In fact, the Bureau of Labor Statistics predicts jobs requiring a high school diploma will have the most openings by 2022, accounting for nearly a third of the total. However, the Bureau projects a higher growth rate among occupations requiring postsecondary education and training. In particular, occupations requiring an associate's degree are expected to have the second highest growth rate (17.6 percent) of any educational category.[38]

[37] http://http-download.intuit.com/http.intuit/CMO/intuit/futureofsmallbusiness/intuit_2020_report.pdf
[38] http://www.bls.gov/opub/mlr/2013/article/overview-of-projections-to-2022-1.htm

"Skills upgrading will be an on-going necessity for all economies as changing skill requirements are accelerated by changing patterns of production, trade, international competition and technological innovation. These changes can be beneficial but require policies and institutions to help individuals and enterprises adapt and to help offset the risks and costs, particularly for low-income and vulnerable workers. Availability of quality, relevant training for in-demand skills and occupations is a key factor, along with accessible and timely labor market information."

- *Organisation for Economic Co-operation and Development (OECD), & World Bank Group*[39]

Summary and Implications

By 2011, the nation's economic output (GDP) surpassed the pre-recession level, and by early 2014, it surpassed the pre-recession employment level. However, certain groups such as youth and those without postsecondary training have not fully recovered and regained their pre-recession employment and wages. Labor force participation rates have continued downward, reflecting increasing numbers of discouraged workers opting out altogether and perhaps the first wave of baby boom retirement.

Average wages have been rising, mostly due to rising incomes at the top while there has been stagnation among low-income earners. There are also significant and enduring earning disparities between age groups, males and females, and different races.

All of this is important to our economy and labor markets going forward as Washington's workforce grows older, more female, and increasingly diverse. Education and training are now more important than ever for Washington residents searching for skilled work that pays a living-wage. It's become even more critical to identify which skills will be in demand in the future so that people enroll in education programs that are likely to pay off.

Economic growth is forecasted to be moderate in the near-term. Industries such as construction, health, and professional and technical services are expected to do much of the hiring. At the same time, the state's Department of Commerce has identified seven strategic sectors based on their importance in the current economy, as well as opportunities for growth.

Occupations projected to be in demand in the future are a mix of information technology, construction, healthcare, and various service jobs. Information technology, construction, and

[39] G20 Labour Markets: outlook, key challenges and policy responses. International Labour Organization, Organization for Economic Co-operation and Development, & World Bank Group, September 2014, Page 17.

healthcare occupations generally require postsecondary training and are relatively well compensated. Service sector jobs projected to be in-demand tend to be those that are difficult to outsource and largely unaffected by global competition, but pay relatively low wages.

Despite economic stagnation in Europe and Japan, as well as slowing growth in China, globalism will remain a force to be reckoned with. Washington is well positioned for foreign trade, selling everything from airplanes to apples to medical devices and information services. However, these items can and will be produced elsewhere unless the state remains competitive in terms of education, infrastructure, and worker productivity.

Macroeconomic conditions such as currency and inflation fluctuations will directly and indirectly affect economic growth and labor market outcomes. As of early 2015, the dollar surged in value, putting Washington's exports at a competitive disadvantage, and by extension, those working in export industries. Inflation and interest rates have remained low, but should that change, it could set off policies that hurt industries sensitive to interest rates, such as construction and finance.

Changing technology will also influence and challenge state labor markets. So far, the rise of new technology (composites) and new services (Internet retailers) have been a benefit to Washington, especially in the Puget Sound region, where high-wage, heavy hitters like Amazon are expanding at a rapid clip. But unless the state maintains an economic climate that encourages innovation and spurs the development of new products and services, Washington may fall behind. A strong education system that helps people achieve living-wage jobs is a key ingredient. Investing in education, encouraging partnerships between training providers and employers, and fostering a strong entrepreneurial environment will help Washington's economy continue to thrive and provide a comfortable standard of living for the citizens who live and work here.