

Executive Summary Talent and Prosperity for All Washington's Workforce Plan

Introduction

Talent and Prosperity for All (TAP) is Washington's strategic workforce plan. This 2024-28 strategy guides state and federal investments that help workers access living wage jobs and provides employers with a skilled workforce. A strong workforce is critical for our state's economy and quality of life.

Washington workers and employers are at a crossroads. Our state faces a rapidly evolving economy impacted by major demographic changes, developments in automation, economic disparities, and new challenges for working families. These changes are happening as Washington employers continue to struggle to hire enough qualified workers, especially in highly skilled positions, to help them stay competitive. There is an urgency to reach marginalized communities and other untapped labor pools as employers seek talent, and too many workers are unable to access living-wage jobs.

Washington's future success depends on a collaborative and coordinated workforce development strategy. The comprehensive strategic plan is designed to be used by all partners together, to help guide actions towards transformative system improvement—to be more responsive to current and future workforce needs in Washington.

The Workforce Board is uniquely situated to help coordinate this effort. The board is a coalition of business, labor, and state agency leaders dedicated to helping residents succeed in family wage jobs, while meeting employer needs for skilled workers. This partnership is crucial to ensure that our state's workforce development strategy remains relevant, enabling workers, employers, and communities to thrive.

TAP is our state's response to new findings about our workforce system uncovered during the pandemic and post-pandemic years, and lessons learned during the Great Recession. The findings below were also affirmed through extensive community outreach and input-gathering during the plan's year-long creation:

- Employers face urgent needs to fill open positions.
- Workers seek family wage jobs and often require support to help them stay in the workforce.
- Washington's relative economic success masks disparities between historically marginalized communities and our top income brackets.
- Many employers are using traditional hiring practices as workers choose nontraditional paths to employment.
- Many Washington families struggle with childcare, food insecurity, affordable housing and transportation in ways that were unheard of in previous generations.
- Many young people are underserved and disconnected from the workforce and education.
- Many employers are disconnected from the public workforce system even as labor shortages continue.

Today Washington invests about \$1.4 billion a year on workforce development activities. These funds support more than 531,000 workers, students, and employers across 19 programs. TAP presents an opportunity to examine these ongoing investments and provides a framework to move forward.

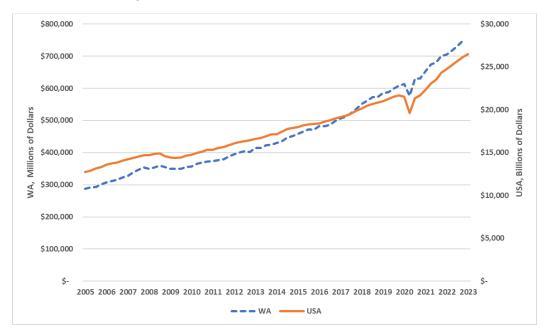
Economic and Workforce Summary

The following summary provides a snapshot of where Washington's economy and workforce are situated today. More detailed data and analyses are provided in the <u>TAP narrative</u>.

The High-Level Economic Numbers Look Strong

Washington's economy is strong overall, but an uneven prosperity reveals challenges to consider as policymakers, employers, and labor leaders work to implement the next four-year workforce strategic plan. While the pandemic in 2020 was traumatic in many ways, including the unexpected shuttering of businesses and loss of jobs, the state's economy overall has recovered well since then. However, the pandemic and recovery also spotlighted where and for whom our efforts are insufficient, as not all communities recovered equally.

Figure 1
National and State GDP
2005-2023, Quarterly



Source: U.S Bureau of Economic Analysis

Washington's high-level economic data has been very good, especially since the end of the Great Recession in 2009. Figure 1 shows how the state's economic output expressed as gross domestic product (GDP) has accelerated faster than that of the nation. As of 2022, only four states had a higher per capita GDP than Washington, and only five states had higher per capita personal income.

Similarly, Washington State employment levels have recovered and moved beyond pre-pandemic levels. The earnings of these workers in 2022 were on average just under \$84,000. This was 20 percent higher than the national average of about \$67,000 and higher than all but three other states. So, on average things are relatively great in the Evergreen State.

Prosperity Not Equally Shared

Average is the key word, though—as we know the average income in a given room jumps to millions when any of Washington's famous billionaires enters it. The state's average wage is driven by the exceptional earnings of workers in King County where, on average, workers earned just shy of \$114,000 in 2022. This is 35 percent higher than the state's average wage. However, when King County—the state's most populous and highest-earning county—is removed from the state average, then Washington's average earnings plummet to \$62,800, with five counties well below \$50,000. That would drop us to 24th highest earning state—at the middle of the pack.

Figure 2
Average Annual Pay 2022: Highest and lowest counties in Washington State

County	Anı	verage nual Pay 2022	Rank
King	\$	114,000	1
Snohomish	\$	72,400	2
Clark	\$	67,000	3
Thurston	\$	65,600	4
Kitsap	\$	64,500	5
Lincoln	\$	46,900	35
Douglas	\$	46,500	36
Pacific	\$	43,900	37
Okanogan	\$	42,500	38
Wahkiakum	\$	41,700	39

Source: U.S. Bureau of Labor Statistics

Figure 2 depicts Washington's top five earning counties in 2022 along with the bottom five earning counties. No surprise, King County is the highest earner, followed distantly by Snohomish, then Clark County. Note that King County was the only county that was above the state's average earnings. The bottom five counties are a mix of rural counties from across the state with the lowest earner being Wahkiakum at \$41,700. King County workers earned nearly three times as much on average as Wahkiakum workers, although of course Seattle area workers also faced significantly higher cost of living challenges, particularly in housing.

There are likely several causes for these geographic disparities. One is the differing demographics in race, ethnicity, gender, education level, employment history, and other factors. A concentration of high-paying industries in King County goes a long way in explaining the disparity between its relative prosperity when compared with the rest of the state.

The data shows that, when taken in aggregate, our economy and labor markets are performing very well, with Washington considered a national leader. However, when drilling down by geographic area and industry, we begin to see a very different and more challenging picture, with considerable differences among different regions of the state.

^{*}Rounded to nearest hundred

Workforce Demographics

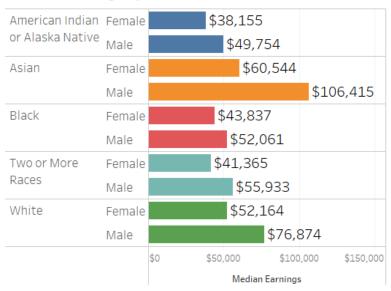
Washington is home to a diverse population. The Great Recession and the COVID-19 pandemic have tested the resilience of the state's workers, employers, and communities. Washington as a whole has recovered from both of these socioeconomic setbacks, but that recovery has not been equitable. Race, ethnicity, disability status, sex, location, age, education levels, and other characteristics all have an impact on a Washington resident's ability to find and keep a job. Moving out of the COVID-19 pandemic, Washington has the opportunity to mitigate the racism, sexism, "ableism," and other discrimination that exists within its systems. But to do so data must be presented in a way that highlights these differences so they can be better understood. The demographics chapter, summarized here, presents data from the American Community Survey¹ disaggregated to better capture the population's intersecting identities.

Median Earnings in Washington

Median earnings are a good way to analyze and compare differences; it is the divide where half of people earn more, and half earn less. In Washington, median earnings increased from \$48,335 in 2012 to \$58,886 in 2021.²

Median Earnings by Sex and Race

Median Earnings by Sex and Race



Source: American Community Survey 1-year
Ages 18-65 in the workforce
Inflation adjusted 2023 dollars

There are differences in median earnings by sex in each race category. In 2021, within each race, men had higher median earnings than women. The most profound divergence in one race is between Asian men's median earnings of \$106,415 and \$60,544 for Asian women.

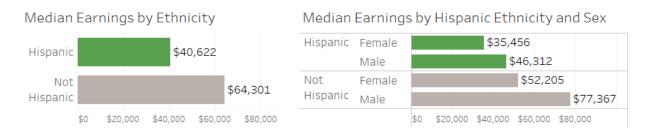
White males outearned their female counterparts by nearly \$25,000 (\$76,874 versus \$52,164). The smallest range was \$52,061 for Black males, compared to \$43,867 for Black females—only a \$7,000 difference.

¹ The American Community Survey (ACS) is an annual demographics survey program conducted by the U.S. Census Bureau; it combines monthly surveys into an aggregate annual dataset reducing the effect of the pandemic during 2020. Some populations are too small to include and are not shown.

² Inflation adjusted 2023 dollars.

Median Earnings by Ethnicity

The gap in median earnings between Hispanic and non-Hispanic people exceeded \$20,000 in 2021: Hispanic median earnings were \$40,622 and non-Hispanic \$64,301. The gap between Hispanic men and women is not as pronounced as the gap between the sexes of non-Hispanic people. Hispanic men have median earnings that are about \$11,000 higher than Hispanic women. Meanwhile, non-Hispanic men out-earned women by \$25,000.

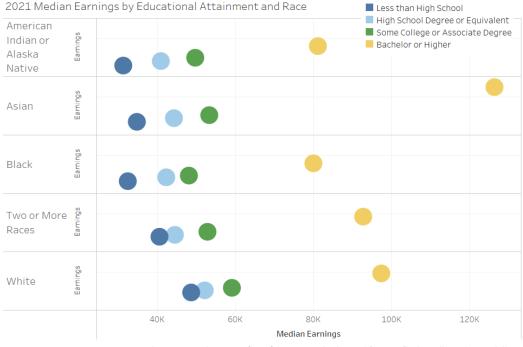


Source: American Community Survey 1-year (2021) Ages 18-65 in the workforce Inflation adjusted 2023 dollars

Median Earnings by Education and Race

The range of median earnings by educational attainment is different for each race for different levels of educational attainment.

American Indian/Alaska Natives have the lowest median earnings (\$29,122) for those whose highest level of education is less than a high school diploma. Earning a few thousand dollars more are Blacks (\$32,137) and Asians (\$34,676). Multiracial Washingtonians without high school diplomas earn a bit more (\$39,566) and whites significantly more among those with the lowest levels of education (\$46,486).



 $Source: \ 1-year\ American\ Community\ Survey (2021)\ ages\ 25-65\ in\ the\ workforce.\ Inflation\ adjusted\ 2023\ dollars$

Whites have the highest median earnings for those whose highest education is a high school diploma or equivalent—at \$52,036. Asians, American Indian/Alaska Natives, multiracial individuals, and Blacks have median earnings between \$40,000 and \$45,000.

The most obvious differences come with those who have earned a bachelor's degree or higher. Asians with a BA and above earn \$125,688, whites \$96,440, and multiracial people earn \$92,262. Blacks and American Indians with a BA or higher have the lowest median earnings at around \$80,000.

Workforce Demographics Conclusion

Washington's economy is strong on average; however, with considerable differences among geographic areas and different industries. This analysis also shows significant earnings differences depending on gender, race, ethnicity, and educational attainment. The complex relationship and interdependencies of these disparities drive the guiding principles and strategic priorities of the Talent and Prosperity for All four-year strategic plan. For more information on the demographics and economic analysis, see the full report.

The TAP Journey

The Talent and Prosperity for All Plan 2024-2028 is the result of a year-long process of engagement and conversation with state and local partner agencies, service providers, businesses, labor, participant advocates, and other community stakeholders. Planning kicked off in spring 2023 with Governor Inslee's letter outlining his vision for the updated state workforce plan. In May 2023, the Workforce Board worked with partners and stakeholders to establish a core set of guiding principles and strategic priorities to frame statewide input-gathering, which encompassed 25 community forums, a widely distributed survey, and listening sessions at various meetings and conferences across the state. The three guiding principles and five strategic priorities, described below, were affirmed by the broad cross-section of plan contributors.

Guiding Principles

The strategic plan for the next four years will be underpinned by the following guiding principles. The planning for each strategic priority was led and informed by these principles:

Close economic disparities for marginalized populations.

Too many Washingtonians do not, and have not, shared in the state's prosperity. Those being left behind today are similar to the populations that have been economically marginalized throughout our state's history. Plan activities will be implemented to ensure that the needle finally moves towards shared and equitable prosperity. Involvement of individuals with lived experience and commitment to transparent performance measurement of metrics that matter will advance the Board's vision "that every Washington community is thriving, inclusive, and economically resilient."

Deliver comprehensive support for individuals with barriers to employment.

People are isolated from the workforce for many different reasons, from needing education and training to wraparound support services, such as child care, elder care, affordable housing, and transportation. Needs should not be bound by the eligibility and service limitations established in federal and state statutes. Success over the next four years will be determined by how well we meet workers and industry where they need support, and work with them to achieve their workforce development goals. This may also require statutory and administrative reforms in how service is provided.

Provide systemwide performance metrics and accountability.

Disaggregated, reliable data is critical for understanding how the workforce system is operating as a whole, rather than how any single program might be performing in its silo. Without significant new resources, we will only be able to achieve positive transformation if we work together across our silos, we are able to hold each other accountable to commitments made, and we are willing to be responsible for every individual seeking our services, regardless of where they enter the system (no wrong door). We will need to be more expansive and inventive in our data collection and analysis to identify and address the disparities that still exist.

Strategic Priorities

Five strategic priorities guide the efforts of the workforce system over the next four years. These priorities amplify and expand priorities from partners' own strategic plans. Read more about the strategic priorities in the TAP Narrative.

TAP Priority System	Description Integrate system services, data, accountability, and resources with clear partners and roles to expand, improve, and streamline customer outcomes.	 Impact Statements Simplified common intake. Improved data sharing. Data-informed, integrated service planning and delivery.
Industry	Support business development and competitiveness by aligning with economic development and growth efforts.	 Support sustainable and equitable industry growth. Build and expand career pathways for critical industries. Expand the definition of worker supports.
Youth	Improve opportunities for young people to transition to an economically successful adulthood.	 Increase youth awareness of services and programs. Broaden access and shorten the time to gain industry-valued credentials.
Credential Transparency	Explore credential transparency and expansion to improve equitable access, mobility, and long-term economic success.	 Create a common definition of credentials using a single taxonomy. Put learners at the center of credential pathway reforms.
Job Quality	Develop a job quality framework to guide decisions and key investments in the delivery of business services.	 Ensure pathways to living wage jobs that are critical to communities. Expand registered apprenticeships to more fields.

Improving Systemwide Performance Metrics and Accountability

The prioritization of performance and accountability is highlighted throughout the TAP plan. Meaningful data and metrics to holistically examine employment rates, earnings, skill gaps, hiring challenges, and outcomes by key demographics across the workforce system are critical to assessing the progress and impact of the identified strategic priorities.

Current workforce system evaluation is largely limited to the impact of a single program on jobseekers and businesses. However, many customers access more than just a single program. By establishing cross-system performance monitoring metrics as well as strengthened systemwide evaluations, the system can obtain the needed insight to improve user experience and effective resource allocation.

Recommended next steps include:

- Data owners in the system will need to establish data sharing agreements to address current data silos.
- The system will need to mobilize resources including staff, access, and funding for evaluation.
- The system requires insights to ensure a continuous improvement cycle for the workforce system and its service delivery.

Implementation Timeline

We have the partners and knowledge; now we take action. The next four years will build on our strong, existing coalitions. The knowledge and experience of our coalition partners will allow us to start work in 2024. New partners and new thoughts are always welcome as we move forward. Taking transformative action includes listening to new voices. The importance of the workforce drives us to keep pushing forward with innovation even as we incorporate feedback and build bigger coalitions. We are fueled by the sense of urgency expressed by our industry partners.

Year 1: July 2024-June 2025: Getting to work on the strategic priorities.

A working group will lead each strategic priority; established by July 2024. This team will work closely with Board sponsors to drive work forward. This leadership team and Workforce Board staff will develop the workplans, identify possibilities for TAP implementation pilot projects, research existing successes, and coordinate the full resources available from across the partner organizations. Measures for success of each project will be identified that will guide ongoing assessment and formal review. Regular reports will be provided to the Board as summarized in the Board commitments section. The table below summarizes the organizations and agencies that have committed members of those teams as of April 2024. These groups are also open to more organizations to sign on to participate.

System	Industry	Youth	Credential Transparency	Job Quality
 WA Dept of Services for the Blind DSHS ESD LNI OSPI State Board for Community & Technical Colleges Workforce Board 	 Building Industry Association of Washington WA Retail Assoc WA State Medical Assoc NW Maritime Trade Assoc WA Film Works IMPACT WA WA Hospitality Assoc WA Office of Financial Management 	 Dept of Corrections SBCTC DSHS ESD Workforce SW OSPI 	 SBCTC WA Student Achievement Council WSU Dept of Licensing DSHS Community Colleges of Spokane DOH WA State Council of Presidents 	 Workforce SW Seattle-King WDC DSHS Commerce MLK Labor Council Employment Security Dept Workforce Board

Year 2: July 2025—June 2026: Transition, framework development, and implementation.

Year 3: July 2026—June 2027: Expansion, integration, and pilot testing.

Year 4: June 2027—June 2028: Implementation, expansion, and strategic planning.

Additional Resources

Washington State Workforce Plan web page (Includes full TAP Plan)

Federal Workforce Innovation and Opportunity Act

Conclusion

Talent and Prosperity for All presents an outstanding opportunity for Washington policymakers, business, labor and community leaders to support a strong workforce. Your voice is welcome! Please ask questions, share concerns and let the Workforce Board staff know if we're on the right track.

Watch our <u>website</u> for updates on the five strategic priority workgroups, including contact information, how to get involved, and progress reports.

Questions? Send us a note at tap.plan@wtb.wa.gov.

Appendix

Table of Contents

The following Table of Contents shows the scope of the <u>full TAP plan</u>. Please note, the TAP Plan fulfills other statutory requirements as well, serving as compliance-based operating plans for each of the programs contained in the plan (Appendix A of the formal document lists all programs included in TAP).

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