The Future of Work

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Senate Economic Development and International Trade Committee

Workforce Training and Education Coordinating Board
“Futureproofing” Washington’s Businesses and Workforce

- The global economy is consistently generating more jobs, but not necessarily prosperity.

- When shifts occur, it’s often “blue-collar” workers that lose out.

- Our talent pipeline development systems (education, training, supports) are designed for a different industrial economy.

- Government must transform itself to align with transformations in the economy. “Futureproof” businesses and citizens—prepare them to compete in any economy by seizing opportunities to reskill through a flexible/customizable lifelong career pathway.

Developed Economies During and After the Great Recession

Unemployment Rate

Spain
Italy
Germany
United Kingdom
United States
Gipuzkoa

GIPUZKOA: HEE-puz-ko-ah
Projections and Prognostications from Futurists
How will the U.S. workforce change over the next decade?

- The workforce is aging.
- Workers are entering and exiting the workforce later.
- Resident population growth will slow over next 25 years.
- Labor force growth will be filled by in-migrants.
Future Workforce Drivers - Automation

- # Workers expected to change occupations: Globally 75 to 375 million workers
- In U.S.: 16 to 60 million
- 60 percent of occupations have at least 30 percent of “constituent work” that could be automated
- “Almost any job today can be automated”—Michael Osborne
- Estimates of U.S. Worker dislocation by 2030: 30% to 47%
  - Developed economies are affected more by automation than developing economies
A Shift to “Interpersonal” Skills

- As physical and repetitive tasks are increasingly automated, the market will place a premium on people with strong interpersonal skills.
  - “Expertise, interaction, and management.”
  - Prime Examples: Aging Care/Health Care
Where Are We Today?

- Current Skills Gap Analyses
- Trends in Alternative Work Arrangements
- State’s Workforce Development System
- TAP: Washington’s Strategic Plan for Workforce Development
- Top Priority: Increase and Enhance Business Engagement
There will be 740,000 new job openings in Washington by 2021, a job growth rate roughly three times the projected national rate.

The majority of those openings will require postsecondary education or training—at least a credential.

A skills gap is widening in all job categories: entry-level, “pathway”, and career jobs.
Alternative Work Arrangements - Rise of the “Gig Economy”

- Independent Contractors
  - Find their own customers
- On-Call Workers
  - On “stand-by” for one or more employers, only get paid when they work
- Temporary Help Agency Workers
  - Paid by an agency to fill a short term need for a business
- Contract Firm Workers
  - Employ and manage pay, benefits, time and attendance of the needed workers
Alternative Work Arrangements Accelerate

• From 1995-2005: Virtually no change

• From 2005-2015: Almost 50% rise in labor force share (from 10.7% to 15.8%)

• Largest growth: Contract Firm Workers—from 1.4% in 2005 to 3.1% in 2015

• Workers (FTEs) using online intermediaries like Uber and Task Rabbit comprise only 0.5%

Gig Industries

Established: Traditionally construction, professional and business services (average 25% in those fields)


94% of new employment growth from 2005-2015 made up of alternative work arrangements (8.6 million compared to 0.5 million traditional employment)

Also trending up: computer and mathematical, community and social service, protective services, and transportation
“FUTUREPROOFING”
Re-engineering Workforce Development in Washington
*From Train and Pray to Lifelong Learning*

A successful system will be able to respond flexibly to the learning needs of all:

- Businesses
- Incumbent Workers
- Young people
- Adults

In every region of the state, and in support of all individuals.
The Workforce Board and Talent and Prosperity for All

Washington’s Strategic Plan for Workforce Development
Laser-focused on employment and economic outcomes for workers/jobseekers and employers.

- **Tri-partite** with a **dual-customer** focus: business and workers.
  - 2/3 of seats held by Business and Labor; remaining seats held by major service providers (OSPI, SBCTC, ESD).
  - **Advisory members** from targeted populations, chief local elected officials, DSHS, Commerce.

- Created by the Legislature in 1991:
  - Merged the functions of four previously existing state Boards.
Workforce Board’s Main Roles

The Workforce Board advises the Governor and Legislature on workforce development policy to **ensure continuous improvement** of services for businesses and jobseekers, and evaluates the performance of key workforce programs.

- **Independent Program Performance Evaluator**
- **Advocates for Innovation and Continuous Improvement**
- **Fosters Multiple Pathways to Economic Self-Sufficiency**
- **Consumer Protection for Private Career School Students**
- **Unites the State’s Talent Pipeline Behind a Strategic Plan**
Fostering Multiple Pathways to Prosperity for Businesses and Workers

**SYSTEM CHALLENGES**

- Incumbent Worker Support
- Business as co-creators and co-investors
- Career-Connected Learning (internships, job shadows, mentors, apprenticeships, etc.)
- Navigable, Articulated, Portable Credential pathways
- Account Reps/Navigators
Talent and Prosperity for All
Washington’s Strategic Plan for Workforce Development

1. Help more people find 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 apprenticeships.
3. Work together across programs and funding silos as a single, seamless team to make this happen.
ALL REALLY DOES MEAN ALL!
TAP Strategic Priorities

- Strengthened Business Engagement
- Streamlined Customer Service Delivery
- Accessible, Technology Savvy System
- Next Generation Performance Accountability
Clearer Communication and Stronger Partnerships

By providing businesses with easier access to the workforce system and a clearer understanding of the benefits of working together, Washington can engage businesses as co-investors in creating sustainable strategies for workforce development.

Board’s Business Engagement Initiative:

1. Learn what business needs.
2. Reframe our services through a business lens.
3. Establish measures that help us track business engagement and satisfaction.
4. Create a dashboard that is meaningful to the business community.
5. Train staff to **understand business impact** of workforce system interventions.
6. Use an Account Rep model to help businesses navigate the system.
TAP Accelerator: Upskill-Backfill Initiative (UBI)

- Learning laboratory to identify policies/practices to transform state’s workforce system.
  - Focus on the entire talent pipeline needed in Washington.

- Business perspective: Current, near-term, future needs.

- Jobseeker perspective: Career pathways for long-term economic security.

- Develop strategies for underserved, rural, disadvantaged populations.

- Business and community development in all regions of state.

Project Highlights:

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<th>Project Details</th>
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<td><strong>4</strong> sectors—healthcare, maritime, construction, manufacturing</td>
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<td><strong>6</strong> regional workforce development councils</td>
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<td><strong>7</strong> counties/locations</td>
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<td><strong>8</strong> projects</td>
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<tr>
<td><strong>18</strong> months long</td>
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<td><strong>21</strong> business partners</td>
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<td><strong>$1.85</strong> million in business &amp; local match</td>
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<td><strong>$1.95</strong> million in federal funds</td>
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- **556** Employees gain new skills, advance careers

- **415** New hires for entry-level positions left open by advancing workers
Upskill-Backfill Project Locations

Workforce Board staff are:
- Facilitating learning community with all stakeholders to:
  - Organizing policy recommendations
  - Providing Technical Assistance
  - Developing “Best Practice” model for scalability and sustainability
Career-Connected Learning (CCL)

NGA Policy Academy Phases 1 & 2

- 60+ Organizations over 2 years
- Scale up availability of high quality CCL opportunities so that every young Washingtonian:
  - is career aware and career ready,
  - has experienced employment, and
  - has a plan to navigate a career pathway prior to adulthood.

Gov. Inslee’s Career Connect Washington Initiative

- By 2023, 100,000 young Washingtonians participate in high quality CCL, including registered apprenticeships.
  - Task Force
  - Demonstration projects (Governor’s discretionary funds—about $10 million over last 5 years)
  - Focused strategic planning process

Career Connected Learning Video: https://youtu.be/oCTqyRRKkv4
Futureproofing Washington’s Businesses and Workforce

Promising Models of Lifelong Learning Partnerships

Workforce Training and Education Coordinating Board
Competency-Based Credentialing

- Credential transparency, gaining credentials with work
- Credentialing and badging acknowledge achievements or skills acquired at a more granular level than the college
- Workers will require clear, navigable pathways to learn on the job and gain recognized credentials for their experiences
  - Gold-standard Pathway: Earn-and-Learn models like Registered (Union and Non-union) Apprenticeship!
- Example in application:
  - Germany and competency-based credentialing
Lifelong Learning Accounts (LiLAs) allow participating employers to match employee contributions into a savings account to co-finance education and training for the employee.

Accounts are portable for workers, encouraging sustained investment in the worker’s journey down their career pathway.

Washington piloted LiLAs and authorized them via statute in 2012. Since December of 2013, LiLAs have been unfunded in Washington.

https://www.youtube.com/watch?v=sP3osdskcVY&index=1&list=PLtmN6-Ke3eeoOpi1Z1SAr93eJjOd7Yane
Employee Ownership

- Employee Stock Ownership (ESOP) and Worker Cooperatives: While the degree varies, in both structures:
  - Employees share in equity and returns
  - Employees share in some organizational decisions
  - Returns to employees are in addition to market rate wages
- Profit-Sharing another form of employee ownership, but without employee engagement
# Employee Ownership – Proven Benefits to Businesses and Workers

## BUSINESSES
- IRS Tax benefits (some states offer benefits)
- Increased performance and productivity and employee-driven innovation
- Low worker turnover
- Employee monitoring of/investment in business performance
- Business longevity and survivability
- Comparison Study (45:238)–5 years after companies instituted ESOPs (10-year tracking):
  - 5.05% higher annual employment growth
  - 5.4% higher sales growth
  - 73% of the ESOP companies significantly improved productivity/performance

## WORKERS
- Employee owners do significantly better economically than their non-owner counterparts
- Participation in decisions of importance to workers; higher worker morale
- Tenure rates 50% higher for employee owners
- Lower rates of racial and gender disparities
Employee Ownership – Significantly Lower Dislocation Rates and Other Benefits to Communities

- Businesses tend to stay longer in the same community
- Few EO companies are sold and moved
- Stable workforce, even during economic decline
- Better able to rebound after an economic downturn
- Great succession vehicle for small and mid-size family-owned or sole proprietorships
- Symbiotic relationship with community—community investment

Employee-owners will generally choose to temporarily lower wages, rather than reduce workforce. Choose to reinvest returns into business and worker training to ensure business remains competitive.

![Diagram showing layoffs and employee ownership](image)
Collaborative Applied Research

- Applied research capacity for businesses across state; localized/customized knowledge development.
- Link 4-yr, CTC and Skill Center Faculty to WA Research Institutions—keep all faculty skills up to date
- Student researchers “learn while doing”, engage with local businesses, connect classroom learning to real world, are inspired to keep learning.

Examples
- Manufacturing Solutions Center, Catawba Valley CC, NC
- Applied Research and Innovation Center, Red Deer College, Alberta, Canada
- Lab for Education and Application Prototypes (LEAP), joint partnership of Worcester Polytechnic Institute and Quinsigamond Community College, Worcester, MA
- BioInnovations Gateway, Granite Technical Institute and Univ. of Utah, Salt Lake City, UT
Panelists

Richard Foster, Klickitat County Economic Development Specialist
Tony Furey & Dana Schmidling, Sagetech Corporation
Kelly Fukai & Michele Beehler, Schweitzer Engineering Laboratories, Inc.
Workforce Board Resources for the Committee

- **CareerBridge.wa.gov:** 6,500 WA education programs—certificates to masters degrees; and apprenticeships. Performance results on 3,500.

- **Workforce Training Results:** Tracks performance/taxpayer ROI on 12 of state’s largest workforce programs.

- **Workforce System Poster (matrix):** At-a-glance poster of state’s workforce system, employment & earnings results.

- **A Skilled and Educated Workforce 2015:** Biennial collaboration between Workforce Board, WSAC, and SBCTC to identify gaps between degree production and employer demand.
## Relevant Citations for the Committee

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More Information

Find out more about what we do at:

www.wtb.wa.gov

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